COVER SHEET

CS200811530

S.E.C. Registration Number

NICKEL ASIA CORPORATION

(Company's Full Name)

28th Floor Tower, 32nd Street

Bonifacio Global City,

Taguig City, Metro Manila

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

Atty. Barbara Anne C. Migallos
Atty. Daneia Isabelle F. Palad

Contact Person

899-2123

Telephone Number of the Contact Person

1	2		3	1

Month Day

Fiscal Year

SEC 20-IS
Preliminary Information Statement

FORM TYPE

First Friday of June

Month Day

Annual Meeting

N/A

Secondary license Type, If Applicable

MSRD

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

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SECURITIES AND EXCHANGE COMMISSION
RECEIVED
APR 19 2016
MARKET REGULATION DEPT.
BY: TIME:

NICKEL ASIA CORPORATION
Notice of Annual General Meeting of Stockholders

TO OUR STOCKHOLDERS:

Please be informed that the **Annual General Meeting of the stockholders** of **NICKEL ASIA CORPORATION** will be held on **Monday, 6 June 2016** at **2:30 p.m.** at the **Ascott Ballroom, 5th Floor, Ascott Bonifacio Global City, 5th Ave. cor. 28th St., BGC, Taguig City** (the "Annual General Meeting" or "AGM"). The order of business thereat will be as follows:

1. Call to Order
2. Proof of required notice of the meeting
3. Certification of quorum
4. Reading and approval of the Minutes of the 5 June 2015 annual stockholders' meeting
5. Presentation of Annual Report and Audited Financial Statements for the year ended 31 December 2015 and action thereon
6. Ratification and approval of the acts of the Board of Directors and Executive Officers during the year 2015
7. Appointment of independent auditors
8. Election of directors, including independent directors
9. Other matters

A brief statement of the rationale and explanation for each Agenda item which requires shareholders' approval is contained in Annex "A" of this Notice. The Definitive Information Statement accompanying this Notice contains more detail regarding the rationale and explanation for each of such Agenda items.

Stockholders of record at the close of business on 31 March 2016 are entitled to notice of, and to vote at, this year's AGM. Registration will commence at **1:00 p.m.** on 6 June 2016 at the venue of the AGM. To facilitate registration, please bring some form of identification such as driver's license or company I.D.

The Company is not soliciting proxies. Should you be unable to attend the meeting personally, you can nevertheless be represented and vote at the AGM by submitting a **proxy** to the Office of the Corporate Secretary at the Company's principal office on or before **27 May 2015**, which is the deadline for submission of proxies. You may use the attached proxy form which is compliant with the requirements of the Securities and Exchange Commission ("SEC"). Proxy validation will be on **1 June 2016** at **2:30 p.m.** at the Office of Corporate Secretary at the Company's principal office.

BARBARA ANNE C. MIGALLOS
Corporate Secretary

The Rationale and Explanation for each Agenda item requiring shareholders' approval is attached to this Notice.

The Definitive Information Statement, Management Report and 2015 Audited Financial Statements accompany this Notice.

ANNEX "A"

EXPLANATION AND RATIONALE
For each item on the Agenda of the 2016 AGM of Nickel Asia Corporation requiring the vote of stockholders

AGENDA

1. **Call to Order**
   The Chairman will formally open the 2016 Annual General Meeting of Shareholders. The Directors and Officers of the Company will be introduced.

2. **Proof of required notice of the meeting**
   The Corporate Secretary will certify that copies of this Notice and the Information Statement with its accompanying documents have been duly sent to stockholders of record as of 31 March 2016.

3. **Certification of quorum**
   The Corporate Secretary will attest whether a quorum is present for the meeting.

4. **Reading and approval of the Minutes of the 5 June 2015 annual stockholders' meeting and action thereon**
   Shareholders may examine the Minutes of the 5 June 2015 annual general meeting in accordance with Sec. 74 of the Corporation Code. The Minutes are also available on the Company's website.

   Resolution to be adopted:
   Shareholders will vote for the adoption of a resolution approving the Minutes of the 5 June 2015 annual general meeting of the stockholders.

5. **Presentation of annual report and audited financial statements for the year ended 2015 and action thereon**
   The annual report and the financial statements of the Company, audited by the Company's external auditors, Sycip Gorres Velayo & Company, will be presented. The report will include the Audited Financial Statements, a copy of which accompanies this Notice and the Definitive Information Statement. Copies of the Definitive Information Statement and the Audited Financial Statements for 2015 are likewise made available on the Company's website (www.nickelasia.com).

   OPEN FORUM
   After the presentation, shareholders may raise questions or express comments that are relevant to the corporation.

   Resolution to be adopted:
   Shareholders will vote for the adoption of a resolution approving the annual report and the audited financial statements for the year 2015.

6. **Ratification and approval of the acts of the Board of Directors and Executive Officers during the year 2015**
   Actions by the Board and by the officers are contained in the Definitive Information Statement (please see pages 25-26 of the Information Statement) or are referred to in the Management Report.

   Resolution to be adopted:
   The ratification and approval of the acts of the Board of Directors and Officers.

7. **Appointment of independent auditors**
The Audit and Risk Committee screened the nominees for independent external auditor and endorsed the appointment of Sycip Gorres Velayo and Company ("SGV") as the Company's independent external auditors for the year 2016.

Resolution to be adopted:
Shareholders will vote on a resolution for the appointment of SGV as independent external auditor of the Company for 2016.

8. **Election of directors, including independent directors**
The Final List of Candidates for election as directors, as prepared by the Nominations Committee in accordance with the Company's By-Laws, the Manual on Corporate Governance, the Securities Regulation Code and its Implementing Rules and Regulations and SEC guidelines for the election of independent directors, is contained in the Definitive Information Statement (please see page 11). The Final List will be presented to the shareholders, and the election of directors will be held.

The Voting Procedure is stated in the Definitive Information Statement (please see pages 26).

9. **Other matters**
Matters that are relevant to and appropriate for the annual general shareholders' meeting may be taken up. No resolution, other than the resolutions explained in the Notice and the Definitive Information Statement, will be submitted for voting by the shareholders.

10. **Adjournment**

PROXY

The undersigned stockholder of **NICKEL ASIA CORPORATION** (the "Company") hereby appoints ________________________________ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the **Annual General Meeting of Stockholders** of the Company to be held at **Ascott Ballroom, 5th Floor, Ascott Bonifacio Global City, 5th Ave. cor. 28th St., BGC, Taguig City** on **Monday, 6 June 2016 at 2:30 p.m.** and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of annual stockholders' meeting held on 5 June 2015
   ☐ Yes ☐ No ☐ Abstain

2. Approval of annual reports and Audited Financial Statements for the year ending 31 December 2015
   ☐ Yes ☐ No ☐ Abstain

3. Ratification and approval of the acts of the Board of Directors and executive officers
   ☐ Yes ☐ No ☐ Abstain

4. Appointment of Sycip, Gorres, Velayo & Co. as independent auditors
   ☐ Yes ☐ No ☐ Abstain

5. Election of Directors
   ☐ Vote for all nominees listed below:

Manuel B. Zamora, Jr.	Takanori Fujimura
Gerard H. Brimo	Takeshi Kubota
Martin Antonio G. Zamora	Fulgencio S. Factoran, Jr. (Independent)
Philip T. Ang	Frederick Y. Dy (Independent)
Luis J. L. Virata	

   ☐ Withhold authority for all nominees listed above

   ☐ Withhold authority to vote for the nominees listed below:

   ______________________ ______________________
   ______________________ ______________________
   ______________________ ______________________

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

______________________ ______________________
Date Printed Name of Stockholder

____
Signature of Stockholder/ Authorized Signatory

This proxy should be received by the Corporate Secretary on or before **27 May 2016**, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary's Certificate quoting the board resolution designating a corporate officer to execute the proxy. Proxies executed by brokers must be accompanied by a certification under oath stating that the broker has obtained the written consent of the account holder.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person. This proxy shall be valid for five (5) years from the date hereof unless otherwise indicated in the box herein provided. ☐

No director or executive officer, nominee for election as director, or associate of such director, executive officer of nominee of the Company, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
APR 19 2016
MARKET REGULATION DEPT.
BY: TIME:

1. Check the appropriate box:

[**x**] Preliminary Information Statement
[ ] Definitive Information Statement

2. Name of Registrant as specified in its charter: **NICKEL ASIA CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **CS200811530**

5. BIR Tax Identification Code: **007-085-191-000**

6. **28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila** — **1634**
Address of principal office — Postal Code

7. Registrant's telephone number, including area code: **+63 2 798 7622**

8. Date, time and place of the meeting of security holders:

Date	**:**	**6 June 2016**
Time	**:**	**2:30 PM**
Place	**:**	**Ascott Ballroom, 5th Floor, Ascott Bonifacio Global City, 5th Ave. cor. 28th St., BGC, Taguig City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **10 May 2016 (28 days prior to the Meeting)**

10. In case of Proxy Solicitations: **NOT APPLICABLE**

Name of Person Filing the Statement/Solicitator:
Address and Telephone Number:

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Common Stock Issued	**7,596,939,456**
Preferred Stock Issued	**720,000,000**
Long-term Debt	**₱3,482.3 Million**

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes **x** No ____

If so, disclose the name of Exchange: **The Philippine Stock Exchange, Inc.**

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Annual General Meeting (AGM) of the Stockholders of Nickel Asia Corporation, a corporation organized and existing under the laws of the Philippines with address at the 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila will be held on **Monday, 6 June 2016 at 2:30 PM** at **Ascott Ballroom, 5th Floor, Ascott Bonifacio Global City, 5th Ave. cor. 28th St., BGC, Taguig City.** The Agenda of the AGM, as indicated in the accompanying Notice of Annual General Meeting of Stockholders, is as follows:

1. Call to Order
2. Proof of required notice of the meeting
3. Certification of quorum
4. Reading and approval of the Minutes of the 5 June 2015 annual stockholders' meeting
5. Presentation of Annual Report and Audited Financial Statements for the year ended 31 December 2015 and action thereon
6. Ratification and approval of the acts of the Board of Directors and Executive Officers during the year 2015
7. Appointment of independent auditors
8. Election of directors, including independent directors
9. Other matters

As in previous years, there will be an **OPEN FORUM** before the approval of the Annual Report and Audited Financial Statements for the year ended 31 December 2015 is submitted to the vote of the shareholders. Questions will likewise be entertained for other items in the agenda as appropriate and consistent with orderly proceedings.

The Management Report and the Audited Financial Statements for the year ended 31 December 2015 are attached to this Information Statement. The Annual Report under Securities Exchange Commission ("SEC") Form 17-A will be made available on the Company's website not later than April 5, 2016. The Company's Interim Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations or SEC Form 17-Q as of 31 March 2016 will be available on or before 15 May 2016 and will be uploaded in the Company's website upon availability. Upon written request of a shareholder, the Company shall furnish such shareholder with a copy of the said Annual Report on SEC Form 17-A, as filed with the SEC, and the Company's Interim Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations or SEC Form 17-Q as of 31 March 2016, free of charge. The contact details for obtaining such copies are on Page 27 of this Information Statement.

Shareholders who cannot attend the Meeting may accomplish the attached Proxy Form. Please indicate your vote (Yes, No, Abstain) for each item in the attached form, and submit the same on or before **27 May 2016** to the Office of the Corporate Secretary at the Company's principal office.

Proxies will be tabulated by the Company's stock transfer agent, Stock Transfer Service Inc. 34th Floor, Rufino Plaza, Ayala Avenue, Makati City ("STSI") and will be voted as indicated by the shareholder in the proxy and applicable rules. The tabulation of votes shall be done by STSI and reviewed by the Company's independent external auditor, Sycip Gorres Velayo & Co.

Voting procedures are contained in Item 19 (page 26) of this Information Statement and will be stated at the start of the Meeting. Cumulative voting is allowed; please refer to Item 4, page **4** and Item 19, page 26 for an explanation of cumulative voting.

Further information and explanation regarding specific agenda items, where appropriate, are contained in various sections of this Information Statement. This Information Statement constitutes notice of the resolutions to be adopted at the Meeting.

This Information Statement and Proxy Form shall be sent to security holders on 10 May 2016 (28 days before the Meeting), after the approval of the Definitive Information Statement by the SEC.

WE ARE NOT SOLICITING PROXIES. SHAREHOLDERS MAY APPOINT PROXIES IF THEY ARE UNABLE TO ATTEND THE MEETING SO THAT THEIR VOTE MAY BE COUNTED.

Item 2. Dissenters' Right of Appraisal

There are no corporate matters or action to be taken during the Meeting on 06 June 2016 that will entitle a stockholder to a Right of Appraisal as provided in Title X of the Corporation Code of the Philippines (Batas Pambansa [National Law] No. 68).

For the information of stockholders, any stockholder of the Company shall have a right to dissent and demand payment of the fair value of his shares in the following instances, as provided in the Corporation Code of the Philippines:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code (Section 81);

3. In case of merger or consolidation (Section 81); and

4. In case of investments in another corporation, business or purpose (Section 42).

The Corporation Code of the Philippines (at Section 82) provides that the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares: provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting.

No incumbent director has informed the Company in writing of an intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of **31 March 2016**, there are **7,596,939,456** outstanding and issued common shares of the Company, out of which **2,297,703,351** are owned by non-Filipinos, and **720,000,000** outstanding preferred shares, all of which are owned by a Filipino company. Each share of stock is entitled to one vote.

All stockholders of record as of 31 March 2016 are entitled to notice and to vote at the Annual General Stockholders' Meeting.

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy.

Cumulative voting may be adopted in the election of directors as allowed by the Corporation Code of the Philippines. On this basis, each registered stockholder as of 31 March 2016 may vote the number of shares registered in his name for each of the nine (9) directors to be elected; or he may multiply the number of shares registered in his name by nine (9), the number of the Company's directors as provided in its Articles of Incorporation, and cast the total of such votes for one (1) director. A stockholder may also distribute his votes among some or all of the nine (9) directors to be elected.

Voting Procedures are stated in page 26 of this Preliminary Information Statement.

Security Ownership of Certain Record and Beneficial Owners

The following stockholders own more than five percent (5%) of the Company's stock as of **31 March 2016:**

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Common	PCD Nominee Corporation (See Note 1)	(See Note 1)	Filipino	4,496,861,066	59.19%
Common	Sumitomo Metal Mining Philippine Holdings Corporation (Stockholder) (See Note 2) 25th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City	Sumitomo Metal Mining Philippine Holdings Corporation (Direct)	Japanese	1,444,657,926	19.02%
Common	PCD Nominee Corporation (See Note 3)	(See Note 1)	Non-Filipino	840,430,665	11.06%
Preferred	Nickel Asia Holdings, Inc. (Stockholder) (See Note 4) 28/F NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines	Nickel Asia Holdings, Inc. (See Note 4)	Filipino	720,000,000	100%

(1) PCD Nominee Corporation ("PCD"), the nominee of the Philippine Depository & Trust Corp., is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owners of such shares are PCD's participants who hold the shares on their own behalf or in behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The 41.64% registered under PCD Nominee Corporation includes 200,838,016 shares (2.64%) held (indirect) by Luis J. L. Virata, 1,946,368,138 shares (25.62%) of Manta Resources Corporation (Manuel B. Zamora), and 1,016,731,328 shares (13.38%) of Ni Capital Corporation (Philip T. Ang).

(2) Sumitomo Metal Mining Philippine Holdings Corporation is represented by Mr. Takanori Fujimura and Mr. Takeshi Kubota on the Company's Board of Directors.

(3) There are no participants under the PCD Nominee Corporation (Non-Filipino) account owning more than 5% of the voting securities.

(4) The majority stockholders of Nickel Asia Holdings, Inc. are Mr. Manuel B. Zamora, Jr., Mr. Philip T. Ang, Mr. Luis J.L. Virata and Sumitomo Metal Mining Co., Ltd.

Proxies of the foregoing record owners for the Annual General Stockholders' Meeting on 6 June 2016 have not yet been submitted. The deadline set by the Board of Directors for submission of proxies is on **27 May 2016.**

Security Ownership of Management

The beneficial ownership of the Company's directors and executive officers as of **31 March 2016** is as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Common	Manuel B. Zamora Jr.	6,220,764 (Direct) 1,946,368,138 (Indirect) (See Note 1)	Filipino	0.08% 26.27%
Common	Philip T. Ang	1,763,760 (Direct) 1,016,731,328 (Indirect) (See Note 2)	Filipino	0.02% 13.38%
Common	Gerard H. Brimo	10,434,374 (Direct) 2,239,500 (Indirect)	Filipino	0.14% 0.03%
Common	Luis J. L. Virata	400 (Direct) 970,838,016 (Indirect) (See Note 3)	Filipino	0.0000% 12.7880%
Common	Martin Antonio G. Zamora	300 (Direct) 8,706 (Indirect)	Filipino	0.0000%
Common	Takanori Fujimura	1,124 (Direct)	Japanese	0.0000%
Common	Takeshi Kubota	1,124 (Direct)	Japanese	0.0000%
Common	Fulgencio S. Factoran, Jr.	842 (Direct)	Filipino	0.0000%
Common	Frederick Y. Dy	842 (Direct)	Filipino	0.0000%
Common	Jose B. Anievas	2,737,494 (Indirect)	Filipino	0.04%
Common	Emmanuel L. Samson	-	Filipino	-
Common	Raymundo B. Ferrer	-	Filipino	-
Common	Rolando R. Cruz	614,952 (Direct) 944,952 (Indirect)	Filipino	0.01% 0.01%
Common	Jose Roderick F. Fernando	644,150 (Indirect)	Filipino	0.01%
Common	Koichi Ishihara	300,000 (Indirect)	Japanese	0.00%
Common	Jose D. Baylon	10,000 (Indirect)	Filipino	0.00%
Common	Gerardo Ignacio B. Ongkingco	-	Filipino	-
Common	Augusto C. Villaluna	-	Filipino	-
Common	Barbara Anne C. Migallos	-	Filipino	-
Common	Ma. Angela G. Villamor	965,308 (Indirect)	Filipino	0.01%
Directors and Executive Officers as a Group		3,960,826,074		52.788%

(1) The indirect shares indicated above are held through Manta Resources Corporation (see also Note 1 under Security Ownership of Certain Record and Beneficial Owners, at page 5).

(2) The indirect shares are held through Ni Capital Corporation (see also Note 1 under Security Ownership of Certain Record and Beneficial Owners, at page 5).

(3) The indirect shares indicated are held through Nonillion Holding Corporation (see also Note 1 under Security Ownership of Certain Record and Beneficial Owners, at page 5).

Voting Trust Holders/Changes in Control

There are no voting trust holders of 5% or more of the Company's stock. There are no arrangements that may result in a change of control of the Company.

Item 5. Directors and Executive Officers

Directors

The names of the incumbent directors of the Company, their respective ages, citizenship, period of service, directorships in other companies and positions held for the last five (5) years are as follows:

1) **MANUEL B. ZAMORA, JR.** – 78, Filipino citizen; founder of the Company; first elected Director of the Company on 24 July 2008; Chairman of the Board since 24 July 2008; last re-elected on 05 June 2015.

   Mr. Zamora is a lawyer and a member of the Integrated Bar of the Philippines. He received his Bachelor of Laws degree from the University of the Philippines and placed third in the 1961 Bar Examinations.

   Business and Professional Background/Experience
   Mr. Zamora is the Chairman of Rio Tuba Nickel Mining Corp. (RTN) and Taganito Mining Corp. (TMC). Mr. Zamora is also a director of a number of other companies in the Philippines, including CLSA Exchange Capital, Inc. He was previously Chairman and President of the Chamber of Mines of the Philippines.

   Listed companies of which Mr. Zamora is presently a director

   Philippines
   1. Nickel Asia Corporation

2) **PHILIP T. ANG** – 74, Filipino citizen; first elected Director of the Company on 24 July 2008; Vice-Chairman of the Board since 16 June 2010; last re-elected on 05 June 2015.

   Mr. Ang received his Bachelor of Science in Business Administration degree from Oregon State University and his Master of Business Administration degree from the University of Denver, USA.

   Business and Professional Background/Experience
   Mr. Ang is presently an independent director of Security Bank Corporation and two of its subsidiaries, namely, SB Capital Investment Corporation and Security Finance, Inc. He was formerly a director of Investors Assurance Corp. and was previously involved in the textile business as Chairman and President of Solid Mills, Inc. and of Unisol Industries and Manufacturing Corp. and as a director of International Garments Corp.

   Listed companies of which Mr. Ang is presently a director

   Philippines
   1. Nickel Asia Corporation
   2. Security Bank Corporation (Independent)

3) GERARD H. BRIMO – 64, Filipino citizen; first elected Director of the Company on 24 July 2008; last re-elected on 05 June 2015.

Mr. Brimo obtained his Bachelor of Science Degree in Business Administration from Manhattan College, New York, U.S.A. and his Masters Degree in Business Management from the Asian Institute of Management.

Business and Professional Background/Experience
Mr. Brimo is the President of RTN, TMC, Cagdianao Mining Corp. (CMC) and Hinatuan Mining Corp. (HMC), and Chairman of Geogen Corporation (Geogen) and Emerging Power Inc. (EPI). Mr. Brimo joined the Company in 2008 and is also the director and President of a privately owned exploration company, Newminco Nickel Mining Corp. Mr. Brimo began his mining career with Philex Mining Corp. as a Vice President in 1985 and served as Chairman and Chief Executive Officer of Philex Mining from 1994 until his retirement from said company in December 2003. He was President of the Chamber of Mines of the Philippines from 1993 to 1995 and Chairman from 1995 to 2003.

Listed companies of which Mr. Brimo is presently a director

Philippines
1. Nickel Asia Corporation

4) LUIS J. L. VIRATA – 62, Filipino citizen; first elected Director of the Company on 24 July 2008; last re-elected on 05 June 2015.

Mr. Virata obtained his BA/MA Degree in Economics from Trinity College, Cambridge University, United Kingdom and his Masters Degree in Business Administration from the Wharton School of the University of Pennsylvania.

Business and Professional Background/Experience
Mr. Virata is presently the Chairman and Chief Executive Officer of CLSA Exchange Capital, Inc.,an investment banking joint venture formed in 2001 between Exchange Capital, which Mr. Virata formed in 1998, and CLSA Emerging Markets. Mr. Virata is also presently the President and Chief Executive Officer of Coastal Road Corp., Chairman and President of Exchange Properties Resources Corp., Founder and Trustee of Asia Society and a director of Benguet Corporation, Huntsman Foundation and Group 4 Securitas. Mr. Virata has previously held positions with Dillon, Read and Co., Crocker National Bank, Bankers Trust Company, Philippine Airlines, NSC Properties, Inc., the Philippine Stock Exchange, the Makati Stock Exchange, and National Steel Corp.

Listed companies of which Mr. Virata is presently a director

Philippines
1. Nickel Asia Corporation

5) FREDERICK Y. DY – 61, Filipino citizen; first elected Independent Director of the Company on 22 September 2010; last re-elected on 05 June 2015.

Business and Professional Background/Experience
Mr. Dy is the Chairman - Emeritus and a director of Security Bank Corporation, Chairman of City Industrial Corporation, Chairman of St. Luke's Medical Center and a director of Ponderosa Leather Goods Company, Inc.

Listed companies of which Mr. Dy is presently a director

Philippines
1. Nickel Asia Corporation (Independent)
2. Security Bank Corporation

6) FULGENCIO S. FACTORAN, JR. – 73, Filipino citizen; first elected Independent Director of the Company on 24 September 2010; last re-elected on 05 June 2015.

Mr. Factoran received his Bachelor of Laws degree from the University of the Philippines and his Master of Laws degree from Harvard University.

Business and Professional Background/Experience
Mr. Factoran is a Director of Banco de Oro Leasing & Finance, Chairman of GAIA South, Inc., Chairman of Agility, Inc., and a Director of Geo-Surveys & Mapping, Inc. He was previously a Director of Central Azucarera de Tarlac and Business Certification International, Ltd. He previously held various government positions, such as Trustee of the Government Service and Insurance System, Secretary of the Department of Environment and Natural Resources, Chairman of the National Electrification Administration, Chairman of the Philippine Charity Sweepstakes, Director of the National Development Corp., Trustee of the Development Academy of the Philippines and Deputy Executive Secretary of the Office of the President of the Philippines.

Listed companies of which Mr. Factoran is presently a director

Philippines
1. Atlas Consolidated Mining and Development Corporation (Independent)
2. Nickel Asia Corporation (independent)

7) TAKANORI FUJIMURA – 72, Japanese citizen; first elected Director of the Company on 2009; last re-elected on 05 June 2015.

Mr. Fujimura obtained his Bachelor of Science Degree in Mining Engineering from Waseda University in Tokyo, Japan.

Business and Professional Background/Experience
Mr. Fujimura is the President of Sumitomo Metal Mining Philippine Holdings Corporation,
Taganito HPAL Nickel Corporation and Coral Bay Nickel Corporation.

Listed companies of which Mr. Fujimura is presently a director

Philippines
1. Nickel Asia Corporation

8) TAKESHI KUBOTA – 61, Japanese citizen; first elected Director of the Company on 26 February 2010; last re-elected on 05 June 2015.

Mr. Kubota obtained his Bachelor of Arts Degree in Economics from Keio University in Tokyo, Japan.

Business and Professional Background/Experience

Mr. Kubota is currently a director and Senior Managing Executive Officer of Sumitomo Metal Mining Co., Ltd. (SMM).

Listed companies of which Mr. Kubota is presently a director

Philippines
1. Nickel Asia Corporation

Japan
1. Sumitomo Metal Mining Co., Ltd.

9) **MARTIN ANTONIO G. ZAMORA** – 43, Filipino citizen; first elected Director of the Company on 16 June 2010 to 22 September 2010; director since 30 July 2013 to present; last re-elected on 05 June 2015.

Mr. Zamora obtained his Bachelor of Science Degree in Management from the Ateneo de Manila University and his Masters Degree in Business Administration from the London Business School. He is currently taking up Executive Master in Consulting and Coaching for Change at the INSEAD Business School, Singapore.

Business and Professional Background/Experience
Mr. Zamora is the Senior Vice President for Marketing and Strategic Planning of the Company and is responsible for the marketing and strategic functions of the NAC Group. He is likewise the President of Samar Nickel Mining Resources Corporation, Geogen, and EPI. Prior to joining the Company in 2007, Mr. Zamora was a director and Philippine head of UPC Renewables, a global developer, owner, and operator of wind farms and solar facilities. He also has more than 10 years' experience in corporate finance and investment banking, having held positions with firms such as CLSA, Robert Fleming & Co. (UK), Jardine Fleming, and SyCip Gorres Velayo & Co.

Listed companies of which Mr. Zamora is presently a director

Philippines
1. Nickel Asia Corporation

There is no director who has resigned or declined to stand for re-election to the board of directors since the 5 June 2015 Annual General Meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices. No director has furnished the Company with a letter describing such disagreement and requesting that the matter be disclosed.

Process and Criteria for Selection of Nominees for Directors

The deadline for the submission of nominations for election to the Board of Directors was 8 April 2016.

The Nominations Committee composed of Manuel B. Zamora, Jr. (Chairman), Takeshi Kubota and Fulgencio S. Factoran, Jr. (Independent Director) screened the nominees for election to the Board of Directors in accordance with the Company's Manual on Corporate Governance. The Committee assessed the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of the independent directors, the Committee further reviewed their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent directors as set forth in the Company's Manual of Corporate

Governance, the Securities Regulation Code ("SRC"), and the SRC Implementing Rules and Regulations.

Nominees for Election at Annual Stockholders' Meeting on 6 June 2016

The Nominations Committee screens the nominees to determine whether they have all of the qualifications and none of the disqualifications for election to the Company's Board of Directors, prepares the Final List of Candidates for election to the Board of Director at the annual shareholders' meeting. The following have been nominated for election to the Company's Board of Directors:

1. Manuel B. Zamora, Jr.
2. Philip T. Ang
3. Gerard H. Brimo
4. Martin Antonio G. Zamora
5. Luis J. L. Virata
6. Takanori Fujimura
7. Takeshi Kubota
8. Fulgencio S. Factoran, Jr. (Independent)
9. Frederick Y. Dy (Independent)

The Company complied with the guidelines on the nomination and election of independent directors prescribed in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code ("SRC"). On 20 September 2010, the SEC approved the amendment of the Company's By-laws to incorporate the requirement of independent directors pursuant to SRC Section 38, the definition of independent directors consistent with SRC Implementing Rule 38, and the guidelines for election under relevant SEC guidelines.

Fulgencio S. Factoran, Jr. was nominated by Philip T. Ang. Frederick Y. Dy was nominated by Manuel B. Zamora, Jr. Both nominees have accepted their nominations in writing. There are no relationships between the foregoing nominees for independent director and the persons who nominated them.

Executive Officers

The following persons are the present executive officers of the Company:

Gerard H. Brimo (64 years old, Filipino)

Mr. Brimo obtained his Bachelor of Science Degree in Business Administration from Manhattan College, New York, U.S.A. and his Masters Degree in Business Management from the Asian Institute of Management.

Mr. Brimo is the President and Chief Executive Officer of the Company. He is also the President of RTN, TMC, Cagdianao Mining Corp. (CMC) and Hinatuan Mining Corp. (HMC), and Chairman of Geogen Corporation (Geogen) and Emerging Power Inc. (EPI). Mr. Brimo joined the Company in 2008 and is also the director and President of a privately owned exploration company, Newminco Nickel Mining Corp. Mr. Brimo began his mining career with Philex Mining Corp. as a Vice President in 1985 and served as Chairman and Chief Executive Officer of Philex Mining from 1994 until his retirement from said company in December 2003. He was President of the Chamber of Mines of the Philippines from 1993 to 1995 and Chairman from 1995 to 2003.

Emmanuel L. Samson (56 years old, Filipino)

Mr. Samson is the Senior Vice President and Chief Financial Officer of the Company and is responsible for the finance and treasury functions of the NAC Group. Prior to joining the Company in 2006, Mr. Samson was Senior Country Officer for Credit Agricole Indosuez in the Philippines. Mr. Samson has 11 years experience in the Philippine equities markets having held positions with W.I. Carr Indosuez Securities (Phils.) Inc., Amon Securities Corporation and Rizal Commercial Banking Corporation.

Mr. Samson obtained his Bachelor of Arts Degree in Economics from De la Salle University – Manila.

Barbara Anne C. Migallos (61 years old, Filipino)

Ms. Migallos received her Bachelor of Arts degree in Political Science from the University of the Philippines and graduated cum laude. She also graduated cum laude and Class Salutatorian from the U.P. College of Law, with a Bachelor of Laws degree. She ranked 3rd in the 1979 Bar Examinations.

Ms. Migallos is the Corporate Secretary of the Company. A practicing lawyer since 1980, Ms. Migallos focuses principally on corporate law, mergers and acquisitions, and securities law. She has been a Director of Philex Petroleum Corporation from December 27, 2007 to June 11, 2008, and from May 18, 2010 to the present. She is a Director and Corporate Secretary of Philex Mining and Corporate Secretary of Silangan Mindanao Mining Co., Inc. She is the Managing Partner of the Migallos & Luna Law Offices. Ms. Migallos is also a Director of Mabuhay Vinyl Corporation since 2000 and Philippine Resins Industries since 2001, and Corporate Secretary of Eastern Telecommunications Philippines, Inc. since 2005 and Nickel Asia Corporation since 2010. She is a professorial lecturer in Corporations Law, Insurance, Securities Regulation and Credit Transactions at the De La Salle University College of Law. She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006.

Jose B. Anievas (71 years old, Filipino)

Mr. Anievas is the Senior Vice President and Chief Operating Officer of the Company. He is a seasoned (40 years) mining engineer/executive who started his career in Philex Mining Corporation ("Philex") and spent many years in Lepanto Consolidated Mining Co. ("Lepanto"), rising to Executive Vice President. He is well known and highly respected in the industry and is a member of the Professional Regulation Commission (Mining Engineering), a Competent Person under the Philippine Mineral Reporting Code and an accredited APEC and ASEAN Engineer. While his expertise is in underground gold vein operations, he has also had open pit experience in the St. Niño mine of Philex and in Manila Mining in Surigao del Norte. He also participated in the preparation of the feasibility study for Lepanto's Far South East project.

Mr. Anievas obtained his Bachelor of Science in Mining Engineering Degree from the Mapua Institute of Technology.

Raymundo B. Ferrer (60 years old, Filipino)

Mr. Ferrer is the Senior Vice President for Security and Administration. He joined Nickel Asia Corporation on May 2012. He is a retired Lieutenant General from the Armed Forces of the Philippines. Some of his previous assignments prior to his compulsory retirement on 23 Jan 2012 was Commander of Western Mindanao Command (WESTMINCOM) based in Zamboanga City from 10 Nov 2011 to 23 Jan 2012; Commander of Eastern Mindanao Command (EASTMINCOM) based in Davao City from 26 Jan 2009 to 10 Nov 2011; Commander of the 6th Infantry Division, Philippine Army operating in Central Mindanao on 14 March 2007 to 25 January 2009; Commander of the 1st Infantry Division, Philippine Army operating in Zamboanga Peninsula from 02 September 2006 to 14 March 2007; and Commander of 103rd Infantry Brigade in Basilan Province from 24 January 2004 to 02 September 2006.

Mr. Ferrer obtained his Bachelor of Science degree from the Philippine Military Academy and Masters in Public Administration from the National College of Business Administration. He is a Bridging Leadership Fellow from the AIM Team Energy Center.

Rolando R. Cruz (56 years old, Filipino)

Mr. Cruz is the Vice President of Operations of the Company and is responsible for the operations and engineering functions of the Company's projects and the Company's Surigao and Dinagat-based operations. Mr. Cruz is a licensed mining engineer in the Philippines with 25 years of professional experience in both mining operations and project development in gold, copper, chromite, concrete aggregates, nickel, and oil sands deposits using the open pit and underground bulk mining methods. He has held various positions with firms such as Albian Sands Energy, Inc. (Canada), Berong Nickel Corporation, Concrete Aggregates Corporation, Philex Mining Corporation, and Benguet Corporation.

Mr. Cruz obtained his Bachelor of Science in Mining Engineering and Masters of Science in Geotechnical Engineering from the Mapua Institute of Technology. He also earned a Post-Graduate Certificate in Strategic Business Economics from the University of Asia and the Pacific. Mr. Cruz placed second in the 1982 Licensure Examinations for Mining Engineers.

Jose Roderick F. Fernando (42 years old, Filipino)

Mr. Fernando is the Vice President for Legal and Assistant Corporate Secretary of the Company and is responsible for the Group's legal matters. He is likewise the Corporate Secretary of the Company's subsidiaries. Mr. Fernando is a member of the Integrated Bar of the Philippines and was formerly a Commissioner of its Commission on Bar Discipline. He is also licensed to practice law in the state of New York. Prior to joining the Company in 2008, Mr. Fernando was a practicing lawyer with Balane, Tamase and Alampay Law Office for 7 years, specializing in commercial litigation, labor and corporate law.

Mr. Fernando obtained his Juris Doctor Degree from the Ateneo School of Law and his Master of Law from the University of Pennsylvania Law School.

Augusto C. Villaluna (67 years old, Filipino)

Mr. Villaluna is the Vice President for Operations of the Company and is responsible for the Rio Tuba and Taganito Nickel Mines of the Company. Mr. Villaluna is a licensed Mining Engineer/Fellow with over 42 years experience in both underground and surface mining. He last served as Executive Vice President of Lepanto Consolidated Mining Company and Senior Vice President and member of the Board of Directors of Manila Mining Corporation. He is a director of the Philippine Mine

Safety an Environment Association. He is a Competent Person under the Philippine Mineral Reporting Code, as well as, a registered APEC and ASEAN Engineer. Engr. Villaluna sits as a member of the Board of Mining Engineering of the Professional Regulations Commission.

Mr. Villaluna received his Bachelor of Science degree in Mining Engineering from the Mapua Institute of Technology.

Gerardo Ignacio B. Ongkingco (57 years old, Filipino)

Mr. Ongkingco is the Vice President for Human Resources of the Company and is responsible for human resources matters. His career in Human Resources started in the early 1980's and has been enriched with exposure to various industries; government, manufacturing, agriculture and hospitality. He was past President of the Philippine Quality and Productivity Movement (PQPM), Davao Chapter.

Mr. Ongkingco earned his Bachelor's Degree in Community Development as well as his Masters in Industrial Relations from the University of the Philippines.

Koichi Ishihara (42 years old, Japanese)

Mr. Ishihara is the Vice President for Marketing and Purchasing of the Company and is responsible for marketing and purchasing functions of the NAC Group. Prior to joining the Company in 2011, he was a Manager and Philippine Representative of Pacific Metals Co., Ltd. (PAMCO) handling nickel and stainless market analysis and update in Asian countries. He has also supported establishing a Hydro Metallurgical Processing Plant.

Mr. Ishihara received his Bachelor's Degree in English Language from Kanda University of International Studies, Japan

Jose Bayani D. Baylon (53 years old, Filipino)

Mr. Baylon is the Vice President for Corporate Communications. He joined Nickel Asia on 1 June 2012. He has almost two decades of experience in the field of corporate communications and public affairs. Prior to joining NAC, Mr. Baylon was Vice President and Director for Public Affairs and Communications of The Coca-Cola Export Corporation for 14 years, and, prior to that, was executive assistant and speechwriter to Mr. Enrique Zobel at E. Zobel Inc. for nine (9) years. He was a public affairs commentator at Radio Station DWWW 774 KhZ from 2001-2011 and has been contributing opinion pieces to the newspaper Malaya Business Insight since 2001.

Mr. Baylon obtained his Bachelor of Arts in Political Science Degree from the University of the Philippines.

Ma. Angela G. Villamor (50 years old, Filipino)

Ms. Villamor is a Vice President and Internal Auditor of the Company and is responsible for reviewing the Company's organizational and operational controls, risk management policies, and governance. Prior to joining the Company in 2011, she was a Senior Director in the Assurance Division of SyCip Gorres Velayo & Co. She also worked as Senior Manager in KPMG UAE.

Ms. Villamor obtained her Bachelor of Science in Commerce degree from the University of San Carlos. She completed the Management Development Programme from the Asian Institute of Management.

Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

Family Relationships

Director Martin Antonio G. Zamora is the son of the Chairman, Manuel B. Zamora, Jr. and is married to a niece of Director Philip T. Ang.

Aside from the above, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among any of the directors, executive officers and persons nominated or chosen to become directors or executive officers.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as a director, executive officers or control persons of the Company have been involved in any legal proceeding, including without limitation being the subject of any:

a. bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
b. conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
c. order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
d. order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation,

Certain Relationships and Related Transactions

The Company's significant related party transactions, which are under terms that are no less favorable than those arranged with third parties, and account balances are listed below:

Nickel Ore Sale Agreements with PAMCO
CMC and TMC supply saprolite ore to PAMCO. PAMCO is a stockholder of the Parent Company and TMC. All sales made to PAMCO are transacted at prevailing market prices. Under the terms of the agreement, the base price of the ore products for a specific shipment shall be based on LME. Effective April 2014, ore sales to PAMCO are benchmarked to China prices on the basis of a negotiated price per WMT of ore. PAMCO shall pay the Group eighty percent (80%) to ninety percent (90%) of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined.

Nickel Ore Sale Agreement with PAMCO and Sojitz Corporation ("Sojitz")
RTN supplies saprolite ore to PAMCO under a sale agreement, which shall continue to be valid and in effect until December 2015, wherein PAMCO appointed Sojitz as agent.

PAMCO owns thirty six percent (36%) and Sojitz owns four percent (4%) of the outstanding shares in the capital stock of RTN.

Nickel Ore Sale Agreements with SMM

On 1 April 2011, RTN, TMC, HMC, CMC and SMM entered into an agreement to supply nickel ore to the latter. The agreement shall be valid from April 2011 and shall continue to be valid and in effect until December 2015.

Nickel Ore Supply Agreement with CBNC

RTN entered into an agreement with CBNC to supply all of the limonite ore requirements for the Coral Bay Hydro Metallurgical Processing Plant (HPP) facility 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 has also entered into an agreement with CBNC to supply limestone and provide ancillary services to the Coral Bay HPAL facility. CBNC is the owner of the Coral Bay HPP facility.

Nickel Ore Supply Agreement with THNC

TMC entered into an agreement with THNC, a Philippine Corporation, covering the sale of its ore products. Under the terms of the agreement, the base price of the ore products for a specific shipment shall be based on LME.

Service Agreements with CBNC

RTN entered into various service agreements with CBNC pertaining to tailings dam construction, materials handling and others.

Materials Handling Agreement with THNC

On 7 October 2013, TMC and THNC executed an agreement wherein TMC will render services related to the handling, hauling and transport of cargo for the latter. THNC shall compensate TMC based on the prices stipulated in the agreement which are determined on the basis of the weight of the cargo. Payment is collected within fifteen (15) days from receipt of TMC's billing.

Funding Commitment with SMM

RTN's long-term debt was incurred to complete infrastructure projects to support the development of the Coral Bay HPAL facility. These projects included the causeway, trestles and dolphins in the Rio Tuba foreshore and offshore areas.

Funding Commitment with THNC

TMC as owner/developer of Taganito Special Economic Zone (TSEZ) incurred a long-term debt to finance the construction of the pier facilities that will be utilized to support the operations of the Taganito HPAL facility. These projects included the jetty, dolphins, rubber fender, jettybollard and other pier facilities in the Taganito foreshore and offshore areas.

THNC Stockholder's Agreement

On 15 September 2010, NAC, SMM and Mitsui executed a Stockholders Agreement, pursuant to which the parties formed a joint venture company, Taganito HPAL Nickel, to build and operate a plant in Barangay Taganito, Claver, Surigao del Norte for the purpose of producing and selling nickel-cobalt mixed sulfide to be used for the production of electrolytic nickel and electrolytic cobalt.

Pursuant to the Stockholders Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Parent Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations. The Stockholders Agreement shall terminate upon the dissolution of THNC.

The Parent Company, along with the other stockholders of THNC, also agreed to make loans to THNC or guarantee the repayment of THNC's loan obligations in accordance with the financial requirements of THNC, in proportion to their shareholding ratio in THNC.

In a separate agreement, SMM, which also owns 62.5% of THNC, agreed to assume Parent Company's obligation to make loans to, or guarantee the repayment of, THNC's loans obligations. The Parent Company, in consideration for this agreement, pays SMM an annual guarantee fee of 1% of THNC's outstanding loans obligation.

CBNC Stockholder Agreement
On 1 July 2002, RTN, along with the other stockholders of CBNC, agreed to make loans to CBNC or guarantee the repayment of CBNC's loans obligation in accordance with the financial requirements of CBNC, in proportion to their shareholding ratio in CBNC.

In a separate agreement dated 22 October 2002, SMM, which owns 54% of CBNC, agreed to assume RTN's obligation to make loans to, or guarantee the repayment of CBNC's loans obligations. RTN, in consideration for this agreement, pays SMM an annual guarantee fee of 1% of CBNC's outstanding loans obligation.

As at 31 December 2013, RTN owns 10% of CBNC's outstanding capital stock. The Parent Company acquired its 10% direct ownership in CBNC by way of property dividend distributed by RTN in March 2014.

Throughput Agreement with THNC
On 4 October 2010, TMC and THNC, a Philippine corporation, executed a Throughput Agreement wherein TMC will construct the pier facilities within the TSEZ pursuant to its role as Developer. The TSEZ is located within the Surigao Mineral Reservation, an area declared for mineral development pursuant to Proclamation 391, under the supervision of the DENR that issued an "Order to Use Offshore Area" dated 20 September 2010 to TMC for the use of such portion of the Surigao Mineral Reservation for the construction of the pier facilities. In relation to this, THNC entered into a Registration Agreement with the PEZA to construct and operate a mineral processing plant within the TSEZ as an Ecozone Export Enterprise.

Under the agreement, TMC will make available the pier facilities and provide certain services to THNC in consideration for usage fees and service fees to be paid by the latter starting April 2011 until 2031, unless terminated earlier. The usage fee amounted to $1,360,000 for each semi-annual period to be paid on or before October 10 and April 10.

THNC also agrees to pay service fee that will be agreed upon by both parties which shall be billed on a monthly basis.

Prior to the commencement date, THNC may also request TMC to use any part of the constructed Pier Facilities, which is ready for use, upon payment of reasonable compensation which shall be mutually agreed by TMC and THNC.

Throughput Agreement with CBNC
Under the agreement, CBNC shall pay RTN the price which consists of all its direct costs for the pier facilities which includes but not limited to, financial costs, maintenance costs and tax as well as indirect costs directly used for the pier facilities and the services as agreed by the parties. CBNC shall pay to RTN in US dollars, as a part of such financial costs, the amounts to be paid by RTN to SMM such as interests and loan repayments pursuant to the Omnibus

Agreement made and entered into by and between RTN and SMM. The agreement shall continue for twenty-five (25) years after 25 November 2002 unless terminated earlier.

Memorandum of Understanding (MOU)

On 14 September 2009, the Parent Company and TMC entered into a MOU with SMM. Pursuant to the terms thereof, the Parent Company and SMM will move ahead on a joint venture basis to build a nickel-cobalt processing plant (the Project) using the HPAL technology adjacent to TMC's mine in Surigao del Norte, while TMC will supply low-grade nickel ore to the plant over the life of the Project. The estimated cost of the Project is $1.42 billion which is further increased to$1.59 billion, over a three-year construction period, which started in the last quarter of 2010. The plant will have an annual capacity of 51,000 dry metric tons of mixed nickel-cobalt sulfide over an estimated 30-year project life. The MOU provides that the equity share of the Company and SMM shall be 20%-25% and 75%-80%, respectively.

Following the MOU is the Taganito HPAL Stockholders Agreement (the Agreement) entered into by the Parent Company, SMM and Mitsui, on 15 September 2010 stating that the Project will be undertaken by THNC, a company that will be jointly owned by the Company, SMM and Mitsui with equity interest of 22.5%, 62.5% and 15.0%, respectively. Pursuant to the Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations.

It also sets forth the respective rights and obligations of the Parent Company, SMM and Mitsui, including their responsibilities in respect of financing the US$1,420.0 million, which further increased to US$1,590.0 million, project investment that will be undertaken by THNC.

The Agreement shall terminate upon the dissolution of THNC.

On 20 November 2012, the Parent Company, SMM and Mitsui made additional investment of US$287.2 million in the form of loans to THNC. SMM had agreed to substitute for the Parent Company to make these loans for which the latter pays guarantee service fee.

On 4 August 2014 and 4 October 2013, the Parent Company, SMM and Mitsui agreed to extend another loans to THNC amounting to US$117.7 million to cover the latter's working capital requirement and US$90.0 million for the construction of the tailings dam, respectively.

On February 15, 2016 and November 9, 2015, another loan in the amount of US$65.0 million and US$120.0 million, respectively, was extended by the stockholders to THNC to cover for the latter's working capital requirements.

Loan Guarantee/Substitution Agreement

RTN

Under a loan guarantee service agreement dated 22 October 2002 between RTN and SMM, the latter agreed to satisfy RTN's CBNC loan obligations in consideration of the payment by RTN to SMM of an annual fee equal to one percent (1%) of the relevant outstanding amount.

The fee is payable every February 21 and August 20 of each year. In case of default, such loan guarantee service agreement will be terminated and RTN shall provide loans to CBNC or guarantee the repayment of CBNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the CBNC Stockholder Agreement.

NAC

Under a loan guarantee/substitution agreement dated 9 December 2011 between NAC and SMM, the latter agreed to substitute for NAC to make loans or guarantee the repayment of THNC pursuant to the Stockholders Agreement dated 15 September 2010.

In consideration of the loans and guarantee made by SMM, NAC shall pay to SMM an annual fee equal to one percent (1%) of the relevant outstanding amount, which is payable every February 21 and August 21 of each year.

On 26 January 2015, 18 December 2013 and 3 December 2013, NAC and SMM entered into another loan guarantee/substitution agreement with respect to the new loan agreement made and entered by THNC and SMM on 4 August 2014, 3 December 2013, and 31 January 2013, respectively. The annual fee is also equal to 1% of the relevant outstanding amount, which is payable every March 21 and September 21 of each year.

In case of default, such loan guarantee/substitution agreements will be terminated and NAC shall provide loans to THNC or guarantee the repayment of THNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the Stockholders' Agreement.

Lease Agreement with THNC

On 31 October 2013, TMC and THNC executed a lease agreement wherein TMC will lease the land within the TSEZ to the lessee. The TSEZ leased area of approximately 675 hectares located at Barangays Taganito and Hayanggabon, Claver, Surigao del Norte. The duration of the lease agreement shall be a period of twenty (20) years starting 1 January 2013, however, rental rate shall be annually agreed by both parties.

Loan Agreement with EPI

On 22 August 2014, the Company and Emerging Power Inc. (EPI) executed a loan agreement amounting to ₱551.0 million drawn in two (2) tranches. The first and second tranches of the loans amounted to ₱105.0 million and ₱446.0 million, respectively.

The proceeds of the first tranche loan shall be used by EPI to fund activities preparatory to drilling and for the drilling of the initial two (2) wells under the Montelago Geothermal Project, while the second tranche loan shall be used to fund the drilling costs and related activities (to include slim or other test holes) on the said initial two (2) wells.

At the option of the Parent Company, the entire second tranche loan, and not any smaller portion thereof, may be converted into shares of stock of EPI constituting fifty five percent (55%) of its total issued and outstanding shares, at any time before the lapse of three hundred sixty five (365) days after drawdown of the entire second tranche loan.

The loan is subject to 2% interest per annum. The first tranche of the loan is payable one year after the first drawdown on the first tranche loan or upon sale of EPI's entire shareholdings in Occidental Mindoro Consolidated Power Corporation (OMCP), whichever is earlier. The second tranche loan is payable one year after the first drawdown on the second tranche loan unless the conversion right is exercised.

For and to secure the loan and the notes covering the same, EPI executed and delivered a Pledge Agreement covering its shares of stock in OMCP consisting of one hundred percent (100%) of OMCP's issued and outstanding shares.

In 2014, the first tranche loan amounting to ₱105.0 million and forty percent (40%) of the second tranche loan amounting to ₱178.4 million were already released to EPI. The remaining sixty percent (60%) of the second tranche loan amounting to ₱267.6 million were released to EPI in the first quarter of 2015.

On April 15, 2015, the Parent Company expressed its intention to exercise its conversion right and to convert the entire second tranche loan of ₱446.0 million to 55% equity interest in EPI, which is equivalent to 312,888,889 common shares, subject to the SEC's approval of the increase in authorized capital stock of EPI.

On July 16, 2015, the Parent Company subscribed to an additional 11% equity interest in EPI, which is equivalent to 184,052,288 common shares, for a total consideration of ₱474.0 million, subject also to the approval of EPI's increase in authorized capital stock.

The increase in EPI's authorized capital stock was approved by the SEC on July 28, 2015 and the corresponding shares were subsequently issued to the Parent Company.

The first tranche loan, including interest, was paid by EPI in August 2015.

Loan with Manta Equities Inc. (Manta)
On June 8, 2015, EPI entered into a one year loan agreement with Manta amounting to P180.0 million to finance the development expenses of EPI's geothermal power project. The loan bears an annual interest of five percent (5%). The principal and interest is payable at the end of the loan agreement.

Lease Agreement with Manta
On March 18, 2013, the Group entered into a lease agreement with Manta for its office and parking space. The lease agreement is effective for a period of five (5) years starting May 15, 2013 and is renewable subject to negotiation of the terms and conditions and mutual agreement of both parties.

Notes 34 and 39 of the Notes to Consolidated Financial Statements as of December 31, 2015, is incorporated hereto by reference.

Item 6. Compensation of Directors and Executive Officers

Directors' compensation is on a per diem basis as follow:

Type	Board Meeting	Audit and Risk Committee Meeting	Other Meetings	Stock Option
Executive Director	₱10,000	₱10,000	₱10,000	Yes
Non-executive Director	10,000	10,000	10,000	Yes, Except for the Non-Filipino Directors
Independent Director	150,000	50,000	10,000	Yes

Currently, there are no arrangements for additional compensation of directors.

Officers of the Company receive such remuneration as the Board may determine upon recommendation of the Compensation (Remuneration) Committee.

The following table shows the compensation of the directors and officers for the past two completed fiscal years and estimated to be paid for the ensuing fiscal year:

SUMMARY OF COMPENSATION TABLE
(In Thousands)

DIRECTORS

Year	Directors' Fee
2016 (estimated)	2,289
2015	2,354
2014	2,211

The following table identifies the Chief Executive Officer ("CEO") and four most highly compensated executive officers (the "named executive officers") and summarizes their aggregate compensation in 2013 and 2014 and estimated 2015:

NAMED EXECUTIVE OFFICERS

NAME	POSITION
Gerard H. Brimo	*President & CEO*
Emmanuel L. Samson	*Chief Financial Officer*
Jose S. Saret	*Former Chief Operating Officer*
Jose B. Anievas	*Chief Operating Officer, effective April 1, 2015*
Rolando R. Cruz	*Vice President of Operations*
Martin Antonio G. Zamora	*Senior Vice President for Marketing and Strategic Planning*

Year	Total Officers' Salary	Bonus	Total
2016 (estimated)	₱34,819	₱20,658	₱55,477
2015	33,247	19,817	53,064
2014	32,191	29,624	61,815

ALL DIRECTORS & OFFICERS AS A GROUP

Year	Salary	Bonus	Total
2016 (estimated)	₱27,063	₱12,499	₱39,562
2015	25,682	11,891	37,573
2014	20,395	16,780	37,175

Compensation of Directors

There are no other arrangements under which the Company's directors and officers were compensated, or are to be compensated, directly or indirectly, except as described above. Executive Directors are eligible participants under the 2010 Executive Stock Option Plan. All directors are eligible to participate in the 2014 Stock Option Plan approved by the shareholders during the 6 June 2014 Annual General Meeting.

Employment Contracts

There are no special employment contracts between the Company and its named executive officers.

Warrants and Options Outstanding

On 16 June 2010, the Board of Directors and stockholders approved the NAC Executive Stock Option Plan (the "the Plan") covering 12,000,000 shares of stock. The Plan was duly approved by the Securities and Exchange Commission (SEC) on 20 December 2010.

On 8 June 2012, the stockholders approved the declaration of a 50% stock dividend and the adjustment of the number of shares under the Plan in view of the effect of the stock dividend.

On 19 March 2013, the SEC issued a resolution approving the exemption of 4,457,156 common shares for the Plan from registration.

On 3 June 2013, the stockholders approved the declaration of a 25% stock dividend and the adjustment of the number of shares under the Plan in view of the effect of the stock dividend. On 2 September 2013, the SEC issued a resolution exempting 3,030,058 common shares for the Plan from the registration requirement.

Several executive officers exercised their options under the Plan totaling to 11,431,005 shares, 1,851,218 shares and 2,485,683 shares in 2014, 2013 and 2012, respectively.

On 24 March 2014, the Board of Directors approved the adoption of a new Stock Option Plan (the "New Plan") for officers of the Company and its operating subsidiaries, and Resident Mine Managers. Directors will likewise be eligible to participate in the New Plan. The New Plan was approved by the shareholders during the annual shareholders' meeting held on 6 June 2014. On 21 November 2014, the SEC issued a resolution exempting 32,000,000 common shares for the New Plan from the registration requirement.

On 18 December 2014, the stockholders approved the declaration of a 50% stock dividend and the adjustment of the number of shares under the New Plan in view of the effect of the stock dividend. On 3 March 2015, an application for exemption from the registration requirement of the said adjustment was filed with the SEC.

On 5 June 2015, the stockholders approved the declaration of a 100% stock dividend and the adjustment of the number of shares under the Plan and the New Plan in view of the effect of the stock dividend.

Several executive officers exercised their options under the Plan totaling to 2,584,213 shares, 11,431,005 shares and 1,851,218 shares in 2015, 2014 and 2013, respectively.

Item 7. Independent Public Accountants

The appointment, approval or ratification of the Company's independent public accountant will be submitted to the shareholders for approval at the Annual Stockholders' Meeting on 6 June 2016.

The Audit and Risk Committee has recommended, and the Board of Directors has approved, the reappointment of the accounting firm of SyCip Gorres Velayo & Co ("SGV & Co"). SGV & Co has been the Company's independent auditor since its incorporation in July 2008.

The Company's certifying partner, Eleanore A. Layug, signed the Company's Audited Financial Statements for 2015, a copy of which is attached to this Information Statement as an Exhibit to the Annual Report. The Corporation has been advised that the SGV auditors assigned to render audit-related services have no shareholdings in the Company, or a right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, consistent with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

Representatives of SGV & Co will be present at the scheduled stockholders meeting. They will have the opportunity to make a statement should they desire to do so and will be available to respond to appropriate questions.

External Audit Fees and Services

Audit and Audit-Related Fees

For 2015, 2014 and 2013, independent accountants were engaged to express an opinion on the financial statements of the Company and its subsidiaries, and to assist in the preparation of the income tax returns of the Company and its subsidiaries.

A regular audit was carried out in accordance with Philippine Financial Reporting Standards. The audit fees for these services were Php11.316 million for 2015, Php10.506 million for 2014, and Php10.201 million for 2013.

The non-audit fees were Php1.655 million for 2015, Php1.878 million for 2014, and Php1.227 million for 2013. Fees for audit and non-audit work are subject to approval of the Audit Committee before the start of the engagement.

Tax Fees

There were no tax-related services rendered by the independent auditors other than the assistance rendered in the preparation of the income tax returns which formed part of the regular audit engagement.

All Other Fees

Aside from the transfer pricing study, there were no other professional services rendered by the independent auditors.

Audit and Risk Committees' Approval Policies and Procedures

At the meeting of the Board of Directors on 27 March 2015, the Board approved the creation of a Risk Committee, separate from the then existing Audit and Risk Committee, which became effective on 5 May 2015. Both the Audit and Risk Committees are comprised of Mr. Frederick Y. Dy, an Independent Director, as Chairman, and Messrs. Gerard H. Brimo and Takanori Fujimura as members.

On 3 August 2012, the Audit and Risk Committee adopted its Audit Committee Charter, which sets forth in detail the Committee's purpose, authority, duties and responsibilities, as well as its structure and procedures. A copy of the Audit Committee Charter is available on the Company's website.

The Committee's approval policies and procedures for external audit fees and services are stated in the Manual on Corporate Governance and the Charter of the Audit and Risk Committee.

The Committee performs oversight functions over the Company's external auditors. Prior to the commencement of audit work, the independent accountants shall make a presentation of their audit program and schedule to the Committee, including a discussion of anticipated issues on the audit work to be done.

After audit work, the independent accountants shall present its comprehensive report discussing the work carried out, areas of interest and their key findings and observations to the Audit and Risk Committee.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There has been no change in the Company's independent accountants since the Company's incorporation in 2008. Since 2013, the audit engagement partner is Ms. Eleanore A. Layug. There have been no disagreements with the said independent accountants.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no authorization or issuance of securities other than for exchange for outstanding securities for the registrant.

Item 10. Modification or Exchange of Securities

No action is to be taken by the Company with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Finance and Other information

Copies of the Management Report, the Audited Financial Statements for the year ended 31 December 2015 are attached hereto.

The Management's Discussion and Analysis of Financial Condition and Results of Operations are stated on pages 1-16 of the attached Management Report. The notes to the Consolidated Financial Statements are incorporated hereto by reference.

The Company has not made any changes in and has not had any disagreements with its external auditor on accounting and financial disclosures.

Representatives of the Company's external auditor, SyCip Gorres Velayo & Co. (SGV) are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No transactions to be taken by the Company with respect to any transaction involving mergers consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

No transaction to be taken by the Company with respect to the acquisition or disposition of any Property.

Item 14. Reclassification of Accounts

No actions are to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Action is to be taken on the reading and approval of the following:

1. ***Minutes of the Previous Stockholders' Meeting***

   The Minutes of the Annual Stockholders' Meeting held on 05 June 2015 are available for inspection by stockholders at the principal offices of the Company. A copy of said Minutes is also posted on the Company's website. Copies of said minutes will also be made available upon request at the venue of the next annual stockholders' meeting.

   Matters taken up during the 2015 Stockholders' Meeting were the: (i) Reading and approval of the Minutes of the 6 June 2014 annual stockholders' meeting and the 18 December 2014 special stockholders' meeting and action thereon; (ii) Presentation of Annual Report and Audited Financial Statements for the year ended 31 December 2014 and action thereon; (iii) Amendment of Article Seventh of the Company's Articles of Incorporation to increase Authorized Capital Stock from Php 2,139,700,000.00 to Php 9,639,700,000.00; (iv) Declaration of one hundred percent (100%) stock dividend; (v) Ratification and approval of the acts of the Board of Directors and Executive Officers during the year 2014; (vi) Appointment of independent auditors; and (vii) Election of directors, including independent directors

2. ***Management Reports***

   The Company's Management Report, which includes the Audited Financial Statements for 2015, will be submitted for approval by the stockholders. A copy of the Management Report is attached to this Information Statement. Upon written request, shareholders shall be provided with a copy of the Company's Annual Report on SEC Form 17-A free of charge (please see page 27).

Item 17. Amendment of Charter

There are no proposed amendment to the Articles of Incorporation or By-Laws of the Corporation that will be submitted to the stockholders for approval.

Item 18. Other Proposed Action

Action is to be taken on the ratification and approval of the acts of the Board of Directors and executive officers for the corporate year 2015 – 2016. The resolution to be adopted will be the ratification and approval of the acts of the Board of Directors and executive officers for the year 2015.

Meetings of the Board of Directors were held on 13 January, 27 March, 06 June, 05 May, 13 July, 04 August, and 09 November 2015.

At these meetings, principal matters discussed included the presentation of detailed operations and financial reports. Operations reports included market information and metal prices, volume of production and sales, and business development updates. Financial reports included consolidated and per segment figures on revenue, costs and expenses, other income and charges, income or loss before tax, net income or loss, balance sheet and statements of cash flows. In addition to these regular reports, the Board approved the matters set forth below.

At the meeting held on 13 January 2015, the Board approved the adjustment of the Company's 2010 and 2014 Executive Stock Option Plans (ESOP) in view of the fifty percent (50%) stock dividend approved by the Company's shareholders on 18 December 2014. An additional 1,859,654 shares and 9.766,333, shall be added to the 2010 and 2014 ESOP, respectively.

At the meeting held on 27 March 2015, the Board approved the adoption of additional Corporate Governance Policies. Further, in addition to the approval of the 2014 audited financial statements, the Board approved the creation of a Risk Committee, separate from the then existing Audit and Risk Committee. Finally, the Board approved the adoption of a new Retirement Plan covering all regular employees of the Company, subject to qualifications set forth in the said Plan.

On 05 May 2015, the Board approved the financial report for the first quarter of 2015. Further, it issued a conditional approval of the acquisition of 100% of the shares in Geogen Corporation. The Board authorized Management to execute the necessary actions for such acquisition, subject to satisfactory completion of financial, legal, and technical due diligence.

On 13 July 2015, the Board authorized the Company to enter into a Suretyship Agreement to guarantee the loan facilities extended to Emerging Power, Inc. in the amount of Three Billion Pesos (Php3,000,000,000.00). Also, the Board approved the adjustment of the 2010 and 2014 ESOP in view of the issuance of the stock dividends declared by the Board on 27 March 2015 and approved by the shareholders on 05 June 2015. An additional 2,993,750 and 29,299,019 shares shall be added to the 2010 and 2014 ESOP, respectively.

On 04 August 2015, the Board approved the opening of an investment account with Angping and Associates Securities, Inc. It also approved the 2015 second quarter financial report.

On 09 November 2015, the Board approved the 2015 third quarter report.

Item 19. Voting Procedures

Under the Company's policy for the effective participation by shareholders in shareholders' meetings of the Company and the exercise of shareholders' right to vote:

1. Voting shall be by balloting or poll at all shareholders' meetings.
2. Voting and vote tabulation procedures shall be explained in the materials for shareholders' meetings (which shall be distributed to shareholders at least 28 days prior to the meeting) and at the start of every meeting.
3. Tabulation and validation of votes shall be undertaken by an independent party appointed by the Company. For the 2015 AGM, Sycip Gorres Velayo & Co., the Company's independent external auditor shall work with STSI, the Company's stock transfer agent, to tabulate and validate the votes.
4. Voting results for each item on the agenda shall be announced during the meeting and shall be made publicly available immediately.

Stockholders as of 31 March 2016 may vote at the Annual General Stockholders' Meeting on 6 June 2016. Stockholders have the right to vote in person or by proxy.

In the election of directors, cumulative voting may be adopted. On this basis, each stockholder as of 31 March 2016 may vote the number of shares registered in his name for each of the nine (9) directors to be elected, or he may multiply the number of shares registered in his name by nine (9) and cast the total of such votes for one (1) director, or he may distribute his votes among some or all of the nine (9) directors to be elected. The nine (9) nominees with the greatest number of votes will be elected directors.

PART II.

(PLEASE SEE SEPARATE PROXY FORM)

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 19 April 2016.

By:

BARBARA ANNE C. MIGALLOS
Corporate Secretary

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, AS FILED WITH THE SEC FREE OF CHARGE. ANY WRITTEN REQUEST SHALL BE ADDRESSED TO:

ATTY. BARBARA ANNE C. MIGALLOS
Corporate Secretary

NICKEL ASIA CORPORATION
28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila

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REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION

I, **BARBARA ANNE C. MIGALLOS**, of legal age, Filipino, and with office address at 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, after having been sworn to in accordance with law, hereby depose and say that:

1. I am the Corporate Secretary of Nickel Asia Corporation (the "Company"), a corporation organized and existing under Philippine law, with principal office address at 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila.

2. I hereby certify that the following incumbent Directors of the Company are not connected with any government agency or instrumentality:

   2.1. Manuel B. Zamora, Jr.
   2.2. Philip T. Ang
   2.3. Gerard H. Brimo
   2.4. Luis J. L. Virata
   2.5. Fulgencio S. Factoran, Jr. (Independent)
   2.6. Frederick Y. Dy (Independent)
   2.7. Martin Antonio G. Zamora
   2.8. Takanori Fujimura
   2.9. Takeshi Kubota

BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 19th day of April 2016, affiant exhibiting to me her Community Tax Certificate No. 05076634 issued on 7 January 2016 at Makati City, and her Passport No. EC0356963 issued on 20 February 2014 at DFA Manila, expiring on 19 February 2019 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 289;
Page No.: 59;
Book No.: 1;
Series of 2016.

MA. KARLA JOSEE C. ILAGAN
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-425 (2015-2016)
COMMISSION EXPIRES ON DECEMBER 31, 2016
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 5329846; Makati City; 1/12/16
IBP O.R. No. 0989381; Davao City; 1/04/16
Attorney's Roll No. 64586
Admitted to the Philippine Bar: April 2015

Cnew - Cert BCM/dfp14

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

UNDERTAKING

I, **BARBARA ANNE C. MIGALLOS**, of legal age, with office address at the 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, being the duly elected and incumbent Corporate Secretary of **NICKEL ASIA CORPORATION** ("the Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, whose shares are registered in accordance with the Securities Regulation Code and traded in the Philippine Stock Exchange (PSE), with principal office at 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, do hereby undertake to do the following:

1. Upload a copy of the Company's Interim Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations or SEC Form 17-Q as of 31 March 2016 in the Company's website at least five (5) days before the Company's Annual General Meeting of the Stockholders ("AGM") to be held on 6 June 2016;

2. The Company's stockholders shall be furnished copies of the said SEC Form 17-Q during the AGM and upon written request of the stockholders, free of charge; and

3. The Company shall publish a notice that the above-mentioned SEC Form 17-Q is available at the Company's website in two (2) newspapers of general circulation.

BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 19th day of April 2016, affiant exhibiting to me her Community Tax Certificate No. 05076634 issued on 7 January 2016 at Makati City, and her Passport No. EC0356963 issued on 20 February 2014 at DFA Manila, expiring on 19 February 2019 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

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Admitted to the Philippine Bar: April 2015

REPORT ACCOMPANYING THE INFORMATION STATEMENT

MANAGEMENT REPORT

I. Financial Statements

The audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015 in compliance with SRC Rule 68, as amended, is attached to the Information Statement and is incorporated by reference.

II. Information on Independent Accountants and other Related Matters

The Company's consolidated financial statements for the year ended 31 December 2015 have been audited by SyCip Gorres Velayo & Co ("SGV & Co") (a member practice of Ernst & Young Global Limited), independent auditors, as stated in their reports appearing herein.

Ms. Eleanore A. Layug is the Company's current audit partner. We have not had any disagreements on accounting and financial disclosures with our current external auditors for the same periods or any subsequent interim period.

There were no disagreements with SGV & Co. on any matter of accounting and financial disclosure.

The following table sets out the aggregate fees incurred for the year 2015 and 2014 for professional services rendered by SGV & Co.:

	2015	2014
	(In Thousands)	
Audit and Audit-Related Services	₱11,316	₱10,506
Non-Audit Services	1,655	1,878
Total	₱12,971	₱12,384

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

The following discussion and analysis is based on the audited consolidated financial statements as at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Consolidated Financial Statements and should be read in conjunction with the audited consolidated financial statements.

The Group has not, in the past five years and since its incorporation, revised its financial statements for reasons other than changes in accounting policies.

Summary Financial Information
The Consolidated Financial Statements as at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 are hereto attached.

The following table sets forth the summary financial information for the three years ended December 31, 2015, 2014 and 2013 and as at December 31, 2015, 2014 and 2013:

	Summary Consolidated Statements of Income For the Years Ended Dec 31			Horizontal Analysis			
				Increase (Decrease)		Increase (Decrease)	
	2015	2014	2013	2015 vs. 2014	%	2014 vs. 2013	%
	(In thousand pesos)						
Revenues	15,431,646	24,745,704	11,109,529	(9,314,058)	-38%	13,636,175	123%
Cost and expenses	(10,527,731)	(10,445,368)	(7,562,071)	82,363	1%	2,883,297	38%
Finance income	305,112	172,104	166,753	133,008	77%	5,351	3%
Finance expenses	(192,747)	(164,771)	(128,640)	27,976	17%	36,131	28%
Equity in net income (losses) of associates	(811,369)	522,380	(184,703)	1,333,749	-255%	(707,083)	-383%
Other income - net	507,166	470,897	309,783	36,269	8%	161,114	-52%
Provision for income tax - net	(1,667,286)	(4,292,827)	(1,124,215)	(2,625,541)	-61%	3,168,612	282%
Net income	3,044,791	11,008,119	2,586,436	(7,963,328)	-72%	8,421,683	-326%
Net income attributable to:							
Equity holders of the parent	2,035,143	8,551,627	2,053,674	(6,516,484)	-76%	6,497,953	316%
Non-controlling interests	1,009,648	2,456,492	532,762	(1,446,844)	-59%	1,923,730	361%
	3,044,791	11,008,119	2,586,436	(7,963,328)	-72%	8,421,683	326%

	Summary Consolidated Statements of Income For the Years Ended Dec 31			Vertical Analysis			
				Increase (Decrease)		Increase (Decrease)	
	2015	2014	2013	2015 vs. 2014	%	2014 vs. 2013	%
	(In thousand pesos)						
Revenues	15,431,646	24,745,704	11,109,529	(9,314,058)	117%	13,636,175	162%
Cost and expenses	(10,527,731)	(10,445,368)	(7,562,071)	82,363	-1%	2,883,297	34%
Finance income	305,112	172,104	166,753	133,008	-2%	5,351	0%
Finance expenses	(192,747)	(164,771)	(128,640)	27,976	0%	36,131	0%
Equity in net income (losses) of associates	(811,369)	522,380	(184,703)	1,333,749	-17%	(707,083)	-8%
Other income - net	507,166	470,897	309,783	36,269	0%	161,114	2%
Provision for income tax - net	(1,667,286)	(4,292,827)	(1,124,215)	(2,625,541)	33%	3,168,612	38%
Net income	3,044,791	11,008,119	2,586,436	(7,963,328)	100%	8,421,683	100%
Net income attributable to:							
Equity holders of the parent	2,035,143	8,551,627	2,053,674	(6,516,484)	82%	6,497,953	77%
Non-controlling interests	1,009,648	2,456,492	532,762	(1,446,844)	18%	1,923,730	23%
	3,044,791	11,008,119	2,586,436	(7,963,328)	100%	8,421,683	100%

Summary Consolidated Statements of Financial Position

	2015	2014	2013	Horizontal Analysis Increase (Decrease) 2015 vs. 2014	%	Increase (Decrease) 2014 vs. 2013	%
	(In Thousand Pesos)						
Current assets	16,677,942	20,611,470	14,601,036	(3,933,528)	-19%	6,010,434	41%
Noncurrent assets	24,968,266	14,572,438	14,312,492	10,395,828	71%	259,946	2%
Total assets	41,646,208	35,183,908	28,913,528	6,462,300	18%	6,270,380	22%
Current liabilities	7,713,231	2,114,567	1,308,963	5,598,664	265%	805,604	62%
Noncurrent liabilities	4,519,789	2,166,995	2,392,777	2,352,794	109%	(225,782)	-9%
Non-controlling interests	3,901,315	3,716,715	4,721,640	184,600	5%	(1,004,925)	-21%
Equity attributable to equity holders of the Parent	25,511,873	27,185,631	20,490,148	(1,673,758)	-6%	6,695,483	33%
Total liabilities and equity	41,646,208	35,183,908	28,913,528	6,462,300	18%	6,270,380	22%

Summary Consolidated Statements of Financial Position

	2015	2014	2013	Vertical Analysis Increase (Decrease) 2015 vs. 2014	%	Increase (Decrease) 2014 vs. 2013	%
	(In Thousand Pesos)						
Current assets	16,677,942	20,611,470	14,601,036	(3,933,528)	-61%	6,010,434	96%
Noncurrent assets	24,968,266	14,572,438	14,312,492	10,395,828	161%	259,946	4%
Total assets	41,646,208	35,183,908	28,913,528	6,462,300	100%	6,270,380	100%
Current liabilities	7,713,231	2,114,567	1,308,963	5,598,664	87%	805,604	13%
Noncurrent liabilities	4,519,789	2,166,995	2,392,777	2,352,794	36%	(225,782)	-4%
Non-controlling interests	3,901,315	3,716,715	4,721,640	184,600	3%	(1,004,925)	-16%
Equity attributable to	-	-	-				
equity holders of the Parent	25,511,873	27,185,631	20,490,148	(1,673,758)	-26%	6,695,483	107%
Total liabilities and equity	41,646,208	35,183,908	28,913,528	6,462,300	100%	6,270,380	100%

Summary Consolidated Statements of Cash Flows

	For the Years Ended December 31 2015	2014	2013
	(In Thousand Pesos)		
Net cash flows from (used in):			
Operating activities	4,858,310	11,155,079	4,138,762
Investing activities	(9,285,580)	(2,335,864)	(1,890,922)
Financing activities	(2,195,156)	(5,588,207)	(1,350,080)
Net increase (decrease) in cash and cash equivalents	(6,622,426)	3,231,008	897,760
Cash and cash equivalents, beginning	13,561,803	10,234,336	9,263,451
Effect of exchange rate changes in cash and cash equivalents	133,794	96,459	73,125
Cash and cash equivalents, end	7,073,171	13,561,803	10,234,336

Results of Operations

RESULTS OF OPERATIONS

Calendar year ended December 31, 2015 compared with calendar year ended December 31, 2014

Revenues

Our total revenues were ₱15,431.6 million in 2015 as compared to ₱24,745.7 million in 2014, a decrease of ₱9,314.1 million, or 38%.

Sale of ore
We sold an aggregate 19,671.6 thousand WMT of nickel ore in 2015, an increase of 10% compared to 17,873.3 thousand WMT of nickel ore in 2014. Our sales for this year included 7,058.9 thousand WMT of saprolite ore sold to customers in Japan, China and Australia, 4,814.8 thousand WMT of limonite ore to our customers in China and Australia, and 7,797.9 thousand WMT of limonite ore to CBNC and THNC compared to sales of 5,740.5 thousand WMT, 4,726.6 thousand WMT and 7,406.2 thousand WMT, respectively, in 2014.

The direct exports of ore mainly contributed to the higher shipments, increasing to 11,873.6 thousand WMT in 2015 from 10,467.1 thousand WMT in 2014. Ore deliveries to the two HPAL plants likewise rose, in particular to the Taganito HPAL facility, which just completed its first full year of operations at full capacity. The said plant was operating at an average 80% capacity in 2014. Total ore deliveries to the two HPAL plants reached 7,797.9 thousand WMT in 2015 compared to 7,406.2 thousand WMT in 2014.

The record volume of ore shipments achieved in 2015 was not sufficient to offset the fall in nickel prices, resulting to a decrease in the estimated value of shipments, from ₱23,736.6 million in 2014 to ₱14,381.5 million in 2015.

The estimated realized nickel price on 11,873.6 thousand WMT of direct exports of ore in 2015 averaged $22.66 per WMT, much lower than the average of $45.10 per WMT realized in 2014. It will be recalled that there was a surge in ore prices in 2014 due to the expectation of supply tightness resulting from the effects of the Indonesian export ore ban, which did not occur.

With respect to low-grade limonite ore sold to both the Coral Bay and Taganito plants, which continues to be linked to LME prices, the Group realized an average of $5.36 per pound of payable nickel in 2015. This compares to an average price of $7.69 per pound of payable nickel sold in 2014.

We own 60% of RTN, which owns and operates the Rio Tuba mine. RTN's revenue from sale of nickel ore was ₱4,646.7 million in 2015 compared to ₱6,610.4 million in 2014, a decrease of ₱1,963.7 million or 30%. RTN sold an aggregate 6,551.9 thousand WMT of nickel ore in 2015 compared to an aggregate 5,972.4 thousand WMT of nickel ore sold last year. The volume of saprolite ore sold to Japanese customers decreased by 160.7 thousand WMT or 18% and the volume of saprolite and limonite ore sold to Chinese customers increased by 639.9 thousand WMT or 38%. During the year, RTN also shipped 111.5 thousand WMT of saprolite ore to Australia. And lastly, the volume of limonite ore sold to CBNC decreased by 11.2 thousand WMT.

RTN's revenue from sale of limestone ore was ₱414.1 million in 2015 as compared to ₱316.1 million in 2014, an increase of ₱98.0 million or 31%. There was an increase of 164.3 thousand WMT or 38% in limestone sales during the year due to deliveries to UMPI, which started in August 2014 only.

We own 65% of TMC which owns and operates the Taganito mine. TMC's operations became the largest and accounted for 39% of total shipments during the year. TMC's revenue from sale of nickel ore was ₱5,069.8 million in 2015 as compared to ₱8,479.0 million in 2014, a decrease of ₱3,409.2 million, or 40%. TMC sold an aggregate 7,740.7 thousand WMT of nickel ore this year as compared to an aggregate 7,087.7 thousand WMT of nickel ore last year. The volume of saprolite ore sold to Japanese customers decreased by 8.7 thousand WMT or 1% and the volume of saprolite and limonite ore sold to Chinese customers increased by 258.8 thousand WMT or 11%. Further, TMC was able to deliver

4,426.3 thousand WMT of limonite ore to THNC plant in 2015 as against 4,023.4 thousand WMT of limonite ore last year.

We own 100% of CMC which owns and operates the Cagdianao mining operations. CMC's revenue from sale of nickel ore was ₱2,350.2 million in 2015 as compared to ₱3,595.5 million in 2014, a decrease of ₱1,245.3 million, or 35%. CMC sold an aggregate 2,169.5 thousand WMT of nickel ore this year compared to an aggregate 1,350.3 thousand WMT of nickel ore last year. Limonite shipments from CMC mine rose more than three times in 2015 to 1,441.5 thousand WMT compared to 460.7 thousand WMT in 2014. On the other hand, the saprolite ore sales from Cagdianao mine was 728.0 thousand WMT compared to last year's 889.6 thousand WMT.

We own 100% of HMC which owns and operates the Taganaan mining operations. HMC's revenue from sale of nickel ore was ₱2,314.8 million in 2015 compared to ₱5,051.7 million in 2014, a decrease of ₱2,736.9 million, or 54%. This year HMC managed to sell an aggregate 3,209.5 thousand WMT of saprolite and limonite ore to Chinese customers compared to 3,462.9 thousand WMT last year.

Services and Others
Our revenue from services and others was ₱636.0 million in 2015 compared to ₱693.0 million in 2014, a decrease of ₱57.0 million, or 8%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN and TMC provides to CBNC and THNC, respectively, and usage fee charged by TMC to THNC for the use of its pier facility. The decrease in our revenues from services and others in 2015 was due to decrease in materials handling services rendered by RTN to CBNC since the processing of limestone and slake lime of CBNC was now handled by another contractor.

<u>*Costs and Expenses*</u>
Our costs and expenses amounted to ₱10,527.7 million in 2015 as compared to ₱10,445.4 million in 2014, an increase of ₱82.3 million, or 1%.

Cost of Sales
Our cost of sales was ₱6,279.2 million in 2015 compared to ₱5,356.4 million in 2014, an increase of ₱922.8 million, or 17%. Aside from the 10% increase in volume of shipments, the movement in cost of sales was also attributable to the increase in outside services from ₱1,246.4 million to ₱1,753.5 million. Since the weather allowed for saprolite mining activities in TMC mine and in-house resources were utilized for the said activities, limonite mining and hauling were done by contractors. RTN also hired contractors for its hauling activities.

Cost of Services
Cost of services was ₱357.9 million in 2015 compared to ₱371.1 million in 2014, a decrease of ₱13.2 million, or 4%. Costs of services largely consist of the cost of hauling, providing manpower and other ancillary services to CBNC and THNC, plus the costs of maintaining the pier facility used by THNC. In 2015, the cost of materials handling services of RTN decreased by ₱30.6 million because most of the limestone and slake lime processing that was previously handled by RTN for CBNC was now handled by another contractor. The decrease was partially offset by the 4% increase in volume handled by TMC for THNC in 2015 which increased its cost by ₱19.5 million.

Shipping and Loading
Shipping and loading costs were ₱1,757.9 million for the year 2015 compared to ₱1,837.6 million for the year 2014, a decrease of ₱79.7 million, or 4%. As a result of the 13%

increase in volume of our direct export of ores, contract fees increased by ₱58.7 million due to additional LCT rentals. However, the said increase was offset by the movement in fuel, oil and lubricants which decreased by ₱87.8 million as a result of the significant drop in the price of diesel, and other services and fees which decreased by ₱53.5 million.

Excise Taxes and Royalties
Our excise taxes and royalties were ₱1,089.6 million in 2015 compared to ₱1,754.8 million in 2014, a decrease of ₱665.2 million, or 38%. The decrease in excise taxes and royalties was attributable to the 38% decline in our sale of ore in the current year as compared to last year.

Marketing
Marketing costs were ₱130.2 million and ₱168.9 million in 2015 and 2014, respectively. The decrease in marketing cost was also brought by the decline in our sales revenue in 2015 compared with 2014. Commission paid by CMC to its claim owner and the marketing fee paid to Mitsubishi Corporation are based on certain percentage of sales revenue.

General and Administrative
General and administrative expenses were ₱912.9 million for the year 2015 compared to ₱956.5 million for the year 2014, a decrease of ₱43.6 million, or 5%. The decrease in taxes and licenses by ₱71.8 million mainly caused the decrease in the account. Lower taxes and licenses in 2015 were attributable to lower fringe benefit tax paid on stock option exercised during the year. In 2014, a total of 11.4 million shares were exercised, with corresponding fringe benefit tax of ₱116.4 million, as compared to only 2.6 million shares in 2015, with corresponding fringe benefit tax of ₱19.0 million. Moreover, the benefit given in 2014 was higher because the Company's stock price at exercise dates ranges from ₱17.02 to ₱47.80 compared to ₱20.40 in 2015. The decrease in taxes and licenses was partially offset by the increase in local business tax since the basis used was the revenues in 2014 which was significantly higher. Donations of the Group in 2014 were also higher by ₱12.2 million since the majority of the rehabilitation and reconstruction of houses in Guiuan, Eastern Samar, which was strongly hit by the typhoon, was completed last year. The decrease in the account was partially offset by the care and maintenance cost incurred by HMC for its South Dinagat mine plus other publicity and promotional expenses of the Group.

Finance Income
Our finance income was ₱305.1 million in 2015 compared to ₱172.1 million in 2014, an increase of ₱133.0 million, or 77%. Relative to the significant increase in available-for-sale (AFS) financial assets, which is around 108%, interest income increased in 2015 compared with 2014 since 75% of the total investments pertain to debt instruments.

Finance Expenses
Our finance expense was ₱192.7 million in 2015 compared with ₱164.8 million in 2014, an increase of ₱27.9 million, or 17%. Basically, the movement in our finance expense arises from interest on loans availed by EPI which amounted to ₱30.8 million. Management fee/trust fee incurred for our managed funds also increased by ₱13.2 million due to additional acquisitions of AFS financial assets. But the increase was partially offset by the decrease in guarantee service fee by ₱10.6 million due to principal repayments made by THNC during the year.

Equity in Net Income (Losses) of Associates
Our equity in net income or losses of THNC and CBNC was ₱811.4 million loss and ₱522.4 million income in 2015 and 2014, respectively. The result of THNC's operations in 2015 and 2014 was a net loss of

US$61.7 million and a net income of US$32.1 million, respectively. On the other hand, the results of CBNC 's operations in 2015 and in the last three quarters of 2014 was a net loss of US$34.4 million and a net income of US$59.4 million, respectively.

Other Income - net

Our other income - net in 2015 was ₱507.2 million compared to ₱470.9 million in 2014, an increase of ₱36.3 million, or 8%. The increase in the account was attributable to the following: 1) favorable impact of changes in foreign exchange rate, with net effect of ₱140.5 million; 2) increase in dividend income from AFS financial assets by ₱19.4 million; and 3) gain on bargain purchase of ₱60.0 million which arises from acquisition of Geogen. However, the said increase was partially offset by: 1) decrease in dispatch income by ₱28.3 million; 2) provision for impairment losses on input VAT of LCSLC of ₱54.5 million; 3) decrease in reversal of allowance for impairment losses on inventories by ₱78.0 million; and 4) decrease in other income for special projects by ₱25.8 million.

Provision for Income Tax

Provision for income tax was ₱1,667.3 million in 2015 compared to ₱4,292.8 million in 2014, a decrease of ₱2,625.5 million, or 61%. Our current provision for income tax in 2015 was ₱1,605.8 million compared to ₱4,265.5 million in 2014, a decrease of ₱2,659.7 million, or 62% primarily due to the decrease in our taxable income in 2015 resulting from lower sales revenue. Our provision for deferred income tax in 2015 was ₱61.5 million compared to ₱27.4 million in 2014, an increase of ₱34.1 million, or 124%. The movement in the account pertains mainly to the application and expiration of net operating loss carry-over (NOLCO) in 2015 with corresponding tax impact of ₱74.4 million and ₱9.1 million, respectively, which was higher compared to last year of ₱44.2 million and ₱7.4 million, respectively.

Net Income

As a result of the foregoing, our consolidated net income was ₱3,044.8 million in 2015 compared to ₱11,008.1 million in 2014. Net of non-controlling interests, our net income was ₱2,035.1 million in 2015 as compared to ₱8,551.6 million in 2014, a decrease of ₱6,516.5 million, or 76%.

Calendar year ended December 31, 2014 compared with calendar year ended December 31, 2013

Revenues

Our total revenues were ₱24,745.7 million in 2014 as compared to ₱11,109.5 million in 2013, an increase of ₱13,636.2 million, or 123%.

Sale of ore

We sold an aggregate 17,873.3 thousand WMT of nickel ore in 2014, an increase of 28% compared to 13,998.4 thousand WMT of nickel ore in 2013. Our sales for this year included 5,740.5 thousand WMT of saprolite ore sold to Japanese and Chinese customers, 4,568.2 thousand WMT of limonite ore to our Chinese customers, 158.4 thousand WMT of limonite ore to an Australian company and 7,406.2 thousand WMT of limonite ore to CBNC and THNC compared to sales of 3,594.2 thousand WMT, 6,124.7 thousand WMT, nil and 4,279.5 thousand WMT, respectively, in 2013.

The growth in shipment volumes 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 last year. As a result, total ore deliveries to the two HPAL plants reached 7,406.2 thousand WMT in 2014 compared to 4,279.5 thousand WMT in 2013. The direct exports of ore likewise contributed to our higher shipments, increasing from 9,718.9 thousand WMT in 2013 to 10,467.1

thousand WMT in 2014.

Our revenue from sale of nickel ore was ₱23,736.6 million in 2014 compared to ₱10,321.7 million in 2013, an increase of ₱13,414.9 million or 130%. The effect of the Indonesian ore export ban has led to significantly higher ore prices in 2014. On a US dollar per WMT basis, the average realized price received for ore sales to Japanese, Chinese and Australian customers totaling 10,467.1 thousand WMT of both saprolite and limonite ore sold amounted to $45.10. This compares to an average price of $21.28 per WMT in 2013 on a total of 9,718.9 thousand WMT of ore sold.

With respect to low-grade limonite ore sold to both the Coral Bay and Taganito plants, which remain benchmarked to LME prices, we realized an average of $7.69 per pound of payable nickel on 7,406.2 thousand WMT sold in 2014. This compares to an average price of $6.70 per pound of payable nickel on 4,279.5 thousand WMT sold in 2013.

RTN's revenue from sale of nickel ore was ₱6,610.4 million in 2014 compared to ₱3,035.8 million in 2013, an increase of ₱3,574.6 million or 118%. RTN sold an aggregate 5,972.4 thousand WMT of nickel ore in 2014 compared to an aggregate 5,774.4 thousand WMT of nickel ore sold last year. The volume of saprolite ore sold to Japanese customers increased by 541.1 thousand WMT or 144% and the volume of saprolite and limonite ore sold to Chinese customers decreased by 320.7 thousand WMT or 16%. Further, the volume of limonite ore sold to CBNC decreased by 22.5 thousand WMT or 1%.

RTN's revenue from sale of limestone ore was ₱316.1 million in 2014, as compared to ₱153.8 million in 2013, an increase of ₱162.3 million or 106%. A total of 429.0 thousand WMT of limestone ore was delivered to CBNC this year compared to 211.6 thousand WMT last year. In 2013, most of CBNC's requirement for limestone ore was acquired from another supplier and this caused the lower limestone ore delivery last year. In addition, one of CBNC's plants had undergone maintenance shutdown in 2013.

TMC's operations became the largest and accounted for 40% of total shipments during the year. TMC's revenue from sale of nickel ore was ₱8,479.0 million in 2014 as compared to ₱3,109.1 million in 2013, an increase of ₱5,369.9 million, or 173%. TMC sold an aggregate 7,087.7 thousand WMT of nickel ore this year as compared to an aggregate 3,893.1 thousand WMT of nickel ore last year. The volume of saprolite ore sold to Japanese customers increased by 210.9 thousand WMT or 47% and the volume of saprolite and limonite ore sold to Chinese customers decreased by 165.5 thousand WMT or 6%. Further, TMC was able to deliver 4,023.4 thousand WMT of limonite ore to the THNC plant in 2014 whereas there was only 874.2 thousand WMT in 2013.

CMC's revenue from sale of nickel ore was ₱3,595.5 million in 2014 as compared to ₱737.9 million in 2013, an increase of ₱2,857.6 million, or 387%. CMC sold an aggregate 1,350.3 thousand WMT of nickel ore this year compared to an aggregate 888.8 thousand WMT of nickel ore last year.

HMC's revenue from sale of nickel ore was ₱5,051.7 million in 2014 compared to ₱3,438.9 million in 2013, an increase of ₱1,612.8 million, or 47%. This year HMC managed to sell an aggregate 3,462.9 thousand WMT of saprolite and limonite ore to Chinese customers compared to 3,442.0 thousand WMT of saprolite and limonite ore to Japanese and Chinese customers last year.

Services and Others
Our revenue from services and others was ₱693.0 million in 2014 compared to ₱634.0 million in 2013, an increase of ₱59.0 million, or 9%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN and TMC provides to CBNC and THNC, respectively, and usage fee charged by TMC to THNC for the use of its pier facility. The main reason for the sudden increase in our revenues from services and others in 2014 was due to the increase in materials handling services rendered by TMC to THNC, being the latter's first full year of commercial operations whereas in 2013, Taganito HPAL facility was still in its pre-operating stage.

Costs and Expenses
Our costs and expenses amounted to ₱10,445.4 million in 2014 as compared to ₱7,562.1 million in 2013, an increase of ₱2,883.3 million, or 38%.

Cost of Sales
Our cost of sales was ₱5,356.4 million in 2014 as compared to ₱4,489.3 million in 2013, an increase of ₱867.1 million, or 19%. The slight increase in cost of sales was due to the combination of higher volume of production and shipments but lower production cost. The movement in cost of sales was attributable to the net effect of increase in production overhead from ₱1,938.3 million to ₱2,613.0 million, outside services from ₱869.4 million to ₱1,246.4 million, personnel cost from ₱669.7 million to ₱894.2 million, and depreciation and depletion from ₱830.5 million to ₱984.4 million.

Cost of Services
Cost of services was ₱371.1 million in 2014 as compared to ₱335.3 million in 2013, an increase of ₱35.8 million, or 11%. Costs of services largely consist of the cost of hauling, providing manpower and other ancillary services to CBNC and THNC, plus the costs of maintaining the pier facility used by THNC. The surge in cost of services arises mainly from the 126% increase in volume handled for materials handling services rendered by TMC to THNC in 2014 whereas in 2013, the volume handled was only minimal.

Shipping and Loading
Shipping and loading costs were ₱1,837.6 million for the year 2014 compared to ₱1,398.8 million for the year 2013, an increase of ₱438.8 million, or 31%. Aside from the 8% increase in volume of our direct export of ores to Japan, China and Australia, the increment in shipping and loading costs was also brought by additional barges hired/contracted due to dry-docking of three tugboats of RTN, repair of one LCT of TMC and dry-docking of two LCTs of HMC.

Excise Taxes and Royalties
Our excise taxes and royalties were ₱1,754.8 million in 2014 compared to ₱648.6 million in 2013, an increase of ₱1,106.2 million, or 171%. The increase in excise taxes and royalties was attributable to the growth in our sales revenue during the year as compared to the same period last year, particularly from TMC and CMC.

Marketing
Marketing costs were ₱168.9 million and ₱65.6 million in 2014 and 2013, respectively. Basically, the increase in marketing cost was due to higher commission paid by CMC to its claim owner which is based on a certain percentage of its sales revenue.

General and Administrative
General and administrative expenses were ₱956.5 million for the year 2014 compared to ₱624.5 million for the year 2013, an increase of ₱332.0 million, or 53%. The increase in taxes and licenses by ₱149.7 million, personnel cost by ₱60.8 million, outside services by ₱35.6 million and donations by ₱37.0 million caused the significant increase in the account. The increment in taxes and licenses pertains to the fringe benefit tax on stock option exercised during the year. In 2014, a total of 11.4 million shares were exercised, with corresponding fringe benefit tax of ₱116.4 million, as compared to only 1.9 million shares in 2013, with corresponding fringe benefit tax of ₱15.4 million. In addition, the benefit given in 2014 was higher because the Company's stock price at exercise dates ranges from ₱17.02 to ₱47.80 compared to ₱21.25 to ₱27.75 in 2013. Higher incentives were also given to employees due to favorable results of operations in 2014, thus personnel cost increased. Moreover, donations amounting to ₱31.5 million were given to the victims of super typhoon in Guiuan, Eastern Samar. The donations were used in the delivery of relief goods and building and reconstruction of houses. Aside from that, donations amounting to ₱3.5 million were also given to the Philippine General Hospital for the renovation of the wards.

Finance Income
Our finance income was ₱172.1 million in 2014 as compared to ₱166.8 million in 2013, an increase of ₱5.3 million, or 3%.

Finance Expenses
Our finance expense was ₱164.8 million in 2014 as compared to ₱128.6 million in 2013, an increase of ₱36.2 million, or 28%. Basically, the movement in our finance expense arises from the increase in our loan guarantee service fee, which moved from ₱104.2 million to ₱134.8 million, due to additional loan drawn by THNC. The guarantee service fee is related to the Taganito HPAL project.

Equity in Net Income (Losses) of Associates
Our equity in net income or losses of THNC and CBNC was ₱522.4 million income and ₱184.7 million loss in 2014 and 2013, respectively. The result of THNC's operations in 2014 and 2013 was a net income of US$32.1 million and a net loss of US$19.3 million, respectively. On the other hand, the results of CBNC 's operations for the last three quarters of 2014 was income of US$59.4 million.

Other Income - net
Our other income - net in 2014 was ₱470.9 million compared to ₱309.8 million in 2013, an increase of ₱161.1 million, or 52%. The significant increase in our other income - net was brought mainly by the movement in foreign exchange gains from ₱53.3 million in 2013 to ₱182.5 million in 2014. In both periods, the Group was in net foreign currency denominated asset position but the average value of peso to dollar in 2014 of ₱44.39 was higher compared to ₱42.43 in 2013, thus the increase in foreign exchange gains. In addition, the net effect of the reversal of allowance for impairment losses resulted to an increase in other income - net by ₱362.2 million. Special projects of RTN also increased from ₱28.4 million to ₱84.8 million. However, the increase was partially offset by the decrease in dividend income and gain on sale of property and equipment and investment properties. In 2013, CBNC paid dividends of ₱60.5 million and the Group sold its condominium units at a gain of ₱222.0 million and none of these happened in 2014. Moreover, TMC recognized impairment for its conveyor amounting to ₱98.5 million which has become inoperational last September 1, 2014.

Provision for (Benefit from) Income Tax
Provision for income tax was ₱4,292.8 million in 2014 compared to ₱1,124.2 million in 2013, an increase of ₱3,168.6 million, or 282%. Our current provision for income tax in 2014 was ₱4,265.5 million compared to ₱1,169.5 million in 2013, an increase of ₱3,096.0 million, or 265% primarily due to the increase in our taxable income in 2014 resulting from higher sales revenue. Our provision for deferred income tax in 2014 was ₱27.4 million compared to a benefit from deferred income tax of ₱45.3 million in 2013, an increase in provision for deferred income tax of ₱72.7 million, or 160%. The provision for deferred income tax in 2014 was higher compared to 2013 due to the application of NOLCO amounting to ₱169.8 million (with tax effect of ₱51.0 million) and application of excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) of ₱19.9 million.

Net Income
As a result of the foregoing, our consolidated net income was ₱11,008.1 million in 2014 compared to ₱2,586.4 million in 2013. Net of non-controlling interests, our net income was ₱8,551.6 million in 2014 as compared to ₱2,053.7 million in 2013, an increase of ₱6,497.9 million, or 316%.

Calendar year ended December 31, 2013 compared with calendar year ended December 31, 2012

Revenues
Our total revenues were ₱11,109.5 million in 2013 as compared to ₱11,606.9 million in 2012, a decrease of ₱497.4 million, or 4%.

Sale of ore
We sold an aggregate 13,998.4 thousand WMT of nickel ore in 2013, an increase of 19% compared to 11,730.2 thousand WMT of nickel ore in 2012. Our sales for this year included 3,594.2 thousand WMT of saprolite ore sold to Japanese and Chinese customers, 6,124.7 thousand WMT of limonite ore to our Chinese customers and 4,279.5 thousand WMT of limonite ore to CBNC and THNC compared to sales of 4,236.6 thousand WMT, 4,142.1 thousand WMT and 3,351.5 thousand WMT, respectively, in 2012.

Our revenue from sale of nickel ore was ₱10,321.7 million in 2013 as compared to ₱11,099.2 million in 2012, a decrease of ₱777.5 million, or 7%, mainly as a result of lower LME nickel prices despite a higher sales volume achieved and depreciation of peso as against US dollar. On a US dollar per WMT basis, the average realized price received for ore sales to Japanese and Chinese customers totaling 9,718.9 thousand WMT of both saprolite and limonite ore sold amounted to $21.28. This compares to an average price of $27.62 per WMT in 2012 on a total of 8,378.6 thousand WMT of ore sold.

With respect to low-grade limonite ore sold to both the Coral Bay and Taganito plants, we realized an average of $6.70 per pound of payable nickel on 4,279.5 thousand WMT sold in 2013. This compares to an average price of $8.02 per pound of payable nickel on 3,351.6 thousand WMT sold in 2012.

RTN's revenue from sale of nickel ore was ₱3,035.8 million in 2013 as compared to ₱3,994.1 million in 2012, a decrease of ₱958.3 million, or 24%. RTN sold an aggregate 5,774.4 thousand WMT of nickel ore in 2013 as compared to an aggregate 5,626.4 thousand WMT of nickel ore sold in 2012. The volume of saprolite ore sold to Japanese and Chinese customers decreased by 546.6 thousand WMT or 24%, while the volume of limonite ore sold to Chinese customers and CBNC increased by 694.6 thousand WMT, or 21%.

RTN's revenue from sale of limestone ore was ₱153.8 million in 2013 as compared to ₱44.1 million in 2012, an increase of ₱109.7 million or 249%. The increase in limestone revenue was due mainly to the start of production of RTN's limestone operation at the Gotok area. As a result, a total of 211.6 thousand WMT of limestone ore was delivered to CBNC this year compared to the 59.0 thousand WMT delivered last year.

TMC's revenue from sale of ore was ₱3,109.1 million in 2013 as compared to ₱3,093.9 million in 2012, an increase of ₱15.2 million, or 0.5%. TMC sold an aggregate 3,893.1 thousand WMT of nickel ore in 2013 as compared to an aggregate 2,381.5 thousand WMT of nickel ore in 2012. The volume of saprolite ore sold to customers from Japan and China decreased by 254.8 thousand WMT, or 15%, while the volume of limonite ore sold to Chinese customers increased by 892.2 thousand WMT, or 126%. In addition, beginning April 2013 TMC started to deliver limonite ore to THNC and sold 874.2 thousand WMT during the year.

CMC's revenue from sale of ore was ₱737.9 million in 2013 as compared to ₱1,130.0 million in 2012, a decrease of ₱392.1 million, or 35%. CMC sold an aggregate 888.8 thousand WMT of nickel ore in 2013 as compared to an aggregate 1,085.6 thousand WMT of nickel ore in 2012. The volume of saprolite ore sold to Japanese and Chinese customers increased by 60.0 thousand WMT or 21%. However, only 538.5 thousand WMT of limonite ore was sold to Chinese customers in 2013 compared to 795.3 thousand WMT in 2012.

HMC's revenue from sale of ore was ₱3,438.9 million in 2013 as compared to ₱2,881.2 million in 2012, an increase of ₱557.7 million, or 19%. In 2013, HMC sold an aggregate of 99.0 thousand WMT of saprolite ore to Japanese and Chinese customers and 3,342.9 thousand WMT of limonite ore to Chinese customers whereas in 2012 HMC sold 2,636.7 thousand WMT of limonite ore to Chinese customers only.

Services and Others
Our revenue from services and others was ₱634.0 million in 2013 as compared to ₱463.6 million in 2012, an increase of ₱170.4 million, or 37%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN and TMC provides to CBNC and THNC, respectively, and usage fees charged by TMC to THNC for the use of its pier facility. The main reason for the sudden increase in our revenues from services and others in 2013 was due to the materials handling and other ancillary services provided by TMC to THNC which started only in January 2013.

<u>Costs and Expenses</u>
Our costs and expenses amounted to ₱7,562.1 million in 2013 as compared to ₱7,457.7 million in 2012, an increase of ₱104.4 million, or 1%.

Cost of Sales
Our cost of sales was ₱4,489.3 million in 2013 as compared to ₱4,467.2 million in 2012, an increase of ₱22.1 million, or 0.5%. The slight increase in cost of sales was due to the combination of higher volume of production and shipments but lower production cost.

Cost of Services
Cost of services was ₱335.3 million in 2013 as compared to ₱260.4 million in 2012, an increase of ₱74.9 million, or 29%. Costs of services largely consist of the cost of hauling, providing manpower and other ancillary services to CBNC and THNC, plus the costs of maintaining the pier facility used by THNC. In 2013, TMC started to provide materials handling and other services to THNC wherein the cost incurred in providing these services was added in the cost of services.

Shipping and Loading Costs
Shipping and loading costs were ₱1,398.8 million in 2013 as compared to ₱1,400.6 million in 2012, a decrease of ₱1.8 million, or 0.1%. Despite of higher volume of production and shipments in 2013, the movement in shipping and loading costs was only minimal because the Group utilizes its newly acquired equipment and in-house personnel for its ship loading activities instead of engaging a third party contractor which resulted to lower contract fees and other service fees.

Excise Taxes and Royalties
Our excise taxes and royalties were ₱648.6 million in 2013 as compared to ₱707.9 million in 2012, a decrease of ₱59.3 million, or 8%. The decrease in excise taxes and royalties was brought mainly by the significant decline in our sales revenue from RTN and CMC in 2013.

Marketing
Our marketing expenses were ₱65.6 million in 2013 as compared to ₱94.4 million in 2012, a decrease of ₱28.8 million, or 30%. The decrease in our 2013 marketing expenses was mainly attributable to the decline in our sales revenue subject to the commission or marketing fee.

General and Administrative
General and administrative expenses were ₱624.5 million in 2013 as compared to ₱527.2 million in 2012, an increase of ₱97.3 million, or 18%. The higher expenses in 2013 were attributable mainly to the increase in taxes and licenses, from ₱66.2 million to ₱80.5 million, due to settlement of tax deficiencies and payment of business taxes; increase in personnel cost, from ₱173.8 million to ₱223.1 million, due to higher employee bonuses; and increase in other administrative expenses such as rentals and building dues.

Finance Income
Our finance income was ₱166.8 million in 2013 as compared to ₱235.0 million in 2012, a decrease of ₱68.2 million, or 29%. The decrease was brought mainly by lower interest rates from time deposits and other investments in 2013 as compared in 2012.

Finance Expenses
Our finance expense was ₱128.6 million in 2013 as compared to ₱114.9 million in 2012, an increase of ₱13.7 million, or 12%. The increase was primarily due to guarantee service fee which increased from ₱84.0 million to ₱104.2 million. The guarantee service fee is related to the Taganito HPAL project.

Equity in Net Losses of an Associate
The equity in net losses of an associate was ₱184.7 million in 2013 as compared to ₱114.6 million in 2012, an increase of ₱70.1 million, or 61%. The movement was primarily due to increase in net loss of THNC in 2013 resulting from non-capitalizable supplies, equipment and workshop tools incurred by THNC during the year.

Other Income - net
Our other income in 2013 was ₱309.8 million as compared to ₱300.3 million in 2012. Other income - net was primarily consists of dividend income from CBNC, net foreign exchange gains or losses, gain on sale of property and equipment and investment properties, provision for impairment losses and miscellaneous income and expenses.

Provision for (Benefit from) Income Tax
Provision for income tax was ₱1,124.2 million in 2013 compared to ₱1,334.7 million in 2012, a decrease of ₱210.5 million, or 16%. Our current provision for income tax in 2013 was ₱1,169.5 million compared to ₱1,264.3 million in 2012, a decrease of ₱94.8 million, or 8% primarily due to the decrease in our taxable income in 2013 resulting from lower revenues.

Our benefit from deferred income tax in 2013 was ₱45.3 million as compared to a provision for deferred income tax of ₱70.4 million in 2012, an increase of ₱115.7 million, or 164%, resulting mainly from the de-recognition of deferred income tax asset on net operating loss carry-over amounting to ₱188.2 million in 2012 while there was none in 2013.

Net Income
As a result of the foregoing, our consolidated net income was ₱2,586.4 million in 2013 compared to ₱3,120.3 million in 2012. Net of non-controlling interests, our net income was ₱2,053.7 million in 2013 as compared to ₱2,207.2 million in 2012, a decrease of ₱153.5 million, or 7%.

FINANCIAL POSITION

Calendar year as at December 31, 2015 and 2014

Total assets amounted to ₱41,646.2 million in 2015 compared to ₱35,183.9 million in 2014.

Current assets decreased to ₱16,677.9 million from ₱20,611.5 million mainly because of the decrease in cash and cash equivalents from ₱13,561.8 million to ₱7,073.2 million. The decrease in cash and cash equivalents was due to payments of cash dividends of ₱4,303.9 million, net acquisitions of various AFS financial assets and property and equipment of ₱3,229.1 million and ₱3,900.1 million, respectively, issuance of ₱1,000.0 million loan to East Coast, and acquisitions of subsidiaries, net of cash acquired, for a total amount of ₱800.8 million. However, the decrease was partially offset by cash received from operations of ₱4,858.3 million and proceeds from the availment of long-term loans of ₱2,099.4 million.

The increase in noncurrent assets from ₱14,572.4 million to ₱24,968.3 million was attributable mainly to capital expenditures arising from reconstruction of conveyor in TMC amounting to ₱643.9 million, additional cost incurred for the SURNECO project of ₱460.5 million, costs related to the solar and wind project of ₱1,667.3 million, purchases of various mining equipment, and the geothermal exploration and evaluation costs incurred for the Montelago and Biliran projects amounting to ₱6,114.9 million. Aside from that, CMC issued a loan to East Coast wherein ₱842.1 million pertains to the noncurrent portion. The Parent Company also acquired shares of NiHAO Mineral Resources International, Inc. with market value of ₱282.8 million as at year end, and this was classified under AFS financial assets. Mining rights also increased by ₱941.1 million due to acquisition of Geogen. But the increase was partially offset by the decrease in investment in associates due to net loss positions of CBNC and THNC in 2015.

Total current liabilities increased to ₱7,713.2 million from ₱2,114.6 million due to amounts owed by BGI to its shareholders, OGI and Biliran Geothermal Holdings Incorporated, amounting to ₱5,141.5 million; short-term loans availed by EPI from Manta Equities Inc. amounting to ₱180.0 million, and deposits for future stock subscription of shareholders of CExCI amounting to ₱169.1 million.

Total noncurrent liabilities increased to ₱4,519.8 million from ₱2,167.0 million due to availment of long-term loans by EPI, in which ₱2,110.0 million was drawn during the year. Deferred income tax liabilities also increased from ₱421.0 million to ₱647.4 million due to the tax effect of business acquisitions during the year.

Our equity net of non-controlling interests as at December 31, 2015 decreased to ₱25,511.9 million from ₱27,185.6 million as of year-end 2014, due to net difference of cash dividends paid and net earnings in 2015.

Calendar year as at December 31, 2014 and 2013

Total assets amounted to ₱35,183.9 million in 2014 compared to ₱28,913.5 million in 2013.

Current assets increased to ₱20,611.5 million from ₱14,601.0 million mainly because of the increase in cash and cash equivalents from ₱10,234.3 million to ₱13,561.8 million; and trade and other receivables from ₱839.4 million to ₱1,431.1 million as a result of the increase in sales revenue during the year. In addition, AFS financial assets increased from ₱1,257.4 million to ₱2,281.6 million due to additional investments in various debt and equity securities.

The increase in noncurrent assets from ₱14,312.5 million to ₱14,572.4 million was brought by the increase in investment in associates due to equity take up on the results of operations of CBNC and THNC. In 2014, CBNC and THNC yielded favorable results of operations as compared in 2013 wherein THNC was in net loss position. The increase was slightly reduced by the decrease in long-term stockpile due to deliveries made to CBNC plant, disposal of AFS financial assets and decrease in deferred income tax assets due to application of NOLCO and excess of MCIT over RCIT and reversal of allowances for impairment losses on inventory and advances to claimowners.

Total current liabilities increased to ₱2,114.6 million from ₱1,309.0 million due to income taxes payable, which increased from ₱263.4 million to ₱513.6 million, and trade and other payables, which increased from ₱928.1 million to ₱1,482.6 million.

Total noncurrent liabilities decreased to ₱2,167.0 million from ₱2,392.8 million due to payments of long-term debt and rehabilitation cost amounting to ₱115.7 million and ₱10.4 million, respectively. Deferred income tax liabilities also decreased from ₱486.2 million to ₱421.0 million and pension liability decreased from ₱279.1 million to ₱231.3 million.

Our equity net of non-controlling interests as at December 31, 2014 increased to ₱27,185.6 million from ₱20,490.1 million as of year-end 2013, due to net earnings in 2014.

CASH FLOWS

Calendar year ended December 31, 2015, 2014 and 2013

The net cash flows from operating activities amounted to ₱4,858.3 million in 2015, compared to ₱11,155.1 million in 2014 and ₱4,138.8 million in 2013, as proceeds from the sale of ore were higher in 2014 compared to 2015 and 2013 because of the surge in ore prices in 2014 due to expectation of supply tightness.

The net cash used for investment activities amounting to ₱9,285.6 million, ₱2,335.9 million and ₱1,890.9 million in 2015, 2014 and 2013, respectively, arises mainly from net acquisitions of property and equipment and AFS financial assets. However, in 2015 it was noted that there was a significant cash outflow as compared to the last two years and this was due to the loan issued to East Coast amounting to ₱1,000.0 million and acquisition of new subsidiaries amounting to ₱800.8 million. The Group also spent ₱500.9 million for geothermal exploration and evaluation assets in 2015 for its Montelago and Biliran projects.

In 2015, 2014 and 2013, the net cash used in financing activities amounting to ₱2,195.2 million, ₱5,588.2 million and ₱1,350.1 million, respectively, arises mainly from payments of cash dividends and long-term debt plus the related interest. However, in 2015, these payments were partially offset by proceeds from availment of loans amounting to ₱2,099.4 million.

As at December 31, 2015, 2014 and 2013, cash and cash equivalents amounted to ₱7,073.2 million, ₱13,561.8 million and ₱10,234.3 million, respectively.

TOP FIVE KEY PERFORMANCE INDICATORS

1) *SALES VOLUME*

The volume of saprolite ore that we sell largely depends on the grade of saprolite ore that we mine. The volume of limonite ore that we sell to our customers in China largely depends on the demand for NPI and carbon steel in China. PAMCO purchases our high-grade saprolite ore that we are able to extract and ship at any given time. With respect to our low-grade saprolite and limonite ore, in periods when we are able to extract more ore than we are able to ship, we generally continue our mining operations and stockpile such ore for sale when demand improves or when prices rise to more attractive levels. As stated above, the volume of our low-grade saprolite ore and limonite ore sales to our Chinese customers is roughly correlated with the LME nickel price, with volume increasing as nickel prices rise. In addition to sales of nickel ore to PAMCO, SMM and our customers in China and Australia, we sell limonite ore from our Rio Tuba mine to the Coral Bay HPAL facility, in which we have a 10% equity interest, and from our Taganito mine to the Taganito HPAL facility, in which we have a 22.5% equity interest. CBNC purchases an amount of limonite ore from us sufficient to meet its ore requirements. The annual capacity of its Coral Bay HPAL facility was originally 10,000 tonnes of contained nickel and was expanded to 20,000 tonnes of contained nickel in the second half of 2009, resulting in a higher volume of limonite ore sales from RTN. In 2010, the Coral Bay HPAL facility was able to attain an annual capacity of 23,000 tonnes as a result of the facility's expansion in 2009 which became fully operational in 2010. The Taganito HPAL facility has an annual capacity of 51,000 tonnes of mixed nickel-cobalt sulfide over an estimated 30-year Project life.

Type and Grade of Ore that we Mine

We realize higher sales prices for our saprolite ore than for our limonite ore. Accordingly, the type and grade (which is a factor of nickel content) of the ore that we mine affects our revenues from year to year. The quantity of saprolite ore that we mine annually depends on the customer demand and the availability of such ore at our mine sites. The mix between high-and low-grade saprolite ore at our minesites coupled with our long-term mining plan determines the quantities of each that we extract on an annual basis. The quantity of limonite ore that we mine on an annual basis depends on the amount of such ore that needs to be removed in order to extract the saprolite ore, as well as market demand.

In 2015 and 2014, we sold an aggregate of 19,671.6 thousand WMT and 17,873.3 thousand WMT, respectively.

2) *CASH COST PER VOLUME SOLD*

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

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

The average cash cost per volume sold in 2015 is ₱439.20 per WMT on the basis of aggregate cash costs of ₱8,639.7 million and a total sales volume of 19,671.6 thousand WMT of ore. This compares to ₱502.46 per WMT in 2014 on the basis of aggregate cash costs of ₱8,980.7 million and a total sales volume of 17,873.3 thousand WMT of ore.

3) ***ATTRIBUTABLE NET INCOME***

Attributable net income represents the portion of consolidated profit or loss for the year, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The net income attributable to equity holders of the Parent Company in 2015 is ₱2,035.1 million compared to ₱8,551.6 million in 2014.

4) ***NUMBER OF HECTARES REHABILITATED/REFORESTED***

We adhere to the principles and practices of sustainable development. We are committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of our operations. To manage environmental impacts, the Parent Company's subsidiaries have an EPEP. This refers to the comprehensive and strategic environmental management plan for the life of mining projects to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment. A major component under our EPEP is the rehabilitation and reforestation of the areas affected by our mining operations. We also participate in the government's National Greening Program where we plant trees and/or donate seedlings outside of our mining properties. In 2015 and 2014, the Group has rehabilitated and reforested a total of 250.70 hectares and 197.31 hectares, respectively, with corresponding number of trees planted of about 644,407 and 406,610, respectively.

5) ***FREQUENCY RATE***

Health and safety are integral parts of our personnel policies. Our comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to our operations. We measure our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total man-hours worked for the year. In 2015 and 2014, our frequency rate is 0.04 and 0.24, respectively.

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 (see Note 16 to the Consolidated Financial Statements).

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

IV. Brief Description of the General Nature and Scope of the Business of Nickel Asia Corporation and Subsidiaries

A. Corporate Profile

Nickel Asia Corporation ("the Company") was incorporated on 24 July 2008 with the Philippine Securities and Exchange Commission ("SEC") and was listed with the Philippine Stock Exchange ("PSE") on 22 November 2010.

The Company has the following subsidiaries:

Hinatuan Mining Corporation (HMC)
HMC was incorporated on October 9, 1979 and was granted rights over the Taganaan property in 1980. Development of the property commenced in 1981 and the first commercial shipment from the Taganaan mine was made in 1982. The size of the property was expanded in 1983 with the acquisition of additional claims on adjacent properties.

Cagdianao Mining Corporation (CMC)
CMC was incorporated on July 25, 1997 and acquired the right to operate the Cagdianao mine in 1998.

Samar Nickel Mining Resources Corporation (SNMRC)
SNMRC was incorporated on March 11, 2010, and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations.

La Costa Shipping and Lighterage Corporation (LCSLC)
LCSLC was incorporated on October 23, 1992, and is primarily engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services. LCSLC was acquired by HMC in April 2010. In May 2014, LCSLC sold all of its LCTs to HMC.

Geogen Corporation
Geogen was incorporated on October 9, 1998, 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. Geogen was acquired by the Parent Company in August 2015.

Falck Exp Inc. (FEI)
FEI was incorporated on November 22, 2005, 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. FEI is currently on a dissolution phase.

Cordillera Exploration Co., Inc.
CExCI was incorporated on October 19, 1994 primarily to engage in the business of large-scale exploration, development and utilization of mineral resources. CExCI has a number of mining properties at various stages of exploration. It is currently not engaged in any development or commercial production activities.

Newminco Pacific Mining Corporation
Newminco was incorporated on October 9, 2006 and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources. Newminco was acquired by CExCI in December 2015.

Taganito Mining Corporation (TMC)
TMC was incorporated on March 4, 1987, and is primarily engaged in the mining and exporting of nickel saprolite and limonite ore, and exploration activities. The first commercial shipment from the Taganito mine was made in 1989. TMC also provides services to THNC which involves the handling, hauling and transportation of materials required in the processing operations of THNC.

Rio Tuba Nickel Mining Corporation (RTN)
RTN was incorporated on July 15, 1969 to develop the nickel ore deposits discovered at the Rio Tuba mine site in 1967. It was granted rights over the Rio Tuba property in 1970 and commenced mining in 1975. RTN made its first commercial shipment in 1977. RTN also provides non-mining services required in the processing operations of CBNC.

Emerging Power Inc.
EPI was incorporated on October 16, 2007, and is primarily engaged in the renewable energy business. EPI was acquired by the Parent Company by way of loan conversion into equity in August 2015. EPI is the holder of Geothermal Renewable Energy Service Contract (GRESC) No. 2014-02-054 (Service Contract). On February 16, 2016, the Department of Energy (DOE) approved EPI's application to assign its rights and obligations under the Service Contract to MGPC.

Mindoro Geothermal Power Corporation (MGPC)
MGPC was incorporated on May 7, 2014, and is primarily engaged in the renewable energy business.

Manta Energy Inc. (MEI)
MEI was incorporated on May 21, 2007, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users.

Biliran Holdings Inc. (BHI)
BHI was incorporated on July 31, 2015, 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 was incorporated on January 6, 2010, 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 is the holder of Solar Energy Service Contract (SESC) No. 2013-10-039 and Wind Energy Service Contract (WESC) No. 2013-10-062 which both covers an area in the municipalities of Morong and Hermosa, Bataan. Jobin was acquired by EPI in July 2015.

Biliran Geothermal Inc. (BGI)
BGI was incorporated on October 31, 2007. 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. BGI's project, the Biliran Geothermal 25-year concession, was estimated to supply 100 MW of power to the grid but according to research conducted by BGI, it can further produce up to 170 MW. BGI was acquired by BHI in December 2015.

Mantex Services Inc. (Mantex)
Mantex was incorporated on March 26, 2012. Mantex is established primarily to provide technical, financial and public relations advisory, management and investments services for infrastructure projects.

B. Business Overview

We export saprolite and limonite ore to customers in Japan, China and Australia. Our customers use our ore for the production of ferronickel and nickel pig iron (NPI), both used to produce stainless steel, and for the production of pig iron used for carbon steel. We are also the exclusive supplier of limonite ore from our Rio Tuba mine to the country's first hydrometallurgical nickel processing plant owned by Coral Bay Nickel Corporation (CBNC), where we have a 10% equity interest. CBNC became operational in 2005 and currently operates at a capacity of 24,000 tonnes of contained nickel and 1,500 tonnes of contained cobalt per year in the form of a mixed nickel-cobalt sulfide. It has proven to be the world's most efficient facility using the high-pressure acid leach (HPAL) process.

In 2010, we made an investment of ₱4.4 billion for a 22.5% equity interest in the country's second hydrometallurgical nickel processing plant under Taganito HPAL Nickel Corporation (THNC). The plant started its commercial operation in October 2013, with a capacity of 51,000 tonnes of mixed nickel-cobalt sulfide. Our Taganito mine supplies all of the limonite ore for the plant. At a total project cost of US$1.7 billion, the plant represents the single largest investment in the Philippine minerals sector.

Apart from our four operating mines, we have five properties in various stages of exploration for nickel. In November 2010, we concluded the purchase of Cordillera Exploration Co., Inc. (CExCI) from Anglo American Exploration (Philippines), Inc. (Anglo American), with four properties in the Central Cordillera of northern Luzon that are prospective for gold and copper. The purchase marks our first step in our vision to become a diversified mineral resource company. In November 2011, Sumitomo Metal Mining Co., Ltd. (SMM) acquired 25% equity in CExCI with an option to purchase additional shares to increase its total equity to 40%.

In 2015, CExCI identified a new property in the province of Zambales for exploration and development under Newminco Pacific Mining Corporation (Newminco), which is also prospective for gold and copper. In relation to this, SMM put an additional investment of US$2.8 million to increase its ownership in CExCI from 25% to 40%. Newminco is the holder of exploration permit of areas located in Zambales.

In August 2015, we also concluded the purchase of 100% equity interest in Geogen Corporation (Geogen), which is the claim owner of the Isabela Nickel Project in Dinapigue, Isabela.

We also moved into the field of power generation. We are completing the construction of an 11 megawatts (MW) diesel power plant at a cost close to ₱900.0 million. Power will be sold to the Surigao del Norte Electric Cooperative, Inc. under a Power Supply Agreement. The plant is designed to alleviate the shortage of power particularly in Surigao City, and will be operational in the 2nd quarter of 2016.

Our entry into the renewable power business was formalized in 2015 with the conversion of a ₱446.0 million loan to equity and an additional equity infusion of ₱474.0 million, which correspond to an equity ownership in Emerging Power, Inc. (EPI) of 66%. EPI's mission is to engage in power generation exclusively from renewable sources. In a relatively short period of time, EPI has acquired a number of Renewable Energy Service Contracts, principally a 100 MW solar and 50 MW wind service contract under Jobin-SQM, Inc. (Jobin), located in the Subic Bay Freeport; a geothermal service contract under Biliran Geothermal, Inc. (BGI), in the province of Biliran, Leyte; and a geothermal service contract under Mindoro Geothermal Power Corp. (MGPC) in Oriental Mindoro.

The construction of the Jobin solar component of the project commenced in the latter part of 2015. Defaults by the contractor, however, led to the termination of the EPC contract, delaying project implementation. We expect 7.14 MW of power to be generated within the second quarter of 2016. The balance of the project should be completed by year-end.

With respect to BGI, much work had already been done by EPI's 40% partner, Orka Geothermal Investments Pte., Ltd. (OGI), including the drilling of seven wells in this potentially large geothermal field and a considerable amount of required infrastructure. Although the drilling indicated that all wells have the required temperatures for the generation of geothermal power, a number of these are acidic in nature. Fluid management studies will be conducted prior to a decision on which wells will be developed.

In MGPC, drilling of two wells has been completed early in 2016. Thermal recovery is currently taking place, following which an assessment will be made as to the generation capabilities of the wells prior to a decision to develop.

We remain focused on growth while continuing to take our responsibilities toward environmental protection, local development and community relations and the safety of everyone involved in our operations very seriously. Our efforts in these areas have been recognized many times over, such as from awards we received during the annual Presidential Mineral Industry Environmental Awards. Fundamental to our operations is the principle of sustainability as the only way forward for any mineral development operation and we exert great effort to remain faithful to this principle.

We are committed to responsible mining and to world-class standards in all that we do.

Outlook

The year in review highlights the volatile nature of commodity prices and the uncertainties in the global economic outlook, in particular that of China. Its high economic growth rates for over a decade centered on the build-up of commodity intensive industrial capacity and infrastructure, which led to a boom in commodity prices across the board. As its economy matures and as its reform programs promote a shift to domestic consumption over investment, slower economic growth is occurring, exacerbated by an over-supply of industrial capacity built up during the high growth years. The result is a negative impact on demand for commodities.

A rebalancing of supply and demand for nickel is necessary for prices to improve. On the supply side, production cutbacks and mine closures of high cost producers are taking place, although at this time minor in terms of impact. Should prices remain at current low levels, we should see this process accelerating. It should be noted that the peak in London Metal Exchange (LME) nickel inventories occurred mid-2015, and since then have started to trend down moderately.

In the absence of a strong pick-up in demand, which is difficult to foresee, the rebalancing process will take time. We therefore expect another challenging year ahead of us. Our position as a low cost producer coupled with our strong balance sheet will, however, allow us to steer through this down cycle, as well as to take advantage of opportunities as they arise.

Our entry into the renewable power business is one such opportunity that we feel is a proper fit for our natural resource company. It is not without its challenges and growing the business will take time, but in 2015 we have laid the foundation for building a new business segment that will generate a more stable revenue base and create shareholder value in the medium term.

V. The Market Price and Dividends

Market Information

The stock prices for the Company's common equity for the last three (3) years, after the effect of stock dividends, are as follows:

	High	Low
2013		
1st Quarter	₱6.80	₱4.35
2nd Quarter	₱7.52	₱5.08
3rd Quarter	₱5.83	₱5.00
4th Quarter	₱5.49	₱4.76
2014		
1st Quarter	₱6.63	₱5.01
2nd Quarter	₱11.00	₱6.82
3rd Quarter	₱15.97	₱10.87
4th Quarter	₱16.00	₱12.97
2015		
1st Quarter	₱16.15	₱12.00
2nd Quarter	₱14.00	₱9.50
3rd Quarter	₱11.50	₱6.40
4th Quarter	₱8.80	₱6.16
2016		
1st Quarter	₱5.92	₱3.40

The Company's stocks share price was at ₱5.09 per share as of April 1, 2016.

Holders

The top 20 stockholders of the Company as of March 31, 2016 are:

STOCKHOLDERS' NAME	NUMBER OF SHARES	% OF OWNERSHIP
PCD Nominee Corporation (Filipino)	4,496,861,066	59.91%
Sumitomo Metal Mining Philippine Holdings Corporation	1,444,657,926	19.02%
PCD Nominee Corporation (Non-Filipino)	840,430,665	11.06%
Nonillion Holding Corp.	70,000,000	10.14%
Pacific Metals Co., Ltd.	12,612,512	00.17%
Gerard H. Brimo	10,434,374	00.14%
Manuel B. Zamora, Jr.	5,982,236	00.08%
Ricardo Sy Po or Angelita Tan Po or Leonardo Arthur Tan Po	4,726,876	00.06%
Jerry C. Angping	2,000,000	00.03%
Philip T. Ang	1,616,724	00.02%

Koh Teng Ong Chong	1,600,000	00.02%
Ronaldo B. Zamora	1,300,224	00.02%
Megastar Real Estate Corporation	1,300,000	00.02%
Rolando R. Cruz	614,952	00.01%
Eva Policar-Bautista	365,624	00.00%
Jose B. Anievas	318,750	00.00%
Berck Y. Cheng	300,000	00.00%
Steven Ivan Lim Yu	290,850	00.00%
RMJ Development Corporation	225,000	00.00%
Alvin S. Ison &/or Maria Lea S. Ison	172,310	00.00%

As of March 31, 2016, the Company has sixty seven (67) stockholders.

Dividends

The following tables show the dividends declared and paid to common shareholders for the years ended December 31, 2015, 2014 and 2013:

Cash Dividends

Earnings	Date			Amount	
	Declared	Record	Payable	Per Share (after the Stock Dividends)	Total Declared (in millions)
2015	March 27, 2015	April 15, 2015	April 27, 2015	₱0.50	₱3,795.9
2014	November 10, 2014	November 24, 2014	December 10, 2014	0.17	1,264.0
2014	March 24, 2014	April 10, 2014	May 8, 2014	0.10	757.7
2013	April 5, 2013	April 22, 2013	May 14, 2013	0.09	705.3

Stock Dividends

Earnings	Date			%	No. of Shares (in millions)	Total Declared (in millions)
	Approved	Record	Issued			
2015	June 5, 2015	July 16, 2015	August 11, 2015	100	3,798.5	₱1,899.2
2014	December 18, 2014	January 12, 2015	January 28, 2015	50	1,265.3	632.6
2013	June 3, 2013	June 18, 2013	July 12, 2013	25	503.8	251.9

We declare dividends to shareholders of record, which are paid from our unrestricted retained earnings. Our dividend policy entitles holders of shares to receive annual cash dividends of up to 30% of the prior year's recurring attributable net income based on the recommendation of our BOD. Such recommendation will take into consideration factors such as dividend income from subsidiaries, debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments and acquisitions, appropriate reserves and working capital, among others. Although the cash dividend policy may be changed by our BOD at any time, our current intention is to pay holders of our shares annual cash dividends at this ratio. Additionally, in the event that new investments, acquisitions or other capital expenditure plans do not materialize, our BOD plans to review the dividend policy and consider increasing the dividend ratio above 30% of the prior year's recurring net income.

Our subsidiaries pay dividends subject to the requirements of applicable laws and regulations and availability of unrestricted retained earnings, without any restriction imposed by the terms of contractual agreements. Notwithstanding the foregoing, the declaration and payment of such dividends depends upon the respective subsidiary's results of operations and future projects, earnings, cash flow and financial condition, capital investment requirements and other factors.

Cash dividends are paid to all shareholders at the same time and within 30 calendar days from declaration date. Stock dividends are also issued to all shareholders at the same time but subject to shareholder's approval.

VI. Compliance with Leading Practices on Corporate Governance

The Company adopted its Manual on Corporate Governance (the "Manual") on June 16, 2010 and the amendments thereto on March 25, 2011, so as to incorporate certain mandatory provisions of the Revised Code of Corporate Governance. The Amended Manual was submitted to the SEC on March 31, 2011. On July 30, 2014, the Company further amended its Manual to incorporate the provisions mandated under SEC Memorandum Circular No. 9, series of 2014 (based on Form 17-C filed on July 30, 2014).

The Company is committed to the principles of sound corporate governance and believes that it is a necessary component of what constitutes sound strategic business investment. The Manual has institutionalized the principles of good corporate governance within the Company and embodies the framework of rules, systems and processes that governs the performance by the Board of Directors (Board) and of Management of their respective duties and responsibilities to the shareholders.

The Board is primarily responsible for the governance of the Company and shall provide the policies for the accomplishment of the corporate objectives, including the means by which to effectively monitor Management's performance. It is the Board's responsibility to foster the long-term success of the Company and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders and other stakeholders.

Every shareholder, regardless of number of stocks held, has the right to nominate candidates for election to the Board of Directors. The members of the Board are elected during the Annual Stockholders' Meeting based on the list of nominees prepared by the Nominations Committee and sent to the shareholders through the notice of meeting. A majority vote of the shareholders is required for the election of a Director.

Qualifications of Directors
The Company's Revised Manual on Corporate Governance provides for qualifications of directors which are the following:

a) College education or equivalent academic degree;
b) Practical understanding of the business of the Company;
c) Membership in good standing in relevant industry, business or professional organizations;
d) Previous business experience.

The abovementioned qualifications give room for the shareholders to freely choose/nominate directors coming from diverse professional backgrounds.

The Company's Board is comprised of nine (9) Directors, with two (2) being Independent Directors, namely Atty. Fulgencio S. Factoran, Jr. and Mr. Frederick Y. Dy.

The Company espouses the definition of independence pursuant to the Securities Regulation Code. The Company thus considers as an independent Director one who, except for his director's fees and shareholdings, is independent of management and free from any business or other relationship which, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director. The term of the Company's Independent Directors is the same as that of the other Directors of the Company, which is one (1) year as provided in the Company's Articles of Incorporation.

Any member of the Board of Directors may be removed from office on grounds of disqualification as provided in the Manual on Corporate Governance. The procedure in the Corporation Code is followed by the Company for this purpose. Directors may be removed through a regular or special meeting called for such purpose notices of which are duly given to the shareholders. The removal shall be approved by a vote of the shareholders representing 2/3 of the outstanding capital stock. The vacancy in the Board resulting to such removal may be filled in during the same meeting requiring the same amount of votes without need for further notice.

Any vacancy occurring in the Board other than by removal by the stockholders as abovementioned or by expiration of term may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for that purpose. The directors elected to fill the vacancy shall serve only the unexpired term of his predecessor.

Disqualification of Directors is provided under 3.5 of the Manual on Corporate Governance.

The following shall be permanently disqualified to be a Director of the Company:

a) A person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

b) A person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or a court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi- bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in (a) and (b) above or willfully violating the laws that govern securities and banking activities.

c) The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking, or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Securities and Exchange Commission (SEC) or the Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking, or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

d) A person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

e) A person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced, or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any other law administered by the SEC or BSP, or any of its rules, regulations or orders;

f) A person earlier elected as independent director who becomes an officer, employee or consultant of the Company;

g) A person judicially declared as insolvent;

h) A person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;

i) A person convicted by final judgment of an offence punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

j) The Board shall provide for the temporary disqualification of a director for any of the following reasons:

k) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.

l) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.

m) Dismissal or termination for cause as director of any corporation covered by the Governance Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.

n) If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.

o) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

In the case of the independent directors, the Nomination Committee shall further review their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent directors as set forth in the Company's Manual of Corporate Governance, the Securities Regulation Code, and the SRC Implementing Rules and Regulations.

As provided under Section 3.6.3 of the Company's Manual on Corporate Governance, all directors shall act in the best interest of the Company characterized by transparency, accountability and fairness, and shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.

Directors shall observe the following norms of conduct:

a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the Company.
b) Devote the time and attention necessary to property and effectively perform his duties and responsibilities.
c) Act judiciously.
d) Exercise independent judgment.
e) Have a working knowledge of the statutory and regulatory requirements that affect the company.
f) Observe confidentiality.

Chairman
The roles of Chairman and the Chief Executive Officer ("CEO") are assigned to Manuel B. Zamora Jr. and Gerard H. Brimo, respectively.

The following are the duties and responsibilities of the Chairman and CEO as provided in the Company's Revised Manual on Corporate Governance:

CHAIRMAN	CHIEF EXECUTIVE OFFICER
The Chairman is responsible for leadership of the Board. He ensures effective operation of the Board and its committees in conformity with the highest standards of corporate governance. He sets the style and tone of Board discussions to promote constructive debate and effective decision making. Maintaining qualitative and timely lines of communication and information between the Board and Management. (see Section 3.3.3 of the Revised Manual on Corporate Governance).	The President and CEO provide the leadership for Management to develop and implement sound business strategies, plans, budgets and a system of internal controls. Ensures that the overall business and affairs of the Company are managed in a sound and prudent manner and that business risks are identified and properly addressed. As such, he is considered the Chief Risk Officer of the Company. Ensures that operational, financial and internal controls are adequate and effective in order to generate sound and reliable financial and operational information, to maximize the effectiveness and efficiency of operations, to safeguard Company assets and resources, and to comply with all laws, rules, regulations and contracts. Provide general management and administration of the business of the Company.

Board Committees

	Number of Members		
	Executive Director	Non-executive Director	Independent Director
Audit	1	1	1
Risk	1	1	1
Nomination	1	1	1
Remuneration (Compensation)	2		1

Audit Committee

a) Assist the Board in the performance of its oversight responsibility or the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;

c) Perform oversight functions over the Company's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;

e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;

g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following:
   - Any changes in accounting policies and practices
   - Major judgmental areas
   - Significant adjustments resulting from the audit
   - Going concern assumptions
   - Compliance with accounting standards
   - Compliance with tax, legal and regulatory requirements.

j) Coordinate, monitor and facilitate compliance with laws, rules and regulations:

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the duties of the external auditor or may pose threat to independence. The non-audit work, if allowed, shall be disclosed in the Company's annual report;

l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit and Risk Committee, which shall ensure that, in the performance of his work, the internal auditor shall be free from interference by outside parties.

Nomination Committee

(a) Review and evaluate the qualifications of all persons nominated to be a director of the Company and of all nominees to other positions in the Company requirement appointment by the Board.

(b) Assess the effectiveness of the Board's process and procedures in the election or replacement of directors.

Remuneration (Compensation) Committee

The duty of the Remuneration (Compensation Committee) is to establish a formal and transparent procedure for developing policy on remuneration of Directors and Officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.

Corporate Secretary

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

Compliance Officer

Atty. Jose Roderick F. Fernando, aside from being designated as the Assistant Corporate Secretary of the Company, has likewise been appointed by the Board as the Compliance Officer, to monitor compliance by the Company with the Manual and the rules and regulations of regulatory agencies. He ensures the Company's strict adherence to all laws, regulations, guidelines and specifications relevant to the business.

Corporate Governance Officer

On May 6, 2014, the Board approved the appointment of Emmanuel L. Samson as the Company's Corporate Governance Officer to assess and monitor the governance framework and ensure compliance with policies, laws and regulations related to governance. He is tasked with ensuring that corporate governance policies are disseminated, adopted throughout the organization and become an integral part of the Company's culture. In addition, he also ensures that the necessary systems are in place to monitor compliance.

Rights of Shareholders

As provided in Section 6 of the Manual on Corporate Governance, the Board shall respect the rights of the stockholders and protect the minority stockholders' interest. The following rights of the stockholders as provided in the Corporation Code, are:

(1) Right to vote on all matters that require their consent or approval;
(2) Pre-emptive right to all stock issuances of the corporation;
(3) Right to inspect corporate books and records;
(4) Right to information;
(5) Right to dividends; and
(6) Appraisal right.

The Company sends timely notice of meetings to shareholders. Notice stating the date, time and place of the annual meeting are announced at least thirty (30) days prior to the scheduled annual meeting. Materials for the meeting, including the agenda, the rationale and explanation for each of the items on the agenda, the Information Statement, profiles of candidates seeking election to the Board and proxy forms and documents required to enable a shareholder to appoint a proxy to vote on his behalf shall be disseminated to all shareholders within the periods prescribed by the SEC.

The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings. Stockholders shall be encouraged to personally attend. They shall be apprised in a timely manner of the right to appoint a proxy if they cannot attend. Subject to the requirements of the Company's By-laws, the exercise of the right to appoint a proxy shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

The Board shall promote the rights of the stockholders, remove impediments to the exercise of those rights, and provide adequate venue for stockholders to seek timely redress for breach of their rights.

The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

The disclosure duties of the Board are contained in Section 8 of the Manual on Corporate Governance and are as follows:

The Board commits to cause the timely disclosure of material information and/or transactions that could potentially affect the market price of the Company's shares or the interest of its stockholders and other stakeholders and such other information which are required to be disclosed pursuant to the Securities Regulation Code and its Implementing Rules and Regulations including, without limitation, earnings results, acquisition or disposal of significant assets, off-balance sheet transactions, related party transactions, Board membership changes, shareholding of Directors and Officers and any changes thereto, and remuneration of Directors and Officers.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

The Company is taking further steps to enhance adherence to principles and practices of good governance including the designation of a Chief Risk Officer ("CRO") who is the champion of enterprise risk management at the Company and oversees the entire risk management function. The risk management policy has been approved and risk officers at each operating company have also been designated.

On May 28, 2014, the Board established a Code of Business Conduct and Ethics ("Code"). The Code is adopted for the guidance of Directors, Officers and Employees of Nickel Asia Corporation and its subsidiaries who are all expected to maintain high ethical standards of conduct and to comply fully with applicable laws and governmental regulations. The Code is designed to ensure consistency in how Directors, Officers and Employees conduct themselves within the Company, and in their dealings outside of the Company with respect to matters dealing with the Company. The Code is guided by the Company's core values and the following standards of business conduct and ethics – integrity; compliance with laws, regulations and standards; safety; proper communication: disclosure; confidentiality of certain information; conflict of interest and related party transactions; insider trading; competition and fair dealing: procurement governance; gifts, hospitality and sponsored travel; environmental policy; and risk management. The Code also provides guides on employee disclosures and complaints, as well as a periodic acknowledgment of compliance with the Code (Form 17-C filed on May 6, 2014).

On March 27, 2015, in line with the thrust of continuous improvement, the Board of Directors approved the following corporate governance policies and charters:

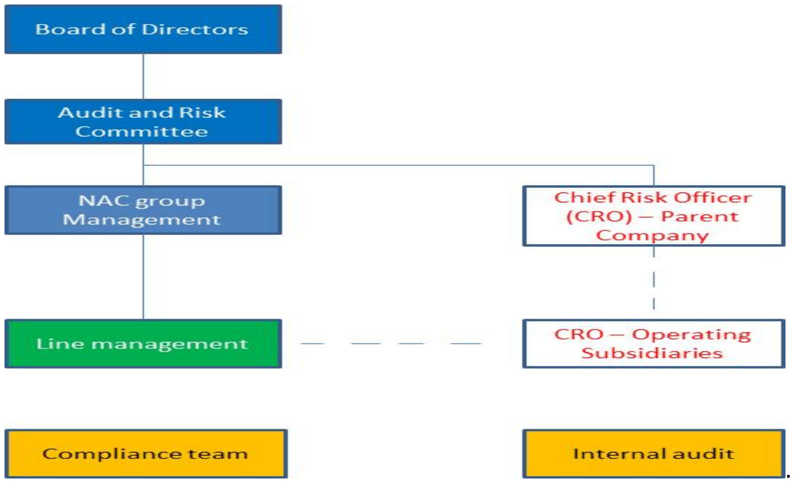
1. Policy on period for payment of dividends
2. Policy in furtherance of effective participation of shareholders at shareholders' meetings and the exercise of the right to vote. This formalizes into a policy practices for stockholders' meeting that are already done by the Company.
3. Policy on Related Party Transactions that follows definitions under Philippine Accounting Standards, which the Company already complies with, definition of material RPT, and review of material RPT by independent directors, for endorsement to BOD.
4. Policy requiring appointment of independent 3rd party to evaluate fairness of transaction price where Company is offeree in a merger or acquisition transaction requiring shareholders' approval that will result in a takeover or change of control of the Company.
5. Charter of the Compensation (Remuneration) Committee
6. Charter of the Nominations Committee

The Board has undergone a self-assessment process and has implemented a rational rating system to determine compliance by Directors and Officers with the Manual for Corporate Governance. The Company has substantially complied with its Revised Manual of Corporate Governance and there has been no deviation from the same.

Enterprise Risk Management (ERM)

The Company has adopted a risk philosophy aimed at enhancing shareholder value by adequately managing risks in a cost effective manner, thereby enabling the Company to sustain its competitive advantage and to pursue strategic growth opportunities with greater speed, skills and confidence. To put the philosophy into action, the Board of Directors, through its Audit and Risk Committee, implemented an Enterprise Risk Management (ERM) that shall ensure that all business risks are identified, measured and managed effectively and continuously within a structured and proactive framework. The Company's ERM is based on the Committee of Sponsoring Organizations of the Treadway Commission-ERM framework. Values and standards of business conduct and ethics are important elements of the internal environment for risk management.

Risk Management Oversight Structure



The Board of Directors has the responsibility for overseeing risk management within the Company and its operating subsidiaries. Assisting the Board is the Chief Risk Officer (CRO) of the Company, who reports to the Audit and Risk Committee the significant risks and related risk strategies, and the status of the risk management initiatives on a regular basis. The Company CRO is in turn supported by the Finance Officers of each operating subsidiary, who acts as CROs for their respective companies. In this connection, a cross-functional group of personnel with technical, financial, and legal expertise was formed to review compliance with all mining laws and regulations. The Internal Auditor reports to the Audit and Risk Committee the results of the review of the effectiveness of the risk management initiatives adopted by management.

The table below shows the focus of Company's Risk Management Policy. The different risk exposures may overlap depending on the risk that is identified and assessed.

Risk Exposure	Risk Management Policy	Objective
Increased resource nationalism calling for the amendments of the Mining Act and greater government share	Work with lawmakers, relevant government agencies, and the Chamber of Mines for open discussion of a fair and equitable sharing that will ensure the industry remains competitive with other global players. Demonstrate transparency of payments of government share through participation in the Philippine EITI.	Dissemination of accurate industry information and statistics and thus manage negative perceptions about the industry.
Volatility of LME price	Review of mining plan and cost drivers.	Cushion the impact of volatile LME price.
Shortage of skilled manpower	Pay for skills and value to the company.	No interruption in operations arising from lack of manpower.
Failure to comply with the conditions in ECC	Full compliance with all regulations.	Demonstrate responsible mining.

The systems that are in place are intended to provide reasonable but not absolute assurance against material misstatements or loss, as well as to ensure the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with applicable legislation, regulations and best practices, and the identification and management of business risk.

In the course of their statutory audit, the Group's external auditors carry out a review of the Group's material internal controls to the extent of the scope as laid out in their audit plans. Any material non-compliance and internal control weaknesses, together with the external auditors' recommendations to address them, are reported to the Audit Committee. NAC's Management, with the assistance of Internal Audit, follows up on the external auditors' recommendations as part of their role in reviewing the Group's system of internal controls.

Below are examples of the Company's Risk Assessment, Management Control:

Risk Exposure	**Risk Assessment (Monitoring and Measurement Process)**	**Risk Management and Control (Structures, Procedures, Actions Taken)**
Increased resource nationalism calling for the amendments of the Mining Act and greater government share	High risk (in terms of significance and likelihood)	Active discussion with government teams on what constitutes a fair and equitable sharing arrangement. Actively support the Chamber of Mines programs in formulating and disseminating significant industry positions. Active involvement in Ph-EITI initiatives.
Volatility of LME price	High risk (in terms of significance and likelihood)	Review business plan if this continue to be appropriate with the prevailing prices. Review costs drivers. Review blending plan for optimum product mix.
Shortage of skilled manpower	Moderate risk (moderate significance, high likelihood)	Incorporate skills training in SDMP programs of communities to ensure availability of skills.
Failure to comply with the conditions in ECC	Moderate risk (high significance, low likelihood)	Embed compliance into existing processes. Regular training of personnel involved in operations. Regular review by the parent company compliance team.

Internal Audit and Control

The Group defines internal control system as a process, applied by its BOD, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Effectiveness and efficiency of operations.
2. Reliability of financial reporting.
3. Compliance with applicable laws and regulations.

In ensuring effectiveness and efficiency of operations, the Group focuses on the basic business objectives, performance and profitability goals and safeguarding of resources. Reliability of financial reporting ensures that there are adequate controls in the preparation of published financial statements, including the quarterly financial statements and selected financial data derived from such statements, e.g. earnings releases. Compliance controls ensures that the Group comply with those laws and regulation to which it is subject. In designing the internal control system, the Group recognizes that these three distinct but overlapping categories address different needs and allow a directed focus to meet the different needs.

The internal control system has the following components that are integrated, have synergy and linkage among these components, forming an integrated system that reacts dynamically to changing conditions. The internal control system is intertwined with the entity's operating activities and exists for fundamental business reasons to ensure an effective and efficient internal control system.

a) Control environment which sets the tone of the Group and is the foundation for all other components of internal control, providing discipline and structure.
b) Risk assessment which is integrated and exists at all levels in the organization.
c) Control activities consisting of policies and procedures that help ensure management directives are carried out and that necessary actions are taken to address risks to achievement of the Group's objectives. Similar to risk assessment, control activities occur throughout the Group, at all levels and in all functions.
d) Information and communication to ensure that pertinent information are identified, captured and communicated that enables people to carry out their responsibilities and to run and control the business. Information includes external events, activities and conditions necessary to informed business decision making and external reporting, Communication includes external activities e.g. investors, public and regulators.
e) Monitoring the process to assess the quality of the internal control system over time. This is accomplished through ongoing monitoring activities and separate evaluations or a combination of both. Internal control deficiencies are reported upstream, with serious matters reported to top management and the board.

The Board of Directors, through its Audit Committee, assesses the effectiveness of the Company's internal control system, including that of the operating subsidiaries. The Audit Committee has assessed the internal control system of the Company and its operating subsidiaries to be effective and adequate.

Investor Relations Program

The Company is committed to making timely, full and accurate disclosures and distributing other corporate communication materials in accordance with the disclosure rules of the Philippine Stock Exchange.

External and internal communications are handled by the Corporate Communications, Legal, and Investor Relations units. Major company announcements are reviewed and approved by the VP-Corporate Communications, VP-Legal, SVP-Strategic Planning, the Chief Financial Officer, and the President and Chief Executive Officer.

The policy is subject to regular review by senior management and the Board of Directors to ensure its effectiveness. Updates and amendments (as appropriate) will be made to reflect current best practices in our communication with the investment community.

Corporate Social Responsibility Initiatives

Social development programs are created and implemented in all the mines. The focus areas of these programs are designed to address needs of communities around the mine sites. These programs are carried out through the Social Development Management Plans (SDMPs) and Corporate Social Responsibility (CSR) activities of the Group. The main difference between the two programs is that the SDMP is required by the government, while CSR is voluntary on the part of the Group.

Each of our operating mines manages their social expenditures through its respective SDMPs. These are five-year programs that contain a list of priority projects identified and approved for implementation, in consultation with the host communities. Each mine site has a community relations team that is in charge of identifying and implementing SDMPs, and maintaining strong relationships with communities. Annually, each company sets aside a budget for SDMP projects that focus on health, education, livelihood, public utilities and socio-cultural preservation. The implementation of the programs are monitored, audited and evaluated by the Mines and Geosciences Bureau (MGB).

Our communities and employees are integral parts of our Company. We ensure the protection of their welfare and the improvement of the quality of their lives through our social responsibility programs.

We spent ₱121.4 million for SDMP in 2015.

The Company's CSR Program is anchored on 2 central elements:

1. Community Partnership and Relationship Building
    a. Establishing and maintaining positive relationships with communities by having them as partners for community development and nation building
    b. Partnership building with communities (both social and environmental) – community as essential partners and not as mere beneficiaries
    c. Community serving as the primary protector of the company through strong partnership and relationship
2. Leadership
    a. Top management strongly supports the company's CSR initiatives
    b. Social Investment – going beyond compliance and considering CSR not as an additional cost but as an investment.

<u>Customers' Safety and Welfare</u>

Our Group continually strives to satisfy our customers' expectations and concerns by giving utmost attention to their safety and welfare which we address as follow:

- Ores are loaded onto the customers' vessels when weather and sea conditions are favorable and with close coordination with the vessel captain.
- Ore size and specifications are strictly complied which are necessary for the safe and efficient operation of the customer processing facilities.
- Ore moisture is strictly monitored to comply with the customer and international maritime standards of up to 35% moisture content.
- The company-owned LCTs and barges have been issued with certificates of sea worthiness by the MARINA and are being subjected to regular preventive maintenance and dry docking.
- Customer's representatives in mine site are provided with required personal protective equipment.

<u>Supplier/Contractor Selection Practice</u>

We promote fair dealings with our suppliers, creditors and other business partners. We honor our commitments to agreements and timely payments of contracted obligations. We explicitly disallows employees from any interest in or benefit from any supplier that could reasonably be interpreted as inducing favoritism towards a particular supplier over others.

We also require our suppliers to undergo an accreditation process before they engage in business with the Group. Among the criteria for accreditation are:

- Business longevity/legitimacy
  The supplier/contractor should already be an established, reputable company and already existing for a number of years in the field of supply and rendering services.
- Financial Stability
  a) The supplier/contractor should be able to extend reasonable credit terms once the volume of purchases reach a significant value.
  b) The supplier/contractor must comply with some documentation requirements to ensure legitimacy, legality and financial stability of their company.
- Product/Service Exclusivity (Dealership)
  a) The supplier/contractor should be equipped with sufficient number of manpower and required mobile equipment to sustain logistic services in terms of efficiency in the delivery of their products.
  b) The supplier/contractor should have a very strong and established program to cater for the warranty of their products and after sales support.
- Product/Service Quality
  a) The supplier/contractor should be equipped with adequate technical competence to support all queries of their clients when the need arises.
  b) The supplier/contractor should be able to maintain the quality of their services during the pre-accreditation period for a specific duration for them to be qualified for the final accreditation stage.
- Registered ISO member
  - Advantage but not necessarily a pre-requisite

The Group's purchases, as a general rule, are made on the basis of competitive bidding of accredited and qualified suppliers, in accordance with the aforementioned policy.

Environmentally-Friendly Value Chain (Fuel, oil and lubricants/Plastic/Rubber/Steel/Hazardous Products)

Our business looks beyond lowest price and bottom line, and instead buys the best, safest and most suitable products in accordance with our policy. We seek assurances that our suppliers are also firms with an ethically sound CSR policy by ensuring that they have:

- Government-approved Environment Compliant Certificate
  a) DENR
  b) ECC
  c) Local/Municipal Permits
- Accredited Treater/Transporter
  a) Are technically-knowledgeable on Environmental Safety/Disposal Procedures
  b) Complete line of machines/instruments/tools for material handling

Community Interactions

Sustainability Program

We adhere to the principles and practices of sustainable development. We are also committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of our operations. Mining is a temporary land use and once mining operations in our sites have ended, we plan to restore these properties to at least as close as possible to their pre-mining condition or to develop alternative productive land uses for the benefit of the surrounding communities.

To manage environmental impacts, the Company's subsidiaries have an EPEP. This refers to the comprehensive and strategic environmental management plan for the life of mining projects to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment.

It is the operational link between the environmental protection and enhancement commitments under CDAO 2010-21, consolidated implementing rules and regulations of RA No. 7942, as well as those stipulated in the ECC under P.D. 1586 and the Contractor's plan of mining operation.

Activities undertaken through our Annual EPEP include, among others:
- Rehabilitation of mine disturbed areas
- Reforestation
- Construction and/or maintenance of environmental facilities
- Solid waste management
- Hazardous waste management
- Air quality monitoring and water quality monitoring
- Preservation of downstream water quality

The Group also complies with the ECC conditions and the performance of commitments through our Annual EPEP. This program is monitored and evaluated by the Multipartite Monitoring Team - a multi-sector group headed by a representative from the Regional Mines and Geosciences Bureau (MGB) and representatives of local government units, other government agencies, non-government organizations, people's organizations, the church sector and the Company.

Rehabilitation
In line with our commitment to maintain a sustainable environment in its areas of operation and abide by the Philippine Mining Act of 1995, the Company regularly conducts onsite environmental assessment to ensure that all its subsidiaries are strictly implementing progressive rehabilitation within standard set by regulatory agencies.

The process begins with re-contouring, backfilling and leveling the land. After this, the area is covered with top soil and other soil amelioration strategies to provide fertile ground for planting. We follow the "Sequential Planting Method", wherein we first plant fast growing species, then they are provided with a vegetative cover within 12 to 18 months to enable planting of other species. Another successful method used is by utilizing large planting materials which resulted to more than 90% survival and high growth rate.

Creating a biodiversity area with varied species of vegetation including native fruit bearings trees will eventually be a source of food for a variety of wildlife species that will aid in rehabilitating mine affected areas by way of succession and regeneration. The rehabilitation effort is managed by our expert foresters with the help from indigenous peoples (IPs) from the locality, and we have demonstrated that a totally mined out area can be significantly re vegetated in just 12-18 months.

The end result is a sustainably managed forest far better than the stunted vegetation there before, because of the mineralized nature of the soil. For the year 2015, the Company spent a total of ₱396.8 million for EPEP.

As a means of restoring the disturbed areas from mining operations, the Company requires each mine site to create a decommissioning/ closure plan. The closure plan includes the process in which mined-out areas will be rehabilitated and monitored, until the rehabilitation criteria set by MGB are successfully satisfied. The program for final rehabilitation and decommissioning includes social package which include livelihood components for the host communities and the affected employees of our companies. The four operating subsidiaries have already developed their respective plans for review and approval of the MGB. As of December 31, 2015, the provision allotted for mine rehabilitation and decommissioning amounted to ₱169.9 million.

Mine Rehabilitation is contained in the Mining Act of 1995. It's part of a Sustainable Development. It's part of our Best Practice at our subsidiary, Rio Tuba Nickel Mining Corporation. The work starts by re-contouring, backfilling and leveling the land. Then we provide top soil to deliver a fertile ground for planting. Following the "Sequential Planting Method", we first plant fast growing species called Pioneer Species such as Batino, Acacia mangium, Acacia auriculiformis and others – all grown and nurtured in our nursery. These species provide vegetatiev cover within 3 years to enable the planting of "Climax Species" like Apitong, Ipil, Narra, Almaciga, Agoho, Kamagong and others which we need tree shade to grow. They form the core of the new forest stands. Native fruit-bearing trees are also planted to provide a source of food for wild animals that will eventually populate the forest. To ensure the survival of all these trees we have a forestry team. Composed mostly of indigenous people from the surrounding areas, the team conductsa maintenance program like watering during summer, ringweeding cultivation around seedlings, application of compost and other related activities. The work of the team has achieved a survival rate of 90% for the trees.

The end result is a sustainably manged forest far better that the stunted vegetation there before, because of the mineralized nature of the soil.

Anti-corruption programmes and procedures

The Company's Code of Business Conduct and Ethics contain explicit provisions prohibiting any Officer, Director or employee from conducting any unlawful act including inducing or using third parties to circumvent laws, rules and regulations; and avoiding any conduct that may create the impression of unlawful or unethical conduct. The Code also provides guidelines and assistance in case of doubt as to the legality of any act. Violations to the Code are dealt with in accordingly.

Safeguarding Creditors' Rights

Creditor's rights are defined in the purchase order or contract especially by payment, warranty, penalty and others. We protect the rights of our creditors by publicly disclosing all material information, such as earnings results and risk exposures relating to loan covenants. Our disclosure controls and procedures also include periodic reports to our creditors such as our latest certified Financial Statements, among others.

Employees

Health, Safety and Welfare

Health and safety are integral parts of our personnel policies. Our comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to our operations such as:

a) We strictly require the utilization of protective equipment and safety devices.
b) First aid and emergency equipment are installed strategically in our work areas.
c) Safety in-house inspections are regularly conducted to identify hazards and unsafe conditions or practices.
d) Managers and supervisors regularly conduct safety briefings and meetings.
e) Safety orientation training is also conducted for new employees and emergency preparedness training and drills are conducted periodically.
f) We have a rigorous system of investigating accidents and near-misses to understand causes and implement corrective measures.
g) We record and monitor lost time injuries, medically treated injuries, minor injuries and non-injury incidents which include near-miss incidents, and property damage and their frequency rates.
h) We provide healthcare benefit to our employees and their dependents. Every year employees are given medical and healthcare orientation and a booklet through our

health maintenance service provider. Our employees have their medical and physical examination every year. Aside from that, they are given flu vaccination once a year. In these ways, we make them aware of their health and medical condition.

Key safety statistics during 2015 follow:

Number of man-hours worked	23,653,483
Lost-time accidents	1
Frequency rate	0.04

We provide the following health benefits to all our 1,484 regular employees.

Health Insurance (via HMO provider)
Group Life & Personal Accident Insurance
Dental services
Medicine Allowance
Health & wellness programs
Other Benefits
Free hospitalization at RTNFI Hospital
100% Hospitalization subsidy

We utilize the internet social media to publicize our activities, programs and projects in relation to the health and welfare of the employees, their dependents including the nearby communities of our mine sites.

Training and Development Programs
We have developed a training and development program for the employees based on the training needs analysis conducted. Every year, we provide training and development opportunities for all employees to enhance their knowledge, skills and competencies towards the achievement of their individual performance targets, as well as their career goals. The trainings cover a variety of aspects aimed at further enriching their technical competency, as well as their intangible or “soft skills” that would help them to do their role more effectively. All training activities are documented and included in the official newsletter/ magazine of the operating companies. Aside from this, an internal report is prepared and submitted by Human Resources after each training activity of the concerned departments.

During 2015, the Company conducted the several training and development programs for its officers and employees.

The Company has an Employee Stock Option Plan to reward Officers and Directors and to link the former’s interest to the Company and the stockholders. Employees are given benefits under the collective bargaining agreements which are way and above the standards provided by the Labor code, as amended, and other allied laws.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **DECEMBER 31, 2015**
2. SEC Identification Number: **CS200811530**
3. BIR Tax Identification No.: **007-085-191-000**
4. Exact name of issuer as specified in its charter **NICKEL ASIA CORPORATION**
5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: [ ] (SEC Use Only)
7. Address of principal office — Postal Code
   28th Floor NAC Tower, 32nd Street, **1634**
   Bonifacio Global City, Taguig City
8. Issuer's telephone number, including area code: **+63 2 892 6669 / +63 2 798 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	**7,596,939,456 shares**
Long-term Debt	**₱3,482.3 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 [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

    As of December 31, 2015, 1,431,406,316 shares with a market price of ₱6.25 or an aggregate amount of ₱8,946,289,475 were held by non-affiliates.

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	8	1	1	5	3	0

C O M P A N Y   N A M E

NICKEL ASIA CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRM	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@nickelasia.com	(632) 798-7622	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
66	First Friday of June	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Emmanuel L. Samson	manny.samson@nickelasia.com	(632) 798-7622	–

CONTACT PERSON's ADDRESS

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

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

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

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Nickel Asia Corporation and Subsidiaries
28th Floor, NAC Tower
32nd Street, Bonifacio Global City
Taguig City

We have audited the accompanying consolidated financial statements of Nickel Asia Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Building a better
working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nickel Asia Corporation and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and cash flows for each of the three years in the period ended December 31, 2015, 2014 and 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
SEC Accreditation No. 1250-A-1 (Group A),
January 7, 2016, valid until January 6, 2019
Tax Identification No. 163-069-453
BIR Accreditation No. 08-001998-97-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 5321646, January 4, 2016, Makati City

March 15, 2016

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

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱7,073,171**	₱13,561,803
Trade and other receivables (Note 5)	**962,151**	1,358,035
Inventories (Note 6)	**3,211,269**	2,863,181
Available-for-sale (AFS) financial assets (Note 7)	**5,013,919**	2,281,632
Prepayments and other current assets (Note 8)	**417,432**	546,819
Total Current Assets	**16,677,942**	20,611,470
Noncurrent Assets		
Property and equipment (Note 9)	**9,074,089**	6,598,993
Geothermal exploration and evaluation assets (Note 13)	**6,114,914**	–
Investments in associates (Note 11)	**4,764,087**	5,304,040
AFS financial assets - net of current portion (Note 7)	**817,118**	522,797
Long-term stockpile inventory - net of current portion (Note 12)	**584,740**	812,760
Deferred income tax assets - net (Note 36)	**153,260**	207,967
Investment properties (Note 10)	**29,000**	29,000
Other noncurrent assets (Note 14)	**3,431,058**	1,096,881
Total Noncurrent Assets	**24,968,266**	14,572,438
TOTAL ASSETS	**₱41,646,208**	₱35,183,908
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 15)	**₱7,125,713**	₱1,482,640
Short-term debt (Note 16)	**180,000**	–
Income tax payable	**113,939**	513,598
Current portion of long-term debt (Note 16)	**124,521**	118,329
Other current liability (Note 39l)	**169,058**	–
Total Current Liabilities	**7,713,231**	2,114,567
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	**3,357,733**	1,313,203
Provision for mine rehabilitation and decommissioning (Note 17)	**169,926**	130,175
Deferred income - net of current portion	**67,039**	71,229
Long-term payable (Note 18)	**27,641**	–
Deferred income tax liabilities (Note 36)	**647,371**	421,050
Pension liability (Note 35)	**250,079**	231,338
Total Noncurrent Liabilities	**4,519,789**	2,166,995
Total Liabilities	**12,233,020**	4,281,562
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 19)	**3,805,670**	1,272,495
Stock dividends distributable (Note 19)	–	632,648
Additional paid-in capital (Note 19)	**8,284,767**	8,273,655
Other components of equity:		
Share in cumulative translation adjustment (Note 11)	**406,609**	82,154
Net valuation gains (losses) on AFS financial assets (Note 7)	**(134,467)**	171,322
Cost of share-based payment plan (Note 20)	**104,824**	47,060
Asset revaluation surplus	**32,863**	33,246
Retained earnings:		
Unappropriated	**12,011,607**	15,673,051
Appropriated (Note 19)	**1,000,000**	1,000,000
	25,511,873	27,185,631
Non-controlling Interests (NCI)	**3,901,315**	3,716,715
Total Equity	**29,413,188**	30,902,346
TOTAL LIABILITIES AND EQUITY	**₱41,646,208**	₱35,183,908

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2015	2014	2013
REVENUES (Note 34)			
Sale of ore	**₱14,795,649**	₱24,052,734	₱10,475,497
Services and others	**635,997**	692,970	634,032
	15,431,646	24,745,704	11,109,529
COSTS AND EXPENSES			
Cost of sales (Note 22)	**6,279,248**	5,356,411	4,489,294
Cost of services (Note 23)	**357,917**	371,150	335,292
Shipping and loading costs (Note 24)	**1,757,943**	1,837,568	1,398,771
Excise taxes and royalties (Note 25)	**1,089,603**	1,754,834	648,608
General and administrative (Note 26)	**912,854**	956,462	624,477
Marketing (Notes 39e and 39m)	**130,166**	168,943	65,629
	10,527,731	10,445,368	7,562,071
FINANCE INCOME (Note 29)	**305,112**	172,104	166,753
FINANCE EXPENSES (Note 30)	**(192,747)**	(164,771)	(128,640)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES (Note 11)	**(811,369)**	522,380	(184,703)
OTHER INCOME - net (Note 31)	**507,166**	470,897	309,783
INCOME BEFORE INCOME TAX	**4,712,077**	15,300,946	3,710,651
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 36)			
Current	**1,605,750**	4,265,468	1,169,504
Deferred	**61,536**	27,359	(45,289)
	1,667,286	4,292,827	1,124,215
NET INCOME	**₱3,044,791**	₱11,008,119	₱2,586,436
Net income attributable to:			
Equity holders of the parent	**₱2,035,143**	₱8,551,627	₱2,053,674
NCI	**1,009,648**	2,456,492	532,762
	₱3,044,791	₱11,008,119	₱2,586,436
Earnings per share (EPS; Note 21)			
Basic	**₱0.27**	₱1.13	₱0.27
Diluted	**₱0.27**	₱1.13	₱0.27

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
NET INCOME	**₱3,044,791**	₱11,008,119	₱2,586,436
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 (Note 11)	**360,506**	(54,876)	307,900
Income tax effect	**(36,051)**	(3,171)	(30,790)
	324,455	(58,047)	277,110
Net valuation gains (losses) on AFS financial assets (Note 7)	**(369,761)**	96,806	45,679
Income tax effect (Note 7)	**65,435**	(22,649)	(15,636)
	(304,326)	74,157	30,043
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	**20,129**	16,110	307,153
Other comprehensive income (loss) not to be reclassified to consolidated statements of income in subsequent periods:			
Remeasurement gain (loss) on pension liability (Note 35)	**(9,047)**	62,960	(149,685)
Income tax effect	**2,715**	(18,888)	44,905
	(6,332)	44,072	(104,780)
Asset revaluation surplus	**(547)**	(547)	(547)
Income tax effect	**164**	164	164
	(383)	(383)	(383)
Net other comprehensive income (loss) not to be reclassified to consolidated statements of income in subsequent periods	**(6,715)**	43,689	(105,163)
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	**13,414**	59,799	201,990
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱3,058,205**	₱11,067,918	₱2,788,426
Total comprehensive income attributable to:			
Equity holders of the parent	**₱2,052,080**	₱8,592,028	₱2,292,064
NCI	**1,006,125**	2,475,890	496,362
	₱3,058,205	₱11,067,918	₱2,788,426

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
								Retained Earnings				
	Capital Stock (Note 19)	Stock Dividends Distributable (Note 19)	Additional Paid-in Capital (Note 19)	Share in Cumulative Translation Adjustment (Note 11)	Net Valuation Gains (Losses) on AFS Financial Assets (Note 7)	Cost of Share-based Payment Plan (Note 20)	Asset Revaluation Surplus	Unappropriated	Appropriated (Note 19)	Total	NCI	Total
Balances at December 31, 2014	**₱1,272,495**	**₱632,648**	**₱8,273,655**	**₱82,154**	**₱171,322**	**₱47,060**	**₱33,246**	**₱15,673,051**	**₱1,000,000**	**₱27,185,631**	**₱3,716,715**	**₱30,902,346**
Net income	–	–	–	–	–	–	–	2,035,143	–	2,035,143	1,009,648	3,044,791
Other comprehensive income (loss)	–	–	–	324,455	(305,789)	–	(383)	(1,346)	–	16,937	(3,523)	13,414
Total comprehensive income (loss)	–	–	–	324,455	(305,789)	–	(383)	2,033,797	–	2,052,080	1,006,125	3,058,205
Cost of share-based payment plan (Note 20)	–	–	–	–	–	57,764	–	–	–	57,764	–	57,764
Cash dividends (Note 19)	–	–	–	–	–	–	–	(3,795,885)	–	(3,795,885)	–	(3,795,885)
7% Cash dividends - Preferred share	–	–	–	–	–	–	–	(504)	–	(504)	–	(504)
Stock dividends (Note 19)	2,531,883	(632,648)	–	–	–	–	–	(1,899,235)	–	–	–	–
Exercise of stock options (Note 19)	1,292	–	11,112	–	–	–	–	–	–	12,404	–	12,404
Share of NCI in cash dividends of subsidiaries	–	–	–	–	–	–	–	–	–	–	(1,055,000)	(1,055,000)
Share of NCI in subsidiaries	–	–	–	–	–	–	–	–	–	–	233,475	233,475
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	–	383	–	383	–	383
Balances at December 31, 2015	**₱3,805,670**	**₱–**	**₱8,284,767**	**₱406,609**	**(₱134,467)**	**₱104,824**	**₱32,863**	**₱12,011,607**	**₱1,000,000**	**₱25,511,873**	**₱3,901,315**	**₱29,413,188**

See accompanying Notes to Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Note 19)	Stock Dividends Distributable (Note 19)	Additional Paid-in Capital (Note 19)	Share in Cumulative Translation Adjustment (Note 11)	Net Valuation Gains on AFS Financial Assets (Note 7)	Cost of Share-based Payment Plan (Note 20)	Asset Revaluation Surplus	Retained Earnings Unappropriated	Retained Earnings Appropriated (Note 19)	Total	NCI	Total
Balances at December 31, 2013	₱1,266,780	₱–	₱8,151,603	₱140,201	₱99,506	₱49,524	₱33,629	₱9,748,905	₱1,000,000	₱20,490,148	₱4,721,640	₱25,211,788
Net income	–	–	–	–	–	–	–	8,551,627	–	8,551,627	2,456,492	11,008,119
Other comprehensive income (loss)	–	–	–	(58,047)	71,816	–	(383)	27,015	–	40,401	19,398	59,799
Total comprehensive income (loss)	–	–	–	(58,047)	71,816	–	(383)	8,578,642	–	8,592,028	2,475,890	11,067,918
Cost of share-based payment plan (Note 20)	–	–	–	–	–	43,000	–	–	–	43,000	–	43,000
Cash dividends (Note 19)	–	–	–	–	–	–	–	(2,021,727)	–	(2,021,727)	–	(2,021,727)
7% Cash dividends - Preferred share	–	–	–	–	–	–	–	(504)	–	(504)	–	(504)
Stock dividends (Note 19)	–	632,648	–	–	–	–	–	(632,648)	–	–	–	–
Exercise of stock options (Note 19)	5,715	–	122,052	–	–	(45,464)	–	–	–	82,303	–	82,303
Share of NCI in cash dividends of subsidiaries	–	–	–	–	–	–	–	–	–	–	(3,480,815)	(3,480,815)
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	–	383	–	383	–	383
Balances at December 31, 2014	₱1,272,495	₱632,648	₱8,273,655	₱82,154	₱171,322	₱47,060	₱33,246	₱15,673,051	₱1,000,000	₱27,185,631	₱3,716,715	₱30,902,346

See accompanying Notes to Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Share in Cumulative Translation Adjustment (Note 11)	Net Valuation Gains on AFS Financial Assets (Note 7)	Cost of Share-based Payment Plan (Note 20)	Asset Revaluation Surplus	Retained Earnings Unappropriated	Retained Earnings Appropriated (Note 19)	Total	NCI	Total
Balances at December 31, 2012	₱1,013,938	₱8,117,558	(₱136,909)	₱65,199	₱57,464	₱34,012	₱9,725,164	₱–	₱18,876,426	₱4,705,278	₱23,581,704
Net income	–	–	–	–	–	–	2,053,674	–	2,053,674	532,762	2,586,436
Other comprehensive income (loss)	–	–	277,110	34,307	–	(383)	(72,644)	–	238,390	(36,400)	201,990
Total comprehensive income (loss)	–	–	277,110	34,307	–	(383)	1,981,030	–	2,292,064	496,362	2,788,426
Cost of share-based payment plan (Note 20)	–	–	–	–	10,369	–	–	–	10,369	–	10,369
Cash dividends (Note 19)	–	–	–	–	–	–	(705,252)	–	(705,252)	–	(705,252)
7% Cash dividends - Preferred share	–	–	–	–	–	–	(504)	–	(504)	–	(504)
Stock dividends (Note 19)	251,916	–	–	–	–	–	(251,916)	–	–	–	–
Exercise of stock options (Note 19)	926	34,045	–	–	(18,309)	–	–	–	16,662	–	16,662
Share of NCI in cash dividends of a subsidiary	–	–	–	–	–	–	–	–	–	(480,000)	(480,000)
Appropriation (Note 19)	–	–	–	–	–	–	(1,000,000)	1,000,000	–	–	–
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	383	–	383	–	383
Balances at December 31, 2013	₱1,266,780	₱8,151,603	₱140,201	₱99,506	₱49,524	₱33,629	₱9,748,905	₱1,000,000	₱20,490,148	₱4,721,640	₱25,211,788

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,712,077**	₱15,300,946	₱3,710,651
Adjustments for:			
Depreciation, amortization and depletion (Note 28)	**1,439,987**	1,373,334	1,262,651
Equity in net losses (income) of associates (Note 11)	**811,369**	(522,380)	184,703
Interest income (Note 29)	**(212,806)**	(160,847)	(159,445)
Unrealized foreign exchange losses (gains) - net (Note 31)	**(157,954)**	(91,147)	41,647
Loss (gain) on:			
Sale of AFS financial assets (Notes 7, 29 and 30)	**(86,250)**	(8,479)	(7,308)
Bargain purchase (Notes 31 and 32)	**(59,921)**	–	–
Sales of property and equipment (Note 31)	**(6,919)**	(9,693)	(82,005)
Write-off of deferred mine exploration costs (Note 31)	**5,461**	1,941	–
Write-off of input value added tax (VAT; Note 31)	**8**	12,548	6,752
Write-off of trade and other receivables (Note 31)	**–**	3,108	–
Sale of investment properties (Note 31)	**–**	–	(145,095)
Interest expense (Notes 23 and 30)	**77,530**	47,717	38,313
Cost of share-based payment plan (Note 20)	**57,764**	43,000	10,369
Provisions (reversals of allowance) for impairment losses on:			
Input VAT (Notes 8 and 31)	**54,484**	–	530
Materials and supplies (Notes 6 and 31)	**(35,961)**	5,394	(2,802)
Beneficiated nickel ore inventory (Notes 6 and 31)	**(13,239)**	(225,995)	(6,361)
Deferred mine exploration costs (Notes 14 and 31)	**1,233**	1,520	144,155
Property and equipment (Notes 9 and 31)	**–**	98,487	–
Trade and other receivables (Notes 5 and 31)	**–**	19	4,769
Dividend income (Notes 7 and 31)	**(25,827)**	(6,473)	(62,654)
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 17 and 30)	**8,520**	8,893	8,554
Movements in pension liability	**5,851**	(14,341)	52,998
Accretion income (Note 29)	**(3,933)**	(573)	–
Casualty losses (Note 31)	**2,516**	–	7,439
Day 1 loss (gain) (Notes 29 and 30)	**(2,123)**	2,123	–
Effect of change in estimate on provision for mine rehabilitation and decommissioning (Note 17)	**(88)**	756	–
Operating income before working capital changes	**6,571,779**	15,859,858	5,007,861
Decrease (increase) in:			
Trade and other receivables	**406,673**	(577,510)	83,614
Inventories	**(70,868)**	(429,408)	248,775
Prepayments and other current assets	**160,094**	(255,402)	(74,229)
Increase (decrease) in trade and other payables	**(203,959)**	572,792	73,959
Net cash generated from operations	**6,863,719**	15,170,330	5,339,980
Income taxes paid	**(2,005,409)**	(4,015,251)	(1,201,218)
Net cash flows from operating activities	**4,858,310**	11,155,079	4,138,762

(Forward)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
AFS financial assets (Note 7)	**(₱13,392,836)**	(₱1,397,019)	(₱374,074)
Property and equipment (Note 9)	**(3,908,652)**	(1,557,072)	(1,931,125)
Proceeds from:			
Sale of AFS financial assets (Note 7)	**10,163,700**	415,713	119,172
Sale of property and equipment and investment properties (Notes 9 and 10)	**8,538**	70,485	296,287
Insurance claims	**1,010**	–	–
Issuance of loans (Note 39q)	**(1,000,000)**	–	–
Acquisition of subsidiaries, net of cash acquired (Note 32)	**(800,792)**	–	–
Increase in:			
Geothermal exploration and evaluation assets (Note 13)	**(500,935)**	–	–
Other noncurrent assets	**(167,510)**	(22,202)	(230,152)
Interest received	**197,080**	147,758	166,316
Dividends received (Notes 7 and 11)	**114,817**	6,473	62,654
Net cash flows used in investing activities	**(9,285,580)**	(2,335,864)	(1,890,922)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Notes 19 and 34)	**(4,303,909)**	(5,502,542)	(1,185,252)
Long-term debt	**(114,826)**	(115,685)	(118,473)
Rehabilitation cost (Note 17)	**(670)**	(10,401)	(10,149)
Proceeds from:			
Availment of long-term debt (Note 16)	**2,099,449**	–	–
Exercise of stock options (Note 20)	**12,404**	82,303	16,662
Increase (decrease) in:			
Other current liability (Note 39l)	**169,058**	–	–
Deferred income	**(4,190)**	(4,190)	(12,867)
Interest paid	**(52,472)**	(37,692)	(40,001)
Net cash flows used in financing activities	**(2,195,156)**	(5,588,207)	(1,350,080)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(6,622,426)**	3,231,008	897,760
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,561,803**	10,234,336	9,263,451
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**133,794**	96,459	73,125
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱7,073,171**	₱13,561,803	₱10,234,336

See accompanying Notes to Consolidated Financial Statements.

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

1. **Corporate Information**

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

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

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 one hundred percent (100%) owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan and Nonoc Islands, 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 one hundred percent (100%) owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Island.

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

La Costa Shipping and Lighterage Corporation (LCSLC)
LCSLC was registered with the SEC on October 23, 1992, is a one hundred percent (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. On May 6, 2014, the Board of Directors (BOD) of LCSLC authorized the disposal of all of its LCT and on the same date, LCSLC entered into a Deed of Absolute Sale with HMC to sell all of its LCT.

Geogen Corporation (Geogen)
Geogen was registered with the SEC on October 9, 1998, is a one hundred percent (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.

Falck Exp Inc. (FEI)
FEI was registered with the SEC on November 22, 2005, is an eighty-eight percent (88%) owned subsidiary of the Parent Company through HMC, CMC and 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. Final dissolution will take place after the approval of FEI's application with the SEC.

Cordillera Exploration Co., Inc. (CExCI)
CExCI was registered with the SEC on October 19, 1994, is a seventy-one and 25/100 percent (71.25%) owned subsidiary of the Parent Company and is primarily engaged in the business of large-scale exploration, development and utilization of mineral resources. CExCI has a number of mining properties at various stages of exploration. It is currently not engaged in any development or commercial production activities.

Newminco Pacific Mining Corporation (Newminco)
Newminco was registered with the SEC on October 9, 2006, is a seventy-one and 25/100 percent (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.

Taganito Mining Corporation (TMC)
TMC was registered with the SEC on March 4, 1987, is a sixty-five percent (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 sixty percent (60%) owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan and providing non-mining services required in the processing operations of Coral Bay Nickel Corporation (CBNC).

Emerging Power Inc. (EPI)
EPI was registered with the SEC on October 16, 2007, is a sixty-six percent (66%) 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 a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business.

Manta Energy Inc. (MEI)
MEI was registered with the SEC on May 21, 2007, is a sixty-six percent (66%) 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.

Biliran Holdings Inc. (BHI)
BHI was registered with the SEC on July 31, 2015, is a sixty-six percent (66%) 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 a sixty-six percent (66%) 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.

Biliran Geothermal Inc. (BGI)
BGI was registered with the SEC on October 31, 2007, is a thirty-nine and 60/100 percent (39.60%) 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. BGI's project, the Biliran Geothermal 25-year concession was estimated to supply 100 megawatts (MW) of power to the grid but according to research conducted by BGI, it can further produce up to 170 MW. 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 thirty-three percent (33%) 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.

<u>Executive Order (EO) 79</u>
On July 12, 2012, EO 79 was released to lay out the framework for the implementation of mining reforms in the Philippines. The policy highlights several issues that includes area of coverage of mining, small-scale mining, creation of a council, transparency and accountability and reconciling the roles of the national Government and local Government units. Management believes that EO 79 has no major impact on its current operations since the operating subsidiaries and mines are covered by existing Mineral Production Sharing Agreement (MPSA) with the Government. Section 1 of EO 79, provides that mining contracts approved before the effectivity of the EO shall continue to be valid, binding, and enforceable so long as they strictly comply with existing laws, rules and regulations and the terms and conditions of their grant.

The consolidated financial statements as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 were authorized for issuance by the Parent Company's BOD on March 15, 2016.

2. Basis of Preparation and Consolidation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instrument and AFS financial assets which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. The Parent Company and its subsidiaries (collectively referred to as the Group) have the Philippine Peso as their functional currency and items included in the financial statements of each entity are measured using that functional and presentation (or reporting) currency. All amounts are rounded to the nearest thousand (₱000), except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements include the Group and its associates:

	Principal Place of Business	Principal Activities	Effective Ownership 2015	Effective Ownership 2014
Subsidiaries				
HMC	Philippines	Mining and Services	**100.00%**	100.00%
CMC	Philippines	Mining	**100.00%**	100.00%
SNMRC	Philippines	Mining	**100.00%**	100.00%
LCSLC [(a)]	Philippines	Services	**100.00%**	100.00%
Geogen	Philippines	Mining	**100.00%**	–
FEI [(b)]	Philippines	Mining	**88.00%**	88.00%
CExCI	Philippines	Mining	**71.25%**	71.25%
Newminco [(c)]	Philippines	Mining	**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	**66.00%**	–
MGPC [(d)]	Philippines	Renewable Energy Developer	**66.00%**	–
MEI [(d)]	Philippines	Power Generation, Trading and Services	**66.00%**	–
BHI [(d)]	Philippines	Services	**66.00%**	–
Jobin [(d)]	Philippines	Power Generation	**66.00%**	–
BGI [(d)]	Philippines	Power Generation	**39.60%**	–
Mantex [(d)]	Philippines	Management and Advisory Services	**33.00%**	–
Associates				
THNC	Philippines	Manufacturing	**22.50%**	22.50%
CBNC	Philippines	Manufacturing	**10.00%**	10.00%

(a) Indirect ownership through HMC
(b) Indirect ownership through HMC, CMC and TMC
(c) Indirect ownership through CExCI
(d) Indirect ownership through EPI

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2015 and 2014. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Subsidiaries
Subsidiaries are entities over which the Parent Company has control.

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

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:
- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and

- Reclassifies the Parent Company's share of components previously recognized in the consolidated statement of comprehensive income to consolidated statement of income or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

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

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) and improvements to PFRS which were adopted as at January 1, 2015.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendment has no effect to the Group, since they have no defined benefit contribution plan with contributions from employees and third parties.

Improvements to PFRS
Improvements to PFRS, an omnibus of amendments to standards, deal primarily with a view of removing inconsistencies and clarifying wordings. There are separate transitional provisions for each standard. These include:

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are not expected to have a significant effect to the Group. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition.
  - A performance target must be met while the counterparty is rendering service.
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
  - A performance condition may be a market or non-market condition.
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  The improvements have no significant impact on the Group's financial position or performance.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively and clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss (FVPL) whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The amendment has no impact on the Group's financial position or performance but the Group will consider this amendment for future business combination.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The amendments affect disclosure only but have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment*, and PAS 38*, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment is expected to have no significant impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are not expected to have a significant effect to the Group. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3; and
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  This is not relevant to the Group since it has no joint arrangements.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 or (PFRS 9, if early adopted). The amendment affects disclosure only and has no impact on the Group's financial position or performance.

- PAS 40, *Investment Property - Clarifying the Interrelationship of PFRS 3 and PAS 40 When Classifying Property as Investment Property or Owner-occupied Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment has no impact on the Group's financial position or performance.

<u>Standards and Interpretations Issued but not yet Effective</u>
The Group will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant effect on its financial statements.

Effective Date to be Determined:

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group since it has no agreements for the construction of real estate.

Effective January 1, 2016:

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. These amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group is currently assessing the impact of adopting this standard.

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12 , *Disclosure of Interests in Other Entities* and PAS 28, *Investment Entities: Applying the Consolidation Exception* (Amendments)
  These amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. It also clarifies that only a

subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entities is consolidated. All other subsidiaries of an investment entity are measured at fair value. These amendments also allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entities of an associate or joint venture to its interests in subsidiaries. These amendments will not have any effect on the Group's financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group since it has no joint arrangements.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. This standard would not apply since the Group is an existing PFRS preparer.

- PAS 1, *Disclosure Initiative* (Amendment)
  The amendments clarify the following:
  - The materiality requirements in PAS 1;
  - That specific line items in the statements of comprehensive income and the statement of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements; and
  - That the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16*, Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group is currently assessing the impact of adopting this standard.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a significant effect to the Group. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The Group shall consider this amendment for future disposal, if there are any.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments. These amendments are not expected to have any impact to the Group.

- PFRS 7*, Applicability of the Offsetting Disclosures to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

- PAS 19, *Employee Benefits - Regional Market Issue regarding Discount Rate*
  The amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is not relevant to the Group.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendment affects disclosures only and has no impact on the Group's financial position or performance.

Effective January 1, 2018:

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and methodology for financial assets, but will have no effect on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the effect of adopting this standard.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Effective January 1, 2019:

- IFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces PAS 17, the current leases standard, and the related interpretations. Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of twelve (12) months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

The revised, amended and additional disclosures or accounting changes provided by the standards and interpretations will be included in the financial statements in the year of adoption, if applicable.

Summary of Significant Accounting Policies

Presentation of Consolidated Financial Statements
The Group has elected to present all items of recognized income and expense in two statements: a statement displaying components of profit or loss (consolidated statement of income) and a second statement beginning with profit or loss and displaying components of OCI (consolidated statement of comprehensive income).

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at functional currency rate of exchange ruling at the end of the financial reporting period. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All differences are taken to "Other income (charges) - net" in the consolidated statement of income.

As at the end of the financial reporting period, the statement of financial position of associates (whose functional currency is other than the Philippine peso) is translated into the presentation currency of the Group (the Philippine peso) using the rate of exchange prevailing at the end of the financial reporting period and the consolidated statement of income is translated using the weighted average exchange rate for the year. The exchange differences arising on the translation is recognized in OCI. Upon disposal of such associate, the component of OCI relating to that particular associate will be recognized in the consolidated statement of income.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the end of the financial reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the end of the financial reporting period.

The Group classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the financial reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the financial reporting period.

The Group classifies all other liabilities as noncurrent.

Cash and Cash Equivalents
Cash includes cash on hand, with banks and those under managed funds. Cash with banks and those under managed funds earn interest at the prevailing bank deposit rates. Cash equivalents pertain to short-term cash investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the respective short-term cash investment rates.

Financial Instruments
Date of Recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

Initial Recognition, Classification and Measurement of Financial Instruments
The Group determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every end of the financial reporting period.

All financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial instruments, except for financial instruments measured at FVPL.

Financial Assets
Financial assets within the scope of PAS 39 are classified in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market.

The Group's financial assets are in the nature of financial assets at FVPL, loans and receivables and AFS financial assets. The Group has no HTM investments and derivatives designated as hedging instruments in an effective hedge as at December 31, 2015 and 2014.

Financial Liabilities
Also under PAS 39, financial liabilities are classified into financial liabilities at FVPL, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax.

The Group's financial liabilities are in the nature of other financial liabilities. The Group has no financial liabilities classified as at FVPL and derivatives designated as hedging instruments in an effective hedge as at December 31, 2015 and 2014.

Fair Value Measurement
The Group measures financial instruments, such as AFS financial assets and derivative financial instrument, at fair value at each end of the financial reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the financial reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business at the end of the financial reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level in the fair value hierarchy as explained above.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variable include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

Subsequent Measurement
The subsequent measurement of financial instruments depends on their classification as follows:

Financial Assets at FVPL
A financial asset is classified in this category if it is acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition, it is designated by management as at FVPL. A financial asset at FVPL is designated by management on initial recognition as at FVPL

if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or (ii) the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performances are evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or (iii) the financial instrument contains an embedded derivative that would need to be separately recorded. Derivatives, including separated embedded derivatives, are also categorized as held at FVPL, except those derivatives designated and considered as effective hedging instruments.

The Group's financial asset at FVPL pertains to the bifurcated derivative asset arising from its convertible loan with EPI (see Notes 8 and 34).

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as "Financial assets held for trading", designated as "AFS financial assets" or "Financial assets designated at FVPL". After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The amortization and losses arising from impairment are included in "Finance expenses" in the consolidated statement of income. Gains and losses are recognized in the consolidated statement of income when the loans are derecognized or impaired as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within twelve (12) months from the end of the financial reporting period or within the Group's normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent assets.

The Group's loans and receivables include "Cash and cash equivalents", "Trade and other receivables", short-term cash investment which is included under "Prepayments and other current assets", and loans receivable, mine rehabilitation fund (MRF), Social Development Management Program (SDMP) fund, long-term negotiable instrument, restricted cash and cash held in escrow which are included under "Other noncurrent assets" (see Notes 4, 5, 8 and 14).

AFS Financial Assets
AFS financial assets are those which are designated as such or do not qualify to be classified or designated at FVPL, HTM investments or loans and receivables.

Financial assets may be designated at initial recognition as AFS financial assets if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

AFS financial assets are included in current assets if it is expected to be realized or disposed of within twelve (12) months from the end of the financial reporting period. Otherwise, these are classified as noncurrent assets.

When the security is disposed of, the cumulative gain or loss previously recognized in "Net valuation gains (losses) on AFS financial assets" under equity is recognized in the consolidated statement of income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in, first-out basis. Interest earned on holding AFS financial assets are reported as “Interest income” using the EIR. Dividends earned on holding AFS financial assets are recognized in the consolidated statement of income when the right of payment has been established. The losses arising from impairment of such investments are recognized in the consolidated statement of income.

The Group uses the specific identification method in determining the cost of securities sold.

The Group’s investments in debt and equity instruments are classified under this category (see Note 7).

Other Financial Liabilities
This category pertains to financial liabilities that are not held for trading, not derivatives, or not designated as at FVPL upon the inception of the liability. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any issue cost, and any discount or premium on settlement. The EIR amortization is included under “Finance income” in the consolidated statement of income.

This accounting policy applies primarily to the Group’s trade and other payables, short-term and long-term debts, long-term payable and other obligations that meet the above definition (excluding government payables and other liabilities that are covered by other accounting standards, such as income tax payable and pension; see Notes 15, 16 and 18).

Offsetting of Financial Instruments
Financial assets and financial liabilities are only offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

Impairment of Financial Assets
The Group assesses at each end of the financial reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and Receivables
For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar

credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss was incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets' original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the assets is reduced through the use of an allowance account and the amount of loss is recognized in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Finance income" in the consolidated statement of income. Loans, together with the associated allowance, are written-off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment loss was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets
For AFS financial assets, the Group assesses at each end of the financial reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investments below its cost. The determination of what is "significant" or "prolonged" requires judgment. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in OCI) is removed from OCI and recognized in the consolidated statement of income.

Impairment losses on equity investments are not reversed through the consolidated statement of income while increases in fair value after impairment are recognized directly in OCI under equity. In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Finance income" in the consolidated statement of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized through the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

If there is objective evidence of impairment loss in unquoted equity instrument for AFS financial assets carried at cost, such as unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Objective evidence of impairment includes, but is not limited to, significant financial difficulty of the issuer or obligor and it becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Derecognition of Financial Instruments
Financial Assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In such case, the Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income.

Derivatives
Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are accounted for at FVPL, where any gains or losses arising from changes in fair

value on derivatives are taken directly to net consolidated profit or loss for the year, unless the transaction is designated as effective hedging instrument.

Embedded Derivatives
An embedded derivative is separated from the host financial or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid or combined instrument is not recognized at FVPL.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment only occurs if there is change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL. Changes in fair values are included in consolidated profit or loss.

After initial recognition, the Group measures the derivative assets at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such equity instruments, which shall be measured at cost.

Inventories
Inventories, including the long-term stockpile inventory, are carried at the lower of cost and net realizable value (NRV). Cost is determined by the moving average production cost during the year for beneficiated nickel and limestone ore exceeding a determined cut-off grade and average handling costs of limonite ores. The NRV of beneficiated nickel and limestone ore inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Periodic ore inventory survey is performed to determine the volume of ore inventory.

For materials and supplies, cost is determined using the moving average method and composed of purchase price, transport, handling and other costs directly attributable to its acquisition. The NRV of materials and supplies is the current replacement cost. Any provision for inventory losses is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision or obsolescence.

The long-term stockpile inventory cost is represented by the fair value of the long-term stockpile inventory related to the acquisition of the controlling interest in RTN in August 2006. The fair value was determined using the present value of the estimated cash flows, which RTN will derive from the sale of this inventory to CBNC under its Nickel Ore Supply Agreement with CBNC (see Note 34a). After initial recognition, the long-term stockpile inventory is subsequently charged to cost of sales based on actual tonnage delivered to CBNC. NRV of long-term stockpile inventory is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Prepayments and Other Current Assets
Prepayments and other current assets include input tax, advances and deposits, tax credit certificates, short-term cash investment, derivative asset, and various prepayments which the Group expects to realize or consume the assets within twelve (12) months after the end of the financial reporting period.

VAT
Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations and is included under “Prepayments and other current assets”, which can be recovered as tax credit against future tax liability of the Group. Output VAT represents indirect taxes passed on by the Group resulting from sale of goods and services, as applicable, and as required under Philippine taxation laws and regulations. Deferred input VAT, which represents input VAT on capitalized assets subject to amortization, and any excess input VAT which (1) may be utilized against output VAT, if any, beyond twelve (12) months from the end of the financial reporting period or (2) are being claimed for refund or as tax credits with the BIR and/or Court of Tax Appeals are presented as part of “Other noncurrent assets” in the consolidated statement of financial position. Input VAT is stated at its estimated NRV.

Property and Equipment
Except for land, property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and depletion and accumulated impairment loss. The initial cost of property and equipment consists of its purchase price including import duties and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when the recognition criteria are met. When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. Land is stated at cost less any impairment in value.

Depreciation and amortization are computed on the straight-line basis over the following estimated useful lives of the assets:

Category	Number of Years
Land improvements	5
Machinery and equipment	2-15
Buildings and improvements	2-25

Mining properties and development costs include the capitalized cost of mine rehabilitation and decommissioning and other development cost necessary to prepare the area for operations. Depletion of mining properties and development costs is calculated using the unit-of-production method based on the estimated economically recoverable reserves to which they relate to or are written-off if the property is abandoned. Development costs are depreciated using the straight-line method over the estimated useful life of the asset of twenty (20) years to thirty (30) years.

Construction in-progress represents work under construction and is stated at cost. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for use.

Depreciation, amortization and depletion of property and equipment, except land, begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, or in case of mining properties, from start of commercial operations upon extraction of ore reserves. Depreciation, amortization and depletion ceases when the assets are fully depreciated, amortized or depleted, or at the earlier of the date that the item is classified as held for sale (or included in the disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The assets' estimated recoverable reserves, residual values, useful lives and depreciation, amortization and depletion methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depreciation, amortization and depletion are consistent with the expected pattern of economic benefits from items of property and equipment. If there is an indication that there has been a significant change in depreciation, amortization and depletion rate, useful life or residual value of an asset, these are revised prospectively to reflect the new expectations.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

The asset revaluation surplus which arose from the acquisition of the controlling interest in RTN in August 2006, relates to the land, machinery and equipment, and building improvements. The related and applicable depreciation on these assets is transferred periodically to retained earnings.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

Borrowing Cost
Borrowing costs directly attributable to the development of the Group's projects that necessarily take a substantial period of time to get ready for its intended sale are capitalized. Borrowing costs consist of interest on borrowed funds used to finance the construction of the asset and other financing costs that the Group incurs in connection with the borrowing of funds. The capitalization of the borrowing cost as part of the cost of the asset: (a) commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress; and (b) ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. Capitalized borrowing costs are based on the applicable borrowing rate agreed in the agreement.

Investment Properties
Investment properties, which pertain to land, is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property is carried at cost less any accumulated impairment losses.

Investment property is derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Under the cost model, transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Investments in Associates
Associates are entities over which the Group is able to exert significant influence. Significant influence is the power to participate in the financial and reporting policy decisions of the investee, but has no control or joint control over those policies. The consideration made in determining significant influence is similar to those necessary to determine control activities. The Group's investments in associates are accounted for using the equity method, less any impairment in value, in the consolidated statement of financial position.

The consolidated statement of income reflects the Group's share of the results of operations of the associates. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate. The aggregate of the Group's share in profit or loss of an associate is shown in the consolidated statement of income outside operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate.

The financial statements of the associates are prepared for the same reporting period and using uniform accounting policies as the Group. When necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are charged to profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39, either in profit or loss or as a charge to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's cash generating unit (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment identified for segment reporting purposes.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Geothermal Exploration and Evaluation Assets

The Group follows the full cost method of accounting for its geothermal exploration and evaluation assets determined on the basis of the service contract. Under this method, all exploration costs relating to each service contract are accumulated and deferred under "Geothermal exploration and evaluation assets" account in the consolidated statement of financial position pending the determination of whether the wells have proved reserves. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense. Once the technical feasibility and commercial viability of the project to produce proved reserves are established, the deferred charges shall be reclassified to property and equipment.

Geothermal exploration and evaluation assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated statement of income in the year the item is derecognized.

Other Noncurrent Assets

Other noncurrent assets of the Group include deferred mine exploration costs, input tax, loan receivable, advances and deposits, MRF, project development costs, SDMP funds, long-term negotiable instrument, cash held in escrow, pension asset and other deposits. Aside from cash held in escrow, MRF, SDMP funds and restricted cash which are restriced as to withdrawal for specified purpose, these are classified as noncurrent since the Group expects to utilize the assets beyond twelve (12) months from the end of the financial reporting period.

Deferred Mine Exploration Costs
Expenditures for the acquisition of property rights are capitalized. Expenditures for mine exploration work prior to drilling are charged to operations. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. Upon the start of commercial operations, such costs are transferred to property and equipment. Capitalized amounts may be written down if future cash flows, including potential sales proceeds related to the property, are projected to be less than the carrying value of the property. If no mineable ore body is discovered, capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value.

Costs incurred during the start-up phase of a mine are expensed as incurred. Ongoing mining expenditures on producing properties are charged against earnings as incurred. Major development expenditures incurred to expose the ore, increase production or extend the life of an existing mine are capitalized.

Deferred Stripping Costs
Stripping costs incurred in the development of a mine before production commences are capitalized as part of the cost of constructing the mine which are amortized subsequently. Where a mine operates several open pit that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping (i.e., overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation.

For stripping costs incurred subsequently during the production stage of the operation, the stripping activity cost is accounted as part of the cost of inventory if the benefit from the stripping activity will be realized in the current period. When the benefit is the improved access to ore, the Group shall recognize these costs as stripping activity assets. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the deferred stripping cost is carried at its cost less depreciation or amortization and less impairment losses.

<u>Impairment of Nonfinancial Assets</u>
Inventories and Long-term Stockpile Inventory
The Group determines the NRV of inventories and long-term stockpile inventory at each end of the financial reporting period. If the cost of the inventories and long-term stockpile inventory exceeds its NRV, the asset is written down to its NRV and impairment loss is recognized in the consolidated statement of income in the year the impairment is incurred. In the case when NRV of the inventories and long-term stockpile inventory increased subsequently, the NRV will increase the carrying amounts of inventories but only to the extent of their original acquisition costs.

Property and Equipment, Investment Properties, Nonfinancial Prepayments and Other Current and Noncurrent Assets
The Group assesses, at each end of the financial reporting period, whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such

indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or CGU is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. The fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less the costs of disposal, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. These calculations are corroborated by valuation multiples or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

Recovery of impairment loss recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation, amortization and depletion) had no impairment loss been recognized for that asset in prior years.

Investments in Associates
After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in associates. At each end of the financial reporting period, the Group determines whether there is objective evidence that the investments in associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Geothermal Exploration and Evaluation Assets and Deferred Mine Exploration Costs
An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial reporting period in which this is determined.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:
- The period for which the Group has the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- When a service contract where the Group has participating interest in is permanently abandoned; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to

proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Geothermal exploration and evaluation assets and deferred mine exploration costs are reassessed on a regular basis.

Other Current Liability

Other current liability pertains to deposits for future stock subscription which represents proceeds for stock subscription where actual issuance is not yet made.

The Group classifies its deposits for future stock subscription as a separate account under equity if and only if, all of the following elements are present as at the end of the financial reporting period:

- There is a lack of or insufficiency in authorized unissued shares of stock;
- The BOD and stockholders have approved an increase in authorized capital stock; and
- An application for the approval of the increase in authorized capital stock has been presented for filing or has been filed with the SEC.

If any or all of the foregoing elements are not present, the deposits for future stock subscription shall be recognized and included as a separate line item under liabilities in the consolidated statement of financial position.

Deferred Income

Deferred income is advance payments received during one (1) accounting period but earned and shown in the consolidated statement of income in the year when it can be matched with the period in which it is realized as income.

Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of the financial reporting period and adjusted to reflect the current best estimate. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of "Finance expense" in the consolidated statement of income.

Provision for Mine Rehabilitation and Decommissioning

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the consolidated statement of income as "Finance expense". Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and provision for mine rehabilitation and decommissioning when they occur. When rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each end of the financial reporting period and the cost is charged to consolidated statement of income.

The ultimate cost of mine rehabilitation and decommissioning is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates. As a result, there could be significant adjustments to the provision for mine rehabilitation and decommissioning, which would affect future financial results. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of income.

MRF committed for use in satisfying environmental obligations are included within "Other noncurrent assets" in the consolidated statement of financial position.

OCI
OCI comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the consolidated statement of income for the year in accordance with PFRS.

Capital Stock
Common shares are classified as equity and are measured at par value for all shares issued and outstanding.

Preferred shares are classified as equity if it is non-redeemable, or redeemable only at the Parent Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Parent Company's BOD. Preferred shares are classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized under "Retained earnings" in the consolidated statement of financial position.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to additional paid-in capital.

Unpaid subscriptions are recognized as a reduction from subscribed capital shares.

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income or loss, prior period adjustments, effect of changes in accounting policies in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and other capital adjustments, net of any dividend declaration.

Dividends are recognized as a liability and deducted from equity when they are approved or declared by the BOD and/or stockholders. Dividends for the period that are approved after the end of the financial reporting period are dealt with as an event after the end of the financial reporting period.

Share-based Payment Transactions
The executives of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transaction is determined by the fair value at the date when the grant is made using the Black Scholes-Merton model. The cost of equity-settled transaction is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at the end of each financial reporting period until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest.

The charge or credit for a period in the consolidated statement of income represents the movement in cumulative expense recognized as at the beginning and end of that period and are recognized in personnel costs.

No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted EPS.

Basic/Diluted EPS
Basic EPS
Basic EPS amounts are calculated by dividing the net income attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS
Diluted EPS amounts are calculated by dividing the net income attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury shares.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Beneficiated Nickel and Limestone Ore
Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which in the case of deliveries other than to CBNC and THNC, coincides with the loading of the ores into the buyer's vessel and the date of the bill of lading issued by the buyer's shipping agent. In the case of deliveries to CBNC and THNC, this occurs at the time the ore passes into the ore preparation hopper of the respective plants. Under the terms of the arrangements with customers, other than THNC, the Group bills the remaining balance, generally at five percent (5%) to twenty percent (20%) of the ore shipped, based on the assay results agreed by both the Group and the customers. Where the assay results are not yet available as at the end of the financial reporting period, the Group accrues the remaining five percent (5%) to twenty percent (20%) of the revenue based on the amount of the initial billing made. For THNC, one hundred percent (100%) of the revenue is billed monthly.

Rendering of Services
Revenue from rendering of services consists of shipsiding activities, service fees, usage fees, assaying fees, drilling fees and materials handling fees are recognized when the services are rendered.

Interest
Revenue is recognized as interest accrues (using the EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend
Dividend income is recognized when the Group's right to receive payment is established.

Rental
Revenue is recognized based on a straight-line basis over the term of the lease agreement.

Despatch
Despatch pertains to the income earned when the shipment is loaded within the allowable laytime Revenue is recognized when shipment loading is completed within the allowable laytime.

Issuance of Fuel, Oil and Lubricants
Revenue is recognized upon release of inventory from the depot.

Other Income
Revenue is recognized in the consolidated statement of income as they are earned.

Cost and Expense Recognition
Cost and expenses are decreases in economic benefits during the financial reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost and expenses, finance expenses and other charges are generally recognized when the expense arises, incurred or accrued in the appropriate period.

Cost of Sales
Cost of sales is incurred in the normal course of business and is recognized when incurred. They comprise mainly of cost of goods sold, which are provided in the period when goods are delivered.

Cost of Services
Cost of services is incurred in the normal course of business and is provided in the period when the related service has been rendered.

Operating Expenses
Operating expenses consist of costs associated with the development and execution of marketing and promotional activities, costs of shipping and loading which are expenses incurred in connection with the distribution of ores, excise taxes and royalties due to the government and to indigenous people, and expenses incurred in the direction and general administration of day-to-day operation of the Group. These are generally recognized when the expense arises or incurred.

Leases
Determination of Whether an Arrangement Contains a Lease
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A reassessment is made after inception of the lease only if one of the following applies:
a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as a Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are amortized as expense in the consolidated statement of income on a straight-line basis over the lease term.

Group as a Lessor
Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Pension Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the financial reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset

ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as pension costs under "Personnel costs" in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized and included under "Finance expense" or "Finance income" in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods. Remeasurements recognized in OCI after the initial adoption of Revised PAS 19 are closed to retained earnings.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the financial reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided using the balance sheet liability method on temporary differences at the end of the financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each end of the financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the financial reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and income tax laws) that have been enacted or substantively enacted as at the end of the financial reporting period.

Deferred income tax relating to items recognized outside the consolidated statement of income is recognized outside the consolidated statement of income. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Business Segments
For management purposes, the Group is organized into operating segments (mining, power and services) according to the nature of the products and the services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The segment locations are the basis upon which the Group reports its primary segment information for the mining segment. All of the segments operate and generate revenue only in the Philippines. Financial information on business segments is presented in Note 42.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the End of the Financial Reporting Period
Post year-end events that provide additional information about the Group's position at the end of the financial reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences labor, material and other costs of providing goods and services.

Classifying Financial Instruments
The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

Determining Operating Lease Commitments - Group as a Lessee
The Group has entered into commercial, personal and real property leases. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors due to the following:

- The ownership of the asset does not transfer at the end of the lease term;
- The Group has no option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- The lease term is not for the major part of the economic life of the asset even if title is not transferred; and
- At the inception of the lease, the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset.

Determining Operating Lease Commitments - Group as a Lessor
The Group has entered into a property lease on its mine infrastructure and property and equipment leases where management has determined that it retains all the significant risks and rewards of ownership of the said properties which are being leased out on operating lease.

Distinction between Investment Properties and Owner - Occupied Properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, not for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately as at financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Assessing Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase.

Some of the criteria include, but are not limited to the following:

- The level of capital expenditure compared to construction cost estimates;
- Completion of a reasonable period of testing of the property and equipment;
- Ability to produce ore in saleable form; and
- Ability to sustain ongoing production of ore.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation or depletion commences.

Assessing Units-of-Production Depletion
Estimated recoverable reserves are used in determining the depletion of mine assets. This results in a depletion charge proportional to the depletion of the anticipated remaining mine life. Each item's life, which is assessed annually, has regard to both physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates of future capital expenditure. The Group uses the tons of ore produced as the basis for depletion. Any change in estimates is accounted for prospectively.

Determining Whether Significant Influence Exists
The Parent Company recognized its twenty-two and a half percent (22.5%) and ten percent (10%) interest in THNC and CBNC, respectively, as investments in associates. In accordance with the provisions of PAS 28 (2011), *Investments in Associates and Joint Ventures,* the existence of significant influence by an entity is usually evidenced in one or more of the following ways:
- Representation on the BOD or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the entity and its investee;
- Interchange of managerial personnel; or
- Provision of essential technical information.

Due to the nature of the Parent Company's involvement in THNC and CBNC and other various factors, the Parent Company assessed that significant influence exists (see Note 11).

Determining Capitalizability of Geothermal Exploration and Evaluation Assets
Careful judgment by management is applied when deciding whether the recognition requirements for geothermal exploration and evaluation assets relating to the Group's geothermal project have been met. Capitalization of these costs is based, to a certain extent, on management's judgment of the degree to which the expenditure may be associated with finding specific geothermal reserve. This is necessary as the economic success of the exploration is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the information available at the end of each financial reporting period.

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty as at the end of the financial reporting period, that have the most significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are as follows:

Estimating Allowance for Impairment Losses on Trade and Other Receivables
The Group evaluates specific accounts where the Group has information that certain customers are unable to meet their financial obligations. The Group assesses individually the receivables based on factors that affect its collectibility. Factors such as the Group's length of relationship with the customers, the customer's current credit status, and probability of insolvency and significant financial difficulties of customers are considered to ascertain the amount of allowances that will be recorded in the receivables account. These allowances are re-evaluated and adjusted as additional information is received.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the Group's assessment of the accounts since their inception. The Group's assessments take into consideration factors such as any deterioration in country risk and industry, as well as identified structural weaknesses or deterioration in cash flows.

The carrying values of trade and other receivables amounted to ₱962.2 million and ₱1,358.0 million as at December 31, 2015 and 2014, respectively (net of allowance for impairment losses of ₱19.5 million and ₱37.8 million as at December 31, 2015 and 2014, respectively; see Note 5).

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

The Group also makes estimates and assumptions regarding a number of economic and technical factors, such as production rates, grades, production and transport costs and prices. These economic and technical estimates and assumptions may change in the future in ways that affect the quality and quantity of the reserves. The Group reviews and updates estimates as required, but at least annually, to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. These estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel or limestone prices or production costs and other factors.

Estimating Allowance for Inventory Losses
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the end of the financial reporting period, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile and the number of contained nickel ore ounces based on assay data. Stockpile tonnages are verified by periodic surveys. NRV test for materials and supplies is also performed annually and it represents the current replacement cost. Increase in the NRV of inventories will increase the cost of inventories but only to the extent of their original production costs.

As at December 31, 2015 and 2014, inventories carried at lower of cost and NRV amounted to ₱3,211.3 million and ₱2,863.2 million, respectively (net of allowance for inventory losses of ₱104.5 million and ₱153.7 million as at December 31, 2015 and 2014, respectively; see Note 6).

Estimating Recoverability of Long-term Stockpile Inventory
The determination of the Group's long-term stockpile inventory include among others, projected revenues and operating and delivering costs from the sale of the long-term stockpile. Actual results that differ from the Group's assumptions generally affect the Group's recognized expense. The long-term stockpile inventory is carried at the lower of cost and NRV. An allowance for

inventory losses is recognized when the carrying value of the asset is not recoverable and exceeds the NRV. Long-term stockpile inventory - net of current portion amounted to ₱584.7 million and ₱812.8 million as at December 31, 2015 and 2014, respectively (see Note 12).

Estimating Allowance for Impairment Losses on AFS Financial Assets
The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "Significant" or "Prolonged" requires judgment. The Group treats "Significant" generally as twenty percent (20%) or more of the original cost of investment, and "Prolonged" as greater than one (1) year. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and discount factors for unquoted equities in determining the amount to be impaired.

The Group treats unquoted AFS financial assets as impaired when there is objective evidence of impairment as a result of one or more events or loss events and that loss event has an impact on the estimated future cash flows of the AFS financial assets. An objective evidence may include information about significant changes with an adverse effect that have taken place in the market, technological, economic or legal environment in which the investees operates, and indicates that the cost of the investment in the equity instruments may not be recovered.

No impairment loss was recognized on quoted and unquoted AFS financial assets in 2015 and 2014. The carrying values of AFS financial assets amounted to ₱5,831.0 million and ₱2,804.4 million as at December 31, 2015 and 2014, respectively (see Note 7).

Bifurcating and Valuing the Embedded Derivative on Convertible Loan with EPI
Management assesses that the equity conversion right is an embedded derivative which is required to be bifurcated from the covertible loan agreement between the Parent Company and EPI. The embedded derivative is accounted for either as financial assets or financial liabilities at FVPL except for investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such instruments, which shall be measured at cost. EPI is a private entity and has no stable source of income as at December 31, 2014. EPI will generate revenue only when one of its projects will be put into commercial operation. Because of the circumstances involving EPI, the fair value of the equity instrument cannot be reliably measured and thus management has assessed that the equity conversion right shall be bifurcated at cost upon drawdown, where cost would be the initial fair value of the conversion feature. The derivative asset as at December 31, 2015 and 2014 amounted to nil and ₱5.5 million, respectively (see Notes 8 and 34f).

Estimating Useful Lives of Property and Equipment (except Land)
The Group estimates the useful lives of property and equipment, except land, based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. There is no change in the estimated useful lives of property and equipment in 2015 and 2014.

The carrying values of property and equipment, except land, as at December 31, 2015 and 2014 amounted to ₱8,819.8 million and ₱6,344.7 million, respectively (net of accumulated depreciation, amortization and depletion of ₱7,461.6 million and ₱6,114.0 million and accumulated impairment losses of nil and ₱98.5 million as at December 31, 2015 and 2014, respectively; see Note 9).

Estimating Allowance for Impairment Losses on Property and Equipment and Investment Properties
The Group assesses impairment on property and equipment and investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to earnings if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no impairment losses recognized for investment properties in 2015 and 2014. As at December 31, 2015 and 2014, the Group provided an allowance for impairment losses on property and equipment amounting to nil and ₱98.5 million, respectively (see Notes 9 and 31).

The carrying values of property and equipment amounted to ₱9,074.1 million and ₱6,599.0 million as at December 31, 2015 and 2014, respectively (see Note 9). On the other hand, the carrying values of investment properties amounted to ₱29.0 million as at December 31, 2015 and 2014 (see Note 10).

Estimating Allowance for Impairment Losses on Investments in Associates
Impairment review on investments in associates are performed when events or changes in circumstances indicate that the carrying value exceeds its fair value. Management has determined that there are no events or changes in circumstances in 2015 and 2014 that may indicate that the carrying value of investments in associates may not be recoverable. No impairment loss was recognized on investments in associates in 2015 and 2014. The carrying values of the Group's investments in associates amounted to ₱4,764.1 million and ₱5,304.0 million as at December 31, 2015 and 2014, respectively (see Note 11).

Estimating Recoverability of Geothermal Exploration and Evaluation Assets and Deferred Mine Exploration Costs
The application of the Group's accounting policy for geothermal exploration and evaluation assets and deferred mine exploration costs requires judgment in determining whether it is likely that future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after explorations costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of income in the period when the new information becomes available. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

The carrying values of geothermal exploration and evaluation assets amounted to ₱6,114.9 million and nil as at December 31, 2015 and 2014, respectively (see Note 13).

Deferred mine exploration costs, included in "Other noncurrent assets", as at December 31, 2015 and 2014 amounted to ₱1,013.2 million and ₱63.6 million, respectively (net of allowance for impairment losses of ₱146.9 million and ₱145.7 million as at December 31, 2015 and 2014, respectively; see Note 14). The Group wrote-off deferred mine exploration costs amounting to ₱5.5 million and ₱1.9 million in 2015 and 2014, respectively (see Note 31).

Estimating Allowance for Impairment Losses on Nonfinancial Other Assets
The Group provides allowance for impairment losses on nonfinancial other assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other assets.

The carrying values of nonfinancial prepayments and other current assets amounted to ₱417.4 million and ₱341.3 million as at December 31, 2015 and 2014, respectively, while nonfinancial other noncurrent assets amounted to ₱2,284.7 million and ₱819.4 million as at December 31, 2015 and 2014, respectively (see Notes 8 and 14).

The allowance for impairment losses on the Group's nonfinancial prepayments and other current assets amounted to ₱71.3 million and ₱0.5 million as at December 31, 2015 and 2014, respectively (see Note 8). The allowance for impairment losses on the Group's nonfinancial other noncurrent assets as at December 31, 2015 and 2014 amounted to ₱236.4 million and ₱145.7 million, respectively (see Note 14).

Estimating Provision for Mine Rehabilitation and Decommissioning
The Group assesses its provision for mine rehabilitation and decommissioning annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the provision. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision at the end of the financial reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the consolidated statement of financial position by adjusting the rehabilitation asset and liability. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of income.

Provision for mine rehabilitation and decommissioning amounted to ₱169.9 million and ₱130.2 million as at December 31, 2015 and 2014, respectively (see Note 17).

Determining Pension Benefits
The cost of defined benefit retirement as well as the present value of the pension liability is determined using actuarial valuations. The actuarial valuation involves making various assumptions, as described in Note 35. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit pension liability are highly sensitive to changes in these assumptions. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit pension liability. All assumptions are reviewed at each end of the financial reporting period. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's pension liability.

As at December 31, 2015 and 2014, pension asset included under "Other noncurrent assets" account amounted to nil and ₱6.1 million, respectively, and pension liability amounted to ₱250.1 million and ₱231.3 million as at December 31, 2015 and 2014, respectively (see Notes 14 and 35).

Estimating Fair Value of Share-based Payment Transactions
The Parent Company's Executive Stock Option Plan (ESOP) grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The ESOP recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 20. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may no longer affect the stock compensation costs charged to operations.

The cost of share-based payment plan recognized as expense in 2015, 2014 and 2013, with a corresponding charge to the equity account, amounted to ₱57.8 million, ₱43.0 million and ₱10.4 million, respectively (see Note 27). As at December 31, 2015 and 2014, the balance of the cost of share-based payment plan in the equity section of the consolidated statements of financial position amounted to ₱104.8 million and ₱47.1 million, respectively (see Note 20).

Estimating Recoverability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each end of the financial reporting period and reduces the amounts to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group has net deferred income tax assets amounting to ₱153.3 million and ₱208.0 million as at December 31, 2015 and 2014, respectively (see Note 36).

As at December 31, 2015 and 2014, the Group has temporary difference amounting to ₱655.2 million and ₱236.8 million, respectively, for which no deferred income tax assets were recognized because it is more likely than not that the carryforward benefits will not be realized in the future (see Note 36).

Determining Fair Values of Financial Instruments
Where the fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. Certain financial assets and liabilities were initially recorded at its fair value (see Note 38).

Estimating Fair Value of Identifiable Net Assets of an Acquiree in a Business Combination
In accounting for business combinations, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. The determination of fair values requires estimates of economic conditions and other factors (see Note 32).

4. Cash and Cash Equivalents

	2015	2014
Cash on hand and with banks	**₱1,535,372**	₱1,224,818
Cash under managed funds	**199,300**	4,394
Short-term cash investments	**5,338,499**	12,332,591
	₱7,073,171	₱13,561,803

Cash with banks and those under managed funds earn interest at the prevailing bank deposit rates. Cash equivalents are short-term cash investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the respective short-term cash investment rates. The carrying value of cash and cash equivalents approximates their fair value as of the end of the financial reporting period.

The Group has United States dollar (US$) denominated cash and cash equivalents amounting to US$87.1 million, equivalent to ₱4,100.6 million, and US$150.4 million, equivalent to ₱6,726.4 million, as at December 31, 2015 and 2014, respectively (see Note 37).

Interest income earned from cash and cash equivalents amounted to ₱109.1 million, ₱140.8 million and ₱142.2 million in 2015, 2014 and 2013, respectively (see Note 29).

Short-term cash investment amounting to nil and ₱200.0 million as at December 31, 2015 and 2014, respectively, has a 360-day term, thus, is classified under "Prepayments and other current assets" (see Note 8).

Cash with banks amounting to nil and ₱45.1 million as at December 31, 2015 and 2014, respectively, representing proceeds from the IPO, were deposited in escrow and are restricted as to withdrawal for specified purpose as determined in the prospectus submitted with the SEC; thus, are classified as "Other noncurrent assets" (see Note 14).

5. **Trade and Other Receivables**

	2015	2014
Trade (see Note 34a)	**₱575,485**	₱879,976
Loan and notes receivable (see Notes 34f, 39a and 39q)	**157,896**	276,342
Advances to officers and employees	**68,404**	48,704
Receivable from CBNC (see Note 34a)	**48,173**	39,362
Interest receivable	**40,448**	24,723
Advances to Ludgoron Mining Corporation (Ludgoron; see Note 39e)	**23,394**	–
Amounts owed by related parties (see Note 34)	**15,964**	4,493
Others	**51,898**	122,268
	981,662	1,395,868
Less allowance for impairment losses	**19,511**	37,833
	₱962,151	₱1,358,035

Trade receivables and receivable from CBNC are noninterest-bearing and are generally on seven (7)-day to thirty (30)-days' term, except for the usage fee billed to THNC which is collected on a semi-annual basis.

Loan and notes receivable represent the current portion of the loan executed by CMC and East Coast Mineral Resources Co., Inc. (East Coast) in 2015, which will be settled based on the agreed repayment terms; and the loans issued by the Parent Company to EPI in 2014, which are collectible one year after drawdown and/or recoverable upon exercise of conversion right.

Advances to officers and employees are noninterest-bearing and are generally subject to liquidation or collectible through salary deduction.

Interest receivable is derived from short-term cash investments and cash held in escrow placed in various local banks, which are collectible upon maturity, from AFS debt securities and long-term negotiable instrument which are collectible monthly, quarterly or semi-annually, and from loans issued to East Coast which is collectible based on the agreed repayment terms.

Advances to Ludgoron represent advances to claim owner which are collectible upon approval of Mines and Geosciences Bureau (MGB) of the transfer of the operating agreement to Kafugan Mining Incorporated (KMI).

Amounts owed by related parties are noninterest-bearing with no fixed maturities and are generally collectible on demand.

Other receivables include advances to third party companies which are non-interest bearing, with no fixed maturities and are generally collectible on demand. These also include despatch receivables which are generally on seven (7)-day to thirty (30)-days' terms, and advances to claimowners which are deductible from the royalty payments from ore shipments.

The Group has US$ denominated trade and other receivables amounting to US$8.1 million, equivalent to ₱381.0 million, and US$17.3 million, equivalent to ₱775.3 million, as at December 31, 2015 and 2014, respectively (see Note 37).

Movements of allowance for impairment losses as at December 31, 2015 and 2014 are as follows:

2015	**Trade**	**Others**	**Total**
Balances at January 1	**₱25,059**	**₱12,774**	**₱37,833**
Acquisition of subsidiaries			
(see Note 32)	**11,935**	**123**	**12,058**
Write-off	**(20,647)**	**(10,709)**	**(31,356)**
Foreign exchange adjustments	**976**	**–**	**976**
Balances at December 31	**₱17,323**	**₱2,188**	**₱19,511**

2014	Trade	Others	Total
Balances at January 1	₱26,150	₱12,793	₱38,943
Write-off	(1,226)	–	(1,226)
Reversal (see Note 31)	–	(19)	(19)
Foreign exchange adjustments	135	–	135
Balances at December 31	₱25,059	₱12,774	₱37,833

6. **Inventories**

	2015	2014
Beneficiated nickel ore and limestone ore - at cost	**₱2,329,234**	₱2,087,087
Beneficiated nickel ore - at NRV	**329,076**	268,994
Materials and supplies:		
At NRV	**262,091**	306,075
At cost	**130,942**	60,406
Current portion of long-term stockpile		
inventory (see Note 12)	**159,926**	140,619
	₱3,211,269	₱2,863,181

Movements of allowance for inventory losses as at December 31, 2015 and 2014 are as follows:

2015	**Beneficiated nickel ore**	**Materials and supplies**	**Total**
Balances at January 1	**₱107,658**	**₱45,997**	**₱153,655**
Provision	**–**	**–**	**–**
Reversals (see Note 31)	**(13,239)**	**(35,961)**	**(49,200)**
Balances at December 31	**₱94,419**	**₱10,036**	**₱104,455**

2014	Beneficiated nickel ore	Materials and supplies	Total
Balances at January 1	₱333,653	₱40,603	₱374,256
Provisions (see Note 31)	–	5,394	5,394
Reversals (see Note 31)	(225,995)	–	(225,995)
Balances at December 31	₱107,658	₱45,997	₱153,655

As at December 31, 2015 and 2014, the cost of beneficiated nickel ore provided with allowance for inventory losses amounted to ₱423.5 million and ₱376.7 million, respectively, while the cost of materials and supplies provided with allowance for inventory losses amounted to ₱272.1 million and ₱352.1 million, respectively.

Costs of inventories charged as expense amounted to ₱6,440.1 million, ₱5,803.9 million and ₱4,849.5 million in 2015, 2014 and 2013, respectively (see Notes 22, 23, 24 and 26).

7. AFS Financial Assets

	2015	2014
Quoted instruments:		
Debt securities	**₱4,377,774**	₱2,006,838
Equity securities	**1,250,444**	603,475
Unquoted equity securities	**202,819**	194,116
	5,831,037	2,804,429
Less noncurrent portion	**817,118**	522,797
	₱5,013,919	₱2,281,632

Quoted instruments are carried at fair market value as at the end of the financial reporting period. Unquoted equity instruments are carried at cost as at the end of the financial reporting period, since the fair values of these investments cannot be reliably measured.

The movements in AFS financial assets as at December 31, 2015 and 2014 are as follows:

	2015	2014
Balances at January 1	**₱2,804,429**	₱2,438,938
Additions	**13,393,767**	1,397,019
Disposals	**(10,086,770)**	(407,234)
Reclassification (see Note 11)	–	(724,410)
Effect of changes in foreign exchange rate (see Note 31)	**89,372**	3,310
Valuation gains (losses) on AFS financial assets	**(369,761)**	96,806
Balances at December 31	**₱5,831,037**	₱2,804,429

The movements in "Net valuation gains (losses) on AFS financial assets" presented as a separate component of equity follows:

	2015	2014
Balances at January 1	**₱171,322**	₱99,506
Movements recognized in equity:		
Gains (losses) recognized in equity	**(283,511)**	105,285
Reclassification adjustments for income included in the consolidated statements of income (see Notes 29 and 30)	**(86,250)**	(8,479)
Income tax effect	**65,435**	(22,649)
Valuation gains (losses) taken into the consolidated statements of comprehensive income	**(304,326)**	74,157
NCI in gains recognized in equity	**1,463**	2,341
Balances at December 31	**(₱134,467)**	₱171,322

AFS financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, golf club shares and debt securities which are either unquoted or with quoted market prices. As at December 31, 2015 and 2014, quoted and unquoted debt and equity securities amounting to ₱5,013.9 million and ₱2,281.6 million, respectively, were classified as current based on management's intention to dispose the instruments within one (1) year from the end of the financial reporting period.

The noncurrent portion of AFS financial assets amounted to ₱817.1 million and ₱522.8 million as at December 31, 2015 and 2014, respectively. As at December 31, 2015 and 2014, the Group has no intention to dispose its unquoted equity shares within the next year.

Dividend income from AFS equity securities amounted to ₱25.8 million, ₱6.5 million and ₱62.7 million in 2015, 2014 and 2013, respectively, of which ₱7.6 million, nil and ₱60.5 million relates to dividends coming from investments in unquoted equity securities (see Note 31), while interest income from AFS debt securities amounted to ₱99.3 million, ₱16.6 million and ₱12.0 million in 2015, 2014 and 2013, respectively (see Note 29).

The valuation losses of ₱304.3 million and valuation gains of ₱74.2 million taken into the consolidated statements of comprehensive income is inclusive of share of NCI amounting to a valuation gains of ₱1.5 million and ₱2.3 million as at December 31, 2015 and 2014, respectively.

In 2015, 2014 and 2013, the Group sold some of its AFS financial assets at a gain of ₱86.3 million, ₱8.5 million and ₱7.3 million, respectively (see Notes 29 and 30).

The Group has US$ denominated AFS financial assets amounting to US$50.4 million, equivalent to ₱2,373.9 million, and US$18.6 million, equivalent to ₱831.4 million, as at December 31, 2015 and 2014, respectively (see Note 37).

No impairment loss was recognized on the Group's AFS equity securities in 2015 and 2014.

8. Prepayments and Other Current Assets

	2015	2014
Prepaid taxes	**₱141,034**	₱92,826
Input tax (net of allowance for impairment losses of ₱70.8 million and nil as at December 31, 2015 and 2014, respectively)	**112,239**	103,065
Advances and deposits to suppliers and contractors (see Note 39p)	**94,618**	83,914
Prepaid rent and others	**37,500**	27,800
Prepaid insurance	**26,855**	20,182
Tax credit certificates (net of allowance for impairment losses of ₱0.5 million as at December 31, 2015 and 2014)	**5,186**	13,524
Short-term cash investment (see Note 4)	–	200,000
Derivative asset (see Note 34f)	–	5,508
	₱417,432	₱546,819

Prepaid taxes represent certificates of creditable withholding taxes for services rendered to other parties which can be recovered as tax credits against certain future tax liabilities of the Group.

Input tax represents the VAT paid on purchases of applicable goods and services which can be recovered as tax credit against future tax liability of the Group upon approval by the Philippine Bureau of Internal Revenue (BIR) and/or the Philippine Bureau of Customs (BOC).

Advances and deposits to suppliers and contractors represent payments made in advance to suppliers and contractors which will be offset against future billings upon the delivery of goods and completion of services.

Prepayments are amortized within three (3) to twelve (12) months at the end of the financial reporting period.

Tax credit certificates are tax refunds received by the Group.

Short-term cash investment pertains to a local currency denominated cash placed in a 360-day peso time deposit with interest rate of 1.75% per annum (p.a.) in 2014. Interest income from short-term cash investment amounted to ₱1.2 million, ₱1.6 million and nil in 2015, 2014 and 2013, respectively (see Note 29).

Derivative asset pertains to the convertible loan feature of the loan granted to EPI. The amount of the derivative asset recognized in 2015 and 2014 amounted to ₱8.3 million and ₱5.5 million, respectively (see Note 34f).

9. Property and Equipment

	2015					
	Land and Land Improvements	Mining Properties and Development Costs	Machinery and Equipment	Buildings and Improvements	Construction In-progress	Total
Cost:						
Balances at January 1	₱277,570	₱469,179	₱8,630,490	₱2,900,979	₱533,217	₱12,811,435
Acquisition of subsidiaries (see Note 32)	–	–	6,583	3,875	455	10,913
Additions	552	14,006	1,126,928	82,070	2,685,096	3,908,652
Transfers/reclassification	–	–	53,111	194,873	(249,355)	(1,371)
Disposals	–	–	(185,938)	(8,040)	–	(193,978)
Balances at December 31	278,122	483,185	9,631,174	3,173,757	2,969,413	16,535,651
Accumulated depreciation, amortization and depletion:						
Balances at January 1	582	217,302	4,950,277	945,794	–	6,113,955
Depreciation, amortization and depletion (see Note 28)	2,342	17,186	1,195,524	224,935	–	1,439,987
Transfers/reclassification	–	–	(1,666)	–	–	(1,666)
Disposals	–	–	(90,267)	(447)	–	(90,714)
Balances at December 31	2,924	234,488	6,053,868	1,170,282	–	7,461,562
Allowance for impairment losses						
Balances at January 1	–	–	90,893	7,594	–	98,487
Reversal of allowance for impairment losses	–	–	(90,893)	(7,594)	–	(98,487)
Balances at December 31	–	–	–	–	–	–
Net book values	₱275,198	₱248,697	₱3,577,306	₱2,003,475	₱2,969,413	₱9,074,089

	2014					
	Land and Land Improvements	Mining Properties and Development Costs	Machinery and Equipment	Buildings and Improvements	Construction In-progress	Total
Cost:						
Balances at January 1	₱254,290	₱469,179	₱7,455,908	₱2,646,872	₱807,490	₱11,633,739
Additions	–	–	717,469	111,197	728,406	1,557,072
Transfers/reclassification	23,280	–	825,271	142,910	(1,002,679)	(11,218)
Disposals	–	–	(368,158)	–	–	(368,158)
Balances at December 31	277,570	469,179	8,630,490	2,900,979	533,217	12,811,435
Accumulated depreciation, amortization and depletion:						
Balances at January 1	–	203,366	4,101,424	743,197	–	5,047,987
Depreciation, amortization and depletion (see Note 28)	582	13,936	1,156,219	202,597	–	1,373,334
Transfers/reclassification	–	–	–	–	–	–
Disposals	–	–	(307,366)	–	–	(307,366)
Balances at December 31	582	217,302	4,950,277	945,794	–	6,113,955
Allowance for impairment losses (see Note 31)	–	–	90,893	7,594	–	98,487
Net book values	₱276,988	₱251,877	₱3,589,320	₱1,947,591	₱533,217	₱6,598,993

Pier facilities (included under "Buildings and improvements") with a carrying value of ₱75.1 million and ₱112.7 million as at December 31, 2015 and 2014, respectively, were mortgaged as collateral for the long-term debt of RTN (see Note 16).

Depreciation on the excess of the fair value of the assets acquired from RTN over their corresponding book values transferred to retained earnings amounted to ₱0.4 million in 2015, 2014 and 2013.

In 2014, TMC recognized provision for impairment losses on its machinery and equipment and buildings and improvements amounting to ₱98.5 million. The impairment is related to the head end of the conveyor which has become inoperational last September 1, 2014.

Construction in-progress in 2015 includes costs related to the development activities of the solar project of Jobin (see Note 39h) and costs related to the Sub-transmission Service Agreement with Palawan Electric Cooperative (PALECO; see Note 39i).

10. **Investment Properties**

Investment properties consist of parcels of land located in Surigao City which is intended for leasing to THNC in the future. In 2015 and 2014, there are no income earned and direct operating expenses incurred related to the investment properties. In 2013, rental income, which is included under "Services and others", amounted to ₱6.0 million; and direct operating expenses, which is included under "General and administrative expenses", amounted to ₱0.8 million (see Note 26).

In 2013, investment properties consist of condominium units rented out as office spaces with carrying amount of ₱40.5 million were sold for ₱185.6 million resulting to a gain of ₱145.1 million (see Note 31).

As at December 31, 2015 and 2014, the carrying values of the Group's investment properties amounted to ₱29.0 million and the fair value of the land approximates its carrying value.

11. **Investments in Associates**

	2015	2014
THNC	**₱4,042,891**	₱4,468,336
CBNC	**721,196**	835,704
	₱4,764,087	₱5,304,040

Movements in the investments in associates as at December 31, 2015 and 2014 are as follows:

	2015			2014		
	THNC	**CBNC**	**Total**	THNC	CBNC	Total
Acquisition cost	**₱4,443,075**	**₱724,410**	**₱5,167,485**	₱4,443,075	₱724,410	₱5,167,485
Accumulated equity in net earnings (losses):						
Balances at January 1	**(177,440)**	**197,880**	**20,440**	(501,940)	–	(501,940)
Equity in net income (losses)	**(650,171)**	**(161,198)**	**(811,369)**	324,500	197,880	522,380
Dividends declared	**–**	**(89,090)**	**(89,090)**	–	–	–
	(827,611)	**(52,408)**	**(880,019)**	(177,440)	197,880	20,440
Share in cumulative translation adjustment:						
Balances at January 1	**202,701**	**(86,586)**	**116,115**	170,991	–	170,991
Movements	**224,726**	**135,780**	**360,506**	31,710	(86,586)	(54,876)
	427,427	**49,194**	**476,621**	202,701	(86,586)	116,115
Balances at December 31	**₱4,042,891**	**₱721,196**	**₱4,764,087**	₱4,468,336	₱835,704	₱5,304,040

The share in cumulative translation adjustment of associates are gross of deferred income tax liability of ₱70.0 million and ₱34.0 million, respectively (see Note 36).

THNC

The Parent Company, together with Sumitomo Metal Mining Co., Ltd. (SMM) and Mitsui and Co., Ltd. (Mitsui) signed a Stockholders' Agreement on September 15, 2010, dividing the ownership of THNC, into twenty-two and a half percent (22.5%), sixty-two and a half percent (62.5%) and fifteen percent (15.0%), respectively.

On November 4, 2010, pursuant to the terms of the Stockholders' Agreement, the Parent Company entered into a subscription agreement with THNC for the subscription of 921,375,000 common shares for the total amount of US$102.4 million or ₱4,443.1 million, equivalent to twenty-two and a half percent (22.5%) interest in 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. Its principal activities consist of the manufacture and export of nickel/cobalt mixed sulfide, nickel hydroxide and any and all ingredient and products and by products. THNC started commercial operations in October 2013.

The following are the summarized financial information of THNC as at December 31, 2015 and 2014. THNC's financial statements are stated in US$ and translated at the closing rate of US$1 = ₱47.06 and US$1 = ₱44.72 as at December 31, 2015 and 2014, respectively, for assets and liabilities accounts, historical rates for equity accounts and average rate of US$1 = ₱46.80 and US$1 = ₱44.39, respectively, for the statement of income accounts for the years then ended.

	2015	2014
Current assets	**₱6,443,446**	₱6,870,896
Noncurrent assets	**72,637,740**	69,661,595
Current liabilities	**(19,999,727)**	(12,522,959)
Noncurrent liabilities	**(41,581,400)**	(44,618,607)
Net assets	**₱17,500,059**	₱19,390,925
Income	**₱12,858,150**	₱15,821,955
Expenses	**(15,747,797)**	(14,379,732)
Net income (loss)	**(₱2,889,647)**	₱1,442,223

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 supply limestone and provide ancillary services to Coral Bay High Pressure Acid Leach (HPAL) facility.

The Parent Company acquired its ten percent (10%) equity interest in CBNC by way of property dividend distributed by RTN in March 2014. In accordance with the provisions of PAS 28 (2011), *Investment in Associates and Joint Ventures*, and due to the change in the nature of the Parent Company's involvement in CBNC, the Parent Company evaluates various factors and assessed that significant influence exists. The Group reclassified its ten percent (10%) interest in CBNC amounting to ₱724.4 million from an AFS financial asset to an investment in associate (see Note 7).

The following are the summarized financial information of CBNC as at December 31, 2015 and 2014. CBNC's financial statements are stated in US$ and translated at the closing rate of US$1 = ₱47.06 and US$1 = ₱44.72 as at December 31, 2015 and 2014, respectively, for assets and liabilities accounts, historical rates for equity accounts and average rate of US$1 = ₱46.80 and US$1 = ₱44.39, respectively, for the statement of income accounts for the years then ended.

	2015	2014
Current assets	**₱3,566,056**	₱4,928,354
Noncurrent assets	**23,340,317**	23,490,170
Current liabilities	**(1,299,280)**	(1,617,002)
Noncurrent liabilities	**(128,096)**	(154,800)
Net assets	**₱25,478,997**	₱26,646,722
Income	**₱9,717,727**	₱14,702,120
Expenses	**(11,329,710)**	(12,063,714)
Net income (loss)	**(₱1,611,983)**	₱2,638,406

12. 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. 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 (see Note 34a). Subsequently, this fair value represented the cost of the long-term stockpile inventory. The fair value of the inventory in August 2006 amounted to ₱2,036.7 million.

The cost of the long-term stockpile inventory is periodically charged to cost of sales based on the actual tonnage delivered to CBNC from the long-term stockpile. The cost of long-term stockpile inventory amounting to ₱208.7 million, ₱216.5 million and ₱235.2 million were charged to "Cost of sales" in 2015, 2014 and 2013, respectively (see Note 22).

A portion amounting to ₱159.9 million and ₱140.6 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 December 31, 2015 and 2014, respectively (see Note 6).

The carrying value of long-term stockpile - net of current portion amounted to ₱584.7 million and ₱812.8 million as at December 31, 2015 and 2014, respectively.

13. Geothermal Exploration and Evaluation Assets

	2015	2014
Balance at acquisition date (see Note 32)	**₱5,613,979**	₱–
Additions	**500,935**	–
Balance at December 31	**₱6,114,914**	₱–

Geothermal exploration and evaluation assets represent the accumulated costs incurred in connection with the exploration and development activities for the Mindoro and Biliran Geothermal Projects. 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 December 31, 2015, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

14. **Other Noncurrent Assets**

	2015	2014
Deferred mine exploration costs (see Note 32)	**₱1,160,094**	₱209,227
Input tax - net of current portion	**850,081**	442,785
Loan receivable - net of current portion (see Note 39q)	**842,104**	–
Advances to claimowners (see Note 39e)	**220,324**	103,588
MRF	**214,932**	178,513
Project development costs (see Note 39h)	**107,296**	–
Deposit for aircraft acquisition	**98,754**	98,754
Advance royalties	**66,104**	89,497
SDMP funds	**59,264**	23,865
Long-term negotiable instrument	**30,000**	30,000
Cash held in escrow (see Note 4)	–	45,112
Pension asset (see Note 35)	–	6,090
Others	**18,516**	15,125
	3,667,469	1,242,556
Less allowance for impairment losses	**236,411**	145,675
	₱3,431,058	₱1,096,881

Movements of allowance for impairment losses in 2015 and 2014 follows:

2015	**Advances to claimowners**	**Deferred mine exploration costs**	**Input tax**	**Total**
Balances at January 1	**₱–**	**₱145,675**	**₱–**	**₱145,675**
Acquisition of subsidiaries (see Note 32)	–	–	**89,503**	**89,503**
Provisions (see Note 31)	–	**1,233**	–	**1,233**
Write-off	–	–	–	–
Balances at December 31	**₱–**	**₱146,908**	**₱89,503**	**₱236,411**

2014	Advances to claimowners	Deferred mine exploration costs	Input tax	Total
Balances at January 1	₱16,490	₱144,155	₱–	₱160,645
Provisions (see Note 31)	–	1,520	–	1,520
Write-off	(16,490)	–	–	(16,490)
Balances at December 31	₱–	₱145,675	₱–	₱145,675

Deferred mine exploration costs include mining rights of ₱973.5 million and ₱32.3 million as at December 31, 2015 and 2014, respectively.

Input tax represents the VAT paid on purchases of applicable goods and services, net of output tax, which can be recovered as tax credit against future tax liability of the Group upon approval by the Philippine BIR and/or the Philippine BOC.

Advances to claimowners represent advance royalty payments to East Coast, La Salle Mining Exploration Company (La Salle), Kepha Mining Exploration Company (Kepha) and Ludgoron (see Note 39e).

MRF is the amount deposited in local bank accounts established by the Group in compliance with the requirements of the Philippine Mining Act of 1995 as amended by Department of Environment and Natural Resources (DENR) Administrative Order No. 2005-07. The MRF is earmarked for physical and social rehabilitation of areas and communities affected by mining activities and for research on the social, technical and preventive aspects of rehabilitation. Any disbursement in the MRF should be authorized by the MRF Committee, the external overseeing body charged with the duties of managing, operating, monitoring and looking after the safety of the MRF. The MRF earns interest at the respective bank deposit rates.

RTN's deposit for aircraft acquisition pertains to advance payments made to World Aviation Corporation in 2013, for an absolute and exclusive right to purchase an aircraft which is exercisable within twelve (12) years.

Advance royalties pertain to royalty payments to Government.

The SDMP fund shall be used for the sustainable development of the host and neighboring communities of the mine site. The programs are intended for health, education, livelihood, public utilities and socio-cultural preservation. Its implementation is under the audit, monitoring and evaluation of the MGB.

The long-term negotiable instrument earns interest at 5.25% p.a. and will mature in October 2019. Interest income from long-term negotiable instrument amounted to ₱1.3 million in 2015, 2014, and 2013 (see Note 29).

Cash held in escrow represents proceeds from the IPO and are restricted as to withdrawal for specified purpose as determined in the prospectus submitted with the SEC. Interest income earned from cash held in escrow in 2015, 2014 and 2013 amounted to ₱0.2 million, ₱0.5 million and ₱0.8 million, respectively (see Note 29).

Others include various security deposits, deposit to suppliers and restricted cash.

15. Trade and Other Payables

	2015	2014
Trade (see Note 34)	**₱692,257**	₱715,012
Amounts owed to related parties (see Note 34)	**5,142,066**	–
Dividends payable	**493,250**	2,520
Accrued expenses:		
Third parties	**394,343**	269,321
Related party (see Note 34)	**43,731**	43,639
Government payables:		
Withholding taxes payable	**144,178**	302,765
Excise taxes and royalties payable	**60,760**	62,448
Documentary stamp taxes (DST) payable	**6,750**	3,168
Output VAT	**3,976**	3,814
Fringe benefit taxes (FBT) payable	**230**	49,655
Retention payable	**23,043**	564
Interest payable (see Note 34)	**17,778**	6,309
Others	**103,351**	23,425
	₱7,125,713	₱1,482,640

Trade, accrued expenses and other payables are noninterest-bearing and are generally settled within one year. Trade payables relate to payables to suppliers in the ordinary course of business. Accrued expenses substantially consist of contractor's fees, trucking and stevedoring services, hauling and rental expenses, guarantee service fees and others which are usual in the business operations of the Group.

Amounts owed to related parties pertain to advances received from Orka Geothermal Investments Pte. Ltd (OGI) and Biliran Geothermal Holdings Incorporated (BGHI) and the dividends declared by the Parent Company to Nickel Asia Holdings Inc. (NAHI). Advances from OGI pertain to transfer of funds that were used in the drilling operations of BGI and purchases paid by OGI in behalf of BGI. Advances from BGHI pertain mainly to the amount originally payable to OGI but were sold by the latter to the former in 2014. Part of this amount pertains also to miscellaneous expenses paid by BGHI in behalf of BGI.

Dividends payable refers to the cash dividends declared by TMC and RTN to Pacific Metals Co., Ltd. (PAMCO) which is payable on January 29, 2016. The amount is net of final withholding tax.

Government payables include withholding taxes which are normally settled within ten (10) days after the end of each financial reporting month and FBT which are normally settled within fifteen (15) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone ore were shipped. Royalties are paid on or before the deadline agreed with the MGB or other parties. DST is normally settled within five (5) days after the close of the month when the taxable document was issued.

Retention payable pertains mainly to the ten percent (10%) of the gross payable amount retained by TMC from its suppliers and will be paid after the completion of the construction of the conveyor system.

Interest payable on loans is settled based on the agreed repayment terms.

The Group has US$ denominated trade and other payables amounting to US$111.0 million, equivalent to ₱5,221.5 million, and US$1.5 million, equivalent to ₱67.9 million as at December 31, 2015 and 2014, respectively (see Note 37).

16. **Short-term and Long-term Debts**

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

On June 8, 2015, EPI entered into a one year loan agreement with Manta amounting to ₱180.0 million to finance the development expenses of EPI's geothermal power project (see Note 34). The loan bears an annual interest of five percent (5%). The principal and interest is payable at the end of the loan agreement. Related interest payable and interest expense as at and for the period ended December 31, 2015 amounted to ₱5.1 million (see Notes 30 and 34).

Long-term debt consists of:

	2015	2014
EPI	**₱2,100,336**	₱–
TMC	**1,276,503**	1,291,290
RTN	**105,415**	140,242
	3,482,254	1,431,532
Less noncurrent portion:		
EPI	**2,100,336**	–
TMC	**1,194,148**	1,213,030
RTN	**63,249**	100,173
	3,357,733	1,313,203
Current portion	**₱124,521**	₱118,329

EPI Loan
On July 15, 2015, Security Bank Corporation (SBC) approved the loan facility of EPI amounting to ₱3,000.0 million to be used in funding its investments and working capital requirements. Staggered releases of loans are allowed up to August 31, 2016 with terms of up to three (3) years from date of every drawdown and payable upon maturity.

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

Details of the drawdowns received from the ₱3,000.0 million loan facility as at December 31, 2015 are as follows:

Drawdowns	Date	Amount	Debt Issue Costs	Stated Rate	Effective Rate	Term
First	August 5, 2015	₱510,000	₱2,551	4.6%	4.8%	3 years
Second	September 21, 2015	1,200,000	6,000	4.6%	4.8%	3 years
Third	December 2, 2015	400,000	2,000	4.9%	5.8%	3 years
		₱2,110,000	₱10,551			

Debt-issue costs pertain to DST and other transaction costs incurred in connection with the availment of the loans. These are deducted from the amount of loans payable and are amortized using the effective interest method. Movements of the unamortized debt issue costs in 2015 are as follows:

Debt issue costs	₱10,551
Amortization	(887)
Balance at December 31	₱9,664

Related interest expense and interest payable as at and for the period ended December 31, 2015 are summarized below:

	Interest Expense (see Note 30)	Interest Payable
Loans payable	₱24,876	₱6,171
Amortization of debt issue costs	887	–
Balances at December 31	₱25,763	₱6,171

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI; suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment and other governmental charges due. As at December 31, 2015, EPI is in compliance with the restrictions.

TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to US$35.0 million at a prevailing one hundred eighty (180)-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus two percent (2%) spread, to exclusively finance the construction of the pier facilities within the Taganito Special Economic Zone (TSEZ). The loan shall be drawn down in one or multiple times by July 31, 2011. As at December 31, 2015 and 2014, the total loan drawn by TMC amounted to US$35.0 million.

Starting 2011, the interest on the loan is payable semi-annually in 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 December 31, 2015 and 2014, TMC is in compliance with the restrictions.

Interest expense in 2015, 2014 and 2013 amounting to ₱31.1 million, ₱31.3 million and ₱33.5 million, respectively, were included in equipment operating cost under “Cost of services” (see Note 23).

RTN Loan
On November 25, 2002, RTN entered into an Omnibus Agreement with SMM, wherein the latter granted the former a loan facility amounting to US$1.8 million at a prevailing one hundred eighty (180)-day LIBOR plus two percent (2%) spread, for the construction of the pier facilities.

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

In consideration, and to ensure payment of these loans, RTN assigned, transferred, and set over to SMM, absolutely and unconditionally, all of RTN’s rights, title, and interest over its future receivable from CBNC under the Throughput Agreements (see Note 39b). RTN also constituted a first ranking mortgage on the pier facilities (see Note 9).

The Omnibus Agreement provides for restrictions with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all RTN’s other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of RTN’s corporate existence, rights, privileges and licenses, prompt submission of written notice to SMM of any and all litigations or administrative or arbitration proceedings before any Governmental authority affecting RTN. As at December 31, 2015 and 2014, RTN is in compliance with the restrictions.

Interest expense amounted to ₱2.9 million, ₱3.7 million and ₱4.8 million in 2015, 2014 and 2013, respectively (see Note 30).

17. **Provision for Mine Rehabilitation and Decommissioning**

	2015	2014
Balances at January 1	**₱130,175**	₱130,927
Acquisition of a subsidiary (see Note 32)	**31,989**	–
Accretion interest on provision for mine rehabilitation and decommissioning (see Note 30)	**8,520**	8,893
Payments of rehabilitation cost	**(670)**	(10,401)
Effect of change in estimate	**(88)**	756
Balances at December 31	**₱169,926**	₱130,175

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.

18. **Long-term Payable**

On December 14, 2015, CExCI and the stockholders of Newminco entered into a Share Purchase Agreement (SPA) wherein CExCI agreed to acquire 100% equity interest of Newminco, on a deferred payment basis, for a total consideration of ₱64.8 million.

Upon execution of the SPA, a downpayment of ₱30.8 million was paid and the remaining balance of ₱34.0 million, which is non-interest bearing, is payable over a seven (7) year period. The total principal is payable in annual installment of ₱5.0 million starting in 2017 up to 2020 and annual installment of ₱7.0 million for the remaining term of the SPA. The discount on deferred payment, at 4.58% risk free rate, amounted to ₱6.4 million.

The carrying amount of long-term payable, net of unamortized discount amounted to ₱27.6 million as at December 31, 2015.

	Principal	Accretion Interest (see Note 30)
Long-term payable	₱34,000	₱–
Less unamortized discount	6,359	59
Balances at December 31	₱27,641	₱59

19. **Equity**

Capital Stock
The capital structure of the Parent Company as at December 31, 2015 and 2014 is as follows:

	2015	2014
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares in 2015 and 4,265,000,000 shares in 2014		
Issued - 7,596,939,456 shares in 2015 and 2,530,590,350 in 2014	**₱3,798,470**	₱1,265,295
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	**7,200**	7,200
	₱3,805,670	₱1,272,495

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

Increase in Authorized Capital Stock
On March 27, 2015 and June 5, 2015, the Parent Company's BOD and stockholders, respectively, resolved to increase the authorized capital stock from 4,265,000,000 to 19,265,000,000 common stock with par value of ₱0.50 per share. On June 24, 2015, the SEC approved the increase in authorized capital stock.

Issued Capital Stock
Beginning November 22, 2010, the common stock of the Parent Company were listed and traded on the PSE at an offer price of ₱15.00 per share, which is equivalent to ₱2.67 per share after the stock dividends.

As at December 31, 2015 and 2014, the Parent Company has sixty-six (66) and fifty-four (54) stockholders, respectively.

As at December 31, 2015 and 2014, a total of 2,258,870,964 or 30% and 495,443,935 or 20%, respectively, of the outstanding common shares of the Parent Company are registered in the name of sixty-four (64) and fifty-two (52) shareholders, respectively, while the balance of 5,338,068,492 common shares or 70% and 2,035,146,415 common shares or 80%, respectively, are lodged with the Philippine Depository, Inc. (now known as Philippine Depository and Trust Corporation).

Movements in common stock follows:

	2015	
	Number of Shares	**Amount**
Balances at January 1	**2,530,590,350**	**₱1,265,295**
Issuance of stock dividends		
50%	**1,265,295,165**	**632,648**
100%	**3,798,469,728**	**1,899,235**
Exercise of stock options (see Note 20)	**2,584,213**	**1,292**
Balances at December 31	**7,596,939,456**	**₱3,798,470**

	2014	
	Number of Shares	Amount
Balances at January 1	2,519,159,345	₱1,259,580
Issuance of stock dividends	–	–
Exercise of stock options (see Note 20)	11,431,005	5,715
Balances at December 31	2,530,590,350	₱1,265,295

On June 16, 2010, the BOD and stockholders of the Parent Company approved the ESOP (2010 ESOP; the Plan). On December 20, 2010, the Plan was approved by the SEC. A total of 12.0 million shares of stock were reserved for issue under the Plan.

On March 24, 2014, the BOD of the Parent Company approved the adoption of a new ESOP (2014 ESOP; the New Plan) which was ratified by the Parent Company's stockholders on June 6, 2014. On November 21, 2014, the New Plan was approved by the SEC. A total of 32.0 million shares of stock were reserved for issue under the New Plan.

The basic terms and conditions of the stock option plans are disclosed in Note 20.

Additional Paid-In Capital

Movements in additional paid-in capital follows:

	2015	2014
Balances at January 1	**₱8,273,655**	₱8,151,603
Exercise of stock options	**11,112**	76,588
Reclassification adjustment from cost of share-based payment plan upon exercise of stock options	**–**	45,464
Balances at December 31	**₱8,284,767**	₱8,273,655

Dividends

Dividends declared and paid by the Parent Company follows:

2015					
Type of Dividend	**Date of declaration**	**Date of record**	**Amount declared**	**Dividend per share**	**Date of payment/issuance**
Cash Dividends					
Regular	**March 27, 2015**	**April 15, 2015**	**₱2,657,120**	**₱0.70**	**April 27, 2015**
Special	**March 27, 2015**	**April 15, 2015**	**1,138,766**	**0.30**	**April 27, 2015**
Stock Dividends	**June 5, 2015**	**July 16, 2015**	**1,899,235**	**100%**	**August 11, 2015**

2014					
Type of Dividend	Date of declaration	Date of record	Amount declared	Dividend per share	Date of payment/issuance
Cash Dividends					
Special	November 10, 2014	November 24, 2014	₱1,264,000	₱0.50	December 10, 2014
Regular	March 24, 2014	April 10, 2014	757,727	0.30	May 8, 2014
Stock Dividends	December 18, 2014	January 12, 2015	632,648	50%	January 28, 2015

2013					
Type of Dividend	Date of declaration	Date of record	Amount declared	Dividend per share	Date of payment/issuance
Regular Cash Dividend	April 5, 2013	April 22, 2013	₱705,252	₱0.35	May 14, 2013
Stock Dividends	June 3, 2013	June 18, 2013	251,916	25%	July 12, 2013

Appropriated Retained Earnings

On November 5, 2013, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,000.0 million, for the construction, operation and maintenance of a bunker-fired diesel power station (see Note 39g). The project is expected to be completed in 2016.

20. Executive Stock Option Plan

2014 ESOP

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

1. The New Plan covers up to 32.0 million shares allocated to the Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱25.52, which is equivalent to ₱8.51 after the effect of stock dividends.
4. The New Plan was partially granted on June 6, 2014 and January 13, 2015.
5. The term of the New Plan shall be five (5) years and the shares will vest to the participant at the rate of twenty-five percent (25%) per year after the first year of the New Plan or July 18, 2015.
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 values of the stock option are ₱7.53 and ₱8.42, which was estimated as at grant date, June 6, 2014 and January 13, 2015, respectively, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

2010 ESOP

On June 16, 2010, the Parent Company's BOD and stockholders approved the 2010 ESOP. On December 20, 2010, the Plan was approved by the SEC. The basic terms and conditions of the Plan are as follows:

1. The Plan covers up to 12.0 million shares allocated to the Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱13.50, which is equivalent to ₱2.40 after the effect of stock dividends.
4. The grant date of the Plan is January 3, 2011 as determined by the Compensation Committee.
5. The term of the Plan shall be six (6) years and the shares will vest to the participant at the rate of twenty five-percent (25%) per year after the first year of the Plan or December 21, 2011.

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 stock option agreement was made and executed on January 3, 2011 between the Parent Company and the option grantees. The fair value of the stock options is ₱6.44, which was estimated as at grant date, January 3, 2011, using the Black Scholes-Merton model, taking into account 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:

	2014 ESOP		2010 ESOP
Grant date	January 13, 2015	June 6, 2014	January 3, 2011
Spot price per share	₱15.63	₱28.55	₱15.00
Exercise price	₱8.51	₱25.52	₱13.50
Expected volatility	33.52%	33.28%	53.42%
Option life	4.40 years	5.00 years	3.97 years
Dividend yield	0.58%	3.88%	2.06%
Risk-free rate	3.23%	3.30%	4.50%

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.

Except for the effect of stock dividends, there have been no modifications or cancellations in 2015 and 2014.

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

	Number of Options		Weighted Average Exercise Price	
	2015	2014	**2015**	2014
2014 ESOP				
Balances at January 1	**17,764,849**	–	**₱25.52**	₱–
Granted	**2,100,595**	17,764,849	**25.52**	25.52
Forfeited	**(718,012)**	–	**–**	–
Stock dividends	**38,294,846**	–	**8.51**	–
Balances at December 31	**57,442,278**	17,764,849	**₱8.51**	₱25.52
2010 ESOP				
Balances at January 1	**3,719,308**	15,150,313	**₱7.20**	₱7.20
Exercised (see Note 19)	**(2,584,213)**	(11,431,005)	**4.80**	7.20
Stock dividends	**4,854,403**	–	**2.40**	–
Balances at December 31	**5,989,498**	3,719,308	**₱2.40**	₱7.20

In 2015, the number of shares and exercise price were adjusted for the effect of fifty percent (50%) and one hundred percent (100%) stock dividends (see Note 19).

On June 2, 2015, the SEC approved the exemption from registration of 11,625,987 common shares which shall form part of the ESOP. As at December 31, 2015, the Parent Company is in the process of securing the approval of the SEC of the exemption from registration of 31,523,262 common shares which shall also form part of the ESOP.

The number of exercisable vested stock options as at December 31, 2015 and 2014 are 12,759,272 and 3,719,308, respectively.

In 2015 and 2014, the weighted average stock prices at exercise dates were ₱20.40 and ₱28.84, respectively, which is equivalent to ₱10.20 and ₱9.61 per share, respectively, after the effect of stock dividends.

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

	2015	2014
Balances at January 1	**₱47,060**	₱49,524
Cost of share-based payment recognized as capital upon exercise	–	(45,464)
Stock option expense (see Note 27)	**57,764**	43,000
Movements during the year	**57,764**	(2,464)
Balances at December 31	**₱104,824**	₱47,060

The weighted average remaining contractual life of options outstanding under the New Plan is approximately three and a half (3.5) years and four and a half (4.5) years as at December 31, 2015 and 2014, respectively.

The weighted average remaining contractual life of options outstanding under the Plan is half (0.5) year and one and a half (1.5) years as at December 31, 2015 and 2014, respectively.

In 2015, 2014 and 2013, the cost of share-based payment plan amounted to ₱57.8 million, ₱43.0 million and ₱10.4 million, respectively (see Note 27).

21. Earnings Per Share

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

	2015	2014	2013
Net income attributable to equity holders of the parent	**₱2,035,143**	₱8,551,627	₱2,053,674
Preferred stock dividends	**504**	504	504
Net income attributable to equity holders of the parent for basic earnings	**2,034,639**	8,551,123	2,053,170
Dividends on dilutive potential ordinary shares	**–**	–	–
Net income attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**₱2,034,639**	₱8,551,123	₱2,053,170
Weighted average number of common shares for basic EPS	**7,594,355,243**	7,578,989,913	7,555,642,216
Effect of dilution from stock options	**14,097,601**	14,365,378	30,084,367
Weighted average number of common shares adjusted for the effect of dilution	**7,608,452,844**	7,593,355,291	7,585,726,583
Basic EPS	**₱0.27**	₱1.13	₱0.27
Diluted EPS	**₱0.27**	₱1.13	₱0.27

There have been no other transactions involving ordinary shares or potential ordinary shares between the end of the financial reporting period and the date of authorization of the consolidated financial statements.

22. Cost of Sales

	2015	2014	2013
Production overhead	**₱2,675,180**	₱2,613,048	₱1,938,349
Outside services	**1,753,513**	1,246,424	869,379
Depreciation and depletion (see Note 28)	**1,060,175**	984,366	830,512
Personnel costs (see Note 27)	**870,657**	894,205	669,699
Long-term stockpile inventory (see Note 12)	**208,714**	216,539	235,169
	6,568,239	5,954,582	4,543,108
Net changes in beneficiated nickel ore and limestone ore	**(288,991)**	(598,171)	(53,814)
	₱6,279,248	₱5,356,411	₱4,489,294

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 blasting equipment rental.

23. Cost of Services

	2015	2014	2013
Depreciation and depletion (see Note 28)	**₱127,814**	₱129,502	₱133,040
Overhead	**82,539**	78,384	49,962
Personnel costs (see Note 27)	**82,354**	84,316	63,836
Equipment operating cost (see Note 16)	**52,083**	62,202	76,058
Outside services	**13,127**	16,746	12,396
	₱357,917	₱371,150	₱335,292

Equipment operating cost includes interest expense amounting to ₱31.1 million, ₱31.3 million and ₱33.5 million in 2015, 2014 and 2013, respectively (see Note 16).

24. Shipping and Loading Costs

	2015	2014	2013
Contract fees	**₱1,194,955**	₱1,136,292	₱801,402
Supplies and fuel, oil and lubricants	**284,023**	368,735	294,771
Depreciation and depletion (see Note 28)	**127,280**	123,795	155,810
Personnel costs (see Note 27)	**61,588**	65,187	72,219
Other services and fees	**90,097**	143,559	74,569
	₱1,757,943	₱1,837,568	₱1,398,771

25. Excise Taxes and Royalties

	2015	2014	2013
Royalties (see Notes 39e and 39r)	**₱793,690**	₱1,273,780	₱439,098
Excise taxes (see Note 39e)	**295,913**	481,054	209,510
	₱1,089,603	₱1,754,834	₱648,608

26. **General and Administrative**

	2015	2014	2013
Personnel costs (see Note 27)	**₱295,670**	₱290,964	₱230,199
Taxes and licenses	**158,376**	230,174	80,474
Outside services	**93,496**	102,934	67,408
Depreciation (see Note 28)	**78,820**	87,846	84,705
Donations	**36,670**	49,043	12,022
Transportation and travel	**33,421**	26,409	20,246
Rentals	**28,513**	23,693	13,569
Repairs and maintenance	**27,850**	22,941	9,528
Entertainment, amusement and recreation	**16,527**	16,161	13,720
Communications, light and water	**9,637**	8,634	11,882
Others	**133,874**	97,663	80,724
	₱912,854	₱956,462	₱624,477

Other general and administrative expense is composed of dues and subscription, rentals, other service fees and other numerous transactions with minimal amounts.

27. **Personnel Costs**

	2015	2014	2013
Salaries, wages and employee benefits	**₱1,192,279**	₱1,220,569	₱970,411
Pension cost (see Note 35)	**60,226**	71,103	55,173
Cost of share-based payment plan (see Note 20)	**57,764**	43,000	10,369
	₱1,310,269	₱1,334,672	₱1,035,953

The amounts of personnel costs are distributed as follows:

	2015	2014	2013
Cost of sales (see Note 22)	**₱870,657**	₱894,205	₱669,699
General and administrative (see Note 26)	**295,670**	290,964	230,199
Cost of services (see Note 23)	**82,354**	84,316	63,836
Shipping and loading costs (see Note 24)	**61,588**	65,187	72,219
	₱1,310,269	₱1,334,672	₱1,035,953

28. **Depreciation and Depletion**

	2015	2014	2013
Property and equipment (see Note 9)	**₱1,439,987**	₱1,373,334	₱1,260,601
Investment properties (see Note 10)	**–**	–	2,050
	₱1,439,987	₱1,373,334	₱1,262,651

The amounts of depreciation and depletion expense are distributed as follows:

	2015	2014	2013
Cost of sales (see Note 22)	**₱1,060,175**	₱984,366	₱830,512
Cost of services (see Note 23)	**127,814**	129,502	133,040
Shipping and loading costs (see Note 24)	**127,280**	123,795	155,810
General and administrative (see Note 26)	**78,820**	87,846	84,705
Others	**45,898**	47,825	58,584
	₱1,439,987	₱1,373,334	₱1,262,651

29. **Finance Income**

	2015	2014	2013
Interest income from:			
Cash and cash equivalents (see Note 4)	**₱109,075**	₱140,779	₱142,153
AFS financial assets (see Note 7)	**99,320**	16,631	12,049
Loan receivable (see Note 39q)	**1,757**	–	–
Long-term negotiable instrument (see Note 14)	**1,260**	1,260	1,260
Short-term cash investment (see Note 8)	**1,159**	1,641	–
Cash held in escrow (see Note 14)	**235**	536	825
Pension (see Note 35)	**–**	–	3,158
Gain on sale of AFS financial assets (see Note 7)	**86,250**	10,684	7,308
Accretion income (see Note 34f)	**3,933**	573	–
Day 1 gain (see Note 34f)	**2,123**	–	–
	₱305,112	₱172,104	₱166,753

30. **Finance Expenses**

	2015	2014	2013
Guarantee service fee (see Note 39f)	**₱124,194**	₱134,766	₱104,235
Interest expense on:			
Long-term debts (see Note 16)	**28,623**	3,650	4,766
Pension (see Note 35)	**12,663**	12,732	8,476
Short-term debt (see Note 16)	**5,066**	–	–
Long-term payable (see Note 18)	**59**	–	–
Management fee	**13,622**	402	342
Accretion interest on provision for mine rehabilitation and decommissioning (see Note 17)	**8,520**	8,893	8,554
Loss on sale of AFS financial assets (see Note 7)	**–**	2,205	–
Day 1 loss (see Note 34f)	**–**	2,123	–
Provision for impairment losses on trade and other receivables	**–**	–	2,267
	₱192,747	₱164,771	₱128,640

31. **Other Income** - net

	2015	2014	2013
Foreign exchange gains - net	**₱322,963**	₱182,510	₱53,293
Reversals of allowance (provisions) for impairment losses on:			
Input VAT (see Note 8)	**(54,484)**	–	(530)
Materials and supplies (see Note 6)	**35,961**	(5,394)	2,802
Beneficiated nickel ore inventory (see Note 6)	**13,239**	225,995	6,361
Deferred mine exploration costs (see Note 14)	**(1,233)**	(1,520)	(144,155)
Property and equipment (see Note 9)	**–**	(98,487)	–
Trade and other receivables (see Note 5)	**–**	19	4,769

(Forward)

	2015	2014	2013
Gain (loss) on:			
Bargain purchase (see Note 32)	**₱59,921**	₱–	₱–
Sale of property and equipment	**6,919**	9,693	82,005
Write-off of deferred mine exploration cost (see Note 39e)	**(5,461)**	(1,941)	–
Write-off of input VAT	**(8)**	(12,548)	(6,752)
Write-off of trade and other receivables	**–**	(3,108)	–
Sale of investment properties (see Note 10)	**–**	–	145,095
Special projects	**52,477**	84,773	28,375
Despatch	**38,995**	67,296	49,134
Dividend income (see Note 7)	**25,827**	6,473	62,654
Issuance of fuel, oil and lubricants	**20,491**	16,859	8,209
Rentals and accommodations	**11,275**	11,307	4,209
Other services	**2,864**	3,649	4,766
Casualty losses	**(2,516)**	–	(7,439)
Others - net	**(20,064)**	(14,679)	16,987
	₱507,166	₱470,897	₱309,783

Others include pension income recognized by a subsidiary as determined by the Group's actuary and miscellaneous services provided to CBNC on per job order basis, net of related cost incurred.

Breakdown of the foreign exchange gains (losses) - net follows:

	2015	2014	2013
Realized foreign exchange gains - net	**₱149,488**	₱93,894	₱90,798
Unrealized foreign exchange gains (losses) - net on:			
Cash and cash equivalents	**133,794**	96,095	77,129
AFS financial assets (see Note 7)	**89,372**	3,310	860
Long-term debt	**(65,212)**	(8,258)	(119,636)
Trade and other payables	**17,149**	(110)	(504)
Trade and other receivables	**(1,628)**	(2,421)	4,370
Others	**–**	–	276
	₱322,963	₱182,510	₱53,293

32. Business Combination

Loan Conversion and Additional Subscription to EPI

On April 15, 2015, the Parent Company expressed its intention to exercise its conversion right and to convert the entire second tranche loan of ₱446.0 million to 55% equity interest in EPI, which is equivalent to 312,888,889 common shares, subject to the SEC's approval of the increase in authorized capital stock of EPI.

On July 16, 2015, the Parent Company subscribed to an additional 11% equity interest in EPI, which is equivalent to 184,052,288 common shares, for a total consideration of ₱474.0 million, subject also to the approval of EPI's increase in authorized capital stock.

The increase in EPI's authorized capital stock was approved by the SEC on July 28, 2015 and the corresponding shares were subsequently issued to the Parent Company. The transaction was accounted for as an asset acquisition. At the time of acquisition, EPI has investments in the following subsidiaries.

	% of Ownership
MEI	100%
MGPC	100%
BHI	100%
MSI [a]	50%

(a) Indirect ownership through MEI

The Parent Company's cost of investment in EPI consists of:

Convertible loan including derivative asset	₱450,506
Additional capital infusion	474,000
	₱924,506

The consolidated amounts recognized as at July 28, 2015 for each major class of EPI and its subsidiaries' identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱653,836
Trade and other receivables	30,593
Prepayments and other current assets	54,697
Property and equipment	5,389
Geothermal exploration and evaluation assets	819,883
Other noncurrent assets	105,414
Total assets	1,669,812
Liabilities	
Trade and other payables	91,116
Short-term debts	285,000
Total liabilities	376,116
Net assets, including share of NCI	1,293,696
Share of NCI	369,190
Net assets acquired	₱924,506

The fair value of trade and other receivables approximates its carrying amount since these are short-term in nature. None of the trade and other receivables has been impaired and it is expected that the full contractual amounts can be collected/recovered.

NCI have been measured at its proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

The excess of the Group's cost of investment in EPI over its proportionate share in the underlying net assets at the date of acquisition amounting to ₱207.8 million was allocated to the "Geothermal exploration and evaluation assets" account in the consolidated statements of financial position.

From acquisition date to December 31, 2015, the amounts of revenue and net loss of EPI and its subsidiaries which were included in the consolidated statements of income for the year ended December 31, 2015 amounted to nil and ₱71.3 million, respectively. Had the acquisition of EPI and its subsidiaries occurred at the beginning of the year, the Group's revenue and net income for the year ended December 31, 2015 would have decreased by nil and ₱344.3 million, respectively.

Cash flow on acquisition follows:

Cash acquired from EPI and its subsidiaries	₱179,836
Cash paid for drawdowns of second tranche convertible loan	267,600
Net cash outflow	₱87,764

Acquisition of Geogen
On August 4, 2015, the Parent Company acquired 240,000,000 shares, or 100% equity interest, of Geogen for a total consideration of ₱484.8 million. On the same date, a Deed of Assignment of Receivables was also executed between the Parent Company and the previous shareholders of Geogen wherein the Parent Company paid the amount of ₱209.2 million representing the advances from stockholders of Geogen prior to acquisition. Geogen is the claimowner of the Isabela Nickel Project with an aggregate area of 2,392 hectares located in Dinapigue, Isabela covered by MPSA No. 258-2007-II.

The amounts recognized as at August 4, 2015 for each major class of Geogen's identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱509
Trade and other receivables	402
Prepayments and other current assets	32,800
Property and equipment	1,144
Deferred mine exploration costs	880,688
Other noncurrent assets	35,533
Total assets	951,076
Liabilities	
Trade and other payables	209,339
Provision for mine rehabilitation and decommissioning	31,989
Deferred income tax liabilities	164,262
Total liabilities	405,590
Net assets acquired	₱545,486

Income from acquisition is computed as follows:

Acquisition cost	₱485,565
Less: Fair value of net identifiable assets and liabilities acquired	545,486
Gain on bargain purchase (see Note 31)	₱59,921

From acquisition date to December 31, 2015, the amounts of revenue and net loss of Geogen which were included in the consolidated statements of income for the year ended December 31, 2015 amounted to nil and ₱14.9 million, respectively. Had the acquisition of Geogen occurred at the beginning of the year, the Group's revenue and net income for the year ended December 31, 2015 would have decreased by nil and ₱31.4 million, respectively.

Cash flow on acquisition follows:

Cash acquired from Geogen		₱509
Cash paid for:		
Acquisition of shares	484,768	
Assignment of advances from previous shareholders	209,232	
Others	797	694,797
Net cash outflow		₱694,288

Acquisition of Jobin
On July 16, 2015, EPI entered into a Deed of Assignment with the previous shareholders of Jobin and acquired 200,000 shares, or 100% equity interest, of Jobin for a total consideration of ₱0.2 million. Jobin is the holder of Solar Energy Service Contract (SESC) No. 2013-10-039 and Wind Energy Service Contract (WESC) No. 2013-10-062 which both covers an area in the municipalities of Morong and Hermosa, Bataan. The transaction was accounted for as an asset acquisition. The amounts recognized as at July 16, 2015 for each major class of Jobin's identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱200
Property and equipment	455
Total assets	655
Liabilities	
Trade and other payables	455
Net assets acquired	₱200

The excess of the Group's cost of investment in Jobin over the underlying net assets at the date of acquisition amounting to ₱0.5 million was allocated to the "Property and equipment" account in the consolidated statements of financial position.

From acquisition date to December 31, 2015, the amounts of revenue and net loss of Jobin which were included in the consolidated statements of income for the year ended December 31, 2015 amounted to nil and ₱0.5 million, respectively, which also have the same impact had the acquisition of Jobin occurred at the beginning of the year.

Cash flow on acquisition follows:

Cash acquired from Jobin	₱200
Cash paid for acquisition	200
Net cash outflow	₱–

Acquisition of Newminco
On December 14, 2015, CExCI entered into a SPA to acquire 100% equity interest of Newminco for a total consideration of ₱64.8 million.

CExCI acquired the shares of Newminco on a deferred payment basis and with the following terms: a downpayment of ₱30.8 million upon execution of the SPA while the remaining balance of ₱34.0 million, which is non-interest bearing, is payable over a seven (7) year period.

The amounts recognized as at December 14, 2015 for each major class of Newminco's identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱68
Deferred mine exploration cost	61,680
Total assets	61,748
Liabilities	
Trade and other payables	4,273
Net assets, including share of NCI	57,475
Share of NCI	857
Net assets acquired	₱58,332

NCI have been measured at its proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

The excess of the Group's cost of investment in Newminco over the underlying net assets at the date of acquisition amounting to ₱60.5 million was allocated to the "Deferred mine exploration costs" account in the consolidated statements of financial position.

From acquisition date to December 31, 2015, the amounts of revenue and net loss of Newminco which were included in the consolidated statements of income for the year ended December 31, 2015 amounted to nil and ₱0.1 million, respectively. Had the acquisition of Newminco occurred at the beginning of the year, the Group's revenue and net income for the year ended December 31, 2015 would have decreased by nil and ₱0.3 million, respectively.

Cash flow on acquisition follows:

Cash acquired from Newminco	₱68
Cash paid for acquisition	30,750
Net cash outflow	₱30,682

Acquisition of BGI
On August 24, 2015, EPI and BHI entered into an Investment Agreement with OGI and BGHI to acquire 60% equity interest of BGI for a consideration of ₱1.8 million, subject to the SEC's approval of the increase in authorized capital stock of BGI. The increase in authorized capital stock of BGI was approved by the SEC on December 17, 2015 and the corresponding shares were

subsequently issued to BHI. BGI is the holder of Geothermal Renewable Energy Service Contract (GRESC) No. 2010-02-010 which covers the geothermal field in Biliran, Leyte.

The transaction was accounted as an acquisition of a business. The provisional fair values recognized as at December 17, 2015 for each major class of BGI's identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱13,787
Trade and other receivables	72,668
Prepayments and other current assets	3,210
Property and equipment	3,925
Geothermal exploration and evaluation assets	4,794,096
Other noncurrent assets	254,327
Total assets	5,142,013
Liabilities	
Trade and other payables	5,187,541
Deferred income tax liabilities	87,485
Total liabilities	5,275,026
Net liabilities, including share of NCI	(133,013)
Share of NCI	134,858
Net assets acquired	₱1,845

The fair value of trade and other receivables approximates its carrying amounts since these are short-term in nature. None of the trade and other receivables has been impaired and it is expected that the full contractual amounts can be collected/recovered.

NCI have been measured at its proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

The excess of the Group's cost of investment in BGI over its proportionate share in the underlying net assets at the date of acquisition amounting to ₱291.6 million was allocated to the "Geothermal exploration and evaluation assets" account in the consolidated statement of financial position.

From acquisition date to December 31, 2015, the amounts of revenue and net income of BGI which were included in the consolidated statements of income for the year ended December 31, 2015 amounted to nil and ₱15.3 million, respectively. Had the acquisition of BGI occurred at the beginning of the year, the Group's revenue and net income for the year ended December 31, 2015 would have decreased by nil and ₱240.6 million, respectively.

Cash flow on acquisition follows:

Cash acquired from BGI	₱13,787
Cash paid	1,845
Net cash inflow	₱11,942

33. Material Partly-Owned Subsidiaries

Financial information of subsidiaries that have material NCI are provided below:

Proportion of equity interest held by NCI:

	Principal Place of Business	**2015**	2014
RTN	Philippines	**40.00%**	40.00%
TMC	Philippines	**35.00%**	35.00%

Equity attributable to material NCI:

	2015	2014
RTN	**₱1,031,567**	₱1,040,362
TMC	**2,324,965**	2,277,615

Net income attributable to material NCI:

	2015	2014
RTN	**₱597,515**	₱1,136,565
TMC	**497,302**	1,326,530

Other comprehensive income (loss) attributable to material NCI:

	2015	2014
RTN	**(₱7,234)**	₱12,013
TMC	**3,712**	7,385

The summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarized statements of comprehensive income for the year ended December 31, 2015:

	RTN	**TMC**
Revenues	**₱5,257,005**	**₱5,509,619**
Cost of sales and services	**(2,488,429)**	**(2,329,682)**
Operating expenses	**(775,960)**	**(1,247,665)**
Other income - net	**130,484**	**81,646**
Finance income - net	**10,863**	**20,777**
Income before income tax	**2,133,963**	**2,034,695**
Provision for income tax	**(640,175)**	**(613,832)**
Net income	**1,493,788**	**1,420,863**
Other comprehensive income (loss)	**(18,086)**	**10,606**
Total comprehensive income - net	**₱1,475,702**	**₱1,431,469**
Attributable to NCI	**₱590,281**	**₱501,014**
Dividends paid to NCI	**600,000**	**455,000**

Summarized statements of comprehensive income for the year ended December 31, 2014:

	RTN	TMC
Revenues	₱7,188,712	₱8,907,493
Cost of sales and services	(2,159,076)	(1,770,309)
Operating expenses	(922,182)	(1,752,975)
Other income (charges) - net	139,227	(13,930)
Finance income - net	718,115	20,681
Income before income tax	4,964,796	5,390,960
Provision for income tax	(1,276,249)	(1,600,873)
Net income	3,688,547	3,790,087
Other comprehensive income	30,033	21,101
Total comprehensive income	₱3,718,580	₱3,811,188
Attributable to NCI	₱1,487,432	₱1,333,915
Dividends paid to NCI	2,745,815	735,000

Summarized statements of financial position as at December 31, 2015 and 2014:

	RTN		TMC	
	2015	2014	**2015**	2014
Current assets	**₱2,390,416**	₱1,992,178	**₱4,753,551**	₱4,050,179
Noncurrent assets	**1,335,484**	1,606,618	**4,717,085**	4,298,935
Current liabilities	**(1,047,563)**	(881,208)	**(1,388,816)**	(381,606)
Noncurrent liabilities	**(99,418)**	(116,683)	**(1,439,063)**	(1,460,036)
Total equity	**₱2,578,919**	₱2,600,905	**₱6,642,757**	₱6,507,472
Attributable to equity holders of parent	**₱1,547,351**	₱1,560,543	**₱4,317,792**	₱4,229,857
NCI	**1,031,568**	1,040,362	**2,324,965**	2,277,615

Summarized cash flow information for the years ended December 31, 2015 and 2014:

	RTN		TMC	
	2015	2014	**2015**	2014
Operating	**₱1,685,649**	₱3,665,698	**₱1,966,420**	₱3,625,536
Investing	**(197,236)**	(190,957)	**(1,004,472)**	(665,389)
Financing	**(1,042,820)**	(5,483,554)	**(403,742)**	(2,209,872)
Net increase (decrease) in cash and cash equivalents	**₱445,593**	(₱2,008,813)	**₱558,206**	₱750,275

34. **Related Party Transactions**

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

Set out on next page are the Group's transactions with related parties in 2015, 2014 and 2013, including the corresponding assets and liabilities arising from the said transactions as at December 31, 2015 and 2014.

	Amount			Trade and Other Receivables (see Note 5)		Trade and Other Payables (see Note 15)		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties (see Note 15)		Short-term and Long-term Debts (see Note 16)			
	2015	2014	2013	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	Terms	Conditions
Stockholders															
PAMCO															
Sale of ore	**₱2,853,830**	₱4,120,959	₱1,269,780	**₱136,048**	₱13,025	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Ninety percent (90%) upon receipt of documents and ten percent (10%) after the final dry weight and applicable assay have been determined; noninterest- bearing	Unsecured; no guarantee
Draft survey fee	**359**	630	295	**–**	–	**86**	–	**–**	–	**–**	–	**–**	–	Payable on demand; noninterest-bearing	Unsecured; no guarantee
Despatch income	**7,008**	6,419	4,447	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Other service fee	**224**	262	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
SMM															
Sale of ore	**438,851**	879,528	192,701	**241**	2,603	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Guarantee service fee (see Note 30)	**124,194**	134,766	103,351	**–**	–	**43,731**	43,639	**–**	–	**–**	–	**–**	–	Every twenty first (21st) of February, March, August and September	Unsecured
Short-term advances	**–**	–	1,783	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Loan facility	**–**	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**105,415**	140,242	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; with guarantee
NAHI															
Short-term advances	**14**	21	100	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

(Forward)

	Amount			Trade and Other Receivables (see Note 5)		Trade and Other Payables (see Note 15)		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties (see Note 15)		Short-term and Long-term Debts (see Note 16)			
	2015	2014	2013	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	Terms	Conditions
With Common Stockholders															
Manta															
Rentals, dues and utilities	**₱26,687**	₱25,639	₱14,190	**₱–**	₱–	**₱417**	₱33	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Rental deposits	**10,163**	9,917	9,842	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon end of the lease; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**3**	64	1,147	**–**	–	**–**	–	**2,166**	3	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Loan facility	**180,000**	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**180,000**	–	Principal is payable at the end of loan agreement; interest is at five percent (5%)	Unsecured; no guarantee
Interest income on loan	**5,066**	–	–	**–**	–	**5,066**	–	**–**	–	**–**	–	**–**	–	Interest is payable at the end of loan agreement	Unsecured; no guarantee
Associates															
CBNC															
Sale of ore and services	**1,543,469**	2,087,569	1,744,600	**157,165**	194,757	**–**	–	**–**	–	**–**	–	**–**	–	Seven (7) to thirty (30) days; noninterest-bearing	Unsecured; no guarantee
Infralease and throughput	**48,152**	47,829	52,455	**30,180**	29,418	**–**	–	**–**	–	**–**	–	**–**	–	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	**24,682**	60,698	8,846	**17,993**	9,944	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**544**	–	625	**–**	–	**–**	–	**–**	–	**544**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
THNC															
Sale of ore	**1,114,844**	1,434,220	237,071	**77,348**	121,305	**–**	–	**–**	–	**–**	–	**–**	–	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service	**129,202**	130,310	125,003	**31,683**	31,371	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Materials handling (see Note 34a)	**270,185**	267,504	124,523	**69,168**	28,106	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Rental income	**6,703**	6,703	6,703	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Rental deposit	**3,352**	3,352	3,352	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon end of the lease term; non-interest bearing	Unsecured; no guarantee

(Forward)

	Amount			Trade and Other Receivables (see Note 5)		Trade and Other Payables (see Note 15)		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties (see Note 15)		Short-term and Long-term Debts (see Note 16)			
	2015	2014	2013	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	Terms	Conditions
Loan facility	**₱–**	₱–	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱1,276,503**	₱1,291,290	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; with guarantee
Rendering of other service	**2,208**	2,054	–	**125**	2,054	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**21,484**	21,621	22,175	**–**	–	**–**	–	**8,362**	4,490	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Affiliates															
OGI															
Short-term advances	**–**	–	–	**–**	–	**–**	–	**–**	–	**1,254,270**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
BGHI															
Short-term advances	**–**	–	–	**–**	–	**–**	–	**–**	–	**3,887,252**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Others															
Short-term advances	**–**	–	–	**–**	–	**–**	–	**5,436**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
				₱519,951	₱432,583	**₱49,300**	₱43,672	**₱15,964**	₱4,493	**₱5,142,066**	₱–	**₱1,561,918**	₱1,431,532		

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 December 31, 2015 and 2014 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. Except for the guarantee on the CBNC and THNC Loan Obligations (see Note 39f), there have been no guarantees received or provided for any related party receivables or payables, respectively. This assessment is undertaken at each end of the financial reporting period through the examination of the financial position of the related party and the market in which the related party operates.

a. Sales and Service Agreements

Nickel Ore Sale Agreements with PAMCO
CMC and TMC supply saprolite ore to PAMCO. PAMCO is a stockholder of the Parent Company and TMC. All sales made to PAMCO are transacted at prevailing market prices. Under the terms of the agreement, the base price of the ore products for a specific shipment shall be based on London Metal Exchange (LME). Effective April 2014, ore sales to PAMCO are benchmarked to China prices on the basis of a negotiated price per wet metric ton of ore. PAMCO shall pay the Group eighty percent (80%) to ninety percent (90%) of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined. Outstanding balances as at December 31, 2015 and 2014 are unsecured, interest-free and settlement occurs in cash. Receivable from PAMCO is included as part of "Trade and other receivables" and is expected to be collected subsequently.

Nickel Ore Sale Agreement with PAMCO and Sojitz Corporation (Sojitz)
RTN supplies saprolite ore to PAMCO under a sale agreement, which shall continue to be valid and in effect until December 2015, wherein PAMCO appointed Sojitz as agent. PAMCO owns thirty-six percent (36%) and Sojitz owns four percent (4%) of the outstanding shares in the capital stock of RTN.

Nickel Ore Sale Agreement with SMM
On April 1, 2011, RTN and SMM entered into an agreement to supply nickel ore to the latter. The agreement shall be valid from April 2011 and shall continue to be valid and in effect until December 2015.

Nickel Ore Supply Agreement with CBNC
RTN entered into an agreement with CBNC to supply all of the limonite ore requirements for the Coral Bay HPP facility 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 has also entered into an agreement with CBNC to supply limestone and provide ancillary services to the Coral Bay HPAL facility. CBNC is the owner of the Coral Bay HPP facility. Receivable from CBNC is included as part of "Trade and other receivables" and is expected to be collected subsequently.

Nickel Ore Supply Agreement with THNC
TMC entered into an agreement with THNC covering the sale of its ore products. Under the terms of the agreement, the base price of the ore products for a specific shipment shall be based on LME.

Service Agreements with CBNC
RTN entered into various service agreements with CBNC pertaining to materials handling and others.

Materials Handling Agreement with THNC
On October 7, 2013, TMC and THNC executed an agreement wherein TMC will render services related to the handling, hauling and transport of cargo for the latter. THNC shall compensate TMC based on the prices stipulated in the agreement which are determined on the basis of the weight of the cargo. Payment is collected within fifteen (15) days from receipt of TMC's billing.

b. Stockholder Agreements

THNC Stockholder's Agreement
On September 15, 2010, NAC, SMM and Mitsui executed a Stockholders Agreement, pursuant to which the parties formed a joint venture company, THNC, to build and operate a plant in Barangay Taganito, Claver, Surigao del Norte for the purpose of producing and selling nickel-cobalt mixed sulfide to be used in the production of electrolytic nickel and electrolytic cobalt.

Pursuant to the Stockholders Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Parent Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations. The Stockholders Agreement shall terminate upon the dissolution of THNC.

The Parent Company, along with the other stockholders of THNC, also agreed to make loans to THNC or guarantee the repayment of THNC's loan obligations in accordance with the financial requirements of THNC, in proportion to their shareholding ratio in THNC.

In a separate agreement dated December 9, 2011, SMM agreed to assume Parent Company's obligation to make loans to, or guarantee the repayment of THNC's loan obligations. The Parent Company, in consideration for this agreement, pays SMM an annual guarantee fee of one percent (1%) of THNC's outstanding loan obligations.

CBNC Stockholder Agreement
On July 1, 2002, RTN, along with the other stockholders of CBNC, agreed to make loans to CBNC or guarantee the repayment of CBNC's loan obligations in accordance with the financial requirements of CBNC, in proportion to their shareholding ratio in CBNC.

In a separate agreement dated October 22, 2002, SMM, which owns fifty-four percent (54%) of CBNC, agreed to assume RTN's obligation to make loans to, or guarantee the repayment of CBNC's loan obligations. RTN, in consideration for this agreement, pays SMM an annual guarantee fee of one percent (1%) of CBNC's outstanding loan obligations until August 2015.

c. Other Agreements

Funding Commitment with SMM
RTN's long-term debt was incurred to complete infrastructure projects to support the development of the Coral Bay HPAL facility. These projects included the causeway, trestles and dolphins in the Rio Tuba foreshore and offshore areas (see Note 16).

Funding Commitment with THNC
TMC as owner/developer of TSEZ incurred a long-term debt to finance the construction of the pier facilities that will be utilized to support the operations of the Taganito HPAL facility. These projects included the jetty, dolphins, rubber fender, jettybollard and other pier facilities in the Taganito foreshore and offshore areas.

d. Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding managerial positions up to the president. The short-term benefits of key management personnel of the Group in 2015, 2014 and 2013 amounted to about ₱273.9 million, ₱253.5 million and ₱162.6 million, respectively, inclusive of cost of share-based payment of ₱57.8 million, ₱43.0 million and ₱10.4 million, respectively. The post-employment benefits of key management personnel of the Group amounted to ₱9.0 million, ₱14.3 million, and ₱4.1 million in 2015, 2014, and 2013, respectively.

e. Lease Agreement

On March 18, 2013, the Group entered into a lease agreement with Manta for its office and parking space. The lease agreement is effective for a period of five (5) years starting May 15, 2013 and is renewable subject to negotiation of the terms and conditions and mutual agreement of both parties. Rent expense pertaining to the lease amounted to ₱20.5 million, ₱19.2 million and ₱10.1 million in 2015, 2014 and 2013, respectively.

Future minimum rent payable under the lease as at December 31, 2015 and 2014 are as follows:

	2015	2014
Within one (1) year	**₱20,745**	₱18,397
After one (1) year but not more than five (5) years	**31,946**	48,315
	₱52,691	₱66,712

f. Loan to EPI with Conversion Option

On August 22, 2014, the Parent Company and EPI executed a loan agreement amounting to ₱551.0 million which is to be drawn in two (2) tranches. The first and second tranche of the loan is ₱105.0 million and ₱446.0 million, respectively, with an interest rate of 2% p.a. The Parent Company may convert the entire second tranche loan into the shares of stock of EPI constituting fifty-five percent (55%) of the total issued and outstanding shares of EPI at any time before the lapse of three hundred sixty five (365) days after the drawdown of the entire second tranche loan. To secure the loan, EPI pledge its shares of stock in Occidental Mindoro Consolidated Power Corporation (OMCP) constituting one hundred percent (100%) of OMCP's issued and outstanding shares. The terms and conditions of the loan agreement are disclosed in Note 39a.

The table below shows the movement of the convertible loan as at December 31, 2015 and 2014.

	2015	2014
Balances at January 1	**₱276,342**	₱–
Undiscounted loan	**267,600**	283,400
Less:		
Derivative asset (see Note 8)	**8,263**	5,508
Day 1 difference (see Note 30)	–	3,242
Carrying value	**535,679**	274,650
Add:		
Movement in day 1 difference (see Notes 29 and 30)	**2,123**	1,119
Accretion of interest (see Note 29)	**3,933**	573
Less:		
Collection of loans	**105,000**	–
Loan conversion into equity	**436,735**	–
Net carrying values at December 31	**₱–**	₱276,342

35. Pension Liability

The existing regulatory framework, Republic Act (RA) 7641, *The Retirement Pay Law,* requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the pension liability and pension asset recognized in the consolidated statements of financial position:

	2015	2014
Funded pension liabilities:		
TMC	**₱136,994**	₱136,502
RTN	**18,178**	–
HMC	**14,885**	20,199
Unfunded pension liabilities:		
CMC	**40,379**	39,787
NAC	**39,643**	34,850
	₱250,079	₱231,338

Funded pension asset:		
RTN (see Note 14)	**₱–**	₱6,090

The following tables summarize the components of net pension costs recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the respective plans:

Changes in net defined benefit liability and fair value of pension assets in 2015, 2014 and 2013 are as follows:

December 31, 2015														
		Net benefit cost in consolidated statements of income					Remeasurements in other comprehensive income							
	January 1, 2015	Current service cost	Net interest	Past service cost	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from demographic adjustments	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Effect of asset ceiling	Subtotal	Contributions	December 31, 2015
RTN	**₱383,979**	**₱24,560**	**₱22,117**	**₱–**	**₱46,677**	**(₱58,943)**	**₱–**	**₱–**	**₱28,650**	**(₱23,055)**	**₱–**	**₱5,595**	**₱–**	**₱377,308**
TMC	**249,346**	**22,589**	**13,490**	**–**	**36,079**	**(8,870)**	**–**	**–**	**1,048**	**(20,308)**	**–**	**(19,260)**	**–**	**257,295**
HMC	**24,400**	**3,486**	**1,391**	**–**	**4,877**	**(498)**	**–**	**–**	**3,369**	**(3,367)**	**–**	**2**	**–**	**28,781**
Defined benefit liability	**657,725**	**50,635**	**36,998**	**–**	**87,633**	**(68,311)**	**–**	**–**	**33,067**	**(46,730)**	**–**	**(13,663)**	**–**	**663,384**
RTN	**(390,420)**	**–**	**(21,560)**	**–**	**(21,560)**	**58,943**	**20,614**	**–**	**–**	**–**	**–**	**20,614**	**(26,707)**	**(359,130)**
TMC	**(112,844)**	**–**	**(6,406)**	**–**	**(6,406)**	**8,870**	**10,079**	**–**	**–**	**–**	**–**	**10,079**	**(20,000)**	**(120,301)**
HMC	**(4,201)**	**–**	**(513)**	**–**	**(513)**	**498**	**423**	**–**	**–**	**–**	**–**	**423**	**(10,103)**	**(13,896)**
Fair value of plan assets	**(507,465)**	**–**	**(28,479)**	**–**	**(28,479)**	**68,311**	**31,116**	**–**	**–**	**–**	**–**	**31,116**	**(56,810)**	**(493,327)**
RTN	**351**	**–**	**20**	**–**	**20**	**–**	**–**	**–**	**–**	**–**	**(371)**	**(371)**	**–**	**–**
TMC	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
HMC	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Restrictions on asset recognized	**351**	**–**	**20**	**–**	**20**	**–**	**–**	**–**	**–**	**–**	**(371)**	**(371)**	**–**	**–**
RTN	**(6,090)**	**24,560**	**577**	**–**	**25,137**	**–**	**20,614**	**–**	**28,650**	**(23,055)**	**(371)**	**25,838**	**(26,707)**	**18,178**
TMC	**136,502**	**22,589**	**7,084**	**–**	**29,673**	**–**	**10,079**	**–**	**1,048**	**(20,308)**	**–**	**(9,181)**	**(20,000)**	**136,994**
HMC	**20,199**	**3,486**	**878**	**–**	**4,364**	**–**	**423**	**–**	**3,369**	**(3,367)**	**–**	**425**	**(10,103)**	**14,885**
Pension liability	**₱150,611**	**₱50,635**	**₱8,539**	**₱–**	**₱59,174**	**₱–**	**₱31,116**	**₱–**	**₱33,067**	**(₱46,730)**	**(₱371)**	**₱17,082**	**(₱56,810)**	**₱170,057**

December 31, 2014														
		Net benefit cost in consolidated statements of income					Remeasurements in other comprehensive income							
	January 1, 2014	Current service cost	Net interest	Past service cost	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from demographic adjustments	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Effect of asset ceiling	Subtotal	Contributions	December 31, 2014
RTN	₱394,228	₱25,712	₱19,396	₱–	₱45,108	(₱34,344)	₱–	(₱230)	₱7,872	(₱28,655)	₱–	(₱21,013)	₱–	₱383,979
TMC	241,256	22,205	11,508	–	33,713	(8,618)	–	–	4,864	(21,869)	–	(17,005)	–	249,346
HMC	20,135	3,259	1,015	1,795	6,069	(1,093)	–	–	2,014	(2,725)	–	(711)	–	24,400
Defined benefit liability	655,619	51,176	31,919	1,795	84,890	(44,055)	–	(230)	14,750	(53,249)	–	(38,729)	–	657,725
RTN	(354,041)	–	(17,340)	–	(17,340)	34,344	(22,242)	–	–	–	–	(22,242)	(31,141)	(390,420)
TMC	(77,135)	–	(4,342)	–	(4,342)	8,618	(3,585)	–	–	–	–	(3,585)	(36,400)	(112,844)
HMC	–	–	(102)	–	(102)	–	–	–	–	(67)	–	(67)	(4,032)	(4,201)
Fair value of plan assets	(431,176)	–	(21,784)	–	(21,784)	42,962	(25,827)	–	–	(67)	–	(25,894)	(71,573)	(507,465)
RTN	–	–	–	–	–	–	–	–	–	–	351	351	–	351
TMC	–	–	–	–	–	–	–	–	–	–	–	–	–	–
HMC	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Restrictions on asset recognized	–	–	–	–	–	–	–	–	–	–	351	351	–	351
RTN	40,187	25,712	2,056	–	27,768	–	(22,242)	(230)	7,872	(28,655)	351	(42,904)	(31,141)	(6,090)
TMC	164,121	22,205	7,166	–	29,371	–	(3,585)	–	4,864	(21,869)	–	(20,590)	(36,400)	136,502
HMC	20,135	3,259	913	1,795	5,967	(1,093)	–	–	2,014	(2,792)	–	(778)	(4,032)	20,199
Pension liability (asset)	₱40,187	₱25,712	₱2,056	₱–	₱27,768	₱–	(₱22,242)	(₱230)	₱7,872	(₱28,655)	₱351	(₱42,904)	(₱31,141)	(₱6,090)
Pension liability	₱184,256	₱25,464	₱8,079	₱1,795	₱35,338	(₱1,093)	(₱3,585)	₱–	₱6,878	(₱24,661)	₱–	(₱21,368)	(₱40,432)	₱156,701

December 31, 2013												
		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	January 1, 2013	Current service cost	Net interest	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Effect of asset ceiling	Subtotal	Contributions	December 31, 2013
RTN	₱306,001	₱24,601	₱20,715	₱45,316	(₱20,691)	₱–	₱9,492	₱54,110	₱–	₱63,602	₱–	₱394,228
TMC	171,213	21,501	10,769	32,270	(5,206)	–	(159)	43,138	–	42,979	–	241,256
Defined benefit liability	477,214	46,102	31,484	77,586	(25,897)	–	9,333	97,248	–	106,581	–	635,484
RTN	(370,170)	–	(24,360)	(24,360)	20,691	19,797	–	–	–	19,797	–	(354,042)
TMC	(69,460)	–	(4,520)	(4,520)	5,206	1,640	–	–	–	1,640	(10,000)	(77,134)
Fair value of plan assets	(439,630)	–	(28,880)	(28,880)	25,897	21,437	–	–	–	21,437	(10,000)	(431,176)
RTN	7,183	–	487	487	–	–	–	–	(7,670)	(7,670)	–	–
TMC	–	–	–	–	–	–	–	–	–	–	–	–
Restrictions on asset recognized	7,183	–	487	487	–	–	–	–	(7,670)	(7,670)	–	–
RTN	(56,986)	24,601	(3,158)	21,443	–	19,797	9,492	54,110	(7,670)	75,729	–	40,186
TMC	101,753	21,501	6,249	27,750	–	1,640	(159)	43,138	–	44,619	(10,000)	164,122
Pension liability	₱44,767	₱46,102	₱3,091	₱49,193	₱–	₱21,437	₱9,333	₱97,248	(₱7,670)	₱120,348	(₱10,000)	₱204,308

Changes in unfunded pension liability as at December 31, 2015, 2014 and 2013 are as follows:

December 31, 2015

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income				
	January 1, 2015	Current service cost	Interest cost	Subtotal	Benefits paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	December 31, 2015
NAC	**₱34,850**	**₱5,709**	**₱1,979**	**₱7,688**	**₱–**	**₱–**	**(₱1,010)**	**(₱1,885)**	**(₱2,895)**	**₱39,643**
CMC	**39,787**	**3,882**	**2,145**	**6,027**	**(295)**	**(5,581)**	**(2,086)**	**2,527**	**(5,140)**	**40,379**
Pension liability	**₱74,637**	**₱9,591**	**₱4,124**	**₱13,715**	**(₱295)**	**(₱5,581)**	**(₱3,096)**	**₱642**	**(₱8,035)**	**₱80,022**

December 31, 2014

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income				
	January 1, 2014	Current service cost	Interest cost	Subtotal	Benefits paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	December 31, 2014
NAC	₱23,214	₱14,447	₱1,117	₱15,564	₱–	₱1,373	(₱2,609)	(₱2,692)	(₱3,928)	₱34,850
CMC	31,418	3,685	1,480	5,165	(2,036)	(1,636)	10,379	(3,503)	5,240	39,787
Pension liability	₱54,632	₱18,132	₱2,597	₱20,729	(₱2,036)	(₱263)	₱7,770	(₱6,195)	₱1,312	₱74,637

December 31, 2013

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income				
	January 1, 2013	Current service cost	Interest cost	Subtotal	Benefits paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	December 31, 2013
NAC	₱–	₱4,382	₱–	₱4,382	₱–	₱–	₱18,832	₱–	₱18,832	₱23,214
CMC	24,986	2,943	1,579	4,522	(648)	(4,428)	1,192	5,794	2,558	31,418
HMC	9,794	1,746	648	2,394	–	–	5,164	2,783	7,947	20,135
Pension liability	₱34,780	₱9,071	₱2,227	₱11,298	(₱648)	(₱4,428)	₱25,188	₱8,577	₱29,337	₱74,767

The main categories of plan assets as a percentage of the fair value of total plan assets follow:

2015	**RTN**	**TMC**	**HMC**
Fixed income securities	**50.83%**	**85.33%**	**73.93%**
Investments in shares of stock	**14.87%**	**1.08%**	**20.38%**
Others	**34.30%**	**13.59%**	**5.69%**
	100.00%	**100.00%**	**100.00%**

2014	RTN	TMC	HMC
Fixed income securities	59.58%	74.12%	64.95%
Investments in shares of stock	14.95%	4.67%	15.66%
Others	25.47%	21.21%	19.39%
	100.00%	100.00%	100.00%

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining the pension asset (liability) for the Group's plans are shown below:

2015	**NAC**	**RTN**	**TMC**	**HMC**	**CMC**
Discount rate	**6.33%**	**6.44%**	**6.01%**	**6.43%**	**5.85%**
Expected salary increase rate	**5.00%**	**5.00%**	**10.00%**	**5.00%**	**5.00%**

2014	NAC	RTN	TMC	HMC	CMC
Discount rate	5.68%	5.76%	5.41%	5.70%	5.39%
Expected salary increase rate	5.00%	5.00%	10.00%	5.00%	5.00%

2013	NAC	RTN	TMC	HMC	CMC
Discount rate	4.81%	6.40%	4.77%	5.04%	4.71%
Expected salary increase rate	5.00%	5.00%	10.00%	5.00%	5.00%

Assumptions regarding future mortality rate are based on the 2001 CSO Table - Generational developed by the Society of Actuaries, which provides separate rates for males and females.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the financial reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	**2015**	2014
Discount rates	+100 basis points	**(₱72,950)**	(₱69,280)
	-100 basis points	**77,483**	82,713
Salary increase rate	+100 basis points	**₱69,222**	₱74,068
	-100 basis points	**(67,554)**	(63,677)

As at March 15, 2016, the Group has not yet reasonably determined the amount of 2016 contributions to the retirement fund.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2015	2014
Within the next twelve (12) months	**₱75,052**	₱89,746
Between two (2) and five (5) years	**176,042**	187,308
Between six (6) and ten (10) years	**303,511**	339,706
Total expected payments	**₱554,605**	₱616,760

The average duration of the pension liability as at December 31, 2015 and 2014 is 12.8 years and 14.3 years, respectively.

36. Income Taxes

The provision for current income tax shown in the consolidated statements of income includes the Regular Corporate Income Tax (RCIT) of RTN, TMC, HMC, CMC and MEI, Gross Income Tax (GIT) of RTN and TMC and Minimum Corporate Income Tax (MCIT) of NAC, CEXCI and Geogen in 2015, RCIT of HMC, TMC, RTN, CMC and LCSLC, GIT of TMC and RTN and MCIT of NAC and CEXCI in 2014 and RCIT of HMC, TMC and RTN, GIT of TMC and RTN and MCIT of NAC, CMC and LCSLC in 2013, as follows:

	2015	2014	2013
RTN	**₱635,063**	₱1,287,084	₱321,338
TMC	**583,088**	1,623,117	345,837
CMC	**197,325**	585,702	7,819
HMC	**173,753**	736,995	487,825
NAC	**13,562**	7,899	6,574
MEI	**2,937**	–	–
Geogen	**20**	–	–
CExCI	**2**	3	–
LCSLC	**–**	24,668	111
	₱1,605,750	₱4,265,468	₱1,169,504

All other companies under the Group were in a gross and net taxable loss positions in 2015, 2014 and 2013.

The reconciliation between the provisions for (benefit from) income tax computed at the statutory income tax rates and the provision for (benefit from) income tax computed at the effective income tax rates as shown in the consolidated statements of income follows:

	2015	2014	2013
Income tax at statutory rates from non-Philippine Export Zone Authority (PEZA) registered activities	**₱2,621,842**	₱7,444,331	₱1,785,374
Income tax at statutory rates from PEZA registered activities	**(2,168)**	475	(4,554)
Add (deduct) tax effects of:			
Dividend income exempt from income tax	**(903,049)**	(2,706,217)	(534,152)
Movements in deductible temporary differences for which deferred income taxes were recognized	**(66,001)**	(68,349)	(73,938)
Interest income subjected to final tax	**(48,237)**	(47,373)	(46,249)
Nondeductible expenses	**43,767**	17,029	13,032
Expired net operating loss carry over (NOLCO) and excess of MCIT over RCIT	**29,013**	10,826	37,767
Realized benefit from ESOP exercised	**(10,207)**	(65,505)	–
Change in unrecognized deferred income tax assets	**(2,481)**	(530)	6,295
Gain on revaluation of AFS financial asset	**–**	(208,294)	–
Benefits from availment of optional standard deduction	**–**	(80,089)	(56,877)
Others	**4,807**	(3,477)	(2,483)
Income tax at effective rates	**₱1,667,286**	₱4,292,827	₱1,124,215

The components of the Group's net deferred income tax assets and liabilities follow:

	2015	2014
Deferred income tax assets:		
At 30%		
Pension costs	**₱80,677**	₱74,689
Unrealized foreign exchange gains - net	**(69,421)**	(37,237)
Provision for mine rehabilitation and decommissioning	**38,429**	36,100
Allowance for impairment losses on:		
Inventories	**31,337**	46,097
Trade and other receivables	**4,549**	8,482
Deferred mine exploration costs	**1,507**	1,507
Property and equipment	**–**	29,546
Costs of share-based payment plan	**30,637**	13,308
Excess of MCIT over RCIT	**28,036**	14,474
Undepleted asset retirement obligation	**(11,649)**	(11,760)
NOLCO	**8,549**	83,502
Unrealized valuation losses (gains) on AFS financial assets	**6,059**	(59,376)
Accrued SDMP costs	**–**	174
Others	**1,096**	4,714
At 5%		
Deferred income	**3,579**	3,790
Unrealized foreign exchange gains - net	**(125)**	(43)
	₱153,260	₱207,967
Deferred income tax liabilities at 30%:		
Fair value adjustment arising from business combination	**251,590**	–
Asset revaluation surplus	**160,676**	164,063
Long-term stockpile inventory	**160,412**	223,026
Share in cumulative translation adjustment (see Note 11)	**70,012**	33,961
Unamortized debt issue costs	**2,899**	–
Others	**1,782**	–
	₱647,371	₱421,050

The Group did not recognize deferred income tax asset on the following temporary differences since the management believes that it is not probable that sufficient taxable profit will be available against which the benefits of the deferred income tax assets can be utilized in the future.

	2015	2014
NOLCO	**₱265,225**	₱77,171
Allowance for impairment losses	**245,422**	159,741
Unrealized foreign exchange losses	**111,150**	–
Provision for mine rehabilitation and decommissioning	**31,989**	–
Excess of MCIT over RCIT	**1,317**	5
Others	**59**	(144)
	₱655,162	₱236,773

As at December 31, 2015 and 2014, the Group, except for FEI, has NOLCO and excess of MCIT over RCIT that can be claimed as deduction from future taxable income and income tax liabilities, respectively, as follows:

		NOLCO		Excess of MCIT over RCIT	
Year Incurred	Year of Expiration	**2015**	2014	**2015**	2014
2015	2018	**₱180,927**	₱–	**₱13,584**	₱–
2014	2017	**75,024**	30,861	**8,374**	7,902
2013	2016	**36,688**	24,337	**7,395**	6,575
2012	2015	–	299,421	–	2
		₱292,639	₱354,619	**₱29,353**	₱14,479

As at December 31, 2015 and 2014, FEI has NOLCO that can be claimed as deduction from future taxable income as follows:

		NOLCO	
Year Incurred	Year of Expiration	**2015**	2014
2015	2020	**₱191**	₱–
2014	2019	**146**	146
2013	2018	**272**	272
2012	2017	**267**	267
2011	2016	**208**	208
		₱1,084	₱893

Movements in NOLCO are as follows:

	2015	2014
Balances at January 1	**₱355,512**	₱530,357
Additions	**120,823**	31,007
Acquisition of subsidiaries	**116,809**	–
Applications	**(247,909)**	(169,834)
Expirations	**(51,512)**	(36,018)
Balances at December 31	**₱293,723**	₱355,512

Movements in excess of MCIT over RCIT are as follows:

	2015	2014
Balances at January 1	**₱14,479**	₱26,462
Additions	**13,584**	7,902
Acquisition of subsidiaries	**1,357**	–
Applications	**(65)**	(19,864)
Expirations	**(2)**	(21)
Balances at December 31	**₱29,353**	₱14,479

37. **Financial Risk Management Objectives and Policies and Capital Management**

The Group's main financial instruments are cash and cash equivalents, AFS financial assets and short-term and long-term debts. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group. The Group has various other financial assets and liabilities such as trade and other receivables, short-term cash investment and derivative asset which are under "Prepayments and other current assets", loan receivable, MRF, SDMP funds, long-term negotiable instrument, restricted cash and cash held in escrow which are under "Other noncurrent assets", trade and other payables and long-term payable which arise directly from its operations and investing and financing activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

In managing credit risk on investments, capital preservation is paramount. The Group trades only with recognized, reputable and creditworthy third parties and/or transacts only with institutions and/or banks which have demonstrated financial soundness, thus there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Except for the impaired trade and other receivables, the Group assessed the loans and receivables as collectible and in good standing.

For investments in debt instruments, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investments in foreign and local equity funds are made in mutual funds with investments in A-rated companies with good dividend track record as well as capital appreciation. The investment portfolio mix between debt and equities is reviewed regularly by the Chief Finance Officer and Risk Committee.

Credit Risk Exposure
With respect to credit risk arising from cash and cash equivalents, trade and other receivables, AFS financial assets, derivative asset and short-term cash investment which are under "Prepayments and other current assets" and loan receivable, MRF, SDMP funds, long-term negotiable instrument, restricted cash and cash held in escrow which are under "Other noncurrent assets", the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit Quality and Aging Analyses of Financial Assets
The credit quality and aging analysis of the Group's financial assets as at December 31, 2015 and 2014 are summarized in the following tables:

2015	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Cash and cash equivalents	**₱7,069,343**	**₱–**	**₱–**	**₱7,069,343**
Cash with banks	1,531,544	–	–	1,531,544
Cash under manager funds	199,300	–	–	199,300
Short-term cash investments	5,338,499	–	–	5,338,499
Trade and other receivables	**769,571**	**124,299**	**19,388**	**913,258**
Trade	463,904	94,258	17,323	575,485
Loan and notes receivable	157,896	–	–	157,896
Receivable from CBNC	18,138	30,035	–	48,173
Interest receivable	40,448	–	–	40,448
Advances to Ludgoron	23,394	–	–	23,394
Amounts owed by related parties	15,964	–	–	15,964
Others	49,827	6	2,065	51,898
Prepayments and other current assets	**–**	**–**	**–**	**–**
Short-term cash investment	–	–	–	–
Derivative asset	–	–	–	–
AFS financial assets	**5,831,037**	**–**	**–**	**5,831,037**
Quoted debt securities	4,377,774	–	–	4,377,774
Quoted equity securities	1,250,444	–	–	1,250,444
Unquoted equity securities	202,819			202,819
Other noncurrent assets	**1,146,393**	**–**	**–**	**1,146,393**
Loan receivable - net of current portion	842,104			842,104
MRF	214,932	–	–	214,932
SDMP funds	59,264	–	–	59,264
Long-term negotiable instrument	30,000	–	–	30,000
Restricted cash	93	–	–	93
Cash held in escrow	–	–	–	–
	₱14,816,344	**₱124,299**	**₱19,388**	**₱14,960,031**

2014	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Cash and cash equivalents	₱13,550,570	₱–	₱–	₱13,550,570
Cash with banks	1,213,585	–	–	1,213,585
Cash under managed funds	4,394	–	–	4,394
Short-term cash investments	12,332,591	–	–	12,332,591
Trade and other receivables	1,203,111	107,736	36,317	1,347,164
Trade	756,100	98,817	25,059	879,976
Loan and notes receivable	276,342	–	–	276,342
Receivable from CBNC	30,443	8,919	–	39,362
Interest receivable	24,723	–	–	24,723
Advances to Ludgoron	–	–	–	–
Amounts owed by related parties	4,493	–	–	4,493
Others	111,010	–	11,258	122,268
Prepayments and other current assets	205,508	–	–	205,508
Short-term cash investment	200,000	–	–	200,000
Derivative asset	5,508	–	–	5,508
AFS financial assets	2,804,429	–	–	2,804,429
Quoted debt securities	2,006,838	–	–	2,006,838
Quoted equity securities	603,475	–	–	603,475
Unquoted equity securities	194,116	–	–	194,116
Other noncurrent assets	277,490	–	–	277,490
Loan receivable - net of current portion	–	–	–	–
MRF	178,513	–	–	178,513
SDMP funds	23,865	–	–	23,865
Long-term negotiable instrument	30,000	–	–	30,000
Restricted cash	–	–	–	–
Cash held in escrow	45,112	–	–	45,112
	₱18,041,108	₱107,736	₱36,317	₱18,185,161

Credit Quality of Financial Assets
The credit quality of financial assets is managed by the Group using credit ratings and is classified into three: High grade, which has no history of default; Standard grade, which pertains to accounts with history of one or two defaults; and Substandard grade, which pertains to accounts with history of at least three (3) payment defaults.

Accordingly, the Group has assessed the credit quality of the following financial assets classified as neither past due nor impaired:

- Cash and cash equivalents, short-term cash investment, MRF, SDMP funds, restricted cash and cash held in escrow are placed in various foreign and local banks. Material amounts are held by local banks, as approved by the BOD, that have good reputation and low probability of insolvency. The rest are held by various foreign banks having a Standard and Poor's (S&P) credit rating of at least A. Management assesses the quality of these assets as high grade.

- Trade receivables, loan and notes receivable, receivable from CBNC, advances to Ludgoron, and derivative asset pertain to receivables from customers or related parties which have good financial capacity and with which the Group has already established a long outstanding and good business relationship. Management assesses the quality of these assets as high grade. Trade and other receivables which are not foreseen to be collected are classified as substandard grade.

- Interest receivables are derived from short-term cash investments which are placed in various foreign and local banks with S&P credit rating of at least A and with low probability of insolvency, respectively, are assessed as high grade. Interest receivable from AFS debt securities and long term negotiable instrument are also assessed as high grade since these are invested in companies with good reputation and sound financial condition.

- Amounts owed by related parties are advances that are due and demandable. The related parties are operating firms and/or capable of repaying the amount due. Management assesses the quality of these assets as high grade.

- Management assesses the quality of other receivables as standard grade since amounts are settled after due date.

- AFS financial assets in debt and equity securities are investments that can be traded and from companies with good financial capacity, making the investment secured and realizable. Management assesses the quality of these assets as high grade.

- Long-term negotiable instrument is an investment placed in a local bank with good financial capacity and with low probability of insolvency. Management assessed the quality of this asset as high grade.

- Restricted cash and cash held in escrow are trust accounts deposited in local banks with low probability of insolvency, thus are assessed as high grade.

Liquidity Risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.

The Group's objective is to maintain sufficient funding to finance its exploration and mining activities through internally generated funds, advances from related parties and borrowings from banks. Aside from yielding good returns, the Group ensures that investments have ample liquidity to finance operations and capital requirements. The Group considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debt.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2015 and 2014 based on contractual undiscounted payments.

2015	On Demand	Less Than Three (3) Months	Three (3) to Twelve (12) Months	More Than One (1) Year	Total
Trade and other payables					
Trade	**₱356,070**	**₱188,207**	**₱147,980**	**₱–**	**₱692,257**
Amounts owed to related parties	**5,142,066**	**–**	**–**	**–**	**5,142,066**
Dividends payable	**–**	**493,250**	**–**	**–**	**493,250**
Accrued expenses	**424,568**	**6,509**	**6,997**	**–**	**438,074**
Retention payable	**23,043**	**–**	**–**	**–**	**23,043**
Interest payable	**17,778**	**–**	**–**	**–**	**17,778**
Others	**85,550**	**2,016**	**–**	**–**	**87,566**
Short-term debt	**–**	**–**	**180,000**	**–**	**180,000**
Long-term debt					
Principal	**–**	**21,083**	**103,438**	**3,367,397**	**3,491,918**
Interest	**–**	**9,732**	**109,478**	**656,902**	**776,112**
Long-term payable					
Carrying amount	**–**	**–**	**–**	**27,641**	**27,641**
Unamortized discount	**–**	**–**	**–**	**6,359**	**6,359**
	₱6,049,075	**₱720,797**	**₱547,893**	**₱4,058,299**	**₱11,376,064**

2014	On Demand	Less Than Three (3) Months	Three (3) to Twelve (12) Months	More Than One (1) Year	Total
Trade and other payables					
Trade	₱228,897	₱380,139	₱105,976	₱–	₱715,012
Amounts owed to related parties	–	–	–	–	–
Dividends payable	–	–	2,520	–	2,520
Accrued expenses	196,723	85,400	30,837	–	312,960
Retention payable	446	118	–	–	564
Interest payable	6,309	–	–	–	6,309
Others	11,128	2,550	129	–	13,807
Short-term debt	–	–	–	–	–
Long-term debt					
Principal	–	20,034	98,295	1,313,203	1,431,532
Interest	–	–	24,078	444,079	468,157
Long-term payable					
Carrying amount	–	–	–	–	–
Unamortized discount	–	–	–	–	–
	₱443,503	₱488,241	₱261,835	₱1,757,282	₱2,950,861

The tables below summarize the maturity profile of the Group's financial assets used to manage the liquidity risk of the Group as at December 31, 2015 and 2014.

2015	**On Demand**	**Less Than Three (3) Months**	**Three (3) to Twelve (12) Months**	**More Than One (1) Year**	**Total**
Cash and cash equivalents					
Cash on hand and with banks	**₱1,535,372**	**₱–**	**₱–**	**₱–**	**₱1,535,372**
Cash under managed funds	**199,300**	**–**	**–**	**–**	**199,300**
Short-term cash investments	**5,338,499**	**–**	**–**	**–**	**5,338,499**
Trade and other receivables					
Trade	**463,904**	**94,258**	**–**	**–**	**558,162**
Loan and notes receivable	**–**	**–**	**157,896**	**–**	**157,896**
Receivable from CBNC	**30,035**	**18,138**	**–**	**–**	**48,173**
Interest receivable	**40,448**	**–**	**–**	**–**	**40,448**
Advances to Ludgoron	**23,394**	**–**	**–**	**–**	**23,394**
Amounts owed by related parties	**15,964**	**–**	**–**	**–**	**15,964**
Others	**49,833**	**–**	**–**	**–**	**49,833**
Prepayments and other current assets					
Short-term cash investment	**–**	**–**	**–**	**–**	**–**
Derivative asset	**–**	**–**	**–**	**–**	**–**
AFS financial assets					
Quoted debt securities	**4,377,774**	**–**	**–**	**–**	**4,377,774**
Quoted equity securities	**1,250,444**	**–**	**–**	**–**	**1,250,444**
Unquoted equity securities	**202,819**	**–**	**–**	**–**	**202,819**
Other noncurrent assets					
Loan receivable - net of current portion	**–**	**–**	**–**	**842,104**	**842,104**
MRF	**214,932**	**–**	**–**	**–**	**214,932**
SDMP funds	**59,264**	**–**	**–**	**–**	**59,264**
Long-term negotiable instrument	**–**	**–**	**–**	**30,000**	**30,000**
Restricted cash	**93**	**–**	**–**	**–**	**93**
Cash held in escrow	**–**	**–**	**–**	**–**	**–**
	₱13,802,075	**₱112,396**	**₱157,896**	**₱872,104**	**₱14,944,471**

2014	On Demand	Less Than Three (3) Months	Three (3) to Twelve (12) Months	More Than One (1) Year	Total
Cash and cash equivalents					
Cash on hand and with banks	₱1,224,818	₱–	₱–	₱–	₱1,224,818
Cash under managed funds	4,394	–	–	–	4,394
Short-term cash investments	12,332,591	–	–	–	12,332,591
Trade and other receivables					
Trade	753,196	101,721	–	–	854,917
Notes receivable	–	–	276,342	–	276,342
Receivable from CBNC	8,919	30,443	–	–	39,362
Interest receivable	24,723	–	–	–	24,723
Advances to Ludgoron	–	–	–	–	–
Amounts owed by related parties	4,493	–	–	–	4,493
Others	111,010	–	–	–	111,010
Prepayments and other current assets					
Short-term cash investment	200,000	–	–	–	200,000
Derivative asset	–	–	5,508	–	5,508
AFS financial assets					
Quoted debt securities	2,006,838	–	–	–	2,006,838
Quoted equity securities	603,475	–	–	–	603,475
Unquoted equity securities	194,116	–	–	–	194,116
Other noncurrent assets					
Loan receivable - net of current portion	–	–	–	–	–
MRF	178,513	–	–	–	178,513
SDMP funds	23,865	–	–	–	23,865
Long-term negotiable instrument	–	–	–	30,000	30,000
Restricted cash	–	–	–	–	–
Cash held in escrow	45,112	–	–	–	45,112
	₱17,716,063	₱132,164	₱281,850	₱30,000	₱18,160,077

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates, commodity prices, interest rates, equity prices and other market changes.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

Transactions with companies outside the Philippines and with CBNC and THNC for the sale of saprolite and limonite ore are carried out with currencies that management believes to be stable such as the US$.

The Group has transactional currency exposures. Such exposure arises from cash and cash equivalents, trade and other receivables, AFS financial assets, trade and other payables and long-term debt. The Group did not seek to hedge the exposure on the change in foreign exchange rates between the US$ and the Philippine peso. The Group does not generally believe that active currency hedging would provide long-term benefits to stockholders.

To mitigate the effects of foreign currency risk, the Group ensures timely follow-up and accelerates the collection of foreign currency-denominated receivables and the settlement of foreign currency-denominated payables and loans, whenever practicable. Also, foreign exchange movements are monitored on a daily basis.

The Group's foreign currency-denominated financial assets and liabilities and their Philippine peso equivalents as at December 31, 2015 and 2014 are as follows:

	2015		2014	
	US$ Amount	**Peso Equivalent**	US$ Amount	Peso Equivalent
Financial assets:				
Cash and cash equivalents	**$87,125**	**₱4,100,579**	$150,412	₱6,726,410
Trade and other receivables	**8,095**	**380,973**	17,337	775,323
AFS financial assets	**50,444**	**2,373,885**	18,591	831,384
	$145,664	**₱6,855,437**	$186,340	₱8,333,117
Financial liabilities:				
Trade and other payables	**$110,953**	**₱5,221,455**	$1,518	₱67,880
Long-term debt	**29,365**	**1,381,917**	32,011	1,431,532
	$140,318	**₱6,603,372**	$33,529	₱1,499,412

The exchange rate used for conversion of US$1.00 to peso equivalent was ₱47.06 and ₱44.72 as at December 31, 2015 and 2014, respectively.

The sensitivity of all the Group's financial instruments to a reasonably possible change in the exchange rate, with all other variables held constant, in the Group's income before income tax (due to changes in fair value of monetary assets and liabilities) as at December 31, 2015 and 2014 follows:

	Peso Weakens (Strengthens)	Sensitivity to pretax income
2015	**₱0.50**	**₱2,673**
	(0.40)	**(2,138)**
2014	₱0.65	₱99,327
	(0.50)	(76,405)

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

Interest Rate Risk
The Group's exposure to the risk of changes in market interest rate relates to AFS quoted fixed and floating debt instruments and floating-rate long-term debt.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas, fixed interest rate instruments expose the Group to fair value risk. The Group regularly monitors the market interest rate movements and manages its interest rate risks by using a mix of fixed and variable rates.

The following tables set out the carrying amount, by maturity, of the Group's financial instrument that is exposed to cash flow interest rate risk:

2015	**<1 year**	**1-5 years**	**>5 years**	**Total**
Floating rate (LIBOR plus 2% spread) - long-term debt	**₱124,521**	**₱392,669**	**₱864,728**	**₱1,381,918**

2014	<1 year	1-5 years	>5 years	Total
Floating rate (LIBOR plus 2% spread) - long-term debt	₱118,329	₱413,213	₱899,990	₱1,431,532

Management believes that cash generated from operations is sufficient to pay for its obligations under the loan agreements as they fall due. As at December 31, 2015 and 2014, the interest on the Group's long-term debt is repriced on a 180-day basis.

The sensitivity to a reasonably possible change in the interest rate (in basis points), with all other variables held constant, in the Group's income before income tax and equity as at December 31, 2015 and 2014 are as follows:

	Change in interest rate (in basis points)	Sensitivity to income before income tax	Sensitivity to equity
December 31, 2015			
AFS financial assets	**+100**		**(₱43,778)**
	-100		**43,778**
Long-term debt	**+100**	**(₱34,823)**	
	-100	**34,823**	
December 31, 2014			
AFS financial assets	+100		(₱20,068)
	-100		20,068
Long-term debt	+100	(₱14,315)	
	-100	14,315	

The impact on the Group's income before income tax is caused by changes in the interest of the floating-rate long-term debt, while the impact on the Group's equity is caused by the changes in the market value of AFS quoted debt due to interest rate movements. The impact on the Group's equity excludes the impact on transactions affecting the consolidated statement of income.

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

The Group's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

The table shows the sensitivity to a reasonably possible change in equity prices of AFS quoted equity instruments as at December 31, 2015 and 2014, except equity-linked investments.

The equity impact is arrived using the reasonably possible change of the relevant market indices and the specific adjusted beta of each stock the Group holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

	Average change in market indices (in percentage)	Sensitivity to equity
2015	**15.04%**	**₱61,539**
	-15.04%	**(61,539)**
2014	12.39%	₱6,269
	-12.39%	(6,269)

Capital Management
The Group considers its equity as capital. Its primary objective in capital management is to maintain a strong credit rating in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares or declare dividend payments to shareholders. No changes were made in the objectives, policies or processes during the years ended December 31, 2015 and 2014.

The Group monitors capital using the debt-to-equity ratio, which is total liabilities divided by equity. The Group's policy is to keep the debt-to-equity ratio to not more than 1:1. Total liabilities include trade and other payables,short-term and long-term debts, income tax payable, other current liability, deferred income tax liabilities, provision for mine rehabilitation and decommissioning, deferred income, long-term payable and pension liability.

The Group considers the following as capital:

	2015	2014
Capital stock	**₱3,805,670**	₱1,272,495
Stock dividends distributable	**–**	632,648
Additional paid-in capital	**8,284,767**	8,273,655
Share in cumulative translation adjustment	**406,609**	82,154
Net valuation gains (losses) on AFS financial assets	**(134,467)**	171,322
Cost of share-based payment plan	**104,824**	47,060
Asset revaluation surplus	**32,863**	33,246
Retained earnings:		
Unappropriated	**12,011,607**	15,673,051
Appropriated	**1,000,000**	1,000,000
NCI	**3,901,315**	3,716,715
	₱29,413,188	₱30,902,346

The table below shows the Group's debt-to-equity ratio as at December 31, 2015 and 2014.

	2015	2014
Total liabilities (a)	**₱12,233,020**	₱4,281,562
Equity (b)	**29,413,188**	30,902,346
Debt-to-equity ratio (a/b)	**0.42:1**	0.14:1

38. **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 and Short-term Cash Investment
The carrying amount of cash and cash equivalents and short-term cash investment approximate their fair values due to the short-term nature and maturity of these financial instruments.

Trade and Other Receivables, Derivative Asset, Trade and Other Payables and Short-term Debt
Similarly, the carrying amounts of trade and other receivables, derivative asset, trade and other payables and short-term debt approximate their fair values due to the short-term nature of these accounts.

MRF, SDMP Funds, Long-term Negotiable Instrument, Restricted Cash and Cash held in Escrow
The carrying amount of MRF, SDMP funds, restricted cash and cash held in escrow approximate their fair values since they are restricted cash with banks, which earns interest based on prevailing market rates repriced monthly. The long-term negotiable instrument also approximates its fair value since it earns interest based on long-term cash investment rate.

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

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

Long-term 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
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).

	2015			2014		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets measured at fair value:						
AFS financial assets						
Debt securities	**₱4,377,774**	**₱–**	**₱–**	₱2,006,838	₱–	₱–
Equity securities	**1,250,444**	**–**	**–**	603,475	–	–
	₱5,628,218	**₱–**	**₱–**	₱2,610,313	₱–	₱–

As at December 31, 2015 and 2014, the fair value of the quoted debt and equity securities is the quoted market price at the close of the business (Level 1).

As at December 31, 2015 and 2014, 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.

39. **Significant Agreements**

a. Loan Agreement with EPI
On August 22, 2014, the Parent Company and EPI executed a loan agreement amounting to ₱551.0 million which was drawn in two (2) tranches. The first and second tranche of the loans amounted to ₱105.0 million and ₱446.0 million, respectively.

The proceeds of the first tranche loan shall be used by EPI to fund the activities preparatory to drilling and for the drilling of the initial two (2) wells under the Montelago Geothermal Project, while the second tranche loan shall be used to fund the drilling costs and related activities (to include slim or other test holes) on the said initial two (2) wells.

At the option of the Parent Company, the entire second tranche loan, and not any smaller portion thereof, may be converted into shares of stock of EPI constituting fifty-five percent (55%) of its total issued and outstanding shares, at any time before the lapse of three hundred sixty five (365) days after drawdown of the entire second tranche loan.

The loan is subject to 2% interest p.a. The first tranche of the loan is payable one year after the first drawdown on the first tranche loan or upon sale of EPI's entire shareholdings in OMCP, whichever is earlier. The second tranche loan is payable one year after the first drawdown on the second tranche loan unless the conversion right is exercised.

For and to secure the loan and the notes covering the same, EPI executed and delivered a Pledge Agreement covering its shares of stock in OMCP consisting of one hundred percent (100%) of OMCP's issued and outstanding shares.

In 2014, the first tranche loan amounting to ₱105.0 million and forty percent (40%) of the second tranche loan amounting to ₱178.4 million were already released to EPI. The remaining sixty percent (60%) of the second tranche loan amounting to ₱267.6 million were released to EPI in the first quarter of 2015. The carrying value of the loans and notes receivable from EPI as at December 31, 2015 and 2014 amounted to nil and ₱276.3 million, respectively.

On April 15, 2015, the Parent Company expressed its intention to exercise its conversion right and to convert the entire second tranche loan of ₱446.0 million to 55% equity interest in EPI, which is equivalent to 312,888,889 common shares, subject to the SEC's approval of the increase in authorized capital stock of EPI.

On July 16, 2015, the Parent Company subscribed to an additional 11% equity interest in EPI, which is equivalent to 184,052,288 common shares, for a total consideration of ₱474.0 million, subject also to the approval of EPI's increase in authorized capital stock.

The increase in EPI's authorized capital stock was approved by the SEC on July 28, 2015 and the corresponding shares were subsequently issued to the Parent Company.

The first tranche loan, including interest, was paid by EPI in August 2015.

b. <u>Throughput Agreements</u>

THNC
On October 4, 2010, TMC and THNC executed a Throughput Agreement wherein TMC will construct the pier facilities within the TSEZ pursuant to its role as Developer. The TSEZ is located within the Surigao Mineral Reservation, an area declared for mineral development pursuant to Proclamation 391, under the supervision of the DENR that issued an "Order to Use Offshore Area" dated September 20, 2010 to TMC for the use of such portion of the Surigao Mineral Reservation for the construction of the pier facilities. In relation to this, THNC entered into a Registration Agreement with the PEZA to construct and operate a mineral processing plant within the TSEZ as an Ecozone Export Enterprise.

Under the agreement, TMC will make available the pier facilities and provide certain services to THNC in consideration for usage fees and service fees to be paid by the latter starting April 2011 until 2031, unless terminated earlier. The usage fee amounted to US$1.3 milion for each semi-annual period to be paid on or before October 10 and April 10.

THNC also agrees to pay service fee that will be agreed upon by both parties which shall be billed on a monthly basis.

Prior to the commencement date, THNC may also request TMC to use any part of the constructed pier facilities, which is ready for use, upon payment of reasonable compensation which shall be mutually agreed by TMC and THNC.

In 2015, 2014 and 2013, service revenues from usage of pier facilities of TMC amounted to ₱123.7 million, ₱124.6 million and ₱119.3 million, respectively (see Note 34).

CBNC
Under the agreement, CBNC shall pay RTN the price which consists of all its direct costs for the pier facilities which includes but not limited to, financial costs, maintenance costs and tax as well as indirect costs directly used for the pier facilities and the services as agreed by the parties. CBNC shall pay to RTN in US$, as a part of such financial costs, the amounts to be paid by RTN to SMM such as interests and loan repayments pursuant to the Omnibus Agreement made and entered into by and between RTN and SMM. The agreement shall continue for twenty-five (25) years after November 25, 2002 unless terminated earlier.

c. <u>Memorandum of Understanding (MOU)</u>
On September 14, 2009, the Parent Company and TMC entered into a MOU with SMM. Pursuant to the terms thereof, the Parent Company and SMM will move ahead on a joint venture basis to build a nickel-cobalt processing plant (the Project) using the HPAL technology to be located within the TMC's mine in Surigao del Norte, while TMC will supply low-grade nickel ore to the plant over the life of the Project. The estimated cost of the Project is US$1,420.0 million, which further increased to US$1,633.0 million, over a three-year construction period, which started in the last quarter of 2010. The plant will have an annual capacity of 51,000 dry metric tons of mixed nickel - cobalt sulfide over an estimated 30-year project life. The MOU provides that the equity share of the Parent Company and SMM shall be 20%-25% and 75%-80%, respectively.

Following the MOU is the Taganito HPAL Stockholders Agreement (the Agreement) entered into by the Parent Company, SMM and Mitsui, on September 15, 2010 stating that the Project will be undertaken by THNC, a company that will be jointly owned by the Parent Company, SMM and Mitsui with equity interest of 22.5%, 62.5% and 15.0%, respectively. Pursuant to the Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Parent Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations.

It also sets forth the respective rights and obligations of the Parent Company, SMM and Mitsui, including their responsibilities in respect of financing the US$1,420.0 million, which further increased to US$1,633.0 million, project investment that will be undertaken by THNC.

The Agreement shall terminate upon the dissolution of THNC.

On November 20, 2012, the Parent Company, SMM and Mitsui made additional investment of US$287.2 million in the form of loans to THNC. SMM had agreed to substitute for the Parent Company to make these loans for which the Parent Company pays guarantee service fee.

On August 4, 2014 and October 4, 2013, the Parent Company, SMM and Mitsui agreed to extend another loans to THNC amounting to US$117.7 million to cover the latter's working capital requirement and US$90.0 million for the construction of the tailings dam, respectively.

On November 9, 2015, another loan facility in the amount of US$120.0 million was extended by the stockholders to THNC to cover for the latter's working capital requirements.

d. Sales Agreements

Nickel Ore Sale Agreement with PAMCO and Sojitz (see Note 34a)

Nickel Ore Supply and Service Agreement with CBNC (see Note 34a)

Nickel Ore Supply Agreement with THNC (see Note 34a)

Materials Handling Agreement with THNC (see Note 34a)

Nickel Ore Sale Agreement with SMM (see Note 34a)

Nickel Ore Supply Agreements with Chinese Customers
HMC, CMC, RTN and TMC have ore supply agreements with a number of Chinese customers, each for a fixed tonnage at specific nickel grades and iron content.

The fixed tonnage of ore is generally the volume of expected delivery within a few months. Sale of ore to Chinese customers amounted to ₱8,629.3 million, ₱15,564.6 million and ₱7,376.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Nickel Ore Supply Agreements with Queensland Nickel Pty Ltd (QNI)
RTN and CMC entered into agreements with QNI covering the sale of RTN and CMC's ore products at a fixed tonnage and specific nickel grade and iron content. Sale of ore to QNI amounted to ₱271.0 million in 2015, ₱198.6 million in 2014 and nil in 2013.

e. Mining Agreements

i. *MPSA*

RTN
On June 4, 1998, the Government approved the conversion of RTN's Mining Lease Contracts under the old mining regime into an MPSA with the Government pursuant to the Philippine Mining Act of 1995. The MPSA allows RTN to explore, develop and continue mining operations for nickel ore within the contract area covering 990 hectares in the Municipality of Bataraza, Southern Palawan Island. Under RTN's Environmental Compliance Certificate (ECC), however, 144 hectares of the contract area are excluded from mining operations, being located within an area classified as "core zone" where mining is prohibited under current regulations of the Palawan Council for Sustainable Development (PCSD).

On April 28, 2005, RTN and the Government entered into a second MPSA covering 85 hectares in the Municipality of Bataraza, which allows RTN to mine limestone in Sitio Gotok. Limestone being mined by RTN pursuant to this second MPSA is being sold to CBNC for the latter's Coral Bay HPAL plant and to a third party.

Under both MPSAs, RTN pays a two percent (2%) excise tax on gross revenues as provided in the Philippine National International Revenue Code as the Government's share in its output. Both MPSAs are valid for twenty-five (25) years from issuance and renewable for another term of not more than twenty-five (25) years at the option of RTN, with approval from the Government.

On June 20, 2003, RTN submitted an Application for MPSA covering previously approved Mining Lease Contracts over an area of 4,274 hectares within the Municipalities of Bataraza and Rizal. Most of the contract area is within the core zone and the application is pending.

On May 30, 2008, the PCSD issued a resolution interposing no objections to the revision by the Municipality of Bataraza of its Environmentally Critical Areas Network map that, among others, seeks to reclassify the core zone within the contract area into a mineral development area. The reclassification was approved by the Municipal Development Council of the Municipality of Bataraza on November 18, 2009, and subsequently approved by the Provincial Board on January 5, 2010.

On December 11, 2014, the Strategic Environmental Plan clearance from PCSD was issued to RTN which is a requirement in obtaining ECC approval from DENR. The processing of the Application for MPSA by the MGB is consequently under way.

HMC
Tagana-an Nickel Project
On July 25, 2008, the Government approved the conversion of HMC's Mining Lease Contract into an MPSA, which allows HMC to explore, develop and continue mining operations for nickel ore within the contract area covering 773.77 hectares in the Municipality of Tagana-an, Surigao del Norte. Under the MPSA, HMC pays the Government a two percent (2%) excise tax and a five percent (5%) royalty on gross revenues, as the contract area is within the Surigao Mineral Reservation. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of HMC, with approval from the Government.

Manicani Nickel Project
On August 13, 1992, HMC and the Government entered into an MPSA, which allows HMC to explore, develop and mine nickel ore within the contract area covering 1,165 hectares in Manicani Island, Municipality of Guian, Eastern Samar. Under the MPSA, HMC shall pay the Government a two percent (2%) excise tax, a one percent (1%) royalty and ten percent (10%) of its net revenues, defined as gross revenues less all cost items that are deductible for income tax purposes. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of HMC, with approval from the Government.

On August 2, 2004, the Regional Panel of Arbitrators of the MGB recommended the cancellation of the MPSA as a result of allegations by third parties against the operations of HMC. On September 4, 2009, the Mines and Adjudication Board of the DENR issued a decision setting aside the decision of the Panel of Arbitrators. Hence, the MPSA remains in effect. HMC is currently not conducting mining operations in Manicani.

On July 30, 2010, HMC and SNMRC entered into a Deed of Assignment and Transfer of Rights wherein HMC shall transfer all its rights, title and interest in Manicani Operations to SNMRC.

On June 1, 2014, HMC and SNMRC entered in a Mutual Rescission of Deed of Assignment. Both parties have mutually agreed to terminate the Deed and release each other from any and all responsibilities or obligations, there under, after confirming that there were no outstanding liabilities and obligations due to each other.

TMC
On July 28, 2008, the Government approved the conversion of TMC's Operating Contract into an MPSA, which allows TMC to explore, develop and continue mining operations for nickel ore within the contract area covering 4,584.51 hectares in the Municipality of Claver, Surigao del Norte. On June 18, 2009, the MPSA was amended, increasing the contract area to 4,862.71 hectares.

Under the MPSA, TMC pays the Government a two percent (2%) excise tax and a five percent (5%) royalty, as the contract area is within the Surigao Mineral Reservation. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of TMC, with approval from the Government.

ii. Operating Agreements

TMC
La Salle
On December 18, 2006, TMC entered into an Operating Agreement with La Salle, the holder of an Application for MPSA covering 6,824 hectares in the Municipality of Gigaquit, Surigao del Norte. The Operating Agreement allows TMC to explore, develop and mine nickel ore and limestone once the MPSA is approved, and obliges it to assist La Salle in obtaining the MPSA and to comply with the terms thereof once issued.

The Operating Agreement specifies a royalty to La Salle of five percent (5%) for nickel ore and ₱10.00 per metric ton for limestone. Upon signing of the Operating Agreement, TMC made an advance royalty payment of ₱1.0 million repayable by deductions from future royalties at a rate of 25% per year over a period of four (4) years. As at December 31, 2015, the MPSA remains pending.

On January 11, 2016, TMC issued a Notice of Exclusion of the limestone deposit from the Operating Agreement to La Salle. As at December 31, 2015, TMC has written-off the deferred charges relating to the limestone development and exploration amounting to ₱5.5 million (see Note 31).

Kepha
On February 14, 2007, TMC entered into an Operating Agreement with Kepha, the holder of MPSA No. 284-2009-XII-SMR covering 6,980.75 hectares in the Municipality of Claver, Surigao del Norte. The Operating Agreement allows TMC to explore, develop and mine nickel ore and limestone and obliges it to comply with the terms of the MPSA.

The Operating Agreement specifies a royalty to Kepha of five percent (5%) for nickel ore and ₱10.00 per metric ton for limestone. Upon signing of the Operating Agreement, TMC made an advance royalty payment of US$1.0 million and ₱6.3 million, repayable by deductions from future royalties at a rate of 10% per year over a period of ten (10) years.

On June 19, 2009, the MPSA was issued to Kepha. Under the terms thereof, upon the start of mining operations, TMC shall pay the Government a two percent (2%) excise tax and a 5% royalty, as the contract area is within the Surigao Mineral Reservation. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of Kepha, with approval from the Government. There were drilling activities related to the Kepha project in 2015 and 2014.

Ludgoron
On August 28, 2007, TMC entered into an Operating Agreement with Ludgoron, the holder of an MPSA with Government issued on July 27, 2007 covering a contract area of 3,248 hectares in the Municipality of Carrascal, Surigao del Sur. The Operating Agreement allows TMC to explore, develop and mine nickel ore and obliges it to comply with the terms of the MPSA.

Under the MPSA, upon the start of mining operations, TMC shall pay the Government a two percent (2%) excise tax and a five percent (5%) royalty, as the contract area is within the Surigao Mineral Reservation. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of Ludgoron, with approval from the Government.

Under the Operating Agreement, TMC shall pay Ludgoron a royalty of five percent (5%). Upon signing of the Operating Agreement, TMC made an advance royalty payment of US$1.0 million, repayable by deductions from future royalties at a rate of ten percent (10%) per year over a period of ten (10) years. In 2009, an additional advances against royalties amounting to ₱10.0 million was made in order to allow Ludgoron to settle a claims conflict.

On October 10, 2014, TMC rescinded and terminated the Operating Agreement with Ludgoron. TMC wrote-off its deferred charges on Ludgoron amounting to ₱1.9 million (see Note 31).

Ludgoron is obliged to return to TMC the amount of ₱66.8 million which represent advances to claimowners. Ludgoron already paid TMC an amount of ₱10.0 million and will pay additional ₱23.4 million upon approval of MGB of the transfer of the Operating Agreement to KMI. The remaining balance will be settled by Ludgoron in due time.

CMC

East Coast

On November 19, 1997, CMC entered into a Memorandum of Agreement (MOA) with East Coast, the holder of an MPSA with the Government issued on the same date covering a contract area of 697.05 hectares in the Municipality of Cagdianao, Dinagat Islands. The MOA allows CMC to explore, develop and mine nickel ore and obliges it to comply with the terms of the MPSA.

The MOA expired on November 19, 2007 and was renewed for a period of ten (10) years. In consideration, East Coast was paid ₱100.0 million upon signing of the extension which was recorded as advances against future royalties, repayable over a ten-year (10) period at a rate of ₱10.0 million per year. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of East Coast, with approval from the Government.

Under the MPSA, CMC pays the Government a two percent (2%) excise tax and a five percent (5%) royalty, as the contract area is within the Surigao Mineral Reservation.

On July 29, 2013, East Coast and CMC agreed to reduce for one (1) year period the marketing and royalty fees. Royalty payment to East Coast was reduced from seven percent (7%; net of withholding taxes) to five percent (5%) during the period. Advances against future royalties, to which the royalty payment shall be credited was also reduced from ₱10.0 million per year to ₱3.6 million and ₱6.4 million in 2013 and 2014, respectively. The repayment of advances at ₱10.0 million per year resumed in 2015 up to 2018.

Further, on December 18, 2015, CMC and East Coast executed a Supplemental Agreement to provide for the automatic renewal of the term of the MOA for another twenty-five (25) years after its expiration, or from 2022 to 2047. The MOA has not been terminated and continues to be in full force and effect subject to the supplemental terms agreed by CMC and East Coast. In consideration of the new term as well as the other conditions contained in the Supplemental Agreement, CMC agreed to lend East Coast a loan of up to ₱1,000.0 million upon fulfillment of certain conditions and pay additional royalties amounting to ₱150.0 million (see Note 39q). Thereafter, CMC shall pay East Coast commission and royalties as follows:

- Commission equivalent to 3.5% on the gross sales amount of all nickel ore;
- Royalties equivalent to either 7% or 8.75% on the gross sales amount of all nickel ore depending on the monthly average LME nickel settlement price; and
- Additional royalty ranging from ₱10.0 million to ₱50.0 million depending on CMC's audited net income after tax less the additional royalty amount.

The commission expense related to East Coast that is reported under "Marketing" amounted to ₱98.6 million, ₱109.3 million and ₱27.4 million in 2015, 2014 and 2013, respectively.

BOA

On October 12, 2004, CMC executed a MOA with Norweah Metals and Minerals Company, Inc. for the exclusive rights to explore, develop, exploit and operate the mineral property subject of MPSA No. 241-2007 covering an area of 226.0235 hectares situated in Boa, Municipality of Cagdianao, Province of Dinagat Islands, Surigao del Norte. The MOA is effective for a ten (10) year period commencing on July 12, 2007, the date the MPSA was approved.

f. Loan Guarantee/Substitution Agreement

RTN
Under a loan guarantee service agreement dated October 22, 2002 between RTN and SMM, the latter agreed to satisfy RTN's CBNC loan obligations in consideration of the payment by RTN to SMM of an annual fee equal to one percent (1%) of the relevant outstanding amount.

The fee is payable every February 21 and August 20 of each year. In case of default, such loan guarantee service agreement will be terminated and RTN shall provide loans to CBNC or guarantee the repayment of CBNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the CBNC Stockholder Agreement.

The loan guarantee service fee amounting to ₱0.2 million, ₱0.6 million and ₱0.9 million in 2015, 2014 and 2013, respectively, is recorded under "Finance expense" in the consolidated statements of income (see Note 30).

NAC
Under a loan guarantee/substitution agreement dated December 9, 2011 between the Parent Company and SMM, the latter agreed to substitute for the Parent Company to make loans or guarantee the repayment of THNC pursuant to the Stockholders Agreement dated September 15, 2010.

In consideration of the loans and guarantee made by SMM, the Parent Company shall pay to SMM an annual fee equal to one percent (1%) of the relevant outstanding amount, which is payable every February 21 and August 21 of each year.

On January 26, 2015, December 18 and December 3, 2013, the Parent Company and SMM entered into another loan guarantee/substitution agreement with respect to the new loan agreement made and entered by THNC and SMM on August 4, 2014, December 3 and January 31, 2013, respectively. The annual fee is also equal to 1% of the relevant outstanding amount, which is payable every March 21 and September 21 of each year.

In case of default, such loan guarantee/substitution agreements will be terminated and the Parent Company shall provide loans to THNC or guarantee the repayment of THNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the Stockholders' Agreement.

The loan guarantee service fee amounting to ₱124.0 million, ₱134.2 million and ₱103.3 million in 2015, 2014 and 2013, respectively, is recorded under "Finance expense" in the consolidated statements of income (see Note 30).

g. Power Supply Agreement (PSA) with Surigao Del Norte Electric Cooperative, Inc. (SURNECO)
On October 31, 2013, the Parent Company and SURNECO signed a fifteen (15) year PSA. Under the terms of the PSA, the Parent Company has agreed to construct, operate, and maintain a 10MW bunker-fired diesel power station under build-operate-transfer scheme and to supply electricity to SURNECO.

The target effectivity date of the PSA shall be five (5) months from the signing date and the target commercial operation date shall be nine (9) months from the effectivity date of the PSA. The total estimated cost to construct the 10MW bunker-fired diesel power station is about ₱1,000.0 million, which was appropriated from its retained earnings (see Note 19).

h. Service Contracts

Solar Energy Service Contract No. 2015-01-099

On January 20, 2015, EPI entered into a SESC No. 2015-01-099 with the Department of Energy (DOE) which grant EPI the right to explore, develop and utilize the solar energy resources within the contract area of 324 hectares in the province of Pili, Camarines Sur. Under the SESC, EPI assumes all the technical and financial risks without any guarantee from the Philippine Government and shall not be entitled to reimbursement for any expense incurred in connection with the SESC. The SESC carries a non-extendible two (2) year period of pre-development stage, which involves the preliminary assessment and feasibility study. The SESC shall remain in force for the remainder of twenty-five (25) years from date of effectivity if the solar energy resources are discovered to be in commercial quantities. If EPI has not been in default of any material obligations under the SESC, the DOE may grant EPI an extension of the SESC for another twenty-five (25) years. The full recovery of the project development costs incurred in connection with the SESC is dependent upon the discovery of solar energy resources in commercial quantities from the contract area and the success of future development thereof.

Solar Energy Service Contract No. 2013-10-039

On October 31, 2013, Jobin entered into a SESC with the DOE. The SESC covers an area of approximately 2,997 hectares in the municipalities of Morong and Hermosa, in the province of Bataan. The SESC is for a period of twenty-five (25) years, inclusive of a two (2) year pre-development stage, and renewable for another twenty-five (25) years. The government share under the SESC shall be 1% of the gross income from the sale of electricity in the solar project.

On August 28, 2015, Jobin was granted a Certificate of Confirmation of Commerciality by the DOE for its 100.44 MW Sta. Rita solar power project located in Mt. Sta Rita, Subic Bay Freeport Zone. The certificate converts the project's SESC from exploration/pre-development stage to the development/commercial stage. Jobin will commence operations in 2016.

Wind Energy Service Contract No. 2013-10-062

On October 31, 2013, Jobin entered into a WESC with the DOE. The WESC covers an area of approximately 2,997 hectares in the municipalities of Morong and Hermosa, in the province of Bataan. The WESC is for a period of twenty-five (25) years, inclusive of a three (3) year pre-development stage, and renewable for another twenty-five (25) years. The government share under the WESC shall be 1% of the gross income from the sale of electricity in the wind project.

Geothermal Renewable Energy Service Agreement No. 2014-02-054

GRESC No. 2010-02-013, which covers an approximate area of 3,914 hectares in the three barangays of Montelago, Montemayor and Melgar-B in Oriental Mindoro, involves the development of geothermal well clusters and a power plant. The steam extracted from the geothermal wells will power a geothermal power station with an output capacity of 40MW. Once completed, the addition of geothermal power into the present mix of Mindoro's electricity sources will have a stabilizing effect on the grid where the entire island is located.

The Project is in the exploration stage as at December 31, 2015.

As Renewable Energy (RE) Developer, EPI undertakes to provide financial, technical, or other forms of assistance with the DOE, and agrees to furnish the necessary services, technology, and financing for the geothermal operations. EPI shall assume all financial risks such that if no geothermal resources in commercial quantity is discovered and produced, EPI shall not be entitled to reimbursement for any expenses incurred in connection with the GRESC.

GRESC 2014-02-054 shall remain in force for the remainder of twenty-five (25) years from date of effectivity if geothermal resources in commercial quantity are discovered during the pre-development stage, or any extension thereof. Moreover, if EPI has not been in default in its obligations under the GRESC, the DOE may grant an additional extension of twenty-five (25) years, provided that the total term is not to exceed fifty (50) years from the date of effectivity.

On November 24, 2014, EPI and MGPC entered into a Deed of Assignment for the assignment of EPI's rights and obligations under the GRESC to MGPC. On December 5, 2014, EPI applied with the DOE to transfer the GRESC to MGPC. The DOE approved EPI's application on February 16, 2016 under GRESC No. 2016-02-060.

i. Sub-transmission Service Agreement (SSA) with PALECO
In 2015, EPI entered into a SSA with PALECO for the installation of 69kV sub-transmission facilities and associated components (substations), and the connection of said facilities to PALECO's distribution system for the delivery of reliable power supply to the municipalities of El Nido, Taytay, San Vicente and Roxas (the "Municipalities"). Under the SSA, EPI shall develop, design, construct, install, test and commission, and finance the sub-transmission lines and substations in the Municipalities. Commencing on the completion date and continuing up to the 20th year from effective date, as defined in the SSA, PALECO shall pay monthly fees of ₱15.0 million, plus any VAT and any other applicable taxes, fees and charges. PALECO shall also pay EPI a payment security equivalent to one month monthly fee, which shall be in the form of a 30-day revolving letter of credit from a financial institution and with a maturity of 365 days.

j. PSAs with PALECO
Bunker Supply
In July 2015, EPI and PALECO entered into a PSA for the supply of electricity, which will be generated from modular and land-based bunker-fired power stations (collectively, the "Bunker Power Stations" with a contracted capacity of 15MW or up to 25MW). Under the PSA, EPI shall design, develop, construct, complete, test and commission, operate and maintain the Bunker Power Stations, as well as all activities related or incidental thereto. Commencing on the completion date and continuing up to the 20th year from effective date, as defined in the PSA, PALECO shall pay EPI an amount equal to the summation of the Bunker Power Costs of the Generating Units plus Reserve Power Costs, plus any VAT and any other applicable taxes, fees, and charges. PALECO shall also pay EPI a payment security, as defined in the PSA.

Solar Supply
In 2015, EPI entered in a PSA with PALECO for the construction and development of a 10MW AC Solar Photovoltaic Power Station (the "Solar PV Power Station"). Under the PSA, EPI shall design, engineer, develop, construct, complete, test, commission, finance, operate and maintain the Solar PV Power Station and all activities related or incidental thereto of PALECO. All costs in connection with the building of the Solar PV Power Station shall be borne by EPI, and shall be responsible for arranging all necessary funding including any available preferential credit. During the commissioning date, PALECO shall pay EPI, a Commissioning Output at a rate equivalent to the adjusted operation and maintenance component plus any VAT and any other applicable taxes, fees, and charges. Following the commercial operation date and continuing up to the 20th year from effective date, as defined

in the PSA, PALECO shall pay EPI monthly fees equal to the capital recovery fee of the Solar PV Power Station plus fixed operations and maintenance fee and any VAT and any other applicable taxes.

As at December 31, 2015, costs incurred under the SSA, Bunker and Solar PSAs amounted to ₱16.7 million and are presented under "Property and equipment" account in the statements of financial position (see Note 9).

k. Assignment of GRESC from Constellation Energy Corp. (CEC) to EPI
On January 18, 2013, EPI entered into a MOA with CEC wherein the parties agreed that the former, eventually through a Project Company, shall develop and undertake the 20 MW Geothermal Power Plant Project (Project) initially developed by CEC by virtue of the GRESC No. 2010-02-013 granted by the DOE. On the same date, the parties entered into a Deed of Assignment for the assignment of CEC's rights and obligations under the GRESC to EPI.

In consideration of the pre-development and preparations made by CEC to the Project, including the assignment of the GRESC, EPI agreed to compensate CEC the aggregate amount of US$2.5 million (Development Fee) which shall be payable as follows:

Award of the bid from Oriental Mindoro Electric Cooperative (ORMECO)	US$250
Signing of the PSA with ORMECO	500
Issuance by the Energy Regulatory Commission (ERC) of a Provisional Authority or Final Authority on the PSA	1,750
	US$2,500

In addition to the Development Fee and subject to certain provisions of the MOA, EPI agreed that it shall provide the funding, at no cost whatsoever to CEC, for CEC's subscriptions to five percent (5%), at maximum, of the aggregate common shares of the Project Company. The subscriptions will be based on the following conditions:
- If the projected return of investments (ROI) is less than the expected ROI of 20MW for at least twenty-five (25) years, CEC will assign all its shares in the Project Company to EPI.
- If the projected ROI is greater than or equal to the expected ROI, CEC will assign its shares in the Project Company in proportion to the ratio of the difference between projected ROI and expected ROI, to EPI.

In compliance with the above provisions of the MOA and Deed of Assignment:
- On January 25, 2013, EPI applied with the DOE to officially register EPI as RE Developer and effectively recognize EPI's ownership of the GRESC. The DOE approved EPI's application on February 14, 2014.
- On February 3, 2014, EPI was awarded the bid from and has signed the PSA with ORMECO. In the same period, the amount of US$750,000 was paid to CEC.
- On November 3, 2014 and December 1, 2014, EPI was granted by the ERC Final Authority on the PSAs with Occidental Mindoro Electric Cooperative (OMECO) and ORMECO, respectively. However, EPI filed a motion for reconsideration (Motion) because certain terms are not acceptable to EPI. As at December 31, 2015, the Motion is still pending with the ERC. Accordingly, the amount of US$1,750,000 remains unpaid as at December 31, 2015.
- On May 7, 2014, EPI incorporated MGPC as the Project Company.

l. Participation and Shareholder's Agreement

In May 2011, the Parent Company and SMM signed a Participation and Shareholders' Agreement containing terms of SMM's expected equity participation in CExCI. Under the terms of the Agreement, SMM will invest US$1.5 million in CExCI for twenty five percent (25%) equity. Once such funds have been exhausted, SMM has the option to invest US$2.8 million for an additional fifteen percent (15%) equity which would bring its total equity in CExCI to forty percent (40%). SMM did not exercise its option to make the additional investment and the said agreement was terminated.

CExCI has identified a new property for exploration and development in the province of Zambales under Newminco, which is prospective for gold and copper. In relation to this, SMM will put up an additional US$2.8 million to increase its ownership from 25% to 40%, thus on November 24, 2015, the shareholders of CExCI agreed to enter into a new Participation and Shareholders' Agreement to set out the rights and obligations of the shareholders in relation to the conduct of the business of CExCI. The new agreement also causes CExCI to convert the existing advances from shareholders amounting to ₱37.2 million into equity, based on the initial equity proportion of shareholders, by issuing shares out of the unissued authorized capital stock of CExCI at a premium. As at December 31, 2015, CExCI is still in the process of filing the application for the conversion of advances into equity with the SEC.

On December 18, 2015, the BOD of CExCI approved the increase in authorized capital stock of the latter. Upon approval of the SEC of the application for increase in authorized capital stock of CExCI, the additional investment of SMM amounting to US$2.8 million, which is equivalent to ₱131.9 million, will be converted into equity. After the conversion, the Parent Company and SMM's equity in CExCI shall be 57% and 40%, respectively.

m. Marketing Agreement with Mitsubishi Corporation (Mitsubishi)

RTN, TMC, HMC and CMC entered into a Marketing Agreement with Mitsubishi, wherein the latter will provide the services set forth below:

a) To use its reasonable endeavors in collecting, studying and analyzing the market information related to nickel ore, iron ore, nickel pig iron, and stainless steel;
b) To periodically report market information defined in the marketing agreement;
c) To make efforts to introduce customers to RTN, TMC, HMC and CMC and provide support to the Group in negotiating the price and terms and conditions of sales contracts of the products by and between the Group and customers; and
d) To monitor and assess trends of customers and support RTN, TMC, HMC and CMC to create an effective pricing strategy and marketing plan.

Marketing fees of three and a half percent (3.5%) shall be charged to RTN, TMC, HMC and CMC based on the total amount of revenue on free-on-board price stated in the invoices issued by RTN, TMC, HMC and CMC to each customer.

Marketing fees charged by Mitsubishi amounted to ₱31.6 million, ₱59.6 million and ₱38.2 million in 2015, 2014 and 2013, respectively.

n. Lease Agreements

Lease of Project Area from Subic Bay Metropolitan Authority (SBMA)
Jobin entered into a fifty (50) year lease agreement with SBMA for the use of the 800-hectares project area of the solar and wind projects at Mt. Sta. Rita in Subic.

Jobin also agreed to various investment and social commitments as follows:

- infuse an investment at around US$200.0 million on the leased areas in the form of the lessee's machineries, equipment, parts, construction, labor and supplies within three (3) years from approval of capacity by the DOE or from October 29, 2015.
- introduce developments on the leased areas based on the annual work program approved by DOE.
- install utility post for the transmission lines from the leased areas to service substation of National Commission for Indigenous Peoples (NCIP) in coordination with Subic Enerzone Corp.
- compensate the Indigenous Cultural Community of Aeta for its share amounting to five percent (5%) of the monthly rental per MW installed by the lessee.
- build an access road from the leased area to the public road and renewable energy park for education and tourism.

Lease Agreement with THNC
On October 31, 2013, TMC and THNC executed a lease agreement wherein TMC will lease the land within the TSEZ to the lessee. The TSEZ leased area of approximately 675 hectares is located at Barangays Taganito and Hayanggabon, Claver, Surigao del Norte. The duration of the lease agreement shall be for a period of twenty (20) years starting January 1, 2013, however, rental rate shall be annually agreed by both parties. TMC's rental income from the said lease amounted to ₱6.7 million in 2015, 2014 and 2013 (see Note 31).

In the above lease agreement, it was agreed by TMC and THNC that the option fee of ₱83.8 million received in 2010 shall be treated as advance rental and deducted from the annual rental fee. The same shall be equally applied to each year of the lease term or ₱4.2 million each year of the twenty (20) year lease term.

Lease Contract with the DENR
TMC is a party to a lease contract dated April 10, 2003 with the DENR over a tract of foreshore land located at the Taganito mine comprising an area of approximately 12,000 square meters. The foreshore lease has a term of twenty-five (25) years from the date of issue, unless terminated earlier. The DENR may renew the foreshore lease for another twenty-five (25) years, at its option. In accordance with the foreshore lease, TMC constructed permanent improvements appropriate for the wharf to facilitate the barging of mine ore to customers' vessels. Under the terms of the lease, if TMC uses or attempts to use the premises for other purposes, all rights and interests, including the improvements, will be forfeited in favor of the Government. Upon the termination of the lease or any extension, all improvements made by TMC will become the property of the Government.

o. PEZA and Board of Investments (BOI) Registration

Registration with PEZA - TMC
On December 21, 2009, Presidential Proclamation No. 1966 was issued creating and establishing the 680-hectare area situated in Taganito, Municipality of Claver, Province of Surigao Del Norte to be known as TSEZ. TMC is a PEZA-registered operator/developer of

the economic zone as per Certificate of Registration No. EZ 10-01. The certificate of registration was signed on January 7, 2010.

Pursuant to TMC's registration with PEZA as an economic zone developer/operator, TMC is entitled to certain incentives in accordance with the provisions of RA No. 7916, otherwise known as "the Special Economic Zone Act of 1995", as amended.

Under PEZA Board Resolution No. 11-08 dated March 1, 2011, its directors approved TMC's application for extension of its existing TSEZ. On July 28, 2011, pursuant to the resolution, the Government issued Proclamation No. 211 designating parcels of land with an aggregate area of 7.5 hectares located at Barangay Taganito, municipality of Claver, Province of Surigao del Norte, for inclusion to the existing TSEZ.

On January 23, 2013, PEZA issued a Letter of Authority No. 13-0426 allowing TMC to allocate one (1) hectare lot within the TSEZ located at Barangay Taganito, Claver, Surigao del Norte as relocation site for the residents along Hayanggabon River, Barangay Hayanggabon, Claver, Surigao del Norte.

On January 8, 2015, PEZA issued a certification entitling TMC qualification for the purpose of VAT zero-rating of its transactions with local suppliers of goods, properties and services and exemption from all national and local taxes and licenses except real property taxes on land owned by TMC and those required to be paid under the MPSA dated July 28, 2008. In lieu thereof, TMC shall pay five percent (5%) final tax on gross income. The certification is valid from January 1 to December 31, 2015 and renewable annually, unless otherwise revoked or suspended by PEZA prior to expiration of said period.

Registration with PEZA - RTN
On December 13, 2002, RTN registered with the PEZA as the developer/operator of Rio Tuba Processing Zone, located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. The PEZA-registered activities are entitled to certain tax and nontax incentives. Starting 2003, such activities are already subject to five percent (5%) tax based on GIT in lieu of national and local taxes and licenses except those required to be paid under the MPSA dated June 4, 1998 executed by and between the DENR and RTN.

BOI Certifications
TMC, RTN, HMC and CMC received BOI certifications pursuant to Revenue Memorandum Order No. 9-2000 entitled "Tax Treatment of Sales of Goods, Properties and Services made by VAT-registered Suppliers to BOI registered Manufacturers-Exporters with 100% Export Sales". The certifications are valid from January 1 to December 31, 2015 and renewable annually, unless sooner revoked by the BOI Governing Board.

In January 2016, the BOI certifications were renewed for another year starting on January 1 to December 31, 2016.

On November 12, 2014, EPI received BOI certification as RE Developer of Geothermal Energy Resources for its 40MW Montelago Geothermal Power Plant pursuant to RA 9513 otherwise known as the "Renewable Energy Act of 2008" which entitled EPI to zero-percent (0%) VAT rate for the sale of its power as well as its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities and the whole process of exploration and development of RE sources up to its conversion into power.

p. PSAs with ORMECO and OMECO
In February 2014, EPI entered into separate PSAs with ORMECO and OMECO. Under the terms of the PSAs, EPI is committed to sell and deliver approximately 20MW each of geothermal power from the project to ORMECO and OMECO for a period of approximately twenty-five (25) years. The PSA is renewable upon the agreement of the parties and approval of the ERC.

On November 3, 2014 and December 1, 2014, EPI was granted by the ERC of the Final Authorities on the PSAs with OMECO and ORMECO, respectively. However, EPI filed a Motion because certain terms are not acceptable to EPI. As at December 31, 2015, the Motion is still pending with the ERC.

In connection with the assignment of the service contract to MGPC, the refundable deposits pertaining to compliance with the PSAs with OMECO and ORMECO amounting to ₱5.3 million were transferred by EPI to MGPC being the Project Entity (see Note 8).

q. Loan Agreement with East Coast
In relation to the Supplemental Agreement executed by CMC and East Coast on December 18, 2015, CMC agreed to lend a loan of up to ₱1,000.0 million to East Coast which is subject to 3.0% interest p.a. The loan was issued in two tranches of ₱150.0 million in October 2015 and ₱850.0 million in December 2015. As payment of the loan, CMC shall deduct fifty percent (50%) of commission and royalties, net of withholding tax and interest payments, each time a commission, royalty or additional royalty is paid by CMC to East Coast. The loan is secured by a Pledge Agreement between CMC and East Coast covering the latter's rights, interests, receivables, obligations, and liabilities over the MPSA on the Cagdianao property owned by East Coast (see Note 39e). The current portion of the loan receivable amounting to ₱157.9 million was included under "Trade and other receivables" while the noncurrent portion amounting to ₱842.1 million was included under "Other noncurrent assets" (see Notes 5 and 14). Interest income from the loan amounted to ₱1.8 million in 2015 and nil in 2014 and 2013.

r. Other Agreements

Joint Undertaking with NCIP
On December 8, 2009, TMC and NCIP entered into a Joint Undertaking, which confirmed that a one percent (1%) royalty on annual gross revenues of TMC is payable to the Mamanwa Tribe pursuant to a MOA dated July 18, 2006 between TMC, the NCIP and the Tribe and a Certificate of Ancestral Domain Title issued to the Tribe, within which area TMC's mining operation is located.

Agreement with Local Government Units
RTN together with RTN Foundation, Inc. and CBNC entered into Agreements with the barangay councils and community residents covered in the SDMP as required by law and as one of the conditions of ECC. The Agreement stipulated that RTN and CBNC should meet the changing needs and demands of the communities and shall submit the SDMP every five (5) years to the MGB Region IV for approval. In addition, as part of the process of securing the consent of affected communities, the program must be prepared in consultation and in partnership with the project proponent and neighboring communities. On January 7, 2014,

SDMP No. MGB-IVB-2013-003 III was approved by the MGB covering the period of five (5) years from 2014 to 2018. RTN incurred royalty payments to indigenous people amounting to ₱50.6 million and ₱69.3 million in 2015 and 2014, respectively, in accordance with the SDMP.

Suretyship Agreement with Security Bank Corporation (SBC)
On August 4, 2015, the Parent Company entered into a Suretyship Agreement with SBC to guarantee and warrant the prompt and full payment and performance of the guaranteed obligations, including increases, renewals, roll-overs, extensions, restructuring, conversions, amendments or novations, of EPI to SBC amounting to ₱3,000.0 million. The agreement shall remain in full force and effect until full payment of the guaranteed obligations is made (see Note 16).

MOA with DOE
On December 3, 2014, the Parent Company and DOE agreed in accordance with RA 9136 or the "Electric Power Industry Reform Act of 2001" which requires all energy generation companies and/or energy resource developers to provide financial benefits equivalent to ₱0.01/kilowatt-hour (kWh) of the total electricity sales of the generation facility to its customer/off-taker to the region, province, city or municipality and barangay that host the generation facility, and to establish the corresponding trust accounts which should be administered by the DOE. The ₱0.01 financial benefits shall be allocated as follows: ₱0.005/kWh for Electrification Fund, ₱0.0025/kWh for Development and Livelihood Fund and ₱0.0025/kWh for Reforestation, Watershed Management, Health and/or Environment Enhancement Fund.

40. Events after the End of the Financial Reporting Period

Memorandum of Agreement with SMM and Mitsui
On February 15, 2016, the Parent Company, SMM and Mitsui agreed to extend another loans to THNC amounting to US$65.0 million to cover the latter's working capital requirement.

Dividend Declaration
On March 15, 2016, the Parent Company's BOD declared cash dividends amounting to ₱0.08 per share to stockholders of record as at March 31, 2016 which will be paid on April 12, 2016.

41. Supplemental Disclosure to Consolidated Statements of Cash Flows

Noncash financing activity pertains to the declaration of stock dividends amounting to ₱1,899.2 million and ₱632.6 million in 2015 and 2014, respectively.

42. Business Segment Information

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

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

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

The power segment is engaged in power generation.

The Group’s identified reportable segments below 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 as follows:

	December 31, 2015											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	Geogen	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	₱2,314,823	₱2,350,200	₱5,069,801	₱5,060,825	₱–	₱–	₱–	₱635,997	₱–	₱–	₱–	₱15,431,646
Inter-segment revenues	–	–	–	–	–	–	–	–	2,070	521,882	(523,952)	–
Total revenues (see Note 34)	2,314,823	2,350,200	5,069,801	5,060,825	–	–	–	635,997	2,070	521,882	(523,952)	15,431,646
Cost of sales	896,657	720,815	2,063,434	2,598,342	–	–	–	–	–	–	–	6,279,248
Cost of services	–	–	–	–	–	–	–	–	–	–	–	357,917
Shipping and loading costs	460,172	421,561	519,322	370,101	–	–	–	–	(13,213)	–	–	1,757,943
Excise taxes and royalties	162,037	370,157	405,584	151,825	–	–	–	–	–	–	–	1,089,603
Marketing	16,925	98,579	10,529	4,133	–	–	–	–	–	–	–	130,166
Segment operating earnings	₱779,032	₱739,088	₱2,070,932	₱1,936,424	₱–	₱–	₱–	₱278,063	₱15,300	₱521,882	(₱523,952)	₱5,816,769
General and administrative	₱144,602	₱54,081	₱146,846	₱89,035	₱18,786	₱45,476	₱–	₱–	₱904	₱413,124	₱–	₱912,854
Finance income	₱5,222	₱9,261	₱29,469	₱15,942	₱43	₱425	₱–	₱–	₱–	₱244,750	₱–	₱305,112
Finance expenses	₱3,553	₱5,893	₱8,691	₱5,080	₱–	₱42,400	₱–	₱–	₱–	₱127,130	₱–	₱192,747
Provision for (benefit from) income tax	₱179,561	₱205,122	₱613,832	₱577,027	(₱8,529)	₱7,618	₱–	₱–	(₱2,854)	₱95,509	₱–	₱1,667,286
Net income (loss) attributable to equity holders of the parent	₱544,067	₱530,239	₱1,088,960	₱975,978	(₱12,152)	(₱48,981)	₱–	₱–	₱–	(₱1,042,968)	₱–	₱2,035,143
Segment assets	₱1,912,697	₱2,151,931	₱9,429,793	₱4,703,869	₱979,448	₱8,781,557	₱671,055	₱–	₱87,074	₱12,775,524	₱–	₱41,492,948
Deferred income tax assets - net	43,811	18,595	40,046	5,311	8,549	–	–	–	–	36,948	–	153,260
Total assets	₱1,956,508	₱2,170,526	₱9,469,839	₱4,709,180	₱987,997	₱8,781,557	₱671,055	₱–	₱87,074	₱12,812,472	₱–	₱41,646,208
Segment liabilities	₱303,119	₱327,646	₱2,170,079	₱829,079	₱43,071	₱7,590,638	₱–	₱–	₱–	₱322,017	₱–	₱11,585,649
Deferred income tax liabilities	–	–	–	294,966	164,262	92,009	–	–	26,122	70,012	–	647,371
Total liabilities	₱303,119	₱327,646	₱2,170,079	₱1,124,045	₱207,333	₱7,682,647	₱–	₱–	₱26,122	₱392,164	₱–	₱12,233,020
Capital expenditures	₱370,940	₱155,302	₱1,013,364	₱202,918	₱12,378	₱1,692,791	₱–	₱–	₱–	₱460,959	₱–	₱3,908,652
Depreciation, amortization and depletion	₱224,263	₱112,660	₱565,772	₱466,697	₱638	₱1,716	₱–	₱–	₱9,513	₱58,728	₱–	₱1,439,987

	December 31, 2014								
	Mining				Services				
	HMC	CMC	TMC	RTN	RTN/TMC	LCSLC/HMC	Others	Eliminations	Total
External customers	₱5,051,719	₱3,595,474	₱8,478,977	₱6,926,564	₱690,664	₱2,306	₱–	₱–	₱24,745,704
Inter-segment revenues	–	–	–	–	–	76,704	776,902	(853,606)	–
Total revenues (see Note 34)	5,051,719	3,595,474	8,478,977	6,926,564	690,664	79,010	776,902	(853,606)	24,745,704
Cost of sales	1,071,477	508,198	1,525,064	2,251,672	–	–	–	–	5,356,411
Cost of services	–	–	–	–	369,004	2,146	–	–	371,150
Shipping and loading costs	579,024	224,525	614,205	396,417	–	23,397	–	–	1,837,568
Excise taxes and royalties	353,620	515,099	678,318	207,797	–	–	–	–	1,754,834
Marketing	28,295	109,298	18,354	12,996	–	–	–	–	168,943
Segment operating earnings	₱3,019,303	₱2,238,354	₱5,643,036	₱4,057,682	₱321,660	₱53,467	₱776,902	(₱853,606)	₱15,256,798
General and administrative	₱171,481	₱39,621	₱160,010	₱97,182	₱–	₱2,655	₱485,513	₱–	₱956,462
Finance income	₱12,582	₱8,051	₱29,391	₱31,415	₱–	₱64	₱90,601	₱–	₱172,104
Finance expenses	₱6,837	₱3,751	₱8,710	₱7,612	₱–	₱–	₱137,861	₱–	₱164,771
Provision for income tax	₱789,010	₱652,722	₱1,600,874	₱1,210,754	₱–	₱21,814	₱17,653	₱–	₱4,292,827
Net income (loss) attributable to equity holders of the parent	₱2,300,011	₱1,640,105	₱2,745,373	₱1,912,575	₱–	(₱47,783)	₱1,346	₱–	₱8,551,627
Segment assets	₱2,138,830	₱1,761,437	₱8,275,250	₱4,820,612	₱–	₱172,138	₱17,807,674	₱–	₱34,975,941
Deferred income tax assets - net	45,704	27,934	73,874	2,672	–	–	57,783	–	207,967
Total assets	₱2,184,534	₱1,789,371	₱8,349,124	₱4,823,284	₱–	₱172,138	₱17,865,457	₱–	₱35,183,908
Segment liabilities	₱450,858	₱362,647	₱1,835,113	₱996,482	₱–	₱3,915	₱211,497	₱–	₱3,860,512
Deferred income tax liabilities	–	–	–	358,113	–	28,976	33,961	–	421,050
Total liabilities	₱450,858	₱362,647	₱1,835,113	₱1,354,595	₱–	₱32,891	₱245,463	₱–	₱4,281,562
Capital expenditures	₱315,869	₱196,505	₱594,116	₱234,072	₱–	₱3,225	₱213,285	₱–	₱1,557,072
Depreciation, amortization and depletion	₱166,658	₱89,732	₱550,803	₱478,070	₱–	₱18,060	₱70,011	₱–	₱1,373,334

	December 31, 2013								
	Mining				Services				
	HMC	CMC	TMC	RTN	RTN/TMC	LCSLC	Others	Eliminations	Total
External customers	₱3,438,856	₱737,906	₱3,109,101	₱3,189,634	₱612,830	₱11,112	₱10,090	₱–	₱11,109,529
Inter-segment revenues	–	–	–	–	1,159	71,478	434,953	(507,590)	–
Total revenues (see Note 34)	3,438,856	737,906	3,109,101	3,189,634	613,989	82,590	445,043	(507,590)	11,109,529
Cost of sales	927,692	422,058	1,122,846	2,016,698	–	–	–	–	4,489,294
Cost of services	–	–	–	–	335,292	–	–	–	335,292
Shipping and loading costs	444,164	141,109	457,029	268,847	–	87,622	–	–	1,398,771
Excise taxes and royalties	240,720	95,368	248,728	63,792	–	–	–	–	648,608
Marketing	21,065	28,228	4,462	11,874	–	–	–	–	65,629
Segment operating earnings	₱1,805,215	₱51,143	₱1,276,036	₱828,423	₱278,697	(₱5,032)	₱445,043	(₱507,590)	₱4,171,935
General and administrative	₱66,117	₱34,038	₱110,899	₱111,172	₱–	₱12,156	₱290,095	₱–	₱624,477
Finance income	₱14,332	₱2,515	₱15,683	₱49,750	₱–	₱12	₱84,461	₱–	₱166,753
Finance expenses	₱5,327	₱3,450	₱7,007	₱6,896	₱–	₱2,267	₱103,693	₱–	₱128,640
Provision for (benefit from) income tax	₱516,384	(₱8,787)	₱350,677	₱247,190	₱–	₱7,589	₱11,162	₱–	₱1,124,215
Net income (loss) attributable to equity holders of the parent	₱1,473,262	₱21,554	₱640,531	₱595,162	₱–	(₱98,064)	(₱578,771)	₱–	₱2,053,674
Segment assets	₱1,943,798	₱954,295	₱6,708,837	₱7,740,945	₱–	₱263,195	₱10,958,015	₱–	₱28,569,085
Deferred income tax assets - net	97,366	93,381	58,458	4,709	–	–	90,529	–	344,443
Total assets	₱2,041,164	₱1,047,676	₱6,767,295	₱7,745,654	₱–	₱263,195	₱11,048,544	₱–	₱28,913,528
Segment liabilities	₱419,751	₱152,185	₱1,970,952	₱547,866	₱–	₱5,270	₱119,488	₱–	₱3,215,512
Deferred income tax liabilities	–	–	–	423,608	–	31,830	30,790	–	486,228
Total liabilities	₱419,751	₱152,185	₱1,970,952	₱971,474	₱–	₱37,100	₱150,278	₱–	₱3,701,740
Capital expenditures	₱346,186	₱114,084	₱1,256,229	₱129,461	₱–	₱28,009	₱57,156	₱–	₱1,931,125
Depreciation, amortization and depletion	₱123,760	₱72,484	₱336,736	₱488,985	₱–	₱174,003	₱66,683	₱–	₱1,262,651

Inter-segment revenues are eliminated upon consolidation.

The Group has revenues from external customers as follows:

Country of Domicile	**2015**	2014	2013
China	**₱8,629,266**	₱15,564,609	₱7,376,742
Japan	**3,292,681**	5,000,487	1,462,481
Australia	**270,994**	198,579	–
Local	**3,238,705**	3,982,029	2,270,306
	₱15,431,646	₱24,745,704	₱11,109,529

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

Revenue from two key customers for the sale of ores amounted to ₱5,569.5 million, ₱11,756.9 million and ₱5,257.2 million in 2015, 2014 and 2013, respectively.

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

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Nickel Asia Corporation and Subsidiaries
28th Floor, NAC Tower
32nd Street, Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Nickel Asia Corporation and Subsidiaries as at December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015, 2014 and 2013, included in this Form 17-A, and have issued our report thereon dated March 15, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
SEC Accreditation No. 1250-A-1 (Group A),
January 7, 2016, valid until January 6, 2019
Tax Identification No. 163-069-453
BIR Accreditation No. 08-001998-97-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 5321646, January 4, 2016, Makati City

March 15, 2016

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE I
NICKEL ASIA CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SEC MEMORANDUM CIRCULAR NO.11
DECEMBER 31, 2015

Unappropriated retained earnings as at December 31, 2014, as reflected in audited financial statements		₱12,370,501,290
Unrealized foreign exchange gain - net except those attributable to cash and cash equivalents		(764,817)
Amount of recognized deferred income tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized		(115,728,636)
Unappropriated retained earnings, *as adjusted to available for dividend distribution, beginning*		12,254,007,837
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	3,303,062,385	
Less: Non-actual/unrealized income net of tax		
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	89,371,811 –	
Fair value adjustment (mark-to-market gains)	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Accretion income	3,933,006	
Day 1 gain	2,123,027	
Amount of recognized deferred income tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized	–	
Subtotal	3,207,634,541	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Remeasurement loss on pension liability (after tax)	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Stock option expense for the period	–	
Subtotal	–	
Net income actually earned during the period		**3,207,634,541**
Add (Less):		
Dividend declarations during the period	(5,695,624,379)	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Subtotal		(5,695,624,379)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DISTRIBUTION		**₱9,766,017,999**

SCHEDULE II
NICKEL ASIA CORPORATION AND SUBSIDIARIES
TABULAR SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER THE PFRS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

I. List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as at December 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Company Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Company Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2 - Company and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

The Group has not early adopted any PFRSs, PAS and Philippine Interpretations effective January 1, 2016 onwards.

SCHEDULE III

NICKEL ASIA CORPORATION AND SUBSIDIARIES

Schedule A. Financial Assets
December 31, 2015

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotations at End of Reporting Date	Income Received and Accrued
	In Thousands			
Cash on hand and with banks	N/A	₱1,535,372	₱1,535,372	
Cash under managed funds	N/A	199,300	199,300	₱109,075
Short-term cash investments	N/A	5,338,499	5,338,499	
Cash and cash equivalents		7,073,171	7,073,171	109,075
Trade	N/A	558,162	558,162	–
Loan and notes receivable	N/A	157,896	157,896	277
Receivable from CBNC	N/A	48,173	48,173	–
Interest receivable	N/A	40,448	40,448	–
Advances to Ludgoron	N/A	23,394	23,394	–
Amounts owed by related parties	N/A	15,964	15,964	–
Others	N/A	49,833	49,833	–
Trade and other receivables		893,870	893,870	277

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2015

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotations at End of Reporting Date	Income Received and Accrued
			In Thousands	
Manila Golf and Country Club	1 share	₱39,000	₱39,000	₱–
Wack-Wack Golf and Country Club	1 share	15,800	15,800	–
Valle Verde Country Club	1 share	120	120	–
Camp John Hay Country Club	1 share	180	180	–
Ayala Land, Inc.	₱90,000	92,688	92,688	3,730
Aboitiz Equity Ventures, Inc.	₱50,000	50,277	50,277	1,765
Retail Treasury Bond	₱50,000	50,000	50,000	1,300
Ayala Corporation	₱45,000	46,856	46,856	1,962
Philippine Long Distance and Telephone Company	₱20,000	20,522	20,522	836
ABS-CBN Corporation	₱20,000	19,649	19,649	854
JG Summit Corporation	₱20,000	20,781	20,781	837
Globe Telecom Inc.	₱40,000	40,966	40,966	1,771
Security Bank Corporation - Tier II Funds	₱40,000	40,000	40,000	1,720
NiHao Mineral Resources International, Inc.	101,000,000 shares	282,800	282,800	–
Philippine Long Distance and Telephone Company	25,000 shares	51,500	51,500	–
Philippine Long Distance and Telephone Company	–	2,481	2,481	183
Security Bank Corporation	58,027 shares	8,240	8,240	–
BDO Institutional Cash Reserve Fund	469,693 units	51,353	51,353	–
ATR Kim Eng Capital Partners, Inc. - Alpha Opportunity Fund	14,541,224 units	17,038	17,038	–
ATR Kim Eng Capital Partners, Inc. - Equity Opportunity Fund	25,479,005 units	93,080	93,080	–
BPI Asset Management - Money Market Fund	50,599 units	11,589	11,589	–
Security Land Corporation	3,056,198 shares	126,758	126,758	–
Eurasian Consolidated Minerals Pty. Ltd.	12,500,000 shares	73,061	73,061	–
BNP Paribas Wealth Management - debt and equity securities	various	939,867	939,867	22,020
Credit Suisse AG - debt and equity securities	various	974,810	974,810	20,562
DBS Private Bank - debt and equity securities	various	374,405	374,405	7,156

(Forward)

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2015

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotations at End of Reporting Date	Income Received and Accrued
			In Thousands	
Philam Asset Management Inc. - debt and equity securities	various	₱354,165	₱354,165	₱2,555
Maybank ATR Kim Eng Capital Partners, Inc. - debt and equity securities	various	380,153	380,153	7,705
Security Bank Corporation - debt and equity securities	various	455,809	455,809	10,295
BDO Unibank, Inc. - debt securities	various	594,216	594,216	5,317
BPI Asset Management - debt securities	various	599,873	599,873	8,752
Others	–	3,000	3,000	–
AFS financial assets		5,831,037	5,831,037	99,320
Loan receivable - net of current portion	N/A	842,104	842,104	1,480
MRF	N/A	214,932	214,932	–
SDMP funds	N/A	59,264	59,264	–
Long-term negotiable instrument	N/A	30,000	30,000	1,260
Restricted cash	N/A	93	93	–
Other noncurrent assets		1,146,393	1,146,393	2,740
Total		₱14,944,471	₱14,944,471	₱211,412

NICKEL ASIA CORPORATION AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2015

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Noncurrent	Ending Balance
			Amount Collected	Amount Written-Off			

There are no receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders other than subject to usual terms, for ordinary travel and expense advances, and for other such items arising in the ordinary course of business, and eliminated in consolidation.

NICKEL ASIA CORPORATION

Schedule C. Amounts Receivable from Related Parties which are Eliminated in the Consolidated Financial Statements
December 31, 2015

Name of Subsidiary	Balance At January 1, 2015	Additions	Amounts collected	Reclassification	Amounts Written Off	Current	Noncurrent	Amount Eliminated
Taganito Mining Corporation	₱19,696	₱4,765,736	(₱2,054,130)	₱–	₱–	₱2,731,302	₱–	₱2,731,302
Rio Tuba Nickel Mining Corporation	2,972,440	4,727,286	(1,668,604)	–	–	6,031,122	–	6,031,122
Samar Nickel Mining Resources Corporation	1,759	7,903	(9,662)	–	–	–	–	–
Cagdianao Mining Corporation	72,987	4,327,893	(2,522,336)	–	–	1,878,544	–	1,878,544
Cordillera Exploration Co., Inc.	90,097,903	31,172,022	(23,994,487)	–	–	97,275,438	–	97,275,438
Geogen Corporation	–	240,292,737	–	–	–	240,292,737	–	240,292,737
Hinatuan Mining Corporation	(2,863,034)	5,249,898	(2,476,807)	–	–	(89,943)	–	(89,943)
	₱90,301,751	₱290,543,475	(₱32,726,026)	₱–	₱–	₱348,119,200	₱–	₱348,119,200

NICKEL ASIA CORPORATION AND SUBSIDIARIES

Schedule D. Intangible Assets - Other Assets
December 31, 2015

Description	Beginning Balance	Additions At Cost	Deductions: Charged to Costs and Expenses	Deductions: Charged to Other Accounts	Other Changes - Additions (Deductions)	Ending Balance
	In Thousands					
Geothermal exploration and evaluation assets	₱–	₱6,114,914	₱–	₱–	₱–	₱6,114,914
Other Noncurrent Assets						
Deferred mine exploration costs	209,227	405,083	1,233	–	547,017	1,160,094
Project development cost	–	107,296	–	–	–	107,296
	₱209,227	₱6,627,293	₱1,233	₱–	₱547,017	₱7,382,304

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule E. Long-term Debts
December 31, 2015

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-term	Remarks
	In Thousands			
Long-term Debts				
Security Bank Corporation	₱–	₱–	₱2,100,336	A
Taganito HPAL Nickel Corporation (THNC)	–	82,355	1,194,148	B
Sumitomo Metal Mining Co. Ltd.	–	42,166	63,249	C
Deferred Income				
Taganito HPAL Nickel Corporation	–	4,542	67,039	D
Total	₱–	₱129,063	₱3,424,772	

Remarks:

A. Interest rate ranges from 4.6% to 4.9%; principal is payable after three (3) years.
B. Interest rate is based on prevailing 180-day London Inter-Bank Offered Rate (LIBOR) plus two percent (2%) spread; principal is payable in semi-annual installments of US$875,000, payable in April and October until April 10, 2031.
C. Interest rate is based on prevailing 180-day British Banker Associate LIBOR plus two percent (2%) spread; principal is payable in semi-annual installments of US$448,000, payable in February and August until February 28, 2018.
D. The obligation is covered by a Lease Agreement with THNC.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

Schedule F. Indebtedness to Affiliates and Related Parties (Short-term and Long-term Debts with Related Companies)
December 31, 2015

Name of Affiliate	Beginning Balance	Ending Balance
	In Thousands	
Short-term Debt		
Manta Equities Inc.	₱–	₱180,000
Long-term Debts		
Taganito HPAL Nickel Corporation	1,291,290	1,276,503
Sumitomo Metal Mining Co. Ltd.	140,242	105,415
Deferred Income		
Taganito HPAL Nickel Corporation	75,792	71,581
	₱1,507,324	₱1,633,499

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2015

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee

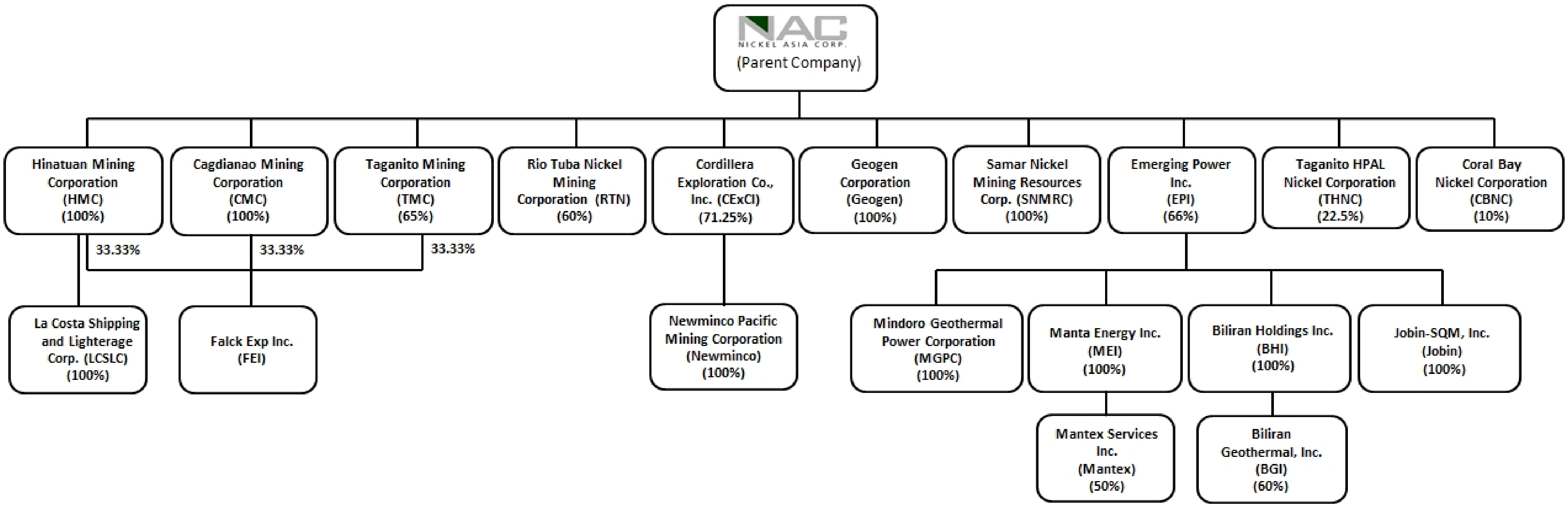
- Not applicable-

NICKEL ASIA CORPORATION AND SUBSIDIARIES

Schedule H. Capital Stock
December 31, 2015

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock	19,265,000,000	7,596,939,456	76,284,344	5,167,816,532	997,716,608	1,431,406,316
Preferred Stock	720,000,000	720,000,000	–	720,000,000	–	–

SCHEDULE IV
NICKEL ASIA CORPORATION AND SUBSIDIARIES
A MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES, CO-SUBSIDIARIES AND ASSOCIATES PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015



Note: There is no pyramid ownership structure and/or cross holding structure.

SCHEDULE V
NICKEL ASIA CORPORATION AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

	2015	2014
A. *Liquidity ratios*		
Current ratio	**2.16**	9.74
Quick ratio	**1.69**	8.13
Solvency ratio	**3.40**	8.22
B. *Financial leverage ratios*		
Debt ratio	**0.29**	0.12
Debt-to-equity ratio	**0.42**	0.14
Interest coverage	**61.78**	321.66
Asset-to-equity ratios	**1.42**	1.14
C. *Profitability ratios*		
Net profit margin analysis	**0.20**	0.44
Return on assets	**0.07**	0.31
Return on equity	**0.10**	0.36
Gross profit margin	**0.57**	0.77
Price/earnings ratio	**23.15**	14.04