



EVOLUTION

2019 ANNUAL AND SUSTAINABILITY REPORT

NAC
NICKEL ASIA CORP.

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WHO WE ARE

GRI 102-2

We are a diversified natural resources development company, combining our operations as the Philippines' largest producer of lateritic nickel ore (and one of the largest in the world) with a growing interest in renewable energy development.

Beginning in Rio Tuba fifty years ago, we now have four nickel mines and a fifth in the preparatory stages of development. We export saprolite and limonite ore to our customers in China and Japan, who process our ore to produce ferronickel and nickel pig iron (NPI), used for the production of stainless steel.

Our Rio Tuba operation in Bataraza, Palawan, is the exclusive supplier of limonite ore to Coral Bay Nickel Corporation (CBNC). CBNC, commissioned in 2005 as the Philippines' first hydrometallurgical nickel processing plant, has 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. We have a 10% equity interest in CBNC.

Our Taganito operation in Claver, Surigao del Norte, is also the exclusive supplier of limonite ore to Taganito HPAL Nickel Corporation (THPAL). Commissioned in 2013 and built at a cost of US\$ 1.7 billion, the Philippines' second hydrometallurgical nickel processing plant has an expanded capacity of 36,000 tonnes of contained nickel and 3,000 tonnes of contained cobalt per year. We also have a 10% equity interest in THPAL.

Both CBNC and THPAL are part of the global supply chain in the production of batteries for the electric vehicle market.

Hinatuan Mining in Taganaan, Surigao del Norte and Cagdianao Mining in Valencia, Dinagat Islands, are our two other nickel operations. Our fifth operation, Dinapigue Mining in Isabela, is in the preparatory stages of development.

We have other properties for nickel, copper and gold in various stages of exploration.

We have established a foothold in the renewable energy business through Emerging Power Inc. (EPI). Jobin SQM Inc., a wholly-owned subsidiary of EPI, currently operates a 32 MW solar plant in the Subic Bay Freeport which we plan to expand to 100MW by 2021, while another wholly-owned subsidiary, Montelago Geothermal Power Corporation, has geothermal service contracts in the provinces of Mindoro and Biliran. EPI recently secured 25MW of medium to long term solar power sales agreements; more importantly, we are partnering with TBEA Co., Ltd of China, a leading manufacturer of power equipment, for equity investment that will finance our solar generation capacity. Currently we have an 86.29% equity interest in EPI.

We are conscious of our corporate responsibility towards our people and our planet. We are proud of our track record in responsible and sustainable operations, which has been recognized time and again both within the Philippines and even abroad. During the 66th Annual National Mine Safety and Environment Conference in Baguio City last November, our Cagdianao operations were bestowed the Presidential Mineral Industry Environmental Award, the highest recognition for environmental excellence in our industry. One month later, our Rio Tuba operation was again recognized by the ASEAN with runner-up honors for Best Practices in Sustainable Mineral Development for the Mineral Mining Category during the second ASEAN Mineral Awards held in Bangkok, Thailand.

While the global economy faces unique challenges at the moment we know that these challenges will soon pass, and we are confident that we are on the right track to emerge as a major Philippine enterprise focused on the expectations of both the global investor and the general public for environmental and social responsibility and transparent corporate governance.

The Company's Vision and Mission Statements as well as its Core Values are regularly reviewed by Management and approved by the Board of Directors.

GRI 102-16

VISION

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

MISSION

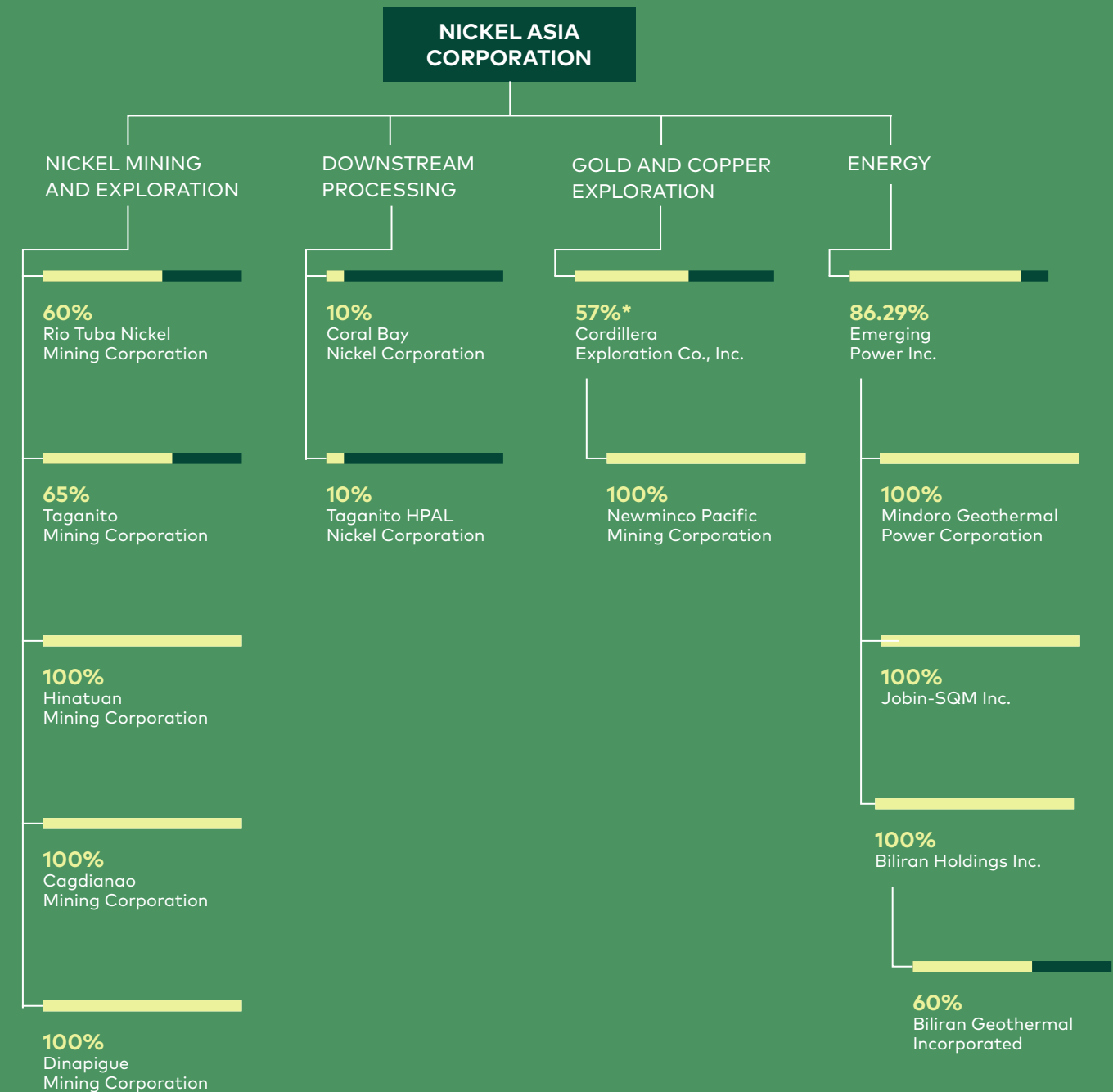
We exist to responsibly and sustainably develop our country's natural resources to meet society's needs, contributing to a brighter future for our people, our communities, and our other stakeholders, always conscious of being stewards of the environment where we operate.

CORE VALUES

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

CORPORATE STRUCTURE

GRI 102-5

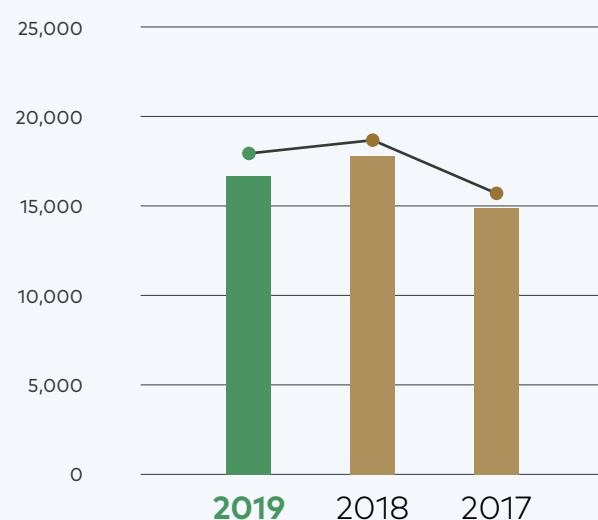


* Beneficial Ownership

MOVING FORWARD

GRI 102-7

NICKEL ORE SALES



●— Revenues
(in PhP Million) Inclusive of
Sale of Limestone and Services

■ Nickel Ore Sales
(Wet Metric Ton '000)

2019

Total Sales (WMT '000)	18,836
LME-based Sales (WMT '000)	8,393
Realized LME Price (USD/lb.)	6.23
Tonnage-based Sales (WMT '000)	10,442
Average Price (USD/WMT)	23.52
Weighted Average Price (USD/WMT)	16.69

BOOK VALUE PER SHARE
(in PhP)

2019	2.30
2018	2.17
2017	2.15

SALES HIGHLIGHTS

	2019	2018	2017
Total Sales (WMT '000)	18,836	19,349	17,703
LME-based Sales (WMT '000)	8,393	7,808	8,062
Realized LME Price (USD/lb.)	6.23	5.95	4.67
Tonnage-based Sales (WMT '000)	10,443	11,541	9,640
Average Price (USD/WMT)	23.52	21.53	24.42
Weighted Average Price (USD/WMT)	16.69	16.86	16.17

FINANCIAL HIGHLIGHTS

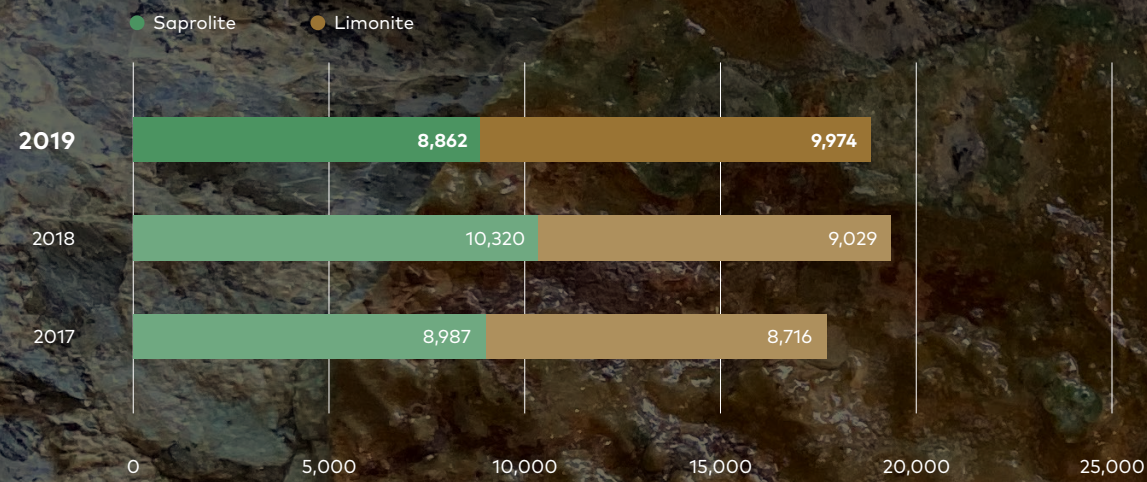
PhP Million except Per Share Amounts

	2019	2018	2017
Revenues			
Sale of Ore	16,670	17,742	14,897
Services and Others	1,253	906	842
Total Revenues	17,923	18,648	15,739
Operating Costs and Expenses	12,779	12,608	10,474
Net Income			
Attributable to Equity Holders of the Parent	2,685	3,008	2,771
Attributable to Non-Controlling Interests	1,141	1,215	1,083
Basic Earnings Per Share (in PhP)			
	0.20	0.22	0.20
Financial Condition			
Cash, Cash Equivalents and Other Financial Investments	16,569	15,931	16,294
Other Current Assets	5,454	5,966	5,337
Noncurrent Assets	26,239	24,136	24,106
Current Liabilities	9,921	9,866	9,614
Noncurrent Liabilities	3,210	2,716	2,905
Equity	35,131	33,451	33,218
Book Value Per Share (PhP)			
	2.30	2.17	2.15

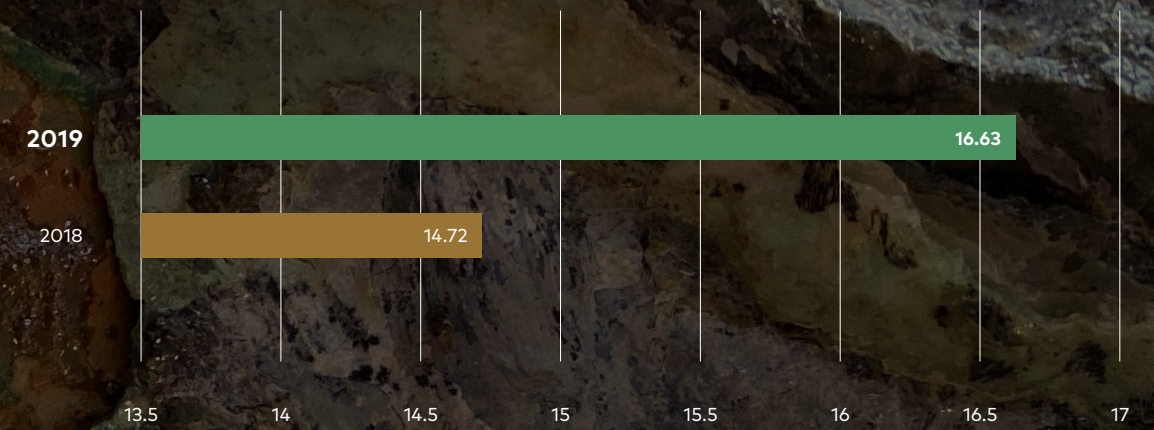
MOVING FORWARD

GRI 102-7

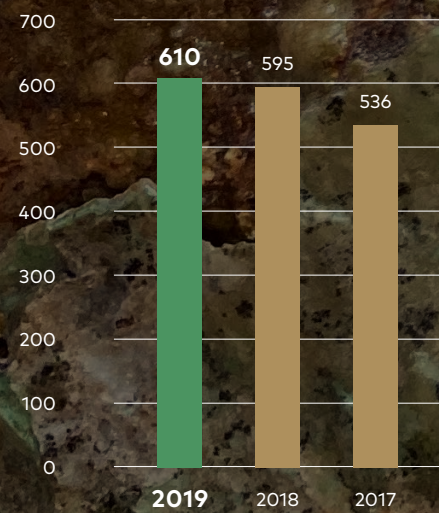
SALES VOLUME WMT'000



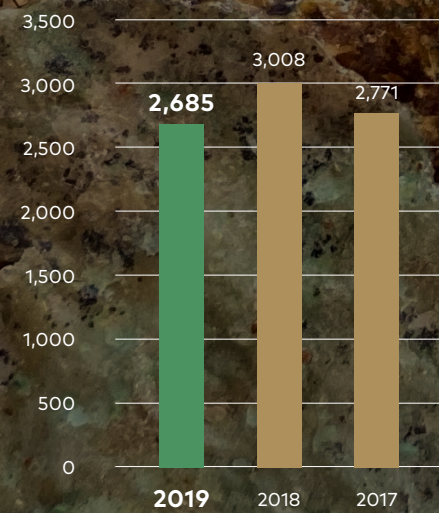
OPEN AREAS PER MILLION WMT SOLD (NUMBER OF HECTARES)



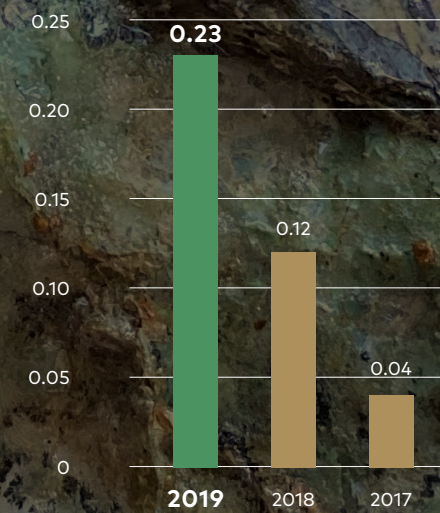
COST PER WMT (PHP/WMT)



ATTRIBUTABLE NET INCOME (PHP MILLION)



FREQUENCY RATE



PRODUCT MIX

GRI 102-2

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

GRI 102-6

We ship out two types of saprolite ore: high-grade and mid-grade. High-grade saprolite ore has a nickel content of about 1.7% while mid-grade saprolite ore has a nickel content of between 1.3 to 1.6%.

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

We sell two types of limonite ore: high-iron and low-grade. High-iron limonite ore has a nickel content of less than 1.0% and an iron content of 48 to 50%. Low-grade limonite ore has a nickel content of 1.0 to 1.2% and an iron content of at least 30%.

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

GRI 102-9, GRI 417-1

SAPROLITE



LIMONITE



Type Of Ore	High-Grade ~1.7% Ni	Mid-Grade 1.3-1.6% Ni	High Fe 0.6-0.9% Ni; 48-50% Fe	Low Grade 1.0-1.2% Ni; ≥30% Fe
Supplied by	Rio Tuba Taganito Cagdianao Hinatuan	Rio Tuba Taganito Cagdianao Hinatuan	Rio Tuba Taganito Hinatuan	Rio Tuba Taganito
Sold to	Japan FeNi Smelter/China NPI Smelter (RKEF)	Japan FeNi Smelter/China NPI Smelter (RKEF)	China NPI Smelter (Blast Furnace)	Philippines CBNC THPAL
Final Products	Ferronickel	Ferronickel/ High- and Medium-Grade NPI: 10-12% Ni	Low-Grade NPI (1-3% Ni)	Ni-Co Sulfide 55% Ni
For Use in:	300 Series Stainless Steel	300 Series Stainless Steel	200 Series Stainless Steel	Ni Smelter: Ni Cathodes & Ni Sulfate
Pricing Method	Negotiated USD/WMT	Negotiated USD/WMT	Negotiated USD/WMT	LME Ni Price x Payable Ni
2019 Volume (kWMT)	1,193	7,668	1,581	8,393
2019 % of Volume	6%	41%	8%	45%
2019 % of Revenue	11%	59%	8%	22%

RAISING THE BAR

GRI 102-14



Gerard H. Brimo
Executive Director
Chairman of the Board of Directors

Martin Antonio G. Zamora
Executive Director
President and Chief Executive Officer

NAC has always been all about **raising the bar.**



"From its foundation to the present, NAC has established a track record of responsible operations that now serves as a benchmark for the industry."

When Manuel (Manny) B. Zamora, Jr., Chairman Emeritus, and Gerard (Jerry) H. Brimo teamed up to take Nickel Asia Corporation (NAC) public in November of 2010, our Company became the Philippines' largest and most successful nickel producer in the Philippines. NAC brought together under one roof four operating nickel mines, and partnered in the establishment of two nickel high-pressure acid leach (HPAL) processing plants, the only nickel ore processing plants in the country today and two of only a few successful HPAL plants in the world.

Along the way our Company has earned recognition as the epitome of responsible mining in the Philippines. NAC's subsidiaries regularly receive the highest recognition – the Presidential Mineral Industry Environmental Award – at the Annual National Mine Safety and Environmental Conference organized by the DENR-MGB. Even the biennial meeting of the ASEAN Ministers for Mining has bestowed on NAC subsidiary Rio Tuba Nickel Mining Corporation (RTN) the honor of being the very first awardee for Best Practices in Sustainable Mineral Development in 2017, as well as runner-up honors in the year just past.

Again, last year, in appointing Engr. Cynthia E. Rosero as the resident mine manager of RTN – the first female mining engineer to head a large scale mining operation in the country – our Company once again raised the bar for the industry by recognizing women in leadership.

From its foundation to the present, NAC has established a track record of responsible operations that now serves as a benchmark for the industry.

Our achievements have been possible due to Manny's vision and perseverance over many years, and the dedicated leadership and guidance from Jerry, who headed the Company as CEO since he came on board in 2008. His executive leadership was a major factor in the flourishing of NAC – from the successful initial public offering to our production growth over the years to the burnishing of our reputation that is recognized both here and abroad. Beyond NAC; he helped steer the industry through the difficult years under the previous administration, and continues to do so as Chairman of the Chamber of Mines of the Philippines.

The mantle of CEO has now passed to Martin Antonio (Dennis) Zamora on 1 January 2020, while NAC continues to benefit from Jerry's wise counsel as Chairman of our Board. Dennis headed our team since his appointment as Executive Vice President and subsequently as President in 2018. As our new CEO, he will ensure that we continue to raise the bar which is what our Company is all about.

OPERATING RESULTS

The four operating subsidiaries of NAC achieved total sales of 18.8 million wet metric tons (WMT) of nickel ore, a slight decrease of 3% compared to the prior year's 19.3 million WMT.

Exports of saprolite ore to our Chinese and Japanese customers decreased to 8.9 million WMT compared to 10.3 million WMT in the prior year. The drop was the result of a surge in higher grade saprolite ore exports from Indonesia prior to the re-imposition of the export ban in 1 January 2020, and the consequent drop in demand for our lower grade saprolite ore. On the other hand, exports of limonite ore increased to 1.6 million WMT from 1.2 million WMT. Our Rio Tuba and Taganito operations also sold 8.4 million WMT of low-grade limonite ore to our associate companies, Coral Bay and Taganito HPAL, respectively, which operate HPAL processing plants adjacent to those mines. This compares to 7.8 million WMT in the prior year.

The increase was the result of the completion of remedial work required at the Taganito HPAL plant in late 2018; thus, the plant was fully operational during the year.

With respect to prices, we averaged US\$ 25.03 per WMT for our saprolite ore exports as against US\$ 22.65 per WMT in the prior year, an 11% increase. The higher price was the result of a change in our ore mix to medium-grade saprolite ore while in the prior year a substantial amount of low grade saprolite ore at lower prices was exported to take advantage of market conditions at that time. The price of our limonite exports, principally of the high iron variety, also increased to US\$ 15.04 per WMT as against US\$ 12.06 per WMT. The increase in both our export volume and price of this product resulted from the start-up of a number of traditional blast furnace NPI plants in China.

On our limonite sales to our two HPAL plants, the pricing of which is linked to LME nickel prices, we realized an average of US\$ 6.23 per pound of payable nickel compared to US\$ 5.95 per pound in the prior year. However, when expressed in US dollars per WMT, which accounts for credits on cobalt contained in our ore, the realized price was US\$ 8.19 per WMT compared to US\$ 9.97 per WMT in 2018 due to the substantial drop in the price of cobalt. On a combined per WMT basis, we averaged US\$ 16.69 in 2019, marginally lower than the prior year's US\$ 16.86.

The overall lower sales volume, coupled with the correction of the cobalt price and the strengthening of the peso from PhP 53.00 per US dollar compared to PhP 51.72 in 2019 resulted in a decrease in consolidated revenues to PhP 17.9 billion from PhP 18.6 billion in the prior year.

Included in our revenues for the year are services and other activities performed by our Rio Tuba and Taganito operations to the HPAL plants of PhP 683.1 million compared to PhP 650.1 million in the prior year, and sales of power from our 86.29%-owned renewable energy subsidiary, Emerging Power Inc. (EPI), and our Surigao diesel power plant of PhP 280.1 million compared to PhP 256.0 million.

Our attributable net income for the year decreased by 10% to PhP 2.7 billion compared to PhP 3.0 billion in the prior year. Included in our income is our share of the earnings of the Coral Bay and Taganito HPAL plants corresponding to our 10% equity in each, which amounted to PhP 10.4 million compared to PhP 348.2 million in 2018. The drop in the income from the two plants was mainly driven by the fall in cobalt prices.

33.3% ↑
increase in
limonite ore
exports compared
to last year

7.7% ↑
increase in
low-grade
limonite ore
sales compared
to last year

DIVIDENDS

On the basis of the results for the year in review, on March 13, 2020 the Board of Directors approved a regular cash dividend of PhP 0.08 per share. The cash dividend in the amount of PhP 1.09 billion was paid on April 8, 2020 to shareholders of record as of March 27, 2020.

In the prior year, a regular cash dividend of PhP 0.07 per share was declared by the Board of Directors on March 14, 2019. The cash dividend in the amount of PhP 957.2 million was paid on April 12, 2019 to shareholders of record as of March 28, 2019.

ECONOMIC AND SOCIAL CONTRIBUTION

In 2019, our Company and its mining subsidiaries paid total taxes and fees, both to the national and local government units, of PhP 4.5 billion, including corporate income taxes of PhP 1.7 billion. The corresponding figures for the prior year were PhP 4.9 billion and PhP 2.0 billion, respectively. It should be noted that effective January 2018, the excise tax applied to gross revenues of our mining subsidiaries increased from 2% to 4%.

With respect to social expenditures under our subsidiaries' Social Development Management Programs, PhP 142.9 million was spent in 2019 primarily on infrastructure, livelihood, health care and educational programs within the host communities of our operations. Additionally, we spent PhP 84.2 million on various CSR programs during the year in review.

In 2019, on average we employed 6,971 individuals, both full-time and through a number of contractors that we use for various aspects of our operations.

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

Our mining subsidiaries continue to participate in the Extractive Industries Transparency Initiative (EITI) process by reporting annually on all taxes and fees paid as well as social expenditures and environmental funds. EITI is a global standard to promote transparency in the management of natural resources, particularly in the payment and receipt of taxes and fees from the extractive sector. In September 2019, our Taganito operation received from EITI Philippines a Transparency Award – Champion in Excellence in Reporting, in the metallic mining category. Our Hinatuan operation also placed second runner-up in the same category.

"In 2019, on average we employed **6,971** individuals."



Farmers of Barangay Dimaluade

"In the longer term, **nickel demand** for electric vehicles (EV) is **expected to increase** from the current level of about 100,000 tons to about 500,000 tons **by 2025.**"

"We are well-positioned to **expand our solar generation capacity** to 100MW by 2021."

NICKEL OUTLOOK

As was the case in the previous three years, 2019 saw a deficit in the global nickel market, leading to a firmer LME average nickel price compared to the prior year. The deficits are expected to continue into 2020 and beyond due to various factors, including the acceleration of the Indonesian ore export ban which took effect on January 1, 2020.

On the other hand, the coronavirus pandemic has had a devastating impact on commodity and other markets, and is expected to take its toll on the global economy, the extent of which is still undetermined. As we go to press, our mines continue to operate as exports are critical to our country, although prices have softened while the mandatory quarantine of vessels leads to shipment delays.

It is heartening to note that we have not experienced outbreaks of the virus within our workforce and host communities. We have put in place stringent protocols that augment government mandates to protect our workforce while we continue to assist our host communities and local government units in every possible way.

In the longer term, nickel demand for electric vehicles (EV) is expected to increase from the current level of about 100,000 tons to about 500,000 tons by 2025. The consensus is that the deficit will accelerate at an even faster pace beyond 2025, mainly due to the anticipated growth in the market share of EVs, from about 30% in 2025 to about 50% in 2030, leading to expectations of higher LME nickel prices over the foreseeable future.

ON OUR POWER PLAY

Strong and consistent GDP growth over recent years has provided the Philippine power sector a solid foundation. However, the country faces capacity issues: aging coal plants, depletion of gas reserves with respect to Malampaya, and a limited pipeline of large-scale generating plants beyond 2020. As a result, supply is expected to fall short of future power needs.

Furthermore, the Department of Energy's Renewable Portfolio Standards (RPS), which came into effect in 2020, will require distribution utilities and retailers to procure more renewable energy. Under RPS, the target is to achieve 35% share for renewable energy in the supply mix by 2020.

The prospects for EPI today are therefore positive. Our 32MW solar plant in Subic generated PhP 63 million in cash from operations in 2019. We secured our first power Sales Agreement as part of our effort to balance revenues from fixed and WESM-based sources.

Furthermore, we partnered with a leading Chinese power equipment manufacturer, TBEA Co., Ltd., which will invest up to 20% in the equity of EPI's solar business, contributing to the financing, engineering, design and development of our solar plant.

We are well-positioned to expand our solar generation capacity to 100MW by 2021.

STABILIZING THE PROFIT STREAM WHILE SAVING THE EARTH.

We highlight our foray into renewable energy because our Company is conscious of the painful reality that the market for commodities like nickel is highly volatile, in stark contrast to the market for power; this mix brings more stability to the profit stream of NAC moving forward.

Just as important, our main product – nickel ore – is a central ingredient in the production of environment-friendly materials and equipment in cutting edge technologies that seek to replace the fossil-fuel dependent (and highly polluting) industries of old. Air pollution in urban areas are mainly caused by transportation; to reduce toxins in the atmosphere we need to replace more of the gas-guzzling fossil fuel powered vehicles (or vehicles relying on fossil fuels) with electric-powered ones, and to do this we need to produce more batteries, of which nickel is a key ingredient. That demand will grow.

More importantly, our Company is conscious that the world has expectations of its corporate citizens to be contributors in a collective effort to "save the Earth".

And in this area we are confident we are on the right track in at least two fronts:

In our traditional business, we observe operational practices that minimize the disturbance that mining by its nature causes to the environment; our operational practices—our post-mine rehabilitation efforts as well as our community programs—have been consistently hailed as the epitome of how mining can be done responsibly and sustainably.

Indirectly we are therefore contributing to the effort to reduce carbon emissions through our nickel production and improve carbon sequestration through our reforestation and other environmental programs.

And in our growing involvement in renewable energy, we provide a clear alternative to fossil-fuel power for our communities, in the process directly helping our own country achieve its obligations under the Paris Agreement on Climate Change.

"Our post-mine rehabilitation efforts as well as our community programs—have been consistently hailed as the epitome of how mining can be done responsibly and sustainably."



Solar Plant EPI

"Our commitment to raising the bar remains unchanged and with your continued support and the dedication of our employees, we aim to emerge an even stronger company."

ACKNOWLEDGEMENT

Amidst the challenging times brought about by the unprecedented threat of a new coronavirus, the dedication and perseverance of our officers, staff and rank-and-file to continue operations safely and in accordance with government mandated protocols have been exemplary, and we thank them for their efforts.

We also thank them for their efforts to ensure that our communities are safe and secure from this virus and to reach out and assist everyone, especially the most severely affected, through in-kind donations of food supplies, face masks, test kits and the like. We are particularly proud of our donation, in partnership with THPAL, of a Molecular Test Laboratory through the Red Cross that arms not only Surigao del Norte but the whole CARAGA region with a world class facility that can process tests for any and all viral and bacteriological afflictions. Gone are the days when test samples have to be sent to Davao, Cebu or far-away Manila for processing.

We express our appreciation to our Directors for their collective wisdom and guidance throughout the year.

Finally, to our shareholders, we thank you for your warm words of encouragement as we go through this period of crisis. Our commitment to raising the bar remains unchanged and with your continued support and the dedication of our employees, we aim to emerge an even stronger company.

Gerard H. Brimo
Executive Director
Chairman of the Board of Directors

Martin Antonio G. Zamora
Executive Director
President and Chief Executive Officer

EMPOWERING LEADERSHIP



GERARD H. BRIMO
Executive Director
Chairman of the Board of Directors¹
Age: 67
Date First Elected to the Board:
August 1, 2009

Gerard H. Brimo is the Chairman of the Board of Directors of the Company. He is a member of the Corporate Governance Committee of the Board. He is also the Chairman of the Board of Directors of RTN, TMC, CMC, HMC, DMC, CEXCI and Newminco, and of EPI and its subsidiaries, and an Independent Director of Security Bank Corporation. Prior to his career in mining, he worked for Citibank for a period of eight years and was a Vice President in the bank's Capital Markets Group in Hong Kong before joining Philex Mining Corporation as Vice President-Finance. Mr. Brimo served as Chairman and Chief Executive Officer of Philex Mining Corporation from 1994 until his retirement in December 2003. He served as President of the Chamber of Mines of the Philippines from 1993 to 1995, and as Chairman from 1995 to 2003. He was again elected Chairman in 2017, a position he currently holds. He received his Bachelor of Science degree in Business Administration from Manhattan College, the USA, and his Master of Business Management degree from the Asian Institute of Management.

PHILIP T. ANG
Vice-Chairman
Non-executive Director
Age: 78
Date First Elected to the Board:
July 11, 2008

Philip T. Ang is the Vice Chairman of the Company. He is the Vice-Chairman of TMC and a Director of RTN, TMC, HMC, CMC, DMC, CEXCI, Newminco, and EPI. He is an Independent Director of Security Bank Corporation. He was previously involved in the textile business as Chairman and President of Solid Mills, Inc. and Unisol Industries and Manufacturing Corp.

MARTIN ANTONIO G. ZAMORA
Executive Director
President and Chief Executive Officer²
Age: 47
Date First Elected to the Board:
June 16, 2010

Martin Antonio G. Zamora is the President and CEO of the Company and of all of its subsidiaries. Before joining the Company in 2007, Mr. Zamora was the Philippine Country Manager and a Director of UPC Renewables, a global developer, owner, and operator of wind farms and solar facilities. Prior to that, he worked for 10 years in finance and investment banking for firms such as CLSA, Robert Fleming & Co. (UK), Jardine Fleming, and SGV and Co. He received his BSC in Management from Ateneo de Manila University (Philippines), his MBA from London Business School (UK), and his Masters in Organizational Psychology from INSEAD.

FREDERICK Y. DY
Independent Director

Age: 65
Date First Elected to the Board:
September 24, 2010

Frederick Y. Dy is an Independent Director of the Company, Chairman of the Audit Committee and a member of the Board Risk Oversight, Related Party Transactions, and Corporate Governance Committees of the Board. Mr. Dy is also the Chairman Emeritus and a Director of Security Bank Corporation, Chairman of St. Luke's Medical Center, Chairman of City Industrial Corporation, and a Director of Ponderosa Leather Goods Company, Inc.

FULGENCIO S. FACTORAN, JR.[†]
Independent Director³

Age: 76
Date First Elected to the Board:
September 20, 2010

Fulgencio S. Factoran, Jr. was an Independent Director of the Company, Chairman of the Board Risk Oversight Committee and member of the Related Party Transactions and Nominations Committees of the Board until his demise on April 5, 2020. Mr. Factoran was the Chairman of the Board of Directors of GAIA South, Inc., Chairman of Agility Inc., and an independent director of Atlas Consolidated Mining and Development Corporation.

He was a Trustee of the Philippine Educational Theater Association (PETA) and a Co-Founder and Past President of the Movement of Attorneys for Brotherhood, Integrity, and Nationalism Inc. (MABINI).

He held several government positions under the Corazon Aquino Administration such as Deputy Executive Secretary at the Office of the President of the Philippines, Secretary of the Department of Environment and Natural Resources (DENR), Chairman of the Board of Trustees of the National Electrification Administration, Chairman of the Board of Directors of the Philippines Charity Sweepstakes Office, and Member of the Board of Trustees of the Development Academy of the Philippines. He also served as a member of the Board of Trustees of the Government Service Insurance System from 1998 until 2004.

¹Effective January 1, 2020
²Effective January 1, 2020

³Until April 5, 2020.

EMPOWERING LEADERSHIP



TORU HIGO
Non-executive Director

Age: 58
Date First Elected to the Board:
November 6, 2017

Toru Higo is an Executive Officer of Sumitomo Metal Mining Co., Ltd. (SMM), currently holding the position of Senior Deputy General Manager of Non-Ferrous Metals Division. He began his career with SMM in 1986 and occupied the following positions prior to assuming his current post: Company Secretary of SMM Oceania, General Manager of Nickel Sales and Raw Materials Department, and General Manager of Copper and Precious Metals Raw Materials Department. He likewise served as President of Sumitomo Metal Mining Philippine Holdings Corporation (SMMPH), Coral Bay Nickel Corporation (CBNC), and Taganito HPAL Nickel Corporation (THPAL) from June 2017 to June 2019. He received his Bachelor of Science degree in Mathematics from Rikkyo University in Tokyo, Japan.



MASAHIRO KAMIYA
Non-executive Director

Age: 60
Date First Elected to the Board:
August 7, 2018

Masahiro Kamiya is the Chairman of the Related Party Transactions Committee and is a member of the Audit and Nominations Committees of the Board. He is a Qualified Executive of SMM and the incumbent President of SMMPH, CBNC, and THPAL since June 2019. Mr. Kamiya held various positions within the SMM Group since he joined the same in April 1982, to include the following: Executive Vice President of CBNC (February 2007 to August 2010), General Manager of the Administration Department of the Taganito Project Division of SMM (September 2010 to June 2014), Deputy General Manager of the Overseas Projects Department of Non-Ferrous Metals Division of SMM (July 2014 to March 2016), and President and Representative Director of Hyuga Smelting Co. Ltd. (April 2016 to June 2018). Prior to his most recent assignment in the Philippines, Mr. Kamiya was the Senior Deputy General Manager of Non-Ferrous Metals Division and the General Manager of Copper and Precious Metals Raw Materials Department of the same division. Mr. Kamiya obtained his Bachelor of Arts degree in Political Science and Economics from Waseda University in Tokyo, Japan.



LUIS J. L. VIRATA
Non-executive Director

Age: 66
Date First Elected to the Board:
July 11, 2008

Luis J. L. Virata is the founder and Chairman of Amber Kinetics Philippines, Inc. Mr. Virata is also Chairman Emeritus of Exchange Equity Partners Group Corporation, Chairman of Cavite Holdings, Inc., Vice President of Exchange Properties Resources Corp., and a Director of Benguet Corporation. He is also a Founder and Trustee of Asia Society Philippine Foundation and the Metropolitan Museum of Manila and is a member of the Huntsman Foundation. Mr. Virata previously held positions with Dillon, Read and Co., Crocker National Bank, Bankers Trust Company, Philippine Airlines, the Philippine Stock Exchange and the Makati Stock Exchange. He received his Bachelor of Arts and Master of Arts degrees in Economics from Trinity College, Cambridge University and his Master of Business Administration degree from the Wharton School, USA.



MARIA PATRICIA Z. RIINGEN
Non-executive Director

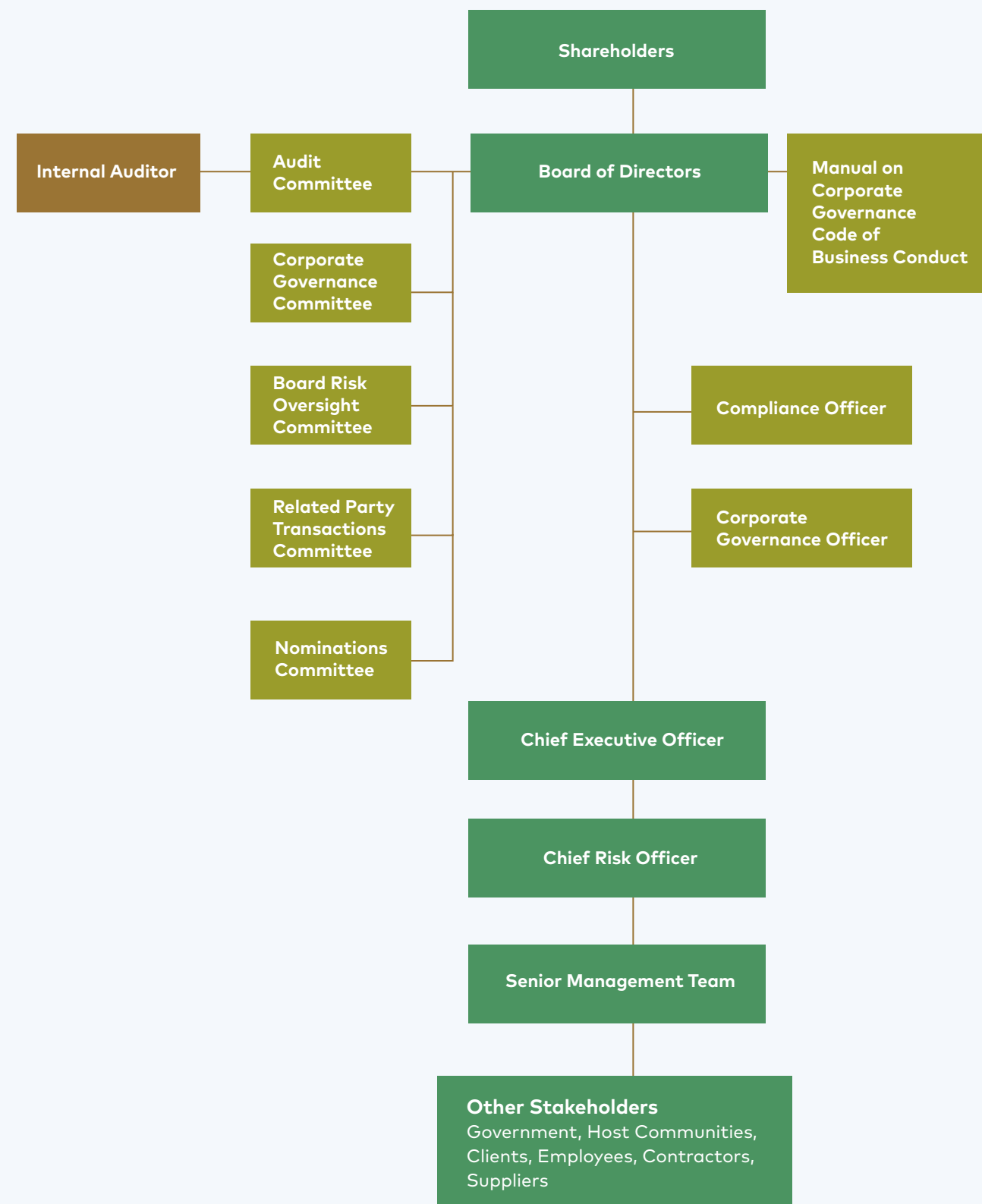
Age: 54
Date First Elected to the Board:
May 20, 2019

Ms. Riingen is the President of Manta Equities, Inc and Manta Foundation, Inc and a Director of Mantra Resources Corp. Prior thereto, she held various positions with the Western Union Company from January 2005 and was its Senior Vice President and Regional Head up to August 2016. She was an Executive Director and a member of the Board of Directors of the Asian Development Bank from August 1998 to March 2001; Vice President and Cash Product Management Head of Citibank N.A. from March 1994 to January 1999; and Brand Manager of Procter & Gamble from July 1987 to October 1992. She is a member of the Young President's Organization (YPO). She was among Asia's Top 20 People in Cash Management selected by Finance Asia in 2011 for being one of the region's most influential power players and up-and-coming executives in the cash management industry. In 2013, Ms. Riingen was recognized as one of the 100 Most Influential Filipinas in the World for her accomplishments as a Filipina senior executive working in a global company. In the same year, she received the Pinnacle Group's CSR Award for spearheading a range of initiatives for better access to financial services in the Philippines.

Ms. Riingen obtained her Bachelor of Science degree in Business Administration, major in Marketing, magna cum laude, from the University of the Philippines.

CORPORATE GOVERNANCE STRUCTURE

GRI 102-18



BOARD COMMITTEES

Audit Committees

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

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

The table below shows the attendance of the members at the Committee meetings held in 2019:

Board	Name	Number of Meetings Held during this year	No. of Meetings attended	%
Chairman	Frederick Y. Dy	4	4	100%
Member	Fulgencio S. Factoran, Jr.	4	3	75%
Member	Masahiro Kamiya*	2	2	100%
Member	Toru Higo**	2	2	100%

*Mr. Kamiya became a member of the Board on May 20, 2019, to replace Mr. Higo.

**Mr. Higo was a member of the Board until May 19, 2019.

Board Risk Oversight Committee

The Board Risk Oversight Committee is composed of Mr. Fulgencio S. Factoran, Jr. (Independent Director) as Chairman and Messrs. Martin Antonio G. Zamora and Frederick Y. Dy (Independent Director) as members.

The Committee assists the Board in its oversight responsibility for the Company's Enterprise Risk Management and shall review the effectiveness

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

The table below shows the attendance of the members at the Committee meetings held in 2019:

Board	Name	No. of Meetings Held during this year	No. of Meetings attended	%
Chairman	Fulgencio S. Factoran, Jr.	4	3	75%
Member	Frederick Y. Dy	4	4	100%
Member	Martin Antonio G. Zamora	4	4	100%

Corporate Governance Committee

The Corporate Governance Committee is composed of Mr. Gerard H. Brimo as Chairman and Messrs. Philip T. Ang and Frederick Y. Dy (Independent Director) as members.

The Committee is responsible for ensuring compliance and proper observance of corporate governance principles and practices of the Company. It also oversees the implementation and the periodic review of the Company's corporate governance framework to ensure that it remains responsive to the Company's size, complexity, and business strategy. Further, the Committee conducts an annual evaluation of the Board, its Committees, and the management of the Company. Also, it develops and implements action plans and programs to improve the performance of the Board, Committees, and Company officers.

The Committee is tasked to establish and maintain a formal and transparent procedure for developing policy on remuneration of Directors and officers to ensure that their compensation is consistent with the Company's culture, strategy, and business environment. The Committee is also responsible for administering the Company's stock option policies and for approving bonuses to all employees of the Company and its subsidiaries.

The table below shows the attendance of the members at the Committee meetings held in 2019:

Board	Name	No. of Meetings Held during this year	No. of Meetings attended	%
Chairman	Gerard H. Brimo	2	2	100%
Member	Philip T. Ang*	1	1	100%
Member	Frederick Y. Dy	2	2	100%
Member	Manuel B. Zamora, Jr.**	1	1	100%

*Mr. Ang replaced Mr. Zamora on May 20, 2019.

**Mr. Zamora was a member of the Committee until May 20, 2019.

Related Party Transactions Committee

The Related Party Transactions Committee is composed of Mr. Masahiro Kamiya as Chairman and Messrs. Frederick Y. Dy (Independent Director) and Fulgencio S. Factoran, Jr. (Independent Director) as members.

The Committee is tasked with reviewing all material and related party transactions of the Company to ensure that such transactions are conducted on terms that are no more favorable than the terms of similar transactions with non-related parties under similar circumstances. This Committee is also responsible for identifying potential or actual conflicts of interest and reputational risk issues that may arise from such related party transactions. The Committee further ensures that transactions between and among related parties are properly identified, monitored, and reflected in reports to the Board and relevant regulatory authorities.

The table below shows the attendance of the members at the Committee meetings held in 2019:

Board	Name	No. of Meetings Held during this year	No. of Meetings attended	%
Chairman	Toru Higo*	1	1	100%
Member	Masahiro Kamiya**	1	1	100%
Member	Frederick Y. Dy	2	2	100%
Member	Fulgencio S. Factoran, Jr.	2	2	100%

*Mr. Higo served as the Chairman of the Committee until May 19, 2019.

**Mr. Kamiya replaced Mr. Higo on May 20, 2019.

Nominations Committee

The Nominations Committee reports directly to the Board and is composed of Mr. Martin Antonio G. Zamora as Chairman and Messrs. Fulgencio S. Factoran, Jr. (Independent Director) and Masahiro Kamiya as members.

The Committee is responsible for setting qualification standards to facilitate the selection of potential nominees to Board seats and nominees to other positions within the Company which require an appointment by the Board. The Committee also provides the shareholders with an independent and objective evaluation of the members of its Board and that the officers appointed by the Board are competent and foster the Company's long-term success and competitiveness.

The Committee held one meeting in 2019 wherein all three members were present.

EXECUTIVE IMPLEMENTATION

Chairman

Mr. Gerard H. Brimo is the Chairman of the Board of Directors. The Chairman is responsible for leadership of the Board. He ensures the effective operation of the Board and its committees in conformity with the highest standards of corporate governance. He is accountable to the Board. The Chairman ensures that the Board sets an agenda that is focused on strategy, performance, and accountability taking into consideration the recommendations of the Directors and management. He assures the availability of training opportunities to all Directors, including an orientation program for first-time Directors. He ensures that the Board performance is evaluated at least once a year.

President and Chief Executive Officer¹

Mr. Martin Antonio G. Zamora is the President of the Company. The President provides the leadership for Management to develop and implement sound business strategies, plans, budgets, and a system of internal controls. He ensures that the overall business and affairs of the Company are managed

¹Effective January 01, 2020.

in a sound and prudent manner in accordance with the Company's strategic plan. He also warrants that business risks are identified and properly addressed. He also ensures that operational, financial, and internal controls are adequate and effective in order to generate sound and reliable financial and operational information, to maximize the effectiveness and efficiency of operations, to safeguard Company assets and resources, and to comply with all laws, rules, regulations, and contracts.

As CEO, he acts as the direct liaison between the Board and the management of the Company. The President and CEO, together with management, has the responsibility to provide the Board with a balanced, understandable and accurate account of the Company's performance, financial condition, results of operations, and prospects on a regular basis. The President is the link between the internal operations and the external stakeholders.

Chief Risk Officer

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

Corporate Governance Officer

Mr. Emmanuel L. Samson, Senior Vice President and Chief Financial Officer, is also the Corporate Governance Officer. He is tasked in ensuring that corporate governance policies are disseminated and adopted throughout the Company, and become an integral part of the Company's culture. In addition, he ensures that the necessary systems are in place to monitor compliance.

² Effective January 1, 2020.

³ Until April 30, 2020.

Compliance Officer

Ms. Georgina Carolina Y. Martinez, Senior Vice President – Corporate Services and Compliance², is also the Chief Compliance Officer. The Compliance Officer ensures the Company's strict adherence to all laws, regulations, guidelines relevant to the business, and the Company's internal controls.

Corporate Secretary

Atty. Barbara Anne C. Migallos is the Corporate Secretary of the Company. She ensures that all Board procedures, rules, and regulations are strictly followed.

AUDITORS

Chief Audit Executive

Ms. Maria Angela G. Villamor is the Company's Chief Audit Executive³. The Chief Audit Executive is primarily tasked with evaluating the adequacy and effectiveness of the Company's governance and operations, reliability and integrity of financial information, safeguarding of assets, and compliance with relevant laws, rules, and regulations.

External Auditor

The external auditor is appointed by the shareholders upon the recommendation of the Audit Committee which reviews its qualifications, performance, and independence. To ensure objectivity in the performance of its duties, the external auditor is subject to the rules on rotation and change (external auditor is changed every five years). The hiring of employees of the external auditor is also prohibited. Prior approval from the Audit Committee is required before any audit and non-audit services and related fees are engaged. The approval of the Audit Committee is also required for any disclosure made by the auditor. Approval of non-audit work by the external auditor is principally tested against the standard of whether such work will conflict with its role as an external auditor or would compromise its objectivity or independence as such.

ENTERPRISE RISK MANAGEMENT

GRI 102-11

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

To put this philosophy into action, the Board, through its Board Risk Oversight Committee, adopted an Enterprise Risk Management (ERM)

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

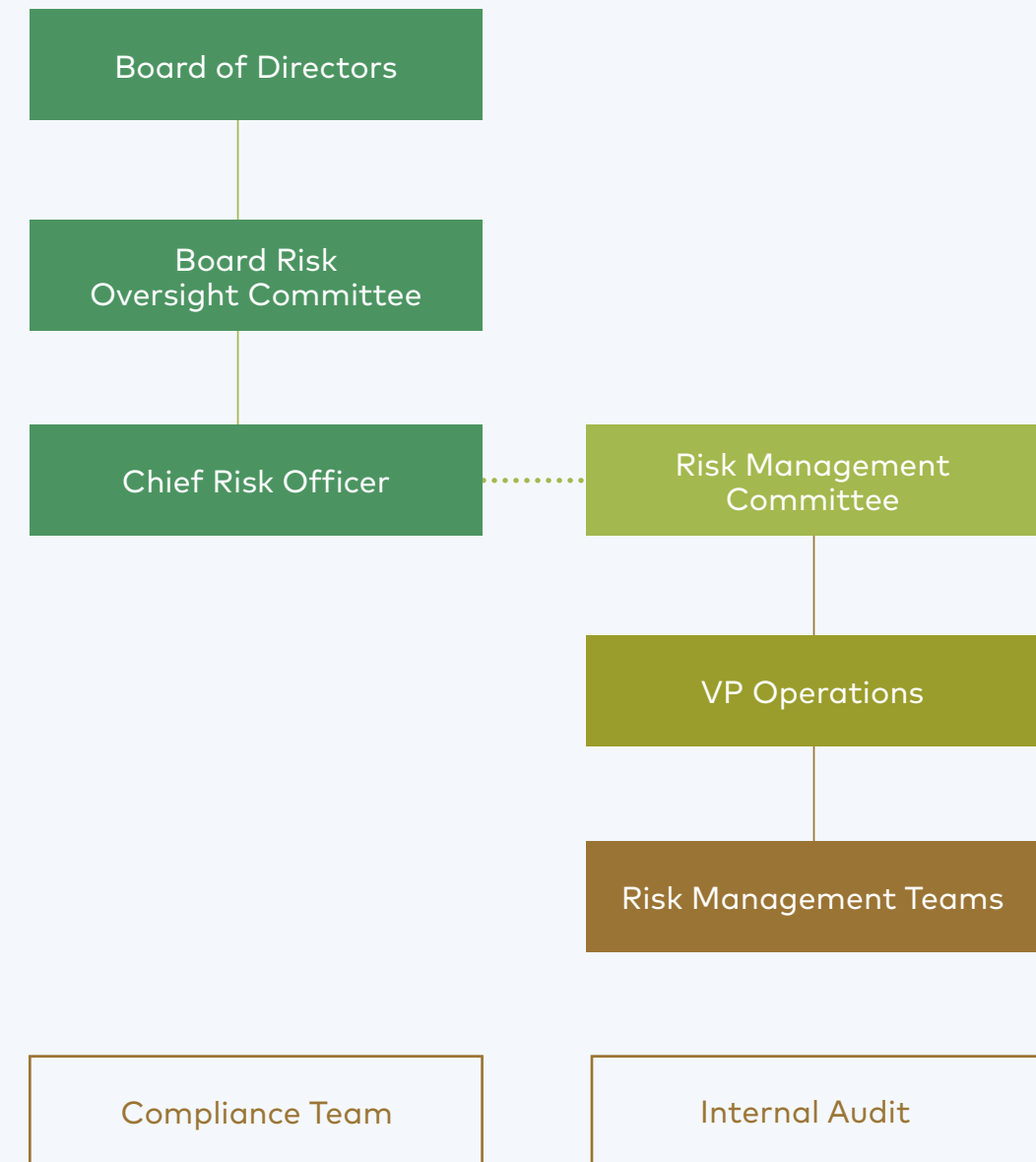
ENTERPRISE RISK MANAGEMENT PROGRAM

- 1 Identify and prioritize risks
- 2 Assess how risks are connected to or influenced by other risks
- 3 Source and analyse risks
- 4 Develop risk management strategies and action plans
- 5 Monitor management process and reports

← Communicate/Consult →

Internal Audit Review

RISK MANAGEMENT STRUCTURE



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

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



NAC 2019

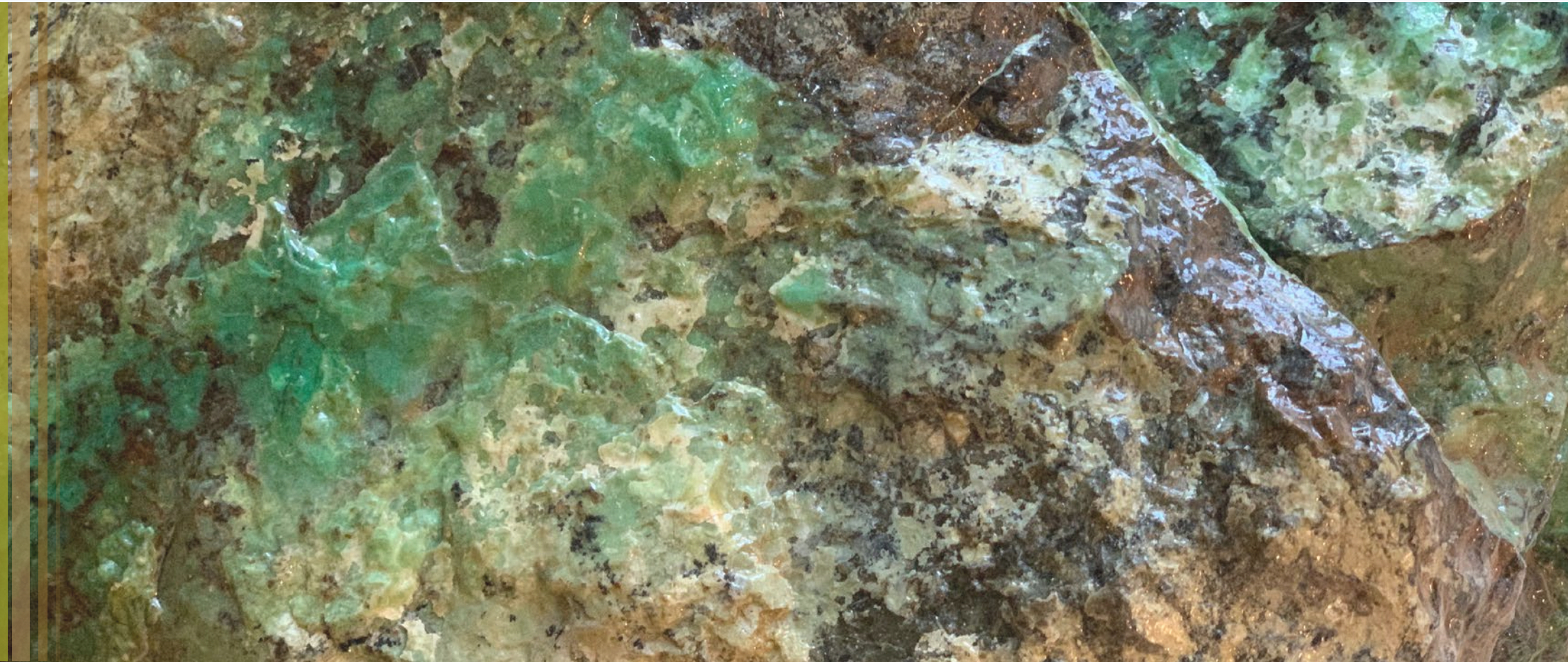
SUSTAINABILITY REPORT

REPORT BOUNDARIES

GRI 102-46, GRI 102-54

This is the seventh consecutive year that Nickel Asia Corporation (NAC) is reporting on the progress of its Sustainability initiatives and programs for its operating mines, namely Rio Tuba Nickel Mining Corporation (RTN), Taganito Mining Corporation (TMC), Hinatuan Mining Corporation (HMC), and Cagdianao Mining Corporation (CMC). Covering January 1 to December 31, 2019, this report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option; a globally shared framework of indicators for transparency and consistent tracking of performance results. This report has undergone limited external assurance by GCSS Inc. with the statement of assurance shown on page 94-96.

NAC releases this report for the benefit of our stakeholders who may be interested to know the Company's performance in the triple bottom line of economic, environmental, and social development.



ECONOMIC GRI 201-1

	RTN	TMC	HMC	CMC
1. Shareholding Percentage	60%	65%	100%	100%
2. Financial Highlights (in PhP Million)				
Direct Revenue Generated	3,493	8,688	1,718	3,639
Costs and Expenses	2,547	5,291	1,525	2,911
Total Assets	3,691	11,117	1,660	3,146
Taxes, Licenses and Fees Paid	696	2,238	353	878
Employee Compensation & Benefits	647	517	192	182
Dividends to stockholders	700	2,500	330	425
Payments to suppliers	1,393	3,383	439	2,238
3. Amount of Ore Sold (in thousand WMT)	4,878	9,163	2,020	2,777

ENVIRONMENTAL

	RTN	TMC	HMC	CMC
1. Total spending for environmental protection and enhancement program (EPEP) (PhP)	80,943,200	215,834,899	156,827,705	55,217,340
2. Rehabilitation efforts				
i. Number of hectares rehabilitated (permanent)	33.5	45.8	70.0	10.5
ii. Number of seedlings planted in rehabilitated area	86,686	52,303	260,145	21,730
3. Reforestation efforts				
i. Number of hectares reforested within Mineral Production Sharing Agreement (MPSA) area	0	22.5	60.7	14.6
ii. Number of hectares reforested outside MPSA area	3.7	0	10.1	26.1
iii. Number of seedlings planted within MPSA area	0	40,779	260,145	18,620
iv. Number of seedlings planted outside MPSA area	9,250	0	28,501	48,793
4. Pollution control				
i. Consumption of energy (MWh)	2,396	2,166	671	1,304
ii. Total fuel consumption – Genset (liters)	115,592	179,004	191,734	525,035
iii. Total fuel consumption – others (liters)	9,543,489	16,743,276	6,085,805	8,863,088
iv. Total Greenhouse Gas (GHG) emissions (tCO ₂ eq)	27,068	46,627	17,831	23,383
5. Waste management				
i. Volume of solid waste disposed (kg)	332,670	49,241	68,250	43,672
ii. Volume of used oils (liters)	84,268	97,200	66,800	41,922
6. Watershed management				
i. Volume of silt collected (WMT)	57,888	3,499	109,451	72,468
ii. Volume of water consumption (cu.m.)	602,205	57,328	87,054	89,048
iii. Volume of water discharge (cu.m.)	1,944,005	0	255,609	24,365
7. Land use (hectares)				
i. Disturbed	457	2,241	169	234
ii. Rehabilitated	189	239	302	43
iii. Other use	750	486	0	109

SOCIAL GRI 203-1, GRI 203-2

	RTN	TMC	HMC	CMC
1. Employees				
i. Number of employees	1,163	668	324	236
ii. Number of people indirectly employed (through contractors)	464	1,005	141	681
iii. Number of employees from local communities	681	531	171	104
iv. Percentage of employees under Collective Bargaining Agreement	83%	62%	48%	39%
v. Average training hours/employee	47.64	50.44	72.60	58.89
2. Health and Safety				
i. Number of employees in health and safety committee	45	55	28	35
ii. Total man hours	5,836,303	7,214,578	4,429,835	4,281,251
iii. Incidence Rate	1.71	7.07	9.93	7.01
iv. Total Lost days	6,018	18,000	0	0
3. Communities				
i. Total spend on Social Development and Management Program (SDMP) (in PhP Million)	30	53	22	37
ii. Population of neighboring communities	90,221	13,287	22,091	5,190
iii. Number of Indigenous People communities residing near the minesite	21,075	700	0	0
4. Social Development Focus Area (SDMP + Corporate Social Responsibility)				
i. Education				
a. Number of Scholars	186	295	1,305	1,774
ii. Health				
a. Number of patients/cases treated in hospital	14,873	298	0	18
b. Number of patients that benefited from Medical Mission	437	298	1,406	32
c. Assistance to calamity victims (number of families)	0	2,000	500	1,000
d. Admitted/confined patients	2,063	0	0	50
iii. Infrastructure				
a. Number of kilometers of roads constructed/improved and amount (km/PhP)	2km/PhP 159,000	0	0	19.9km/PhP 1.7M
b. Value of other infrastructure projects (PhP)	5,242,139	11,015,317	3,740,186	7,694,816
5. Livelihood				
a. Number of People Organizations (POs)	12	15	1	17
b. Members	684	272	32	1,063

AWARDS AND RECOGNITIONS

NAC, and its leadership, are at the forefront of the industry's campaign towards the practice of Sustainable Mining.

In 2019, NAC subsidiaries won several awards during the 66th Annual National Mine Safety and Environment Conference (ANMSEC). During the conference, CMC was bestowed the Presidential Mineral Industry Environmental Award (PMIEA). CMC also received the second highest safety

performance award – the Safest Surface Mines and the Overall Safest Mine Operations.

These awards are given to operating mines that have shown exemplary performance in the areas of environmental enhancement and protection, safety, health, social development, and corporate social responsibility. Likewise, HMC received the Platinum Award in the surface mining category and garnered first runner-up honors in the Best Forest Award.

AWARDING BODY	AWARD	RECIPIENT
Philippine Mine Safety and Environment Association	Presidential Mineral Industry Environmental Award	CMC
	Safest Surface Mining Operation Award	CMC
	Safest Mining Operation Award	CMC
	Best Safety Inspector Award (Safety Manager)	CMC (Archie Sierra)
	Platinum Award: Surface Mining	HMC
	1st Runner Up: Best Mining Forest for Metallic Mines	HMC
	Best Mine Supervisor for Surface Mining	HMC (James Wilkins Asio)
	Best Miner for Surface Mining	HMC (Angelo Cañada)
	Champion: Mine Safety Field Demonstration	RTN
	Best in First Aid Competition	RTN
Regional Disaster Risk Reduction and Management Council	3rd Runner Up: Best Mining Forest Program	RTN
	1st Place: Gawad Kalasag Search for Excellence in Disaster Risk Reduction and Management and Humanitarian Assistance (Best Private Organization Category)	TMC
ASEAN Mineral Awards	Runner-up: Metallic Mineral Mining	RTN

The Company also continues to implement Information, Education, and Communication (IEC) programs to inform various stakeholders, anti-mining groups, and the general public as to how responsible mining is beneficial to the economy and to the people in mining communities.

NAC continues to move forward on its sustainability journey. We welcome guests to visit and inspect our mine sites, for them to see and experience for themselves the effectiveness of our environmental

and people-focused programs. For instance, last September 2019, we were happy to welcome Trade Union Congress of the Philippines (TUCP) Party-List Representative Raymond Democrito Mendoza, who came to visit RTN's rehabilitation efforts for mined-out areas. Going around the area, Rep. Mendoza and his party saw that responsible mining exists in the Philippines. He also noted how proper fund management has created better results in the rehabilitation of mined-out areas.



CMC receiving Presidential Mineral Industry Environmental Award

OUR APPROACH TOWARDS SUSTAINABILITY

NAC's interests are aligned with our stakeholders. Our actions and choices reflect values that are shared with our employees, and the people in the communities where we operate. These include honesty, transparency, and integrity. The Company is committed to protecting our employees, the communities, our customers, and the environment. This is done by institutionalizing mining practices that are responsible, sustainable, and profitable.

NAC maintains an active participation in organizations that shares its values, principles, and advocacies. The Company believes that it has a role in being a responsible corporate citizen, and is part of an industry supporting national progress.

NAC actively supports the initiatives of the Chamber of Mines of the Philippines (COMP); particularly its decision to mandate the adoption of Canadian mining standards, or "Toward Sustainable Mining" (TSM), of its member mining companies. The TSM will ensure that the COMP's member mining companies are accountable, transparent, and credible, with respect

to their mining practices. The TSM standard covers key areas, including tailings management, community outreach, safety and health, biodiversity conservation, crisis management, energy use, and greenhouse gas emissions. NAC also fully supports the COMP's adoption of the Declaration of Commitment to Responsible Minerals Development in the Philippines, otherwise known as "The Baguio Declaration".

The Company's management approach is fully aligned with the five (5) main principles of the Baguio Declaration, and its five (5) elements of Responsible Minerals Development:

- People Orientation
- Protection and enhancement of the environment
- Respect for the rights and welfare of indigenous peoples
- Fair contribution to the National Economy
- Efficient, competitive, and compliant with international standards

THE GLOBAL GOALS For Sustainable Development



ALIGNMENT TO UN SUSTAINABLE DEVELOPMENT GOALS

NAC's environment, social, and governance initiatives work in consonance with the Company's overall objective to support the United Nations Sustainable Development Goals (UN SDGs). Focused on five (5) key pillars to drive significant and meaningful impact for its stakeholders, NAC's Sustainability Framework effectively aligns its various efforts towards the world's shared goal of enabling long-term positive change.



SUSTAINABILITY FRAMEWORK



Good Governance

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

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



Welfare of Our Employees

Employee Relations and Management
Collective Bargaining Agreement
Communities' Skills and Competency
Development
Human Rights and Equal Opportunities

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



Safe Workplace

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

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



Protecting the Environment

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

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







Empowering Communities




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

Through our Social Development Management Programs (SDMPs), which are mandated social expenditures, and Corporate Social Responsibility (CSR) programs, which are voluntary and go beyond SDMP requirements, we aim to empower our shared communities. These projects are done in collaboration and with the support of local government units/organizations. Each SDMP is made in consultation with stakeholders in consideration of the important social, cultural, environmental, and economic factors affecting them.






OUR GOAL	DIRECT RELEVANT SDG	SPECIFIC SDG TARGETS	MATERIAL TOPICS
Good Governance			
To be a responsible corporate citizen by lending our expertise to help engage in constructive public dialogue and informed debate on issues of importance	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.4 Improve progressively the global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation</p> <p>8.8 Protect labor rights and promote safe and secure working environments for all workers including those in precarious employment</p>	<ul style="list-style-type: none"> Leadership and Governance Fluctuation of Metal Prices Supply Chain Management Human Rights Violations (Child labor, forced labor) Consumer Data Protection Corruption and Human Rights Violation
	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>17.1 Strengthen domestic resource mobilization to improve domestic capacity for tax and other revenue collection</p> <p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	
Welfare of our Employees			
To develop our employees' potential, compensate fairly and commensurately their performance and provide growth opportunities	 <p>4 QUALITY EDUCATION</p>	<p>4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>	<ul style="list-style-type: none"> Local Employment Freedom of Association Employees Training and Skills Development Employee Retention and Relations
	 <p>5 GENDER EQUALITY</p>	<p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life</p>	
	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	
	 <p>10 REDUCED INEQUALITIES</p>	<p>10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	

Safe Workplace			
To promote a strong culture of safety embedded in operational excellence and robust risk management	 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>3.3 End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases</p> <p>3.4 Reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being</p>	<ul style="list-style-type: none"> Health and Safety – Employees Maintenance and Security of Plant and Production Sites
	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.8 Protect labor rights and promote safe and secure working environments for all workers, including those in precarious employment</p>	
Protecting the Environment			
To protect, reclaim, and enhance the environment in which we operate through able management and steadfast environmental stewardship	 <p>6 CLEAN WATER AND SANITATION</p>	<p>6.2 Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation</p> <p>6.3 Improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse</p> <p>6.4 Substantially increase water-use efficiency and ensure sustainable withdrawals to address water scarcity</p> <p>6.6 Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes</p> <p>6.B Support and strengthen the participation of local communities in improving water and sanitation management</p>	<ul style="list-style-type: none"> Energy Consumption (Fuel and Electricity) Biodiversity offsets Water and Wastewater Management Dust and Noise Pollution Solid/Hazardous Waste Management GHG Emissions
	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2 Increase substantially the share of renewable energy in the energy mix</p> <p>7.3 Double the rate of improvement in energy efficiency</p>	
	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.4 Achieve the environmentally sound management of all wastes throughout their life cycle and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment</p> <p>12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse</p> <p>12.6 Adopt sustainable practices and to integrate sustainability information into the reporting cycle</p>	

13 CLIMATE ACTION 	13.2 Integrate climate change measures into policies, strategies and planning
14 LIFE BELOW WATER 	14.2 Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans 14.5 Conserve at least 10 percent of coastal and marine areas, consistent with national and international law and based on the best available scientific information 14.B Provide access for small-scale artisanal fishers to marine resources and markets
15 LIFE ON LAND 	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect and prevent the extinction of threatened species

Empowering Communities

To empower our shared communities in collaboration and with the support of local government units/organizations to address the important social, cultural, environmental, and economic factors that are affecting our stakeholders

1 NO POVERTY 	1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, natural resources, appropriate new technology, and financial services	<ul style="list-style-type: none"> • Community Development • Health and Safety – Communities • Risks of conflicts with Local Communities/ Indigenous People
2 ZERO HUNGER 	2.3 Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, and fishers, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment	
3 GOOD HEALTH AND WELL-BEING 	3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being 3.8 Access to quality essential health-care services and safe, effective, quality, and affordable essential medicines and vaccines for all 3.C Substantially increase health financing and the recruitment, development, training, and retention of the health workforce	

4 QUALITY EDUCATION 	4.1 Ensure that all girls and boys complete free, equitable and quality primary and secondary education 4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship 4.B Substantially expand the number of scholarships available for enrolment in higher education, including vocational training and information and communications technology, technical, engineering, and scientific programs
8 DECENT WORK AND ECONOMIC GROWTH 	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services 8.6 Substantially reduce the proportion of youth not in employment, education, or training
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
10 REDUCED INEQUALITIES 	10.2 Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
11 SUSTAINABLE CITIES AND COMMUNITIES 	11.4 Strengthen efforts to protect and safeguard the country's cultural and natural heritage 11.5 Significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

STAKEHOLDER ENGAGEMENT

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

Throughout 2019, NAC maintained a variety of communication channels and platforms that offer opportunities for its stakeholders to be updated and informed of its activities. Anchored on the principles of transparency and accountability, we utilize a range of tools and platforms such as the corporate website, fora and events, and official report documents. It is the policy of the Company to actively create venues for dialogue in order to make the case for responsible mining.

STAKEHOLDERS	MODE OF ENGAGEMENT	FREQUENCY	CONCERN/ EXPECTATIONS	RESPONSE
Employees	<ul style="list-style-type: none"> Employee engagement programs 	As Necessary	<ul style="list-style-type: none"> Focus on work-life balance 	<ul style="list-style-type: none"> Service tenure awards CSR/environmental voluntary activities
Local Communities	<ul style="list-style-type: none"> SDMP and CSR programs Community engagement to prioritize and implement programs 	As Necessary	<ul style="list-style-type: none"> Socio-economic development of communities Provision of education support 	<ul style="list-style-type: none"> Implementation of SDMP and CSR programs by Community Relations Team (ComRel)
Media	<ul style="list-style-type: none"> Press Release Interviews Official Media Statements Public Advisories Press Conferences Site tours 	As Necessary	<ul style="list-style-type: none"> Product brief/details Transparency Factual Information Timely release of announcements 	<ul style="list-style-type: none"> Availability of spokesperson Media Events Press kits Factsheets Market information
LGUs/ Regulators	<ul style="list-style-type: none"> Annual/Quarterly/ Monthly Reports 	As Necessary	<ul style="list-style-type: none"> Inaccurate disclosures Non-compliance to standards 	<ul style="list-style-type: none"> Timely & accurate release of reports Strict compliance to regulatory norms
Suppliers	<ul style="list-style-type: none"> Accreditation Process Annual Meetings with security agencies 	Once a year	<ul style="list-style-type: none"> Transparency in accreditation Integrity of bids Timeliness of payments 	<ul style="list-style-type: none"> Clear & transparent accreditation criterion Auditable bidding process
Industry Associates	<ul style="list-style-type: none"> Regular Industry meetings 	As Scheduled	<ul style="list-style-type: none"> Sharing of industry standards and best practices 	<ul style="list-style-type: none"> Regular update on the industry outlook and standards
Shareholders/ Investors	<ul style="list-style-type: none"> Annual Stockholders' meeting General Board Meeting One on One Investor meeting 	Annual Quarterly On Demand	<ul style="list-style-type: none"> Higher Financial Returns Minimum Risks related to business & expansion 	<ul style="list-style-type: none"> Stable Dividends Regular disclosure of financial performance
Partners	<ul style="list-style-type: none"> Corporate events/ Forums 	As Scheduled	<ul style="list-style-type: none"> Transparency in disclosures Alignment of advocacies 	<ul style="list-style-type: none"> Regular disclosure of overall performance.



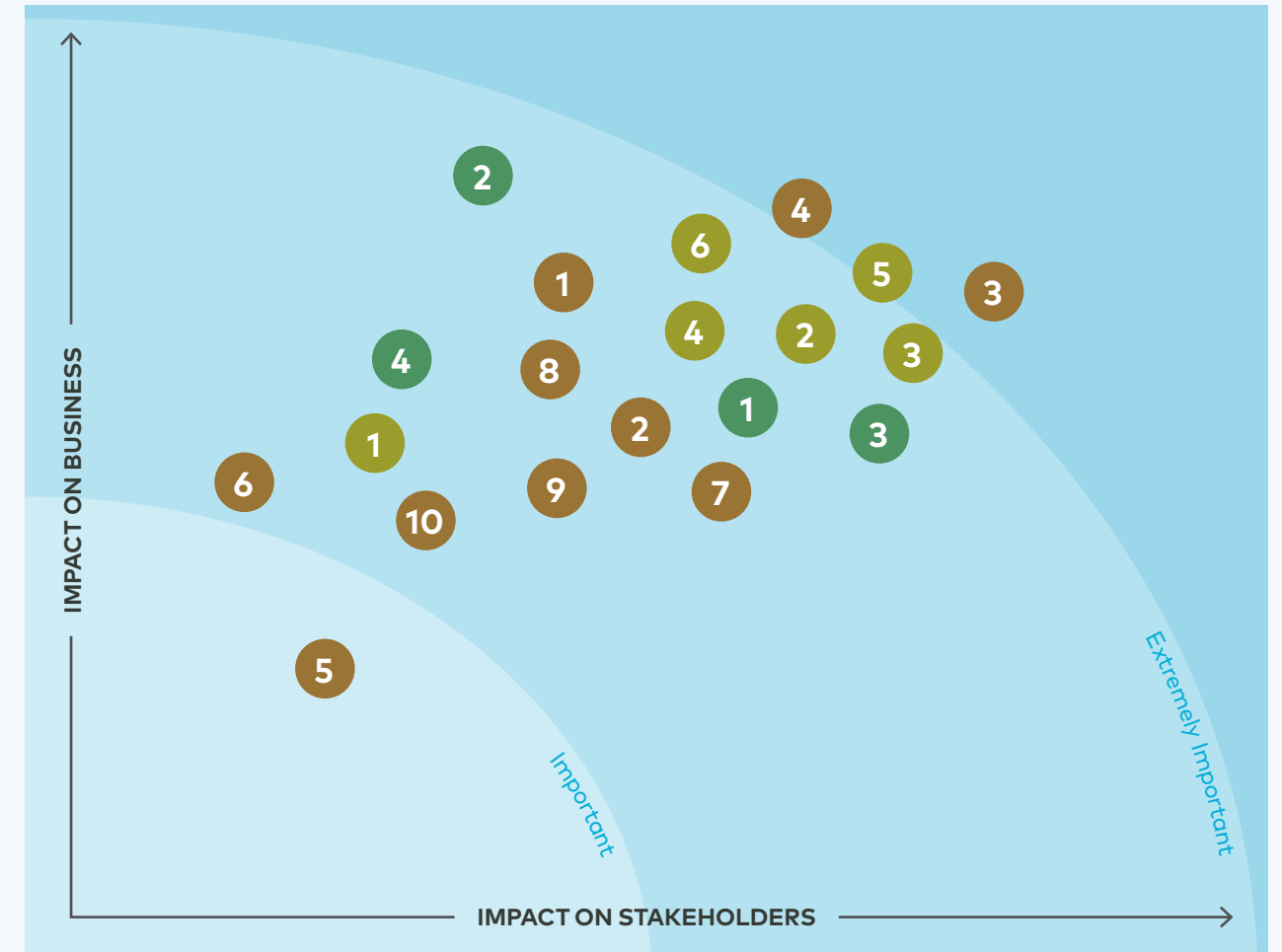
HMC artificial coral reef

MATERIAL TOPICS OF SUSTAINABILITY

NAC subscribes to the principle of materiality promulgated by the GRI standards, making the practice of sustainability reporting meaningful.

The Company, therefore, applies GRI's prescribed five-stage process to identify material aspects of sustainability and level of criticality for stakeholders. This rigorous process maintains the quality of our reporting and helps keep our programs effective and relevant.

1	Identifying Material Aspects	Using GRI guidelines, we determined all the material aspects that are critical for our operations.
2	Assessing the Level of Criticality	For all the identified material aspects, we conducted workshops for the sustainability representatives from each of the operating mine sites to assess the level of criticality. The level of criticality was assessed based on the operational, regulatory and legal, environmental, and social impacts.
3	Determining the Current Performance	We monitored our current performance and compared it with previous years' performance for analysis. Monitoring data are reported in our 2019 Sustainability Report.
4	Recognizing Stakeholder Needs	We assessed our stakeholder needs as gathered through various stakeholder engagement channels, identifying priorities that address their real needs and interests as aligned with the UN SDGs.
5	Setting Up Targets and Objectives	Moving forward, we realigned and set up plans as needed. We articulated targets and measurable objectives and operationalized the application of our workshop results, cascading the new information to concerned teams.



GRI 102-47

Economic

- 1 Leadership and Governance
- 2 Fluctuation of Metal Prices
- 3 Local Employment
- 4 Supply Chain Management

Environment

- 1 Energy Consumption (Fuel and Electricity)
- 2 Biodiversity Offsets
- 3 Water and Wastewater Management
- 4 Dust and Noise Pollution
- 5 Solid/Hazardous Waste Management
- 6 GHG Emissions

Social

- 1 Maintenance and Security of Plant and Production Sites
- 2 Human Rights Violations (Child Labor, Forced Labor)
- 3 Community Development
- 4 Health and Safety - Employees/Communities
- 5 Freedom of Association
- 6 Consumer Data Protection
- 7 Risks of Conflicts with Local Communities/Indigenous People
- 8 Employees Training and Skills Development
- 9 Corruption and Human Rights Violation
- 10 Employee Retention and Relations

OUR SUSTAINABILITY PERFORMANCE



GOOD GOVERNANCE



18,838 WMT
of ore sold



4.2 PHP BILLION
Taxes Paid

NAC and its employees strive every day to ensure that our actions and decisions are guided by our values, and the principles of ethics and good governance. The goal is to create positive impact on the lives of our stakeholders. The Company has institutionalized these attributes in policies and processes that enable people to responsibly contribute, grow, and pursue their career goals, as they help the Company achieve its vision.

Economic Performance

GRI 103-1, GRI 103-2, GRI 103-3

In provinces or regions where our mines are located, the Company's operations have a significant contribution to the local economy. NAC provides direct and indirect employment of close to 7,000 employees. Purchases from local suppliers account to about 39% of the Company's total procurement. At the national level, overall operations paid PhP 674 million in excise taxes and PhP 1.67 billion in income taxes. Total taxes paid by overall operations in 2019 reached PhP 4.2 billion, including PhP 290.4 million paid to the LGUs.

Through these taxes, NAC was able to positively impact the communities in which we operate. For instance, Bataraza in Palawan unveiled two major projects funded by municipal taxes; a large majority of which was sourced from RTN and Coral Bay Nickel Corporation (CBNC). Acting municipal treasurer Romana Bermudez reported that the companies' [RTN and CBNC] payment on real property and business taxes have a "huge impact" on the economic growth of the town, which is poised to become the first city in southern Palawan come 2020.

Aside from the mandated SDMP, NAC and its operating companies also have corporate social responsibility (CSR) programs that aim to improve the well-being and economic condition of the people in host and neighboring communities. Where Indigenous Peoples (IPs) reside in our host communities, we share 1% of our revenues to the IPs in the form of royalty. We also share part of our revenue to the IPs in Rio Tuba, even though the IP community there was not acknowledged by the National Commission in Indigenous Peoples (NCIP) to have ancestral domain over the areas of our mining operation. Total royalties paid amounted to PhP 115 million.

Supply Chain Management

GRI 103-1, GRI 103-2, GRI 103-3

Supplier Spending (In PhP Million) GRI 204-1

INDICATOR	RTN	TMC	HMC	CMC	TOTAL
Total Spending	1,393	3,383	439	2,238	7,453
Spending on Local Suppliers	157	1,958	87	713	2,915
Percentage of spending on local suppliers	11%	58%	20%	32%	39%

NAC manages its supply chain through an accreditation process. The process includes environmental performance in the criteria reviewed by an Accreditation Committee. Aside from track record, quality, cost, and delivery lead times, the committee insists on Safety, Environmental, and Regulatory compliance in its suppliers and vendors.

Whenever possible, the Company prioritizes local suppliers because the majority of them are already authorized distributors of foreign principals. It can take advantage of paying in Philippine Peso and having standard terms of payment.

Since an efficient supply chain is essential to sustainability, NAC takes proactive measures to prevent possible incidents of sub-standard quality of materials or service from suppliers. Whether local or foreign, this is done through constant coordination with end-users to monitor performance. The Company also maintains up-to-date intelligence from accredited foreign suppliers to get the latest information about possible distribution of fake and imitation products in the market.

Anti-Corruption

GRI 103-1, GRI 103-2, GRI 103-3

The Company had no recorded complaints or cases of corruption in 2019. The Company's drive for anti-corruption is institutionalized within the Code of Business Conduct and Ethics and in the Corporate Governance Manual. These policies are emphasized during new hire orientations, as well as during the annual general orientation held for all employees.

Through the annual renewal of certificate of integrity and compliance by all employees, each one is able to acknowledge that they have read and understood the Code of Business Conduct and Ethics. This helps ensure that NAC's principles are kept fresh in our people's consciousness, helping them stay alert to potential risks.

Ensuring Good Labor Practices

GRI 103-1, GRI 103-2, GRI 103-3

NAC conscientiously adheres to all Labor Laws; particularly those that cover child labor, forced labor, and the respect for human rights.

The Company had no recorded incidence of violations for 2019. Indeed, we are an equal opportunity employer by mandating non-discrimination policy in the workplace, especially during the hiring process.

Any complaint of such nature is treated seriously and with due process. We provide employees with open channels to freely communicate their concerns without fear of retaliation. To encourage employees to share feedback and concerns, there are feedback monitoring forms that can be dropped in suggestion boxes. These boxes can only be opened by the IMS coordinator. Suggestions and concerns are forwarded to the proper departments, and are treated as confidential documents. Replies are forwarded to the employee concerned.

Compliance

GRI 103-1, GRI 103-2, GRI 103-3

As a point of principle, NAC is resolutely environmentally compliant. We adhere to the policies and laws prescribed by the Department of Environment and Natural Resources (DENR) and its agencies; namely the Mines and Geosciences Bureau (MGB), the Environmental Management Bureau (EMB), the Biodiversity Management Bureau (BMB). We also adhere

to the policies and laws prescribed by the Department of Labor and Employment (DOLE), the Department of Health (DOH), the National Commission on Indigenous Peoples (NCIP), and the local government units (LGUs).

All NAC subsidiaries abide by commitments stipulated in their Environmental Compliance Certificates (ECC), and specified in their approved Work Programs. We respect and follow all pertinent rules and requirements for responsible mining operations including the following:

Pertinent Laws and Compliance

LAW	COMPLIANCE
Republic Act No. 7942 (Philippine Mining Act of 1995), Consolidated DENR Administrative Order 2010-21	<ul style="list-style-type: none"> Preparation of an Annual Environmental Protection and Enhancement Plan (AEPEP) for each mine site Submission of annual AEPEP reports for each mine site Progressive rehabilitation of mined-out areas
Executive Order No. 26 (National Greening Program)	<ul style="list-style-type: none"> Integration of biodiversity management to the Mining Forest and National Greening Program Establishment of more than 650 hectares of tree plantations including mangroves Maintenance of a biodiversity area where different tree species are earth-balled and propagated Reforestation with indigenous species to preserve the natural flora biodiversity of the affected sites
Republic Act No. 9003 (Ecological Solid Waste Management Program)	<ul style="list-style-type: none"> Upcycling projects No-to-plastic policy Integrated waste management program that includes waste diversion of biodegradable and recyclable wastes Replacing steel-belted tires with a more recyclable alternative: nylon-belted tires Bioreactor processing, vermicomposting, and mulching of biodegradable wastes Materials Recovery Facility (MRF) for sorting recyclable and reusable wastes Sanitary landfill for disposal of residual wastes
Republic Act No. 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act), DENR Administrative Order 2013-22	<ul style="list-style-type: none"> Regular maintenance of equipment that extends its life and delays its disposal Partnership with DENR-accredited haulers and TSD facilities specific to each hazardous waste generated Recharging of batteries Shifting to energy-saving and eco-friendly devices and equipment Monitoring of hazardous wastes from cradle to grave

Republic Act No. 8749 (Philippine Clean Air Act)	<ul style="list-style-type: none"> Regular monitoring of sources of Scope 1, 2, and 3 emissions Use of mercury-free LED and inverter appliances Fuel consumption reduction program Efficient management of activities with high carbon footprint Use of conveyor belt system to reduce fuel consumption by dump trucks Regular measurement of dust emissions Stack emission sampling of new air pollutant sources Air quality management program to continuously ensure good air quality conditions Deployment of water lorries to designated strategic areas to address dust exceedances
Republic Act No. 9275 (Philippine Clean Water Act)	<ul style="list-style-type: none"> Periodic monitoring of water sources Establishment of water treatment facility that generates potable water
Republic Act No. 8371 (Indigenous Peoples' Rights Act)	<ul style="list-style-type: none"> Sharing of 1% of revenue to IPs in the form of royalties, amounting to P115 million for 2019 Provision of housing and other benefits to IP communities
Republic Act No. 9729 (Climate Change Act)	<ul style="list-style-type: none"> Regular monitoring of greenhouse gases (GHG) emissions Usage of renewable energy for perimeter lighting Implementation of fuel consumption reduction programs Conduct of emergency and disaster preparedness programs for local communities
DENR Department Administrative Order 2004-52 (The Revised Guidelines in the Issuance of Cutting/Harvesting Permits in Private Titled Lands)	<ul style="list-style-type: none"> Strict implementation of proper handling of cleared vegetation HMC conducted its earth-balling project in compliance to special tree cutting and earth-balling permits
DENR Department Administrative Order 2015-07 (Mandating Mining Contractors to Secure ISO 14001 Certification)	<ul style="list-style-type: none"> All of NAC's mine sites are ISO 14001 certified
DENR Department Administrative Order 2016-01 (Audit of all Operating Mines and Moratorium on new Mining Projects)	<ul style="list-style-type: none"> DENR conducted an audit of NAC's mine sites which consisted of an examination of all applicable permits, adherence to the conditions of the Environmental Management Certificates (ECC), observation of actual operations, and interviews with various stakeholders
Republic Act No. 10173 (Data Privacy Act)	<ul style="list-style-type: none"> Appointed a data protection officer Implementing measures to protect systems from inbound and outbound attacks or DDOS Deploying cloud-based email protection to prevent spam, phishing, and malware



WELFARE OF OUR EMPLOYEES



60,489
Training Hours
for Employees



2,445
Employees in Workforce

1,487
Employees Hired
from Local Community



13%
Women in Workforce

33%
Women in Supervisory
and Managerial Position

100%
of Women Returned to
Work after Parental Leave



93
Indigenous Peoples (IP)
in the Workforce



Jesusa B. Beniga - HMC Lady Dump Truck Driver

GRI 103-1, GRI 103-2, GRI 103-3

At NAC, our people are valued for their inherent talent, contribution, and essential role in the organization's sustainable growth. The Company stands together in supporting the principles of human rights, fair compensation, the practice of non-discrimination and equal employment, and development through continuous learning.

The Company's battle cry for 2019, "Marching towards a sustainable future", reflected its goal of ensuring focus on employee welfare and the Company's ability to attract and retain competent and productive employees.

NAC ensures that it provides equal chances of employment, as long as the applicants are qualified and have the ability to perform the

job function. It chooses the best available person for each position through the assessment of their technical and professional skills, personal growth, and behavioral characteristics.

In 2019, a total workforce of 2,445 was gainfully employed by the Company; with an industry-typical ratio of males to females of about 1:7. NAC, however, supports and promotes Women in Mining, having employed women even in typically male positions such as operators and drivers. This is also evident in the distribution of management roles filled predominantly by men, with about 23% filled by women. The percentage of women in Senior Management grew to 16%, compared to 12% in the previous year.

The NAC Board welcomed Maria Patricia Zamora-Riingen as its newest member, bringing with her years of valuable leadership experience in a variety of sectors. The Company is also proud of its other women leaders: Senior Vice President for Compliance and Corporate Services, Georgina Carolina Y. Martinez; Vice President for Internal Audit, Maria Angela G. Villamor; Assistant Vice President for Finance, Iryan Jean U. Padillo; Corporate Secretary, Barbara Anne C. Migallos; and TMC Vice President for Finance, Lennie A. Terre.

At RTN, Engineer Cynthia E. Rosero was recognized by MGB for being the first-ever woman Resident Mine Manager in the Philippines - the highest position

in an operating mine. She was conferred the title of "most empowered woman in mining," which Cynthia recognized as a sign that "women in mining are rising to positions of influence and responsibility where they can ensure that responsible mining in the country is strictly executed."

NAC is able to provide employment opportunities to its host and neighboring communities, employing 1,487 locals in 2019; 93 of them being indigenous people. This is made possible through the Company's Impact Sourcing practice, where local hires are prioritized to provide opportunities for economically disadvantaged groups.

EMPLOYEE BREAKDOWN GRI 405-1, GRI 102-7, GRI 102-8

By Contract Type and Gender

Male Female

CONTRACT TYPE	HEAD OFFICE		RTN		TMC		HMC		CMC		TOTAL
2019											
Regular/ Probationary	21	33	620	69	562	93	184	52	190	46	1,870
Seasonal	0	0	233	0	6	0	78	10	0	0	327
Project-based	0	0	231	10	5	2	0	0	0	0	248
TOTAL	21	33	1,084	79	573	95	262	62	190	46	2,445
2018											
Regular/ Probationary	45	42	641	63	576	88	177	46	191	46	1,915
Seasonal	0	0	199	0	206	9	124	19	118	12	687
Project-based	0	0	264	28	20	0	0	0	0	0	312
TOTAL	45	42	1,104	91	802	97	301	65	309	58	2,914

By Position and Gender

POSITION	HEAD OFFICE		RTN		TMC		HMC		CMC		TOTAL
2019											
Senior Management	3	1	4	2	3	0	3	0	3	0	19
Managers	4	3	24	9	33	7	12	3	7	4	106
Supervisors	3	14	102	43	136	71	65	38	59	29	560
Rank and File	11	15	490	15	390	15	104	11	121	13	1,185
TOTAL	21	33	620	69	562	93	184	52	190	46	1,870
2018											
Senior Management	18	3	1	0	1	0	1	0	1	0	25
Managers	8	9	28	10	36	6	14	3	11	4	129
Supervisors	8	13	112	37	131	70	59	34	54	30	548
Rank and File	11	17	500	16	408	12	103	9	125	12	1,213
TOTAL	45	42	641	63	576	88	177	46	191	46	1,915

By Position and Age Group

Below 30 years old 30 to 50 years old Over 50 years old

POSITION	HEAD OFFICE			RTN			TMC			HMC			CMC			TOTAL
2019																
Senior Management	0	1	3	0	3	3	0	2	1	0	2	1	0	0	3	19
Middle Management	1	3	3	6	13	14	2	26	12	0	13	2	2	7	2	106
Supervisors	3	10	4	45	80	20	64	118	25	46	43	14	47	36	5	560
Rank and File	6	16	4	28	393	84	26	275	104	11	77	27	13	87	34	1,185
TOTAL	10	30	14	79	489	121	92	421	142	57	135	44	62	130	44	1,870
2018																
Senior Management	0	5	16	0	0	1	0	1	0	0	3	1	0	0	1	28
Middle Management	1	12	4	7	14	17	3	24	14	1	10	3	2	8	5	125
Supervisors	9	10	2	53	71	25	74	108	20	45	19	11	51	28	5	531
Rank and File	14	14	0	31	402	83	30	285	105	31	78	21	14	83	40	1,231
TOTAL	24	41	22	91	487	126	107	418	139	77	110	36	67	119	51	1,915

From Local Community

Male Female

CONTRACT TYPE	RTN		TMC		HMC		CMC		TOTAL
2019									
Regular	403	43	464	59	106	10	87	13	1,185
Probationary	2	0	3	2	0	0	3	1	11
Seasonal	233	0	3	0	45	10	0	0	291
TOTAL	638	43	470	61	151	20	90	14	1,487
Indigenous People and/or Vulnerable Sector	79	5	2	7	0	0	0	0	93
2018									
Regular	354	33	559	85	132	29	89	11	1,292
Probationary	58	8	11	1	5	2	0	1	86
Seasonal	199	0	226	9	113	19	107	12	685
TOTAL	611	41	796	95	250	50	196	24	2,063
Indigenous People and/or Vulnerable Sector	73	14	6	2	0	0	0	0	95

Employee Training and Benefits

GRI 103-1, GRI 103-2, GRI 103-3, GRI 404-2

NAC's high regard for its people is supported by continuous training and development opportunities, combined with competitive compensation and benefits packages.

For 2019, NAC was able to provide a total of 60,489 training hours for its employees, helping boost their productivity, confidence, motivation, and morale. These measures enabled them to perform their roles more effectively.

Training and skills development opportunities are among the key benefits that NAC offers. After conducting Training Needs Analysis, department/section heads submit their requests for training opportunities for their people. The requests cover areas such as leadership and management, safety, environment, health, behavioral, and technical.

The Company ensures to provide technical skills training specific to the mining industry such as Advanced Operations Management, Annual Geological Convention (GeoCon) 2019, and Environmental Planning. For its part, CMC ensures to include Post Training Evaluation to measure the usefulness of specific training programs.

In 2019, CMC tied up with St. Paul University of Surigao (SPUS) to offer BS Mining Engineering as a second course at the mine site, starting academic year 2019-2020.

Innovating to deliver quality education, SPUS and CMC instructors will coordinate and communicate with each other throughout the course to produce topnotch engineers. The onsite classes present a huge opportunity for employees to pursue their dream of becoming mining engineers without having to leave the workplace.

TOTAL TRAINING HOURS GRI 404-1, GRI 412-2

INDICATOR	HEAD OFFICE	RTN	TMC	HMC	CMC
2019					
Annual training expenditure (PhP)	475,214	8,130,897	7,344,696	5,264,370	7,086,203
Total Training hours	752	19,912	16,344	12,705	10,776
Training hours (male)	440	16,232	11,448	9,712	7,248
Training hours (female)	312	3,680	4,896	2,993	3,528
Total employees trained	32	418	324	175	183
Male employees	15	351	251	122	124
Female employees	17	67	73	53	59
Average training hours	23.5	47.6	50.4	72.6	58.9
Average training hours (male)	29.3	46.3	45.6	79.6	58.5
Average training hours (female)	18.4	54.9	67.1	56.5	59.8
2018					
Annual training expenditure (PhP)	3,688,695	5,050,051	10,587,937	2,786,868	5,405,957
Total Training hours	3,889	10,088	28,224	7,600	15,651
Total employees trained	87	221	766	141	121
Average training hours	44.7	45.7	36.8	53.9	129.4

AVERAGE TRAINING HOURS BY POSITION GRI 404-1, GRI 412-2

POSITION	HEAD OFFICE	RTN	TMC	HMC	CMC
2019					
Senior Management	16.0	80.5	104.6	10.7	8.0
Middle Management	18.0	51.3	100.9	97.6	76.7
Supervisors	29.3	65.7	60.1	117.7	74.9
Rank and File	8.0	36.7	22.9	29.1	133.6
2018					
Senior Management	41.4	32.0	8.0	50.0	67.0
Middle Management	41.1	29.3	121.2	73.6	107.1
Supervisors	27.7	26.6	73.7	64.4	108.0
Rank and File	28.7	25.8	15.9	28.2	193.7

KEY TRAININGS

HEAD OFFICE		RTN	
Topic	Attendees	Topic	Attendees
Corporate Governance Seminar	4	Data Privacy Act Awareness	14
People Dynamics Online Assessment	1	Resiliency Training	41
Philippine Financial Reporting Standards (PFRS) 16 Workshop	5	Learning Design and Evaluation Training	17
Emotional Intelligence Training	23	Effective Implementation of Document Information System	1
Philippine Institute of Certified Public Accountants (PICPA) Seminar	2	Training Workshop on the Utilization of Qualitative & Quantitative Research Results	1
Leadership	3	Labor Law 101	40
Master of Business Administration (MBA) Program	1	Situational Leadership II	17
Common Errors of Accountant	1	Challenge of Leadership	20
Saville Leadership Assessment	2	Organizational Development Interventions	3
		Workplace Cooperation and Partnership Enhancement	7
		Mental Health Awareness and Stress Management	5
		Trainer's Methodology Training	12
		Training the Trainer	12

TMC		HMC		CMC	
Topic	Attendees	Topic	Attendees	Topic	Attendees
Safety Audit Training	17	GeoCon 2019	4	Environmental Planning Training	11
Office Safety Seminar	14	Advocacy Forum on the SDGs & how business contribute on achieving them	2	Basic Supervisory and Leadership Training (Supervisors)	27
Loss Control Management (LCM)	20	Technical writing workshop	10	Pollution Control Officer (PCO) Training	2
Permit to Work	22	Managing workplace conflict through labor management corp.	2	Enhancing Emotional Intelligence and Work Ethics in the Workplace	3
ISO 45001:2018 Legal Requirements and Updates	28	MGB ROXIII Gender and Development (GAD) Summit	3	Leadership Trainings (Managers)	14
Behavioral-Based Safety Training	38	Creative Writing Workshop (Re-Echo)	17		
Management Refresher Course	35	Advance Operations Management	3		
Resiliency Training	39	Situational Leadership	4		

Employee development does not stop at the provision of training. Development also includes performance evaluations from direct managers. This is so that they can commend excellent work, as well as provide interventions for those who need improvement.

Employee performance is tracked using an established Performance Evaluation and Development Sheet with key performance indicators. Employees who were able to deliver

excellent service throughout the year are recognized during the Service Awards program and are given promotions, bonuses and/or salary increases.

These are among the reasons for the Company's low attrition rate, along with appreciative and competitive compensation and benefits packages. TMC's compensation and benefits packages are competitive in Caraga region. The average compensation and benefits for a regular rank-and-file employee is three (3) times more than the prevailing daily minimum wage rate in the region.

Male Female

AVAILMENT OF BENEFITS GRI 401-2

LIST OF BENEFITS	HEAD OFFICE		RTN		TMC		HMC		CMC	
SSS	100%	100%	100%	100%	100%	100%	3%	1%	100%	100%
PhilHealth	100%	100%	100%	100%	100%	100%	(No data)	(No data)	100%	100%
Pag-IBIG	100%	100%	100%	100%	100%	100%	(No data)	(No data)	100%	100%
Vacation Leaves	100%	100%	100%	100%	98%	100%	100%	100%	100%	100%
Sick Leaves	100%	100%	60%	7%	89%	88%	80%	80%	100%	100%
Medical benefits (Aside from PhilHealth)	100%	100%	100%	100%	63%	1%	25%	30%	100%	100%
Housing assistance (Aside from Pag-IBIG)	N/A	N/A	18%	2%	N/A	N/A	N/A	N/A	N/A	N/A
Retirement fund (Aside from SSS)	5%	N/A	3%	N/A	2%	1%	5%	12%	3%	N/A
Further education support	N/A	N/A	5%	1%	N/A	N/A	N/A	N/A	6%	N/A
Telecommuting	10%	9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Free Room Accommodation	N/A	N/A	72%	8%	14%	N/A	N/A	N/A	100%	100%
Birthday Leave (BL)	N/A	N/A	N/A	N/A	100%	100%	N/A	N/A	100%	100%
Medicine Allowance	100%	100%	N/A	N/A	100%	100%	N/A	N/A	100%	100%
Annual Physical Exam	100%	100%	N/A	N/A	100%	100%	N/A	N/A	100%	100%
Rice Subsidy	100%	100%	N/A	N/A	100%	100%	N/A	N/A	100%	100%
Toiletries	N/A	N/A	N/A	N/A	14%	0%	N/A	N/A	36%	72%
Lighting Allowance	N/A	N/A	N/A	N/A	100%	100%	N/A	N/A	64%	28%
Working Uniform	100%	100%	N/A	N/A	100%	100%	N/A	N/A	100%	100%
Life Insurance	100%	100%	N/A	N/A	100%	100%	N/A	N/A	100%	100%
Professional Tax Renewal (PRC)	N/A	N/A	N/A	N/A	13%	5%	N/A	N/A	26%	41%
Free Meals/Meal Allowance	100%	100%	N/A	N/A	31%	85%	N/A	N/A	36%	72%
Free Laundry	N/A	N/A	N/A	N/A	31%	N/A	N/A	N/A	36%	72%

PARENTAL LEAVES GRI 401-3

Male Female

LIST OF BENEFITS	HEAD OFFICE		RTN		TMC		HMC		CMC	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2019										
Total employees who took parental leave	2	0	18	5	28	4	2	2	7	0
Number of employees who returned to work after parental leave	2	0	18	5	28	4	2	2	7	0
Return to work rate (%)	100%	N/A	100%	100%	100%	100%	100%	100%	100%	N/A
Number still employed one year after their return from parental leave (2020)	Will be computed in 2020									
Retention rate (%)	Will be computed in 2020									
2018										
Total employees who took parental leave	0	5	3	48	9	28	1	3	4	45
Number of employees who returned to work after parental leave	0	5	3	48	9	28	1	3	4	45
Return to work rate (%)	N/A	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number still employed one year after their return from parental leave (2019)	0	5	3	48	9	28	1	3	4	45
Retention rate (%)	N/A	100%	100%	100%	100%	100%	100%	100%	100%	100%

HIRING STATISTICS GRI 401-1, GRI 202-1

INDICATOR	HEAD OFFICE		RTN		TMC		HMC		CMC	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
New Hires	0	0	7	7	4	1	10	5	15	2
Attritions/Turnover	1	0	25	1	5	0	14	3	6	2
Attrition Rate	3.0%	0.0%	4.0%	1.5%	0.9%	0.0%	7.8%	6.1%	3.2%	4.4%
Salary of lowest paid employee	538	705	320	320	320	385	320	320	400	336
Minimum wage per location	537	537	320	320	320	320	320	320	320	320
Ratio of lowest paid employee against minimum wage	1:1	4:3	1:1	1:1	1:1	6:5	1:1	1:1	5:4	1:1

Freedom of Association and Collective Bargaining

GRI 103-1, GRI 103-2, GRI 103-3

NAC provides intangible benefits, such as a strong and open corporate culture that responsively supports Freedom of Association and Collective Bargaining. NAC recognizes its employees' unions as important partners in business. It enhances and sustains its relationship with the Unions through mutual trust and respect, teamwork, proactive policies, openness in terms of information sharing, discussions, consultations, and negotiations.

The Unions are always included in working committees for programs and activities. They are also involved in formulating strategies to handle company issues. RTN, for example, was able to implement the Anti-Bullying Act as a result of their consultations with its Unions.

TMC has one Union, the Taganito Labor Union, which represents regular rank-and-file employees. TMC acknowledges the union's legitimacy and value,

and considers the group an important partner in business. Through the Labor Management Committee (LMC), the relationship between labor and management is enhanced and sustained through mutual trust and respect, teamwork, proactive policies, and openness in terms of information sharing, discussion, consultation, and negotiations.

HMC also has one union called the Hinatuan Mining Labor Union (HIMLU), which is affiliated with Kilusang Mayo Uno (KMU). HMC management and HIMLU representatives hold a monthly Labor Management Conference every third Friday.

Meanwhile, CMC's existing Collective Bargaining Agreement also provides for a monthly Labor Management Conference every third Friday. These are for concerns that are not related to wages/salaries and benefits. Respective department heads are invited to attend these conferences. The Union is allowed to conduct Executive Committee Meetings whenever necessary to allow the officers and union leaders to discuss pressing matters.

Collective Bargaining Agreement GRI 102-41

ELEMENT	RTN	TMC	HMC	CMC
2019				
Number of employees under CBA	574	399	113	91
Percent of employees under CBA	83%	61%	48%	39%
Number of consultations conducted with employees concerning employee-related policies	11	N/A	12	10
2018				
Number of employees under CBA	543	419	112	98
Percent of employees under CBA	77%	63%	50%	26%



CREATING A SAFE AND HEALTHY WORKPLACE

GRI 103-1, GRI 103-2, GRI 103-3, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-7



70.7 PHP MILLION
Expenditure on Health
and Safety Programs

21,761,967
Total Man Hours

43,731,688
Safe Man Hours to-date



14 IECs
Conducted on Health

74% DECREASE
in Occupational
Injuries/Illnesses

**Drug-Free and
Alcohol-Free Workplace**

NAC is safety-conscious and alert to potential dangers. Since keeping our people safe is our top priority, the Company has ensured that everyone has the proper knowledge and training, provided with appropriate Personal Protective Equipment (PPE), and supported by policies, standards, and processes.

The Company implements a comprehensive safety program designed to minimize risks in the work environment, and ensure compliance with occupational health and safety standards:

- Use of protective equipment and safety devices
- Provision of first aid and emergency equipment
- Regular safety inspections
- Regular safety briefings and emergency preparedness training and drills
- Safety orientation for new employees
- Comprehensive investigation of incidents and near misses to understand root causes and to implement corrective measures
- Monitoring of lost time injuries, medically treated injuries, minor injuries, and non-injury incidents

In 2019, there were four (4) work-related fatalities. This caused the organization to take a serious review and a thorough evaluation of its processes to address the weaknesses revealed by the investigations of these incidents. A general safety stand-down of mining operations was implemented during the investigations, until all the hazards were corrected and recommendations were complied with.

NAC also established a team to audit its night shift operations to ensure that all necessary controls are in place. These include installation of additional tower lights for night shift operations, stricter evaluation of hauling contractors and revision of necessary procedures in dumping and spotting in stockpile areas to include the use of baton, whistle and lamps to ensure that personnel are visible during these activities at night.

To prevent such incidents in the future, the Central Safety and Health Committee (CSHC) of all mine sites have stepped up their drive to ensure the consistent execution of the safety programs at all times and in every situation.

The CSHC is composed of the Resident Mine Manager, at least one safety engineer, and representatives across Divisions, Groups, Departments, and Sections, as well as from the union and the contractors. The CSHC implements standard processes and constantly monitors issues and employee concerns relating to health and safety. Safety Officers conduct regular inspections to ensure compliance to the Company's safety rules and regulations.

The Company invests in proper safety equipment for employees and visitors alike. Standard personal protection equipment (PPE) include skull guards,

eye goggles/spectacles, dust/chemical respirators/masks, earmuffs, hand gloves, high visibility vests, rain boots, raincoats, and safety shoes.

Seeking to ensure that employees have a voice in these Health and Safety Committees, employees are proactively sought for inputs and suggestions. In these Committees, RTN has 45 employee representatives while TMC has 55, HMC has 28, and CMC has 35.

INJURIES AND ACCIDENTS GRI 403-9, GRI 403-10

ELEMENT	RTN	TMC	HMC	CMC
2019				
No. of employees in health & safety committee	45	55	28	35
Total Man Hours	5,836,303	7,214,578	4,429,835	4,281,251
Safe Man Hours (to-date) ¹	2,666,781	2,932,982	27,198,119	10,933,806
Lost time accidents (LTA)	2	2	0	0
Number of occupational injuries/illnesses	5	6	9	1
Incidence Rate	1.71	7.07	9.93	7.01
Severity Rate	0.34	2,495	0	0
Lost days	6,018	18,000	0	0
Fatalities	1	3	0	0
Work-related fatalities	1	3	0	0
No. of safety drills	8	4	4	4
2018				
Total Man Hours	7,576,463	7,945,192	4,847,980	4,008,262
Lost time accidents	0	3	0	0
Number of occupational injuries/illnesses	8	8	0	65
Incidence Rate	1.58	1.41	17.33	16.21
Severity Rate	0	155.62	0	0
Lost days	0	6,182	0	0
Fatalities	0	1	0	0
Work-related fatalities	0	0	0	0

¹ Cumulative since last LTA

List of Training Programs on Health and Safety GRI 403-5, GRI 403-6

RTN		TMC	
Topics	Attendees	Topics	Attendees
Defensive Driving Course	1,440	Safety and Health Orientation	3,302
IEC on Blood Donation and HIV/AIDS	174	Standard Operating Procedure (SOP) Presentation per Department/Section	65
IEC on Managing a Healthy Mining Night Shift Lifestyle	141	Basic Occupational Safety and Health (BOSH)	64
IEC on Musculoskeletal Disorders	82	Loss Control Management (LCM)	54
Ergonomics for Office Workers & Drivers	75	Behavioral-Based Safety Enhancement Training	47
IEC on Common Skin Problem of Women/IEC on Sexual Harassment and Abuse	64	Supervisory Safety Enhancement Training	46
Kidney Stone	57	Standard First Aid/Basic Life Support (BLS) - CPR & Automated External Defibrillators (AED)	38
Company Fire Brigade & Fire Truck Operation	53	ISO 45001:2018 Awareness Training	36
IEC on Flu Vaccination	50	Equipment Operation Training	35
IEC Proactive vs. Reactive/ Alcohol in the Workplace	50	Oil Spill Training at Sea	35
IEC on Family Planning/Gandang Mina	48	Occupational Safety and Health (OSH) Law Orientation	31
IEC on Oral Health	43	ISO 45001:2018 Hazard Identification, Risk Assessment and Control (HIARO) Training	30
Manual Lifting	41	Permit to Work System Training	28
Malaria	38	ISO 45001:2018 Legal Requirements and Updates Training	28
Viral Hepatitis at Work	36	Electrical Safety w/ Lockout Tagout (LOTO)	23
Behavioral-Based Safety Training	29	Permit to Work System	23
Pulmonary Diseases Related to Smoking	28	Safety Audit	21
Health: Pneumonia	23	Lead Document Controller Course	20
BOSH Training	22	Ambulance Operation	20
Standard First Aid & BLS-CPR w/ AED for Professional Rescuers	22	Training the Trainers	17
Mental Health Awareness and Stress Management	22	Defensive Driving Seminar	15
Health: Dehydration	20	Work Environment Management	2
Safety Management System	15	Work Relatedness Disease Training	1
Good Housekeeping	10	Construction Occupational Safety and Health (COSH)	1
Radiation Safety Officer Training	8		

HMC		CMC	
Topics	Attendees	Topics	Attendees
BOSH	55	BOSH	80
LCM	55	COSH	3
Behavioral Based Safety	25	First Aid	38
Fire Fighting	12	LCM	19
Standard First Aid/CPR with AED	24	BOSH for Nurses	3
Basic Oil Spill Response Training	12	Fire Fighting	15
Safety Auditing	25	OSH Training	3
Defensive Driving	135	Radiation & Health and Safety	1
RA 11058 Orientation	3	Safety Driving Seminar	133
OSH Law Orientation	3	Construction Occupational Health and Safety	3
Fire Safety and Basic Fire Fighting Technique	21	Marine Occupational Safety and Health	6



RTN Employees



PROTECTING THE ENVIRONMENT



Water Quality Maintained within Standards at all Discharge Points throughout the Year



509 PHP MILLION Investment on EPEP

114,909 TCO₂ EQ GHG emissions monitored



6,537 MWH Electricity Consumed

42.2M LITERS of Fuel Consumed



137 PHP MILLION Budget for Water Protection Programs



240 TONS Recyclable Waste Collected

290,190 LITERS Used Oil Treated by Treatment Facility

200,568 KG Hazardous Waste Treated by Treatment Facility

109,571 KG Residual Waste Sent to Landfill



3 Esteros Adopted through Adopt-an-Estero Program

2 Coral Nurseries Installed

420,684 Seedlings Planted

All NAC-operated mines have fully-funded Environmental Protection and Enhancement Programs (EPEPs). These are comprehensive and strategic environmental management plans that cover management objectives, criteria and commitments pertaining to environmental protection and rehabilitation.

Each mine's Annual EPEP contains programs and initiatives for Land Protection, Air Protection, Water Protection, and Environmental Monitoring. Activities include rehabilitation of disturbed areas, reforestation, construction and maintenance of environmental facilities, solid waste management, hazardous waste management, air quality monitoring, and preservation of downstream water quality.

There are Multipartite Monitoring Teams tasked to review these environmental programs on a quarterly basis. An annual accomplishment report based on the objectives outlined in the EPEP is prepared and submitted by the Mine Environment Protection and Enhancement Officer.

Aside from continuing its existing environmental programs in 2019, the mines also proactively pursued innovative collaborations and explored solutions. These are all done to address and mitigate potential environmental impacts. For instance, CMC forged a partnership with Environmental Management Bureau (EMB) Caraga to adopt three (3) important water bodies around the mine site. These are Maraguig Creek, Pinagbahan Creek, and Boa River, with the end objective of restoring these bodies of water to their pristine state.

Meanwhile, RTN has integrated bioreactor technology into its operation. Developed by the Department of Science and Technology (DOST), the technology converts biodegradable wastes into organic fertilizers and soil conditioners. RTN adopted this innovative technology through DOST's technology transfer program. The bioreactor, developed by DOST's Industrial Technology Development Institute (ITDI), promotes efficient solid waste management practices in the communities in compliance with Republic Act (RA) 9003 or the "Ecological Solid Waste Management Act of 2000". According to DOST, RTN is the first mining company to use the fertilizer and soil conditioner from this bioreactor for a mine rehabilitation program.

Another innovative project was HMC's installation of two (2) coral nurseries in the waters within the Hinatuan site. The installation of the coral nurseries was in partnership with Caraga State University (CSU) Center for Research in Environmental Management and Eco-Governance (CRÈME). A total of 271 coral fragments were installed in the coral nurseries of HMC. Regular monitoring of the project showed that zero mortalities with all 271 installed coral fragments surviving. Moreover, in the span of one and a half (1.5) months, the corals which were reared in the coral nurseries have already branched out, an indication of health.

Total EPEP Spending (In PhP Million)

YEAR	RTN	TMC	HMC	CMC	TOTAL
2019	81	216	157	55	509
2018	103	228	175	46	552

Breakdown Of EPEP Spending (In PhP Million)

CATEGORIES	RTN	TMC	HMC	CMC	TOTAL
Land Protection	22	63	114	24	223
Air Protection	24	54	12	15	105
Water Protection	19	89	24	6	138
Environmental Monitoring	12	3	2	1	18
Other Initiatives	4	7	5	9	25
TOTAL EPEP	81	216	157	55	509

Land Protection

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

As part of the mining process, the removal of natural vegetation is necessary for the eventual extraction to commence. The Company recognizes these areas as natural habitats and homes to various flora and fauna species, some of which are even included in the IUCN Red List and national conservation list. The Company, therefore, ensures that proper management and rehabilitation measures are conducted to ensure the survival of diverse species in the area.

NAC requires absolute compliance from all its mine sites in the following mitigating measures:

- Proper handling of cleared vegetation including topsoil management
- Acquisition of Special Tree Cutting and Earth-balling Permit (STCEP) for earth-balling projects and strict compliance with the requirements
- Progressive rehabilitation on mined-out areas and reforestation with indigenous species to preserve the natural floral biodiversity of the affected sites

HMC conducts environmental baseline data gathering and periodic biodiversity assessments, as it integrates its biodiversity management with the government's Mining Forest and National Greening Program. Biodiversity management is a major component of its Annual EPEP under reforestation and research and development projects, in collaboration with prestigious academic institutions. For example, HMC's installation of two coral nurseries where 271 coral fragments were introduced in partnership with the CSU-CREME. HMC also established "Zoorigao", an area that

consists of an orchidarium, pavilion, and a butterfly garden. The location serves as a safe haven for rescued wild birds, animals, and avi-faunal species of the area.

Meanwhile, RTN employs progressive rehabilitation and uses native planting materials for such programs. Aside from regular flora and fauna monitoring, it also partnered with Crocodylus Porosus Philippines Inc. on information and education campaigns (IEC) for crocodile conservation and awareness. The partnership also supports the conservation and protection of the Ursula Island Wildlife Sanctuary. At the same time, it also actively contributes to the country's National Greening Program (NGP) through the establishment of more than 650 hectares of tree plantations including mangroves.

For its part, TMC is continuing the progressive rehabilitation of mined out areas and reforestation of areas surrounding the mining operation. TMC also maintains a biodiversity area where different tree species are earth-balled and propagated. It conducts year-round monitoring of flora and fauna within the MPSA, to serve as a baseline for additional measures whenever deemed necessary. As a special project, it conducted deployment of buoys to delineate the Malingin Islet marine sanctuary.

CMC's initiatives, on the other hand, included establishing a buffer zone and forest conservation area within its MPSA Area. This is to facilitate the transfer of habitat of the displaced wildlife and maintain the water source. Rehabilitation of mined out areas were also conscientiously conducted so that the forest and the wildlife will return. An ISO 14001:2015 certified organization, CMC's biodiversity programs feature biodiversity assessment and biodiversity conservation projects.

Land Protection and Biodiversity Management GRI 304-1, GRI 304-3

ELEMENT	RTN	TMC	HMC	CMC	TOTAL
2019					
Total Area Disturbed (ha)	990	4,863	774	697	7,324
Total Area Used for Other Purposes (ha)	750	486	0	109	1,345
Total Area Rehabilitated (ha)	33	46	70	11	160
Total Area Reforested (ha)	4	22	71	41	138
Area of land used for extractive use (ha)	51	145	19	59	274
% of land requiring biodiversity management plans	3%	1%	27%	34%	
Operational sites owned, leased, managed in, or adjacent to, protected area and areas of high biodiversity value outside protected areas	None	None	None	5	5
Habitats protected or restored (ha)	650	None	206	379	1,235
2018					
Total Area Disturbed (ha)	990	4,863	774	697	7,324
Total Area Used for Other Purposes (ha)	490	1,188	253	266	2,197
Total Area Rehabilitated (ha)	155	191	184	92	622
Total Area Reforested (ha)	609	641	35	40	1,325
Area of land used for extractive use (ha)	142	103	57	42	344
% of land requiring biodiversity management plans	24%	17%	8%	13%	



TMC Central Nursery and Biodiversity

IUCN Red List Species and National Conservation List Species with Habitats in Areas Affected by Operations GRI 304-4

RTN	TMC
None	<p>Flora Red List <i>Anisoptera thurifera</i>, <i>Hopea foxworthyi</i>, <i>Shorea astylosa</i>, <i>Cinnamomum mercadoi</i>, <i>Xanthostemon verdugonianus</i>, <i>Nepenthes mindanaoensis</i>, <i>Nepenthes surigaensis</i></p> <p>Flora Conservation List <i>Dischidia purpurea</i>, <i>Calophyllum cucullatum</i>, <i>Calophyllum pentapetalum</i> var. <i>cumingii</i>, <i>Anisoptera thurifera</i>, <i>Hopea malibato</i>, <i>Shorea astylosa</i>, <i>Elaeocarpus argenteus</i>, <i>Vaccinium gitingense</i>, <i>Teijsmanniodendron ahernianum</i>, <i>Cinnamomum mercadoi</i>, <i>Barringtonia pterita</i>, <i>Trichospermum discolor</i>, <i>Memecylon oligophlebium</i>, <i>Ficus pseudopalma</i>, <i>Rhodomyrtus surigaensis</i>, <i>Syzygium antisepticum</i>, <i>Tristaniopsis micrantha</i>, <i>Xanthostemon verdugonianus</i>, <i>Nepenthes mindanaoensis</i>, <i>Nepenthes surigaensis</i>, <i>Brackenridgea fascicularis</i> ssp. <i>mindanaensis</i>, <i>Sararanga philippinensis</i>, <i>Ternstroemia gitingensis</i>, <i>Diplospora tinagoensis</i>, <i>Gardenia barnesii</i>, <i>Eurycoma longifolia</i> ssp. <i>Eglandulosa</i></p> <p>Avifauna (least concern) Yellow-vented bulbul (<i>Pycnonotus goiavier</i>), White-collared Kingfisher, Olive-backed Sunbird, Asian glossy starling male and female, Chestnut Munia male and female, Zebra Dove, Rufous-bellied Eagle, Paddyfield Pipit, Large-billed Crows, Pied bushchat, Barred buttonquail, Little-ringed Plover, Brahminy Kite</p> <p>Mammals Oriental Black Rat, Common Rousette, Philippine Warty Pig</p> <p>Amphibian South American Toad, Asian-painted Frog, Common Tree Frog, Philippine Sailfin Lizard, Tokay Gecko, Common House Gecko, Reticulated Python, Common Ground Skink, Monitor Lizard</p>

HMC	CMC
<p>Flora Endangered Tree Species: <i>Camptostemon philippinense</i>, <i>Cycas circinalis</i>, <i>Diospyros ebenoides</i> & <i>Diospyros philippinensis</i></p> <p>Vulnerable Tree Species: <i>Xanthostemon verdugonianus</i>, <i>Macaranga bicolor</i>, <i>Pterocarpus indicus</i></p> <p>Other Species: <i>Leptospermum amboinense</i>, <i>Alstonia parviflora</i>, <i>Tristaniopsis micrantha</i>, <i>Ormosia calavensis</i>, <i>Commersonia bartramia</i>, <i>Gymnostoma rumphianum</i>, <i>Pandanus tectorius</i>, <i>Dracaena angustifolia</i>, <i>Buchanania arborescens</i>, <i>Orania decipiens</i>, <i>Syzygium brevistylum</i>, <i>Leucosyke capitellata</i>, <i>Artocarpus multifidus</i>, <i>Exocarpus latifolius</i>, <i>Carallia brachiata</i>, <i>Cratogeomys formosum</i>, <i>Morinda citrifolia</i>, <i>Heritiera littoralis</i>, <i>Rhizophora apiculata</i>, <i>Xylocarpus granatum</i>, <i>Orania decipiens</i>, <i>Polyscias nodosa</i>, <i>Macaranga tanarius</i>, <i>Calamus merrillii</i>, <i>Leucosyke capitellata</i>, <i>Alstonia parviflora</i>, <i>Avicenia officinales</i>, <i>Annona muricata</i>, <i>Barringtonia asiatica</i>, <i>Bauhinia integrifolia</i>, <i>Cerbera manghas</i>, <i>Dischidia major</i>, <i>Spathoglottis tomentosa</i>, <i>Tacca leontopetaloides</i>, <i>Nepenthes allot</i></p> <p>Birds (least concern): Braminy kite (<i>Haliastur indus</i>), White-Bellied Sea Eagle (<i>Haliaeetus leucogaster</i>), White collared kingfisher (<i>Todiramphus chloris</i>), Pygmy Swiflet (<i>Collocalia troglodytes</i>), Glossy Swiflet (<i>Collocalia esculenta</i>), White breasted wood swallow (<i>Artamus leucorhynchus</i>), Pied thriller (<i>Lalage nigra</i>), Large billed crow (<i>Corvus macrorhynchos</i>), Littled Ringed Plover (<i>Charadrius dubius</i>), Bright-Capped cisticola (<i>Cisticola exilis</i>), Emerald Dove (<i>Chalcophaps indica</i>), Zebra Dove (<i>Geopelia striata</i>), Philippine Cuckoo-Dove (<i>Macropygia tenuirostris</i>), White eared brown dove (<i>Phapitreron leucotis</i>), Philippine Cauca (<i>Centropus viridis</i>), Orange bellied flowerpecker (<i>Dicaeum trigonostigma</i>), Red-keeled Flowerpecker (<i>Dicaeum australe</i>), Tricoloured Munia (<i>Lonchura malacca</i>), Pacific Swallow (<i>Hirundo tahitica</i>), Brown shrike (<i>Lanius cristatus</i>), Blue tailed bee eater (<i>Merops virides</i>), Richard's pipits (<i>Anthus richardi</i>), Mangrove Blue Flycatcher (<i>Cyornis rufigastra</i>), Pied Bushchat (<i>Saxicola caprata</i>), Olive backed sunbird (<i>Cinnyris jugularis</i>), Purple throated sunbird (<i>Leptocoma sperata</i>), Black naped oriole (<i>Oriolus chinensis</i>), Yellow vented bulbul (<i>Pycnonotus goiavier</i>), Philippine bulbul (<i>Hypsipetes philippinus</i>), Yellowish bulbul (<i>Hypsipetes everetti</i>), Pied fantail (<i>Rhipidura javanica</i>), Asian Glossy Starling (<i>Aplonis panayensis</i>), Blue rock thrush (<i>Monticola solitarius</i>), Eurasian Tree Sparrow (<i>Passer montanus</i>)</p> <p>Mammals (least concern): Lesser short-nosed fruit bat (<i>Cynopterus brachyotis</i>), Large Mindanao Forest Rat (<i>Bullimus bagobus</i>)</p> <p>Reptiles (vulnerable): Philippine sailfin lizard (<i>Hydrosaurus postulatus</i>)</p> <p>Reptiles (least concern): Monitor lizard (<i>Varanus salvator</i>)</p> <p>Amphibians (near threatened): Giant Philippine Frog (<i>Limnonectes magnus</i>)</p> <p>Amphibians Least Concern: Asian brackish frog (<i>Fergervaria cancrivora</i>)</p>	<p>Flora Trees: Almaciga (<i>Agathis philippinensis</i>), Mountain Agoho (<i>Gymnostoma rumphianum</i>), Yakal-yamban (<i>Shorea falciferoides</i>), Kalingag (<i>Cinnamomum mercadoi</i>), Yakal (<i>Shorea astylosa</i>), Balete (<i>Kingiodendron alternifolium</i>), Mangkono (<i>Xanthostemon verdugonianus</i>), Tega/Mapilig (<i>Xanthostemon bracteatus</i>).</p> <p>Palms: Kaliso (<i>Areca caliso</i>), Pandan-dagat (<i>Pandanus dinagatensis</i>)</p> <p>Shrubs: Linatog (<i>Eurycoma longifolia</i>)</p> <p>Climbers: Pitcher plant (<i>Nepenthes belii</i>), (<i>Nepenthes mindanaoensis</i>), Sandaova (<i>Nepenthes truncata</i>)</p> <p>Herbs: Lady slipper orchid (<i>Paphiopedilum ciliolare</i>), Fire orchid (<i>Renanthena matutina</i>)</p> <p>Fauna Birds: Mindanao tarctic hornbill (<i>Penelopides affinis</i>), Visayan flowerpecker (<i>Dicaeum haematostictum</i>)</p> <p>Reptiles: Philippine sailfin lizard (<i>Hydrosaurus postulatus</i>)</p> <p>Amphibians: Mindanao fanged frog (<i>Limnonectes magnus</i>)</p>



Indigenous species of trees being utilized for the mine rehabilitation program of RTN

Water Use and Discharge

GRI 103-1, GRI 103-2, GRI 103-3, GRI 303-1, GRI 303-2

NAC deeply appreciates that water is an essential resource for the industry, and for the communities where it does its business. NAC and its mine sites, therefore, ensure that they actively do their share in their day-to-day operations.

Each mine site has an established water management plan in effect, which are supplemented by several policies and practices on water conservation as well.

For instance, 60% of wastewater coming from HMC's water purification station were utilized for laundry and comfort room use. 40% were reserved for mine site consumption. It also conducts periodic monitoring of water sources to ensure the sustainable supply of water.

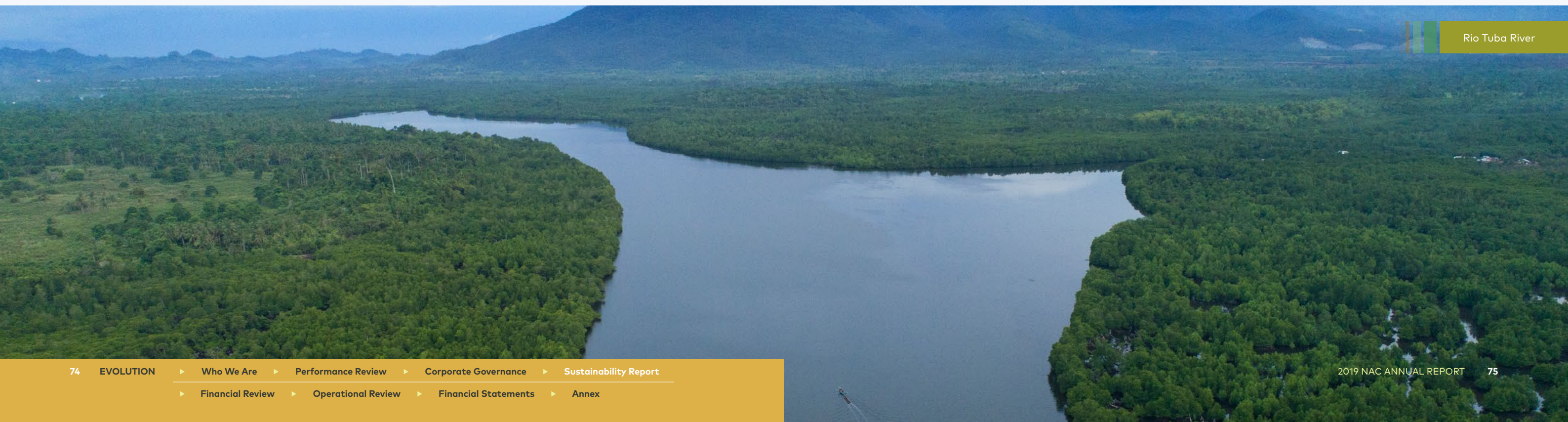
Meanwhile, RTN's water consumption reduction program includes reuse of water from recycling ponds for road watering and product washing.

On the other hand, TMC uses the strategy of adding pressure to increase impact with lesser volume of water. It also established a water treatment facility that generates potable water, as well as implemented redirection of water from settling ponds to Hubasan tank to be utilized in haul road spraying for dust suppression.

CMC utilizes communication tools, such as signages, installed in key areas to encourage people to make use of effective water conservation practices. It also maximizes the clear water from settling ponds, using them to water the road for dust suppression, for watering the rehabilitation areas, as well as the plant nurseries.

Water Use and Discharge GRI 303-3, GRI 303-4

ELEMENT	RTN		TMC		HMC		CMC		TOTAL (CU. M.)
	WATER BODY	VOLUME (CU. M.)	WATER BODY	VOLUME (CU. M.)	WATER BODY	VOLUME (CU. M.)	WATER BODY	VOLUME (CU. M.)	
2019									
Extraction	Water wells	957,741			Filtered Springs	28,382	Baliwan Marsh Land	42,000	1,276,824
	Tagpisa Pond	79,675	Hubasan Creek	80,354	Kaskag Creek	58,672	Maraguig Watershed	30,000	
Discharge	Lower Kinurong	506,140			Hinatulan Passage	159,900			2,223,979
	Lower Togpon	1,437,865	Taganito River	0	Banug Strait	95,709	CMC Dinagat	24,365	
Silt Collected (WMT)		57,888		3,499		109,451		72,468	243,306
2018									
Extraction	Water wells	783,947			Filtered Springs	10,065	Baliwan Marsh Land	0	1,190,546
	Tagpisa Pond	92,390	Hubasan Creek	214,604	Kaskag Creek	54,185	Maraguig Watershed	35,355	
Discharge	Lower Kinurong	368,784			Hinatulan Passage	67,152			1,155,964
	Lower Togpon	648,004	Taganito River	29,648	Banug Street	10,989	CMC Dinagat	31,387	
Silt Collected (WMT)		23,904		523,956		106,190		31,387	685,437



Rio Tuba River

Industries such as mining require the use and discharge of large amounts of water in its operations. Every company is aware of the importance of monitoring and mitigating impacts of effluents as best they are able.

The Company identifies facilities and activities that pose a threat to groundwater using its Environmental Management System (EMS). It also employs constant monitoring and proper measures. For instance, the landfill is layered with a high definition polyethylene to provide impermeability and containment of contaminated water.

Most of the Company's wastewater undergo filtration through silt curtains and silt containment ponds, to be reused during water spraying for dust suppression. Some are also recycled for product washing. As such, with 2,223,979 cubic meters of wastewater discharged, the majority of that had been recycled and reused for various purposes; from core mining operations to domestic uses.

Some of the techniques used under the EMS are:

- Monthly and quarterly physical and chemical monitoring of Total Suspended Solids (TSS)
- Establishment of activated carbon gabions
- Regular dredging of sumps and ponds
- Planting of slopes to reduce exposed areas
- Vetiver grass planting in ponds for phytoremediation
- Using oil-water separator to prevent contamination
- Covering of ore stockpiles to minimize silted water
- Generation from stockpile areas
- In-house water sampling
- Emergency response procedures for accidental releases of contaminated water
- Construction of a drainage system that directs water/leakages to designated areas of treatment

In particular, TMC conducts water sampling in the Hayanggabon River and monitors Baoy River during heavy rains. Silts in the Taganito river delta are dredged and transferred to the silt depository.

Notably, there is CMC's partnership with the Environmental Management Bureau (EMB) in the adoption and restoration of three (3) important water bodies around the mine site, namely the Maraguig Creek, Pinagbahan Creek, and Boa River.

CMC facilities also have sewage treatment plants (STP). At the same time, grease traps are used in kitchen areas, oil and water separators are used at the Motor Pool area. Settling ponds have been established to control silt run-off and improve water quality at discharge point.

NAC ensures strict monitoring on all environmental facilities are done regularly, to ensure the effectiveness of structures in containing and preventing soil and underground contamination.

Air Protection

GRI 103-1, GRI 103-2, GRI 103-3

Caring for air quality is caring for our people and our communities. That is why NAC developed and presently implement an air quality management program, to ensure that the air quality in its mine sites is in a healthy condition.

The Company conducts regular emission testing and measurement of dust emissions. It ensures that it has permits for all pollutant-emitting devices to assure the communities and regulatory bodies that its emissions are well within the regulatory limits of DENR.

RTN in particular performs stack emission sampling of new air pollutant sources. Meanwhile, TMC deploys water lorries to designated strategic areas to address dust excesses. CMC conducts annual GHG and carbon sink assessments. It is currently transitioning and phasing out equipment, materials and supplies emitting oxygen depleting substances (ODS).

Air Emissions GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-6, GRI 305-7

POLLUTANT	RTN	TMC	HMC	CMC	TOTAL
2019					
GHG (Scope 1) TCO ₂ e	27,068	46,538	9,053	23,223	105,882
GHG (Scope 2) TCO ₂ e	N/A	42	55	8	105
GHG (Scope 3) TCO ₂ e	N/A	47	8,723	152	8,922
Ozone-depleting substances (ODS) (kg)	N/A	N/A	27	N/A	27
Nitrous Oxides (NOx) (mg/Ncm)	N/A	694	N/A	3	N/A
Sulfur Oxides (SOx) (mg/Ncm)	N/A	N/A	N/A	28	N/A
Particulate matter (PM) (ug/Ncm)	11	75	11	5	N/A
2018					
GHG Overall TCO ₂ e	30,264	45,042	19,595	19,845	114,746



Reforestation at Hayanggabon Ridge in Claver

Energy Consumption

GRI 103-1, GRI 103-2, GRI 103-3

NAC is committed to finding the most efficient use of its resources, crafting practical resource management plans and implementing them with care. With this approach, the Company was able to reduce its energy consumption by 865,771 liters of diesel fuel and 422 MWh of electricity.

Energy Consumption GRI 302-1

ENERGY USE & SOURCE	RTN	TMC	HMC	CMC	TOTAL
2019					
Genset (Liters)	115,592	179,004	191,734	525,035	1,011,365
Energy Generated by Genset (MWh)	178	430	671	1,304	2,583
Vehicles - Diesel (Liters)	9,480,511	16,712,150	6,011,503	8,850,506	41,054,670
Vehicles - Gasoline (Liters)	62,978	31,126	74,302	12,582	180,988
Electricity from Local Supply (MWh)	2,218	1,736	-	-	3,954
LPG (GJ)	-	57	792	2,500	3,349
2018					
Genset (Liters)	110,180	341,015	312,182	398,724	1,162,101
Energy Generated by Genset (MWh)	160	1,200	627	860	2,847
Vehicles - Diesel (Liters)	10,637,887	16,713,753	6,817,041	7,600,924	41,769,605
Vehicles - Gasoline (Liters)	58,799	24,232	70,152	11,993	165,176
Electricity from Local Supply (MWh)	2,435	1,677	-	-	4,112
LPG (GJ)	-	-	-	-	-

Initiatives of the Company in the decrease in energy consumption include HMC's drive to replace ordinary fluorescent bulbs with LED lamps, utilization of solar energy in facilities located in remote areas, and proper monitoring of energy-consumption of electrical devices to avoid overloading.

RTN's energy conservation and fuel reduction programs also include the use of energy-saving equipment as well as retaining its solar drying process.

Meanwhile, TMC produces significant reduction of fuel consumption through the use of conveyor belt system. The system has an equivalent hauling capacity of 15-20 dump trucks per hour. It also uses solar-powered electronics, and is gradually shifting to the use of LED bulbs that also contributes to energy reduction.

For its part, CMC adopted renewable energy sources in 2019 for perimeter lighting and decorative light installation. To conserve fuel, CMC adapts carpooling for personnel transport. Fuel-operated machines are turned off when not in use.

The Company continues to explore opportunities to incorporate renewable and energy-saving alternatives to the Company's present energy sources. RTN has conducted a feasibility study on the use of hybrid energy (solar-genset) as an energy source. HMC has included windmill and solar power plants in its proposed research and development program.

Waste Management

GRI 103-1, GRI 103-2, GRI 103-3

Cognizant of the global challenge that waste management presents to all countries, NAC aims to act as a responsible corporate citizen and proactively contribute to solutions. This is being achieved by implementing an effective solid waste management plan. In 2019, the plan resulted in the Company having solid wastes segregated to 49% recyclables and 29% compostable wastes. All of the identified wastes were able to be disposed of accordingly.

NAC supports the principle of upcycling, or the process of turning a waste material into something of higher quality and value. It also appreciates technologies that help the Company manage wastes effectively, such as DOST's bioreactor, vermicomposting, and mulching for biodegradable wastes; the use of Materials Recovery Facility (MRF) for recyclable and reusable wastes; and the use of sanitary landfill for residual wastes.

Waste Management GRI 306-2, GRI 306-4

TYPE OF WASTE	RTN	TMC	HMC	CMC	TOTAL	DISPOSAL METHOD
2019						
Biodegradable Waste (kg)	58,940	27,755	37,300	20,151	144,146	Bioreactor Vermicomposting
Hazardous Waste Transported (kg)	111,899	13,120	27,214	48,335	200,568	DENR-Accredited Transporter/Treater
Recyclable Waste (kg)	221,520	5,310	2,920	10,366	240,116	Materials Recovery Facility Eco Bricks
Residual Waste (kg)	52,210	16,176	28,030	13,155	109,571	Sanitary Landfill
Solid Waste (kg)	332,670	49,241	68,250	43,672	493,833	Materials Recovery Facility, Eco Bricks
Used Oil (Liters)	84,268	97,200	66,800	41,922	290,190	DENR-Accredited Transporter/Treater
2018						
Biodegradable Waste (kg)	52,000	14,796	10,940	15,600	93,336	Vermicomposting/Sanitary Landfill
Hazardous Waste Transported (kg)	122,650	62	2,593	-	125,305	DENR-Accredited Transporter/Treater
Recyclable Waste (kg)	246,000	2,160	980	5,047	254,187	Materials Recovery Facility
Residual Waste (kg)	53,000	12,524	8,620	13,098	87,242	Sanitary Landfill
Solid Waste (kg)	351,000	29,480	20,540	33,745	434,765	Materials Recovery Facility, Sanitary Landfill
Used Oil (Liters)	85,830	152,496	55,400	81,800	375,526	DENR-Accredited Transporter/Treater

Additional initiatives by the operating mines include HMC's upcycling projects. Examples include: conversion of used tires to waste bins and materials for dragon fruit plantation, use of upcycled products to improve the look of view decks, distribution of water tumblers to employees to reduce plastic bottles usage, and making of foliar organic fertilizer to decrease the Company's use of artificial fertilizers.

Meanwhile, RTN implements a "No to Plastic" policy and integrates its waste management program to include waste diversion of biodegradable and recyclable wastes; in active compliance to RA 9003 for an ecological solid waste management plan.

TMC has chosen to replace steel-belted tires with a more recyclable alternative: nylon-belted tires. It also upcycles recyclable wastes to be used in landscaping.

CMC, on the other hand, has banned single use plastics in its facilities and chose to buy supplies in bulk to reduce packaging waste. Additionally, CMC launched a two-month Eco brick challenge in June to July 2019 to encourage its employees and local communities to turn over plastic bottles filled with residual waste. The turned over bottles were used in the Company's eco brick facility, and turned into recyclable items such as flowerpots, pillow bricks, fence, tables, and chairs. Through this program, the Company and the local community were able to reduce plastic wastes.

The Company treats management of hazardous wastes with great care, and are guided by the provisions of RA 6969 on hazardous waste management. In 2019, operations produced around 201 tons of hazardous wastes and 290,190 liters of used oil. NAC made sure to follow the prescribed process for monitoring, storing, and disposing of such wastes, respective of type or category. All vendors for treatment and transport are DENR-accredited and employees receive regular in-house training related to hazardous waste management, so that they are kept aware and alert of the dangers of hazardous waste to health and safety.

Climate-Related Risks and Opportunities

GRI 102-11

As an organization, NAC moves as one in its advocacy for responsible mining. The Company fully appreciates the synergetic relationship of communities with the planet's processes, including the impact of climate on everyday human life and enterprise.

With the governance and leadership of the Board of Directors and the management team, the Company established an Enterprise Risk Management (ERM) system. The ERM was created to establish a proper measure in the identification, assessment, and management of risks that may affect the Company.

The Board, with the help of the Board Risk Oversight Committee, ensures that all risks are identified, measured, and managed effectively and continuously through the ERM. The Chief Risk Officer works with the Chairman and CEO, and the President in the updating and crafting of recommendations to the Board Risk Oversight Committee.

The Company's risk management strategy has a section specific for climate-related risks. This includes action plans, persons responsible, and expected timelines to maintain the Company's operations or reduce the duration of operation disruptions. The risks were identified based on how it would impact our people's safety, the supply chain, the reliable supply of energy, and the unhampered logistics in and out of mine sites.

Integral to the ERM are the preparation of both people and facilities for emergency situations, the training of emergency responders, the provision of equipment and technology, the redundancies for physical systems.

NAC works together with the rest of the industry players, its host communities and nearby communities, and government agencies and regulators, toward building resilient and sustainable communities. The Company is proactively working to protect shared natural resources that would benefit future generations.

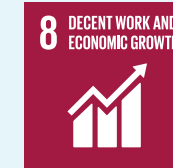


MOVING COMMUNITIES TOWARDS GROWTH AND PROGRESS

GRI 103-1, GRI 103-2, GRI 103-3, GRI 413-1



130,789
People Supported by CSR and SDMP



2,051
members of Peoples' Organizations Supported



39.9 PHP MILLION
Expenditure on Livelihood Programs



26.7 PHP MILLION
Expenditure on Infrastructure Development

40
People's Organizations and 3 Cooperatives Benefited by Livelihood Programs

371
Barangays Supported by Infrastructure Projects



2,173
Patients Benefited from Medical Missions Program



21,075
IP Population Supported by SDMP



27.8 PHP MILLION
Investment on Education Programs



25
IPs participated in Cultural Literacy Program

3,560
Scholars Benefited from Education Programs

NAC endeavors to strengthen its relationships with the communities within and near the areas of its operations. The Company maximizes the value of its social expenditures through a meaningful and relevant Social Development Management Program (SDMP), and Corporate Social Responsibility (CSR) initiatives.

NAC continues to exert every effort to design SDMP and CSR programs that address the genuine needs of the communities, and aim for long-term positive impact. Through collaborative partnerships, the Company invites communities to participate in our program selection.

SDMP & CSR SPENDING (In PhP Million)

ELEMENT		RTN	TMC	HMC	CMC	TOTAL
2019						
SDMP	Required Spending	34.7	77.2	21.1	39.9	172.9
	Actual Spending	30.1	53.3	22.0	37.4	142.8
CSR	Non-IP Communities	34.9	15.6	10.8	9.0	70.3
	IP Communities	11.5	2.5	None	None	14.0
TOTAL		76.5	71.4	32.8	46.4	227.1
2018						
SDMP	Required Spending	36.4	64.5	27.5	30.1	158.5
	Actual Spending	46.9	57.2	27.5	29.1	160.7
CSR	Non-IP Communities	42.7	7.7	4.3	7.6	62.3
	IP Communities	10.6	2.3	None	None	12.9
TOTAL		100.2	67.2	31.8	36.7	235.9



Turnover of farm equipment to CREMACO peoples organization from TMC

Impact on Local Communities GRI 413-2

OPERATIONS WITH SIGNIFICANT IMPACT/S	LOCATION	IMPACT ON INDIGENOUS PEOPLE? (Y/N)	RIGHTS AFFECTED OR CONCERNS OF THE COMMUNITY	MITIGATING OR ENHANCEMENT MEASURES
RTN Mining Operations	Bataraza, Palawan	Y	Price increase on goods and commodities, fish, poultry, and meat products	<ul style="list-style-type: none"> Constant price monitoring Establishment of poultry and swine farm to control prices
			Land and boundary conflict	<ul style="list-style-type: none"> Coordinated with fact-finding committee Amicable settlement
			Siltation	<ul style="list-style-type: none"> Establishment of 5 silt containment ponds Definition of drainage Maintenance/dredging of silt containment ponds Establishment of silt collector ponds Installation of water discharge points Water recycling
TMC Mining Operations	Claver, Surigao	Y	N/A	<ul style="list-style-type: none"> N/A
CMC Mining Operations	Dinagat Islands	N	Air pollution (dust)	<ul style="list-style-type: none"> Water spraying Observance of speed limit Road maintenance through road grading and compacting
HMC Mining Operations	Tagana-an, Surigao Del Norte	N	Air pollution (dust)	<ul style="list-style-type: none"> Water spraying Road maintenance through road grading
			Seedling production, mangrove	<ul style="list-style-type: none"> Involvement of host community in output-based projects of Environment Department
			Siltation	<ul style="list-style-type: none"> Establishment of settling ponds Desilting for maintenance

A. Promoting Inclusive Development for Indigenous Peoples

NAC believes that the rights to Ancestral Domains (ADs) of Indigenous Peoples (IPs) deserve to be recognized and respected. Two of its operating mines, TMC and RTN, provide annual royalty payments, housing, and other benefits to their IP communities. TMC operates in an AD while RTN operates in an area where IPs, though without an ancestral domain, hold a strong presence.

RTN, together with CNBC, started creating new agricultural community associations in 2019. These community-based associations, composed mostly of indigent individuals, aim to bring a stable source of livelihood as well as job opportunities.

In 2019, RTN distributed vegetables seedlings to the IP community. This provides additional income

for farmers in upland farming while waiting for harvest season. It is expected that the number of members will increase in the next few years, as the community realizes the benefits of the program.

RTN also launched in 2019 a cultural literacy program to preserve the culture and traditions of the Palaw'an tribe in the municipality of Bataraza, Palawan. The cultural literacy program holds eight (8) sessions per month. The sessions include lectures, learning activities, and performances for the students, with the elders of the Pala'wan IPs serving as instructors. RTN aims to encourage the IP youth and elders to preserve their traditional dances and music such as Taruk, Sapa-sapa, and Basal by teaching and passing them on to the younger generations.

B. Empowering the Communities' Hope through Educational Support

Summary of Educational Programs

	RTN	TMC	HMC	CMC
Total investment (PhP)	6,404,529	8,901,375	5,383,129	7,145,298
Key programs	College & high school scholarship	Manpower, College financial assistance, Provision of school supplies and equipment	College scholarship, Financial assistance, Provision of school supplies, Alternative Learning System (ALS) program, Internet connection for high school & senior high school program	Assistance for the Brigada Eskwela, Provision of supplies and equipment, Financial assistance, Subsidy to teachers and daycare workers, Assistance to ALS

As NAC works with communities towards economic freedom, the Company makes it a point to invest in education-related initiatives that strengthen the youth and equip them with knowledge and confidence.

RTN provides educational assistance to 166 students – from kindergarten to elementary levels – in Sitio Tagpas, Barangay Latud in Rizal, Palawan. RTN aims to support their studies throughout the year. The students, coming from impact barangays

of IPs, were given funds to buy notebooks, school supplies, uniforms, and slippers. RTN continues to provide 13 high school scholars and three college students with monthly allowances.

RTN held a two-day summer camp for its scholars in Matahum Beach, Barangay Mangingisda in Puerto Princesa City, Palawan. The activity aimed at getting to know the scholars better, and to give them advice and counseling on their studies and future careers.

C. Fueling Entrepreneurial Spirit in Our Community

Summary of Livelihood Programs

	RTN	TMC	HMC	CMC
Total investment (PhP)	8,455,160	16,192,703	2,514,709	12,782,390
Key programs	Vegetable production, Provision of non-motorized banca w/ fishing implements, Skills trainings	Skills development and networking	Bangus production and capacity building, Technical training for project beneficiaries	Capability trainings and seminars, Basic driving and automotive servicing, Assistance to various farmers and fishers' associations, Farmer's storage facility, Construction of nursery building, Procurement of hand tillers and other farming tools and implements

Providing community members with skills and resources to uplift themselves is the key to a sustainable social development plan. NAC believes that learning practical livelihood programs and useful skills will lead people toward the path of financial stability and economic freedom.

In 2019, TMC embarked on several major livelihood initiatives, including a PhP 1.29 million native chicken poultry project for persons with disabilities (PWDs) in Barangay Cabuo in Claver, Surigao del Norte. A total of 55 PWDs, belonging to the people's organization called Dapja, benefited from the project. This aligned with TMC's thrust to provide livelihood opportunities to different sectors of society, including PWDs.

Dapja members and their families provided the labor for the construction of the facility. They took turns in manning, managing, and monitoring the poultry farm. The structure sits on a one-hectare lot owned by the group's president, Eddie F. Gasulas. To ensure the sustainability of the project, TMC continuously monitors its progress while bringing technical assistance from the Department of Agriculture (DA).

In 2019, TMC donated farm equipment worth PhP 3 Million to the 35-member Claver Red Mountain Agriculture Cooperative (CREMACO) to uplift the group's economic potential. TMC provided CREMACO

four units of farm equipment: a combine harvester, a farm tractor with rotavator, and two walk-behind transplanters. A rice mill complex is being constructed in Barangay Daywan in Claver, Surigao del Norte to help the local farmers price their palay competitively.

HMC turned over a PhP 3.5 million fully equipped deep-sea fishing boat to the Campandan Fisherfolks Association (CAMFISA). This aimed to boost the livelihood of local fishermen in Tagana-an, Surigao del Norte. CAMFISA operates a fish processing center, and the fishing boat was a big help for their dried fish and bottled fish production that was also initiated by HMC. With their very own deep-sea fishing boat, CAMFISA no longer relies solely on the catch of other fishermen for fish supply.

HMC also turned over a soft-shell crab project to three indigent families from its host community in Tagana-an. The beneficiaries of the project were selected based on their socio-economic profile. The beneficiaries of this project were not part of any People's Organizations (POs), which meant that such opportunities were not readily accessible to them. The beneficiaries – Rosita G. Sandico and Cristine C. Baguinaon – are residents of Looc, Sitio Bagong Silang, while Arnulfo C. Copag Sr. is from Brgy. Talavera; both are in Tagana-an. Providing technical assistance to the project were experts from the City Agriculturists Office (CAGRO) of Tagum City, Davao del Norte.



Volunteer doctor at RTN Medical Mission

In a move to provide vital access for thousands of residents to boost local economic development, CMC turned over a 3.1-kilometer access road that connected two coastal towns in the province of Dinagat Islands. The PhP 4.8 million Legaspi-Benglen Farm-to-Market Road connecting Brgy. Legaspi in Cagdianao and Brgy. Benglen in Libjo benefitted two villages from separate towns, as well as CMC's host and neighboring barangays. Fishermen and farmers from coastal and inland villages are now able to sell their produce without having to travel by sea, which is unnavigable during monsoon season.

Cagdianao Mayor Adolfo Longos lauded CMC for entrusting the road project to the local government unit as its implementing partner. The Mayor remarked that he has "never seen a mining company approach a development initiative this way, which encourages participation from all sectors. Truly, CMC is a responsible mining company."

CMC also supported 65 farmers of the Cabiton-an Farmers' Association with a livelihood project that provided a rice mill, a garage building, and a nursery building situated at Sitio Cabiton-an, Barangay Legaspi, Cagdianao, Province of Dinagat Islands. The project cost amounted to PhP 993,000.00.

CMC was also able to turn over a PhP 5.6 million ice plant and cold storage facility to Gaas Dinagat Fishermen Cooperative (GADIFCO). The project is seen to fill a crucial demand for ice blocks in this island province, while boosting the income of the beneficiaries by selling ice to other fisherfolks in neighboring villages and even in other parts of Dinagat Islands.

Mansueto G. Cadelina, Bureau of Fisheries and Aquatic Resources (BFAR) provincial fisheries officer, confirmed that GADIFCO's ice plant and storage facility is the only one of its kind operating in the province to date. The BFAR official noted that this project "really helps our fishermen in Cagdianao to earn more sustainably. This is a remarkably effective support to the campaign of BFAR dubbed 'Para sa Malinis at Masaganang Karagatan'".

NAC provided trainings in 2019 on organic farming, bamboo propagation and marketing, mushroom farming, climate-smart agriculture, farm tourism and community sustainability ventures (CSV) for 30 community organizers and environment personnel. NAC is planning to adopt viable livelihood trends, such as bamboo propagation and production, and hopes to replicate and implement these programs in all NAC mines.

D. Promoting Health and Wellness in Our Community

Summary of Health Programs

	RTN	TMC	HMC	CMC
Total investment (PhP)	4,690,025	3,247,310	2,047,567	2,500,000
Key programs	Hospital subsidy for Indigenous People and indigents, Health awareness programs (Dengue, Malaria, Tuberculosis, Maternal & Child Care)	Manpower support, Provision of medicines and medical supplies, Clean and green program	Quarterly medical-dental mission, Provision of health and food supplies to senior citizens & PWDs, Provision of honorarium per services, Health enhancement trainings, Mortuary assistance	Assistance to health-related concerns, Provision of health center facilities and equipment, first aid medicines, health supplies to senior citizens & PWD, Medical Mission, Capacity enhancement training for CHWs

Consideration for the health and wellness of communities inspired us to put up fully equipped medical facilities in each of our operating mines. Aside from providing medical services through these facilities, the Company also organizes medical missions for other nearby communities.

In 2019, NAC organized free medical and surgical missions that benefitted almost 600 patients. The medical-surgical mission is an annual charity of RTN, TMC, HMC, and CMC, with the participation of CBNC and Taganito HPAL Corporation (THPAL).

The 2019 NAC annual medical and surgical mission was conducted in Palawan and Surigao del Norte, in collaboration with provincial and local governments. It provided free major and minor operations to residents of surrounding and adjacent communities. It also offered free consultations, check-ups, and room accommodation, transport, and food for those requiring major procedures.

To provide much needed resources to communities, HMC donated a brand-new Toyota HiAce Commuter ambulance with complete accessories to the Municipality of Tagana-an in Surigao del Norte. The donation, worth PhP 1.2 million, was made possible through the 2019 HMC CSR funds. The ambulance will greatly help in emergency transport needs of the municipality and its 14 barangays. It will also aid in boosting the medical services provided by the Tagana-an Municipal Health Office.

Another essential facility for health and wellness is the availability of toilets. To encourage proper hygiene and help prevent cases of diarrhea in the communities, RTN donated squat latrine toilets and supply of cement for flooring to 69 households in Sitio Magtunao, Barangay Culandanum in Bataraza, Palawan.

Before the distribution, the community relations team of RTN, together with medical professionals from the Department of Health (DOH), conducted an IEC to educate the community.

GRI CONTENT INDEX

FOR "IN ACCORDANCE" – CORE OPTION

GRI 102-55

DISCLOSURE	PAGE NUMBERS AND/OR DIRECT ANSWERS	OMMISSION
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016		
Organizational Profile		
GRI 102-1 Name of the organization	Front Cover	
GRI 102-2 Activities, brands, products, and services	1, 8	
GRI 102-3 Location of headquarters	133	
GRI 102-4 Location of operations	133	
GRI 102-5 Ownership and legal form	3	
GRI 102-6 Markets served	8	
GRI 102-7 Scale of the organization	4, 6, 56	
GRI 102-8 Information on employees and other workers	56	
GRI 102-9 Supply chain	9	
GRI 102-10 Significant changes to the organization and its supply chain		No significant changes in supply chain
GRI 102-11 Precautionary Principle or approach	26, 80	
GRI 102-12 External initiatives		Not applicable [No such initiatives]
GRI 102-13 Membership of associations	None	
Strategy		
GRI 102-14 Statement from senior decision-maker	10	
Ethics And Integrity		
GRI 102-16 Values, principles, standards, and norms of behavior	2	
Governance		
GRI 102-18 Governance structure	22, 131	
GRI 102-22 Composition of the highest governance body and its committees	131	
GRI 102-23 Chair of the highest governance body	131	
Stakeholder Engagement		
GRI 102-40 List of stakeholder groups	46	
GRI 102-41 Collective bargaining agreements	63	
GRI 102-42 Identifying and selecting stakeholders	46	
GRI 102-43 Approach to stakeholder engagement	46	
GRI 102-44 Key topics and concerns raised	46	
Reporting Practice		
GRI 102-45 Entities included in the consolidated financial statements	114	
GRI 102-46 Defining report content and topic Boundaries	30	
GRI 102-47 List of material topics	49	
GRI 102-48 Restatements of information	None	
GRI 102-49 Changes in reporting	None	
GRI 102-50 Reporting period	2019	

GRI 102-51	Date of most recent report	April 2019
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	133
GRI 102-54	Claims of reporting in accordance with the GRI standards	30
GRI 102-55	GRI content index	88
GRI 102-56	External assurance	94

TOPIC	DISCLOSURE	TOPIC	PAGE NO.	OMMISSION
Economic Performance				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	50, 54	
	GRI 103-2	The management approach and its components	50, 54	
	GRI 103-3	Evaluation of the management approach	50, 54	
GRI 201: Economic Performance 2016	GRI 201-1	Direct economic value generated and distributed	30, 98	
	GRI 201-2	Financial implications and other risks and opportunities due to climate change	Mitigating activities are in place when calamities due to climate change occurs	
GRI 202: Market Presence 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	62	
GRI 203: Indirect Economic Impacts 2016	GRI 203-1	Infrastructure investments and services supported	34	
	GRI 203-2	Significant indirect economic impacts	34	
Compliance				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	52	
	GRI 103-2	The management approach and its components	52	
	GRI 103-3	Evaluation of the management approach	52	
GRI 205: Anti-corruption 2016	GRI 205-1	Operations assessed for risks related to corruption	None	
	GRI 205-3	Confirmed incidents of corruption and actions taken	There were no such incidents in 2019.	
GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	None	
GRI 308: Supplier Environmental Assessment 2016	GRI 308-1	New suppliers that were screened using environmental data	None	
	GRI 308-2	Negative environmental impacts in the supply chain and actions taken	None	

Energy			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	78
	GRI 103-2	The management approach and its components	78
	GRI 103-3	Evaluation of the management approach	78
GRI 302: Energy 2016	GRI 302-1	Energy consumption within the organization	78
Water			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	74
	GRI 103-2	The management approach and its components	74
	GRI 103-3	Evaluation of the management approach	74
GRI 303: Water 2018	GRI 303-1	Interactions with water as a shared resource	74
	GRI 303-2	Management of water discharge-related impacts	74
	GRI 303-3	Water withdrawal	75
	GRI 303-4	Water discharge	75
Biodiversity			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	70
	GRI 103-2	The management approach and its components	70
	GRI 103-3	Evaluation of the management approach	70
GRI 304: Biodiversity 2016	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	71
	GRI 304-2	Significant impacts of activities, products, and services on biodiversity	70
	GRI 304-3	Habitats protected or restored	71
	GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	72

Emissions			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	76
	GRI 103-2	The management approach and its components	76
	GRI 103-3	Evaluation of the management approach	76
GRI 303: Emissions 2016	GRI 305-1	Direct (Scope 1) GHG Emissions	77
	GRI 305-2	Energy indirect (Scope 2) GHG Emissions	77
	GRI 305-3	Other indirect (Scope 3) GHG emissions	77
	GRI 305-6	Emissions of ozone-depleting substances (ODS)	77
	GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	77
Waste			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	79
	GRI 103-2	The management approach and its components	79
	GRI 103-3	Evaluation of the management approach	79
GRI 306: Effluents & Waste 2016	GRI 306-2	Waste by type and disposal method	79
	GRI 306-3	Significant spills	None
	GRI 306-4	Transport of hazardous waste	79
Labor Practices & Employee Relations			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	54, 58, 63
	GRI 103-2	The management approach and its components	54, 58, 63
	GRI 103-3	Evaluation of the management approach	54, 58, 63
GRI 401: Employment 2016	GRI 401-1	New employee hires and employee turnover	62
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	61
	GRI 401-3	Parental leave	62
GRI 402: Labor/Management Relations 2016	GRI 402-1	Minimum notice periods regarding operational changes	Minimum notice periods regarding operational changes is implemented

GRI 403: Occupational Health & Safety 2018	GRI 403-1	Occupational health and safety management system	64
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	64
	GRI 403-3	Occupational health services	64
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	64
	GRI 403-5	Worker training on occupational health and safety	66
	GRI 403-6	Promotion of worker health	66
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	64
	GRI 403-9	Work-related injuries	65
	GRI 403-10	Work-related ill health	65
	GRI 404: Training & Education 2016	GRI 404-1	Average hours of training per year per employee
GRI 404-2		Programs for upgrading employee skills and transition assistance programs	58
GRI 405: Diversity & Equal Opportunities 2016	GRI 405-1	Diversity of governance bodies and employees	56
	GRI 405-2	Ratio of basic salary and remuneration of women to men	The ratio of salary is based on performance and position and not on gender
GRI 406: Non-discrimination 2016	GRI 406-1	Incidence of discrimination and corrective actions taken	There were no such incidents
GRI 407: Freedom of Association & Collective Bargaining 2016	GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
GRI 408: Child Labor 2016	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	NAC ensures that none of our operations as well as our local suppliers have any incidents of child labor practice
GRI 409: Forced or Compulsory Labor 2016	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
GRI 410: Security Practices 2016	GRI 410-1	Security personnel trained in human right policies or procedures	All our security personnel are outsourced and are regularly trained by agency on human rights topics
GRI 411: Rights of Indigenous Peoples 2016	GRI 411-1	Incidents of violations involving rights of indigenous peoples	None

GRI 412: Human Rights Assessment 2016	GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	None
	GRI 412-2	Employee training on human rights policies or procedures	58, 59
Community Development			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	81
	GRI 103-2	The management approach and its components	81
	GRI 103-3	Evaluation of the management approach	81
GRI 413: Local Communities 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	81
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	83
GRI 414: Supplier Social Assessment 2016	GRI 414-1	New suppliers that were screened using social criteria	Key suppliers
Customer Service			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	52
	GRI 103-2	The management approach and its components	52
	GRI 103-3	Evaluation of the management approach	52
GRI 416: Customer Health & Safety 2016	GRI 416-1	Assessment of the health and safety impacts of product and service categories	None
	GRI 416-2	Incidents of non-compliance concerning the health and	None
GRI 417: Marketing & Labeling 2016	GRI 417-1	Requirements for product and service information and labeling	9
	GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	None
	GRI 417-3	Incidents of non-compliance concerning marketing communications	None
GRI 419: Socioeconomic Compliance 2016	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	None

EXTERNAL ASSURANCE STATEMENT

GRI 102-56



INDEPENDENT ASSURANCE STATEMENT

EVOLUTION 2019 Annual and Sustainability Report

Nickel Asia Corporation ("NAC") has engaged GCSS Inc. to undertake independent assurance of sustainability / non-financial disclosures in 2019 Annual and Sustainability Report – EVOLUTION (the "Report") for the year ended 31st December 2019. This assurance engagement was conducted using AccountAbility, UK - AA1000 Assurance Standard (AA1000AS) 2008 with 2018 Addendum and AA1000 AccountAbility Principles (AA1000AP) 2018 and Global Reporting Initiative (GRI) Standards.

Scope of Engagement

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

Assurance Procedure

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

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

Financial data reported in the 2019 Annual and Sustainability Report is taken directly from the independent audited financial statements and the same has not been checked against its source as part of this assurance process.

Limitations

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

- The completeness or accuracy of information relating to areas other than the subject matters.
- Information reported by NAC other than in its Sustainability section in 2019 Annual Report.
- Management's forward-looking statements.
- Any disclosure made by the subsidiaries not covered within the report boundaries.



Conclusion

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

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

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

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

Recommendations

Based on the activities conducted during the assurance as stated in the procedure, the assurance team has the following recommendations:

1. Define time-based targets against the identified United Nations Sustainable Development Goals (UN SDGs).
2. Include awareness on Sustainable Development during new employee orientation sessions.
3. Improve its safety performance and create more awareness and checks related to health and safety.
4. Align its Social Development Management Programs (SDMP) to UN SDGs and communicate to stakeholders.
5. Include more details on climate related risk disclosure and how NAC addresses the risk of climate change.

Adherence to AA1000 Principles

Inclusivity:

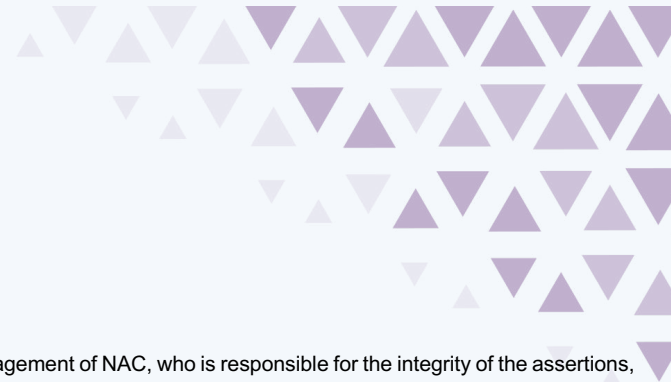
NAC have a variety of well-managed mechanisms to regularly engage with its key stakeholders on a timely basis. The company considers stakeholder concerns and addresses them through proper channels as reported. This report clearly indicates the various stakeholders company engages along with their method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

Materiality:

We reviewed and analyzed the process of defining and assessing the material topics for NAC addressed in this report. The company has identified material topics based on stakeholder concerns and business objectives.

Responsiveness:

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



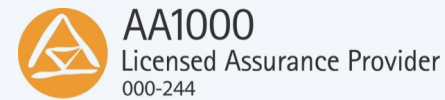
Responsibilities

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

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

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

Arpit Shrivastava
Lead Assurer
GCSS Inc.



Date: July 7, 2020
Place: Bonifacio Global City, Philippines

FINANCIAL REVIEW

GRI 201-1

REVENUES	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2019	2018	2017	2019 vs 2018	2018 vs 2017
Sale of Nickel Ore					
Revenue (In PhP Million)	16,255	17,295	14,435	-6	20
Volume (WMT '000)	18,836	19,349	17,703	-3	9
Average Price – LME-based (USD/lb.)	6.23	5.95	4.67	5	26
Average Price – tonnage-based (USD/WMT)	23.5	21.5	24.4	9	-12
Sale of Limestone, Services and Others	1,668	1,353	1,304	23	4
Total Revenue	17,923	18,648	15,739	-4	18

Nickel ore shipments decreased to 18.84 million WMT in 2019 compared to 19.35 million WMT in 2018. Direct export of ore, which accounted for 55% of total shipments, dropped to 10.44 million WMT in 2019 from 11.54 million WMT in 2018. On the other hand, ore deliveries to the two HPAL plants, which comprise the remaining 45% of total shipments, increased to 8.39 million WMT in 2019 compared to 7.81 million WMT in 2018.

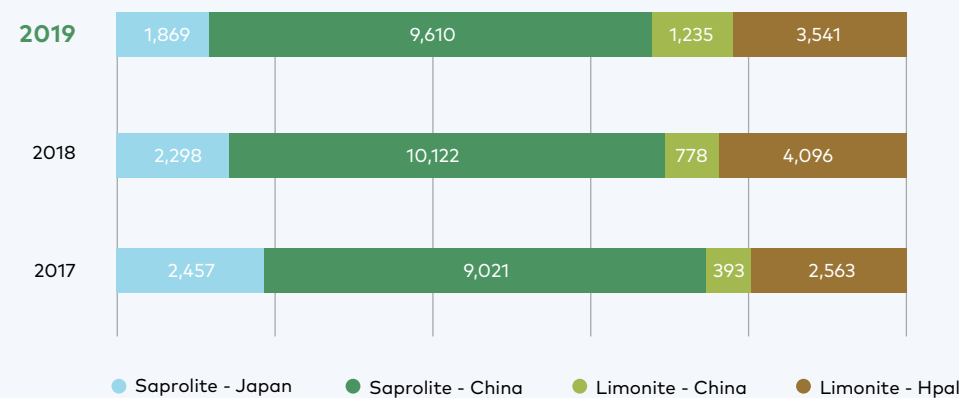
The Company realized an average of US\$ 6.23 per pound of payable nickel on its shipment of ore to the HPAL plants in 2019 the pricing of which is linked to quoted prices in the London Metal Exchange (LME). This compares to an average price of US\$ 5.95 per pound of payable nickel sold in 2018 and US\$ 4.67 in 2017. With respect to export sales, the Company achieved an average price of

US\$ 23.52 in 2019 compared to US\$ 21.53 in 2018 and US\$ 24.42 in 2017. On a combined basis, the average price received for sales of both ore exports and ore deliveries to the two plants in 2019 was US\$ 16.69 per WMT, slightly lower than the USD\$ 16.86 achieved in 2018 but higher than the US\$ 16.17 in 2017.

The realized PhP / US\$ exchange rate was PhP 51.72 in 2019 compared to PhP 53.00 in 2018.

An overall lower sales volumes coupled with a slightly lower average realized price, and the strengthening of the peso from PhP 53.00 per US dollar compared to PhP 51.72 in 2019 resulted in a decrease in our consolidated revenues to PhP 17.92 billion from PhP 18.65 billion in the prior year.

REVENUE BREAKDOWN PER PRODUCT (PhP Million)

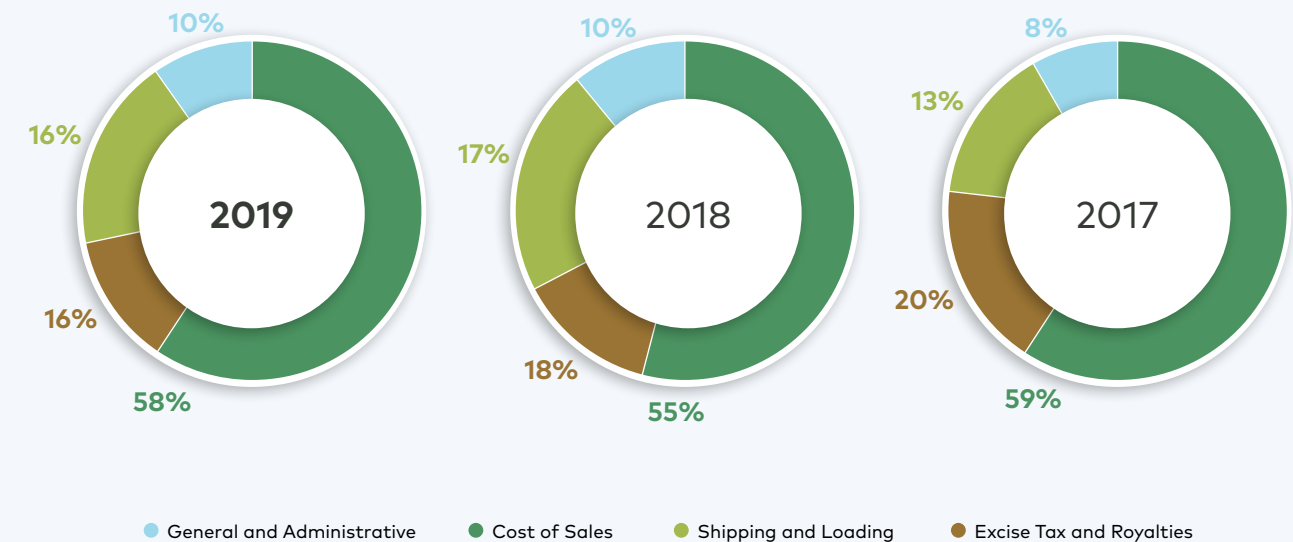


Please refer to Pages 105 to 109 for the detailed breakdown of sales and production per operating mine.

OPERATING COSTS AND EXPENSES

In PhP Million	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2019	2018	2017	2019 vs 2018	2018 vs 2017
Cost of Sales, Services and Others	7,912	7,501	6,642	5	13
General and Administrative	1,156	1,213	863	-5	41
Excise Taxes and Royalties	1,787	1,804	1,104	-1	63
Total Operating Costs and Expenses	12,779	12,608	10,474	1	20
Total Cash Operating Costs and Expenses	10,729	10,609	8,361	1	27

CASH COSTS



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

taxes and royalties, marketing, and general and administrative expenses incurred by the Group. On a per WMT of ore sold, total cash costs and expenses increased to PhP 569.63 per WMT in 2019 compared to PhP 548.31 per WMT in 2018 and PhP 472.29 per WMT in 2017.

NET INCOME

(in PhP Million)	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2019	2018	2017	2019 vs 2018	2018 vs 2017
Net income	3,826	4,223	3,854	-9	10
Net income attributable to equity holders	2,685	3,008	2,771	-11	9

The net income for 2019 is inclusive of a PhP 10.4 million equity income from the Company's investment in Taganito HPAL Corporation and in Coral Bay Nickel Corporation, compared to PhP 348.2 million in 2018 and PhP 198.0 million in 2017.

The following are the relevant profitability ratios as of the end of 2019, 2018 and 2017.

	FOR THE YEARS ENDED DECEMBER 31		
	2019	2018	2017
Return on Assets	8%	9%	8%
Return on Equity	11%	13%	12%
Net Profit Margin	21%	23%	24%

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

(in PhP Million)	FOR THE YEARS ENDED DECEMBER 31		
	2019	2018	2017
Net cash flows from operating activities	5,838	4,829	5,260
Net cash flows from (used in) investing activities	(1,573)	857	(1,470)
Net cash flows used in financing activities	-2,893	-4,687	-3,780

The Company continued with the annual upgrade of its mining fleet and facilities at its four operating mines, with total capital expenditures in 2019 of PhP 0.9 billion compared to PhP 1.0 billion and PhP 720 million in 2018 and 2017, respectively. Capital expenditures were financed from available cash resources.

EPI's 32 MW of solar power, which forms part of its 100 MW solar service contract in the Subic Bay Freeport, experienced its first full-year of operations in 2018. On November 9, 2018, the Board approved a loan from the Company in the amount of

PhP 1 billion to mainly finance the expansion of the solar facility by an additional 30 MW. Construction for the new facility is expected to commence in mid-2020.

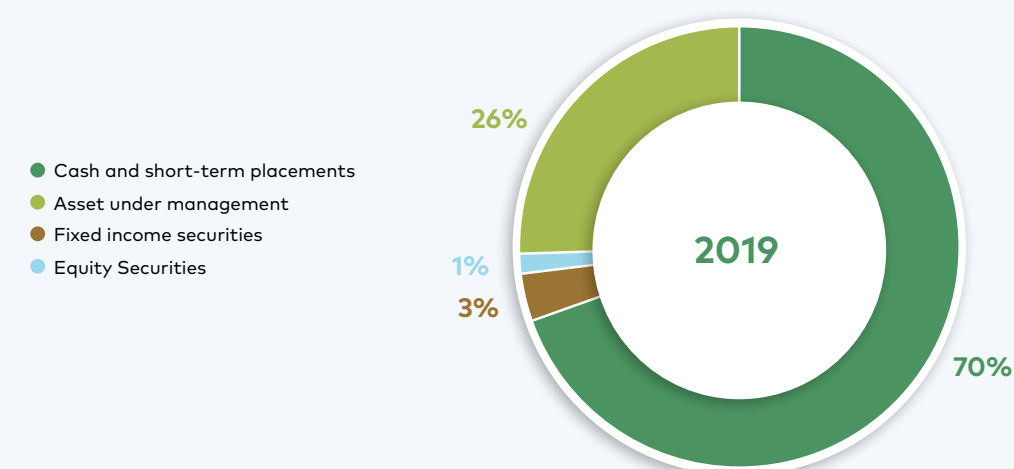
The Company has consistently paid out cash dividends to its shareholders totalling PhP 957.2 million in 2019, PhP 3,193.2 million in 2018 and PhP 608.2 million in 2017.

As at year end, the Company's financial position reflected total assets of PhP 48,262.0 million, a 5% increase from 2018.

Below is a summary of the financial position for 2019 and 2018.

(in PhP Million)	DECEMBER 31, 2019	DECEMBER 31, 2018
Cash, Cash Equivalents and Other Financial Investments	16,569	15,015
Other Current Assets	5,454	5,966
Noncurrent Assets	26,239	25,052
Total Assets	48,262	46,033
Current Liabilities	9,921	9,866
Noncurrent Liabilities	3,210	2,716
Equity Attributable to Equity Holders of the Parent Company	31,370	29,665
Non-controlling Interests	3,761	3,786
Total Equity	35,131	33,451

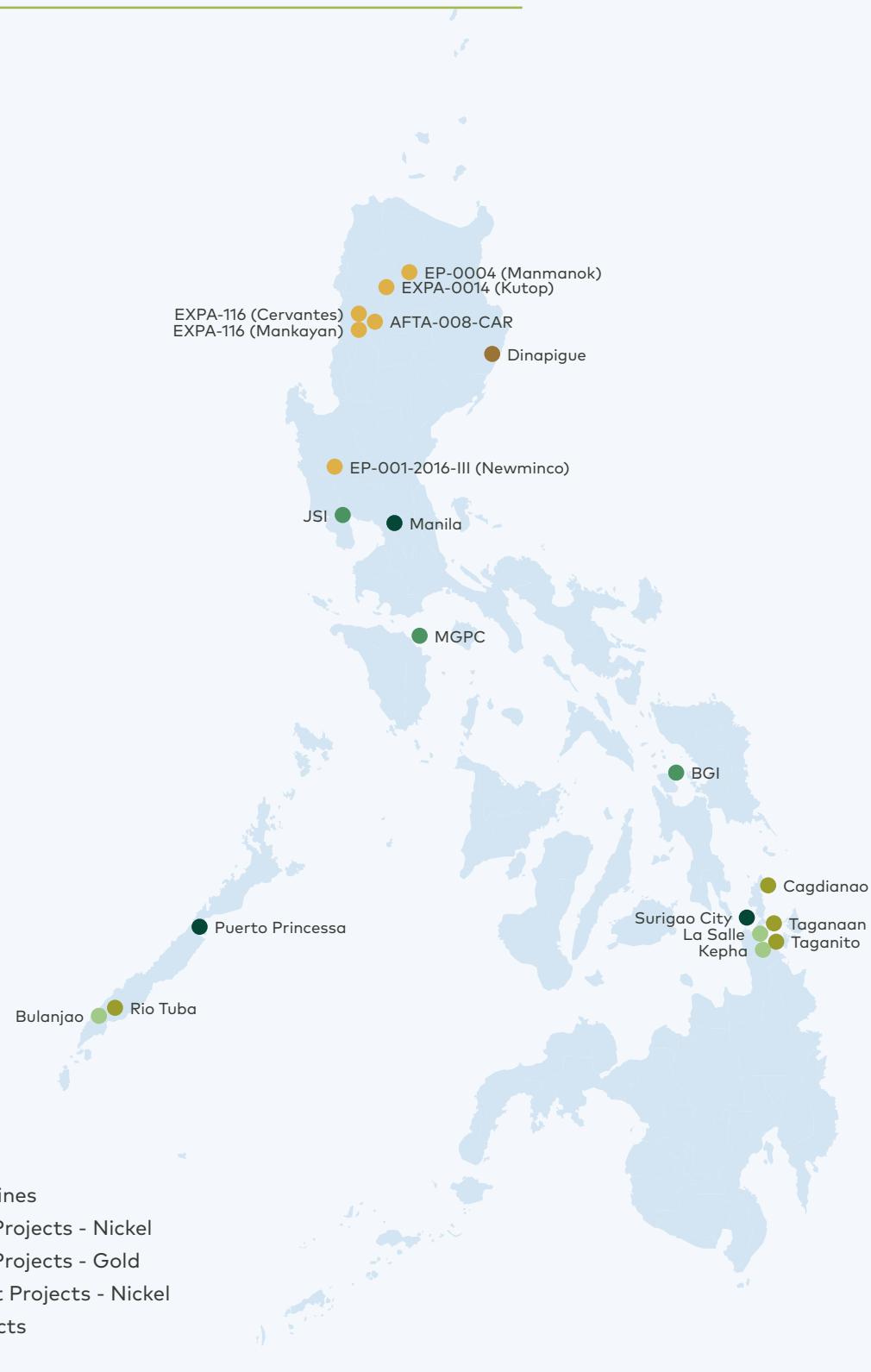
The composition of the consolidated Company's cash, cash equivalents and other financial investments at end of 2019 follows:



The following are the relevant liquidity and debt-equity ratios as of end of calendar year 2019 and 2018:

	DECEMBER 31, 2019	DECEMBER 31, 2018
Current ratio	2.22	2.13
Quick ratio	1.78	1.63
Debt-to-equity ratio	0.37	0.38

MAP OF MINERAL PROPERTIES AND ENERGY PROJECTS



SUMMARY OF ORE RESERVES AND RESOURCES



Total Ore Reserves (1) As of December 31, 2019

OPERATION	MINERAL TYPE	CLASSIFICATION	TONNES (KWMT)	TONNES (KDMT)	%NI	%FE	CONTAINED NI (KT)
Rio Tuba	Saprolite	Proved and Probable	30,816	19,845	1.44	13.56	285.76
	Limonite	Proved and Probable	59,950	41,881	1.17	33.83	490.00
Taganito	Saprolite	Proved and Probable	50,475	35,092	1.46	10.40	512.33
	Limonite	Proved and Probable	106,261	71,208	1.03	45.12	733.44
Cagdianao	Saprolite	Proved and Probable	17,632	11,461	1.44	14.29	165.03
	Limonite	Proved and Probable	12,096	7,862	1.24	37.09	97.49
Hinatuan (Taganaan)	Saprolite	Proved and Probable	1,302	878	1.44	16.34	12.63
	Limonite	Proved and Probable	3,648	2,472	1.02	42.63	25.20
Dinapigue	Saprolite	Proved and Probable	4,337	2,819	1.85	28.74	52.15
	Limonite	Proved and Probable	50,576	32,875	1.32	40.00	433.95
TOTAL	Saprolite	Proved and Probable	104,562	70,094	1.47	12.74	1,028
RESERVES	Limonite	Proved and Probable	232,531	156,298	1.14	40.57	1,780

This summary was prepared by Engr. Aloysiuz Diaz, who is the current Vice President for Operations of Taganito Mining Corporation and Cagdianao Mining Corporation. Engr. Diaz is a Competent Person under the definition of the Philippine Mineral Reporting Code (PMRC) and has sufficient experience as to the type of deposit and mineralization. He has given his consent to the Public Reporting of this statement concerning Ore Reserve Estimation.

TOTAL MINERAL RESOURCES (1) (2) (3) (4)
As of December 31, 2019

OPERATION	MINERAL TYPE	CLASSIFICATION	TONNES (KWMT)	TONNES (KDMT)	%NI	%FE	CONTAINED NI (KT)
Rio Tuba	Saprolite ⁽⁵⁾	Measured and Indicated	35,601	23,177	1.51	14.35	350
	Limonite ⁽⁵⁾	Measured and Indicated	61,650	43,025	1.19	33.69	512
	Saprolite	Inferred	7,433	4,884	1.48	13.49	72
	Limonite	Inferred	8,872	6,189	1.09	28.97	68
Taganito	Saprolite ⁽⁶⁾	Measured and Indicated	50,475	35,092	1.62	10.40	568
	Limonite ⁽⁶⁾	Measured and Indicated	106,261	71,208	1.05	45.58	748
	Saprolite	Inferred	3,847	2,662	1.55	12.22	41
	Limonite	Inferred	27	18	0.98	30.24	0
Cagdianao	Saprolite	Measured and Indicated	23,210	15,112	1.42	14.12	214
	Limonite	Measured and Indicated	19,254	12,514	1.16	38.06	146
	Saprolite	Inferred	5,598	3,639	1.27	13.97	46
	Limonite	Inferred	1,264	821	1.18	34.36	10
Hinatuan (Taganaan)	Saprolite	Measured and Indicated	9,436	6,326	1.31	12.95	83
	Limonite	Measured and Indicated	14,652	9,554	1.08	40.64	103
	Saprolite	Inferred	2,612	1,698	1.25	12.62	21
	Limonite	Inferred	1,537	999	1.12	37.92	11
Dinapigue	Saprolite	Measured and Indicated	43,615	28,350	1.20	13.78	340
	Limonite	Measured and Indicated	60,830	39,540	1.23	43.32	486
	Saprolite	Inferred	25,046	16,280	1.14	13.95	186
	Limonite	Inferred	8,800	5,720	1.06	42.33	61
TOTAL RESOURCES	Saprolite	Measured and Indicated	162,337	108,057	1.44	12.80	1,555
	Limonite	Measured and Indicated	262,647	175,841	1.13	41.36	1,995
	Saprolite	Inferred	44,536	29,163	1.26	13.64	366
	Limonite	Inferred	20,500	13,747	1.09	35.50	150

This summary was prepared by Kristine Grace Victoria, who is the current Resource Geology Manager under Ore Resources Management Group of Nickel Asia Corporation. Ms. Victoria is a Competent Person for Reporting Exploration Results and Mineral Resources Estimates under the PMRC. She has sufficient experience which is relevant to the type of deposit and style of mineralization.

- (1) Ore Reserves and Mineral Resource tonnages are shown in full. Nickel Asia Corporation owns 60% of Rio Tuba, 65% of Taganito, and 100% of Cagdianao and Hinatuan
- (2) Inclusive of Mineral Resources converted to Ore Reserves
- (3) Mineral Resources include stockpiles
- (4) The Contained Ni does not consider mining losses and dilution
- (5) The mineral resource of RTN consists of 4.7 million WMT of saprolite and 14.3 million WMT of limonite within economic zone.
- (6) The mineral resource of RTN consists of 0.1 million WMT of saprolite and 8.2 million WMT of limonite within economic zone.

Note: Cut-off grades used to estimate Ore Reserves are as follows:

Rio Tuba	Saprolite: ≥ 1.00% Ni, < 20.00% Fe;	Limonite: ≥ 20.00% Fe
Taganito	Saprolite: ≥ 1.22% Ni, < 20.00% Fe;	Limonite: ≥ 20.00% Fe
Cagdianao	Saprolite: ≥ 0.90% Ni, < 20.00% Fe;	Limonite: ≥ 20.00% Fe
Taganaan	Saprolite: ≥ 0.95% Ni, < 20.00% Fe;	Limonite: ≥ 20.00% Fe
Dinapigue	Saprolite: ≥ 0.60% Ni, < 30.00% Fe;	Limonite: ≥ 0.60% Ni, > 30.00% Fe

REVIEW OF OPERATIONS



RTN first lady resident Mine Manager, Engr. Cynthia Rosero

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

RTN won the ASEAN Mineral Awards Best Practice in Mineral Mining Category in 2017 and was first runner up in 2019. It also placed third runner up in the Mining Forest Program during the 66th Annual National Mine Safety and Environment Conference (ANMSEC) held at Camp John Hay in Baguio City last November 22, 2019. RTN's best practices in safety are embodied in its Emergency Preparedness and Response Program as it also received recognition as back-to-back champion in the 2018 and 2019 First Aid Competitions.

Safety has always been a priority and the key in the achievement of the company's production output. Through the company's efforts in the implementation of its Occupational Safety and Health Program, RTNMC was given the 11th Gawad Kaligtasan and Kalusugan Award last September 2019. The company's Emergency Response Team, through its continuing effort and commitment, has maintained its readiness and quick responsiveness in cases of emergency in the workplace and in the community. The RTNMC Fire Brigade Team has

been the number one responder in reported grass fires in the Rio Tuba and nearby barangays. The Fire Brigade Team further represented the MIMAROPA Region during the National Fire Olympics last March 17, 2019 after winning in the Provincial and Regional Fire Olympics last August and September 2019.

This year, RTN welcomed its first lady Resident Mine Manager, Engr. Cynthia Rosero. On November 2019, she was recognized and awarded by MGB-MIMAROPA as the 'Most Empowered Woman in Mining' in the MIMAROPA Region.

RTN maintained its ISO Standards by successfully completing its re-certification in Environmental Management System, ISO 14001:2015, upgrade in Occupational Health and Safety Management System, ISO 45001:2018, and certification in Quality Management System, ISO 9001:2015 last January 25, 2019. All three international standards have been successfully fitted together into the prestigious Integrated Management System.



Mining Volume

The volume of ore mined for the year amounted to 5,580,006, consisting of 1,276,514 WMT of saprolite ore, 4,172,818 WMT of limonite ore, and a stripping volume of 130,674 WMT. RTN also retrieved 417,862 WMT of saprolite ore from stockpiles to meet the budgeted annual saprolite shipment.

Shipments

RTN sold a total of 4,875,978 WMT of nickel ore in 2019. Medium-grade saprolite ore totalling 398,310 WMT were sold to Pacific Metals Co., Ltd. (PAMCO)

at an average price of US\$ 23.81 per WMT. In addition, medium-grade saprolite ore totalling 1,053,081 WMT were sold to Chinese customers at an average price of US\$ 21.03 per WMT.

HPAL-grade limonite ore (approximately 1.05% nickel grade) totalling 3,424,587 WMT was delivered to the Coral Bay HPAL facility. The realized LME nickel price for this tonnage averaged US\$ 6.27 per pound of payable nickel. In addition, 264,120 of crushed limestone was sold to Coral Bay while 109,415 WMT was sold to Unichamp Mineral Philippines Inc. (UMPI). RTN also provided a variety of services such as handling and hauling of materials and supplies for the Coral Bay plant.

	2019	2018	2017
Tonnage Mined (WMT)			
Saprolite	1,276,514	1,661,838	1,529,526
Limonite	4,172,818	3,423,370	1,530,153
Sales Data			
Saprolite – Japan (WMT)	398,310	398,071	504,627
Average nickel grade	1.51%	1.50%	1.51%
Average price (per WMT)	USD 23.81	USD 22.54	USD 30.35
Saprolite – China (WMT)	1,053,081	1,804,971	1,608,499
Average nickel grade	1.51%	1.45%	1.42%
Average price (per WMT)	USD 21.03	USD 19.25	USD 28.19
Limonite – CBNC (WMT)	3,424,587	3,424,587	3,424,587
Average nickel grade	1.05%	1.05%	1.06%
Average payable nickel	7.00%	7.00%	7.00%
Average realized LME price (per pound)	USD 6.27	USD 5.93	USD 4.72
Limonite – China (WMT)	-	-	171,050
Average nickel grade	-	-	0.89%
Average price (per WMT)	-	-	USD 11.35

TAGANITO MINING CORPORATION (TMC - 65% Owned)

TMC achieved the Regional Gawad KALASAG Award under Best Private (Corporate/Business) Organization Category from the National Disaster Risk Reduction and Management Council. The Philippine Extractive Industries Transparency Initiative awarded TMC as Champion in Excellence for Reporting for Metallic Mining Category. TMC was also a finalist in the Department of Labor and Employment's Search for Outstanding LMC for Industrial Peace.

"Safety begins with me" is the year 2019 battle cry towards safety in TMC as it begins within "ourselves and in our homes". The TMC Emergency Response Team is known for its commitment of going beyond borders by extending assistance around the island of Mindanao specifically in Surigao del Sur, Davao del Sur and Cotabato during the destructive earthquakes that hit these provinces in 2019. TMC's Fire Brigade won the provincial and regional firefighting competition making them the representative of the Caraga Region in the 2020 National Fire Olympics.

TMC was recommended for the maintenance of the certification for ISO 9001:2015 Quality Management System, ISO 45001:2018 Occupational Safety and Health Management System, and ISO 14001:2015 Environmental Management System during the surveillance audit on November 30, 2019.

Mining Volume

The volume of ore mined for the year amounted to 9,668,802 WMT. This consists of 4,915,953 WMT of saprolite ore and 4,752,849 WMT of limonite ore, of which 4,695,949 WMT is allocated to THPAL and 56,900 WMT is shipped as Direct Shipment Limonite ore to China. TMC also retrieved 113,700 WMT of limonite ore from stockpiles and delivered to THPAL to augment the limonite ore feed requirements of the plant.

Shipments

TMC sold a total of 9,162,911 WMT of nickel ore in 2019. High-grade and medium-grade ore totalling 593,203 WMT were sold to PAMCO at an average price of US\$ 32.50 per WMT. Medium-grade saprolite ore totalling 3,585,087 WMT were sold to Chinese customers at an average price of US\$ 25.42 per WMT.

Low-grade limonite ore totalling 4,927,721 WMT, a 16% increase from the prior year's volume of 4,252,688 WMT, was delivered to the Taganito HPAL plant. The realized LME nickel price for this tonnage was US\$ 6.21 per pound of payable nickel. In addition, TMC provided a variety of services such as handling and hauling of materials and supplies for the Taganito HPAL plant. In addition, TMC sold 56,900 low-grade limonite ore to Chinese customers at an average price of US\$ 12.68.

	2019	2018	2017
Tonnage Mined (in WMT)			
Saprolite ore	4,915,953	4,567,257	3,347,093
Limonite ore	4,752,849	3,795,694	3,397,749
Sales Data			
Saprolite - Japan (WMT)	593,203	647,184	739,570
Average nickel grade	1.63%	1.68%	1.63%
Average price (per WMT)	USD 32.50	USD 35.34	USD 34.43
Saprolite - China (WMT)	3,585,087	3,364,269	2,315,279
Average nickel grade	1.57%	1.52%	1.49%
Average price (per WMT)	USD 25.42	USD 21.63	USD 24.59
Limonite - China (WMT)	56,900	546,534	-
Average nickel grade	0.99%	0.95%	-
Average price (per WMT)	USD 12.68	USD 11.76	-
Limonite - THPAL (WMT)	4,927,721	4,252,688	4,589,953
Average nickel grade	1.08%	1.08%	1.09%
Average payable nickel	9.00%	9.00%	8.32%
Average realized LME price (per pound)	USD 6.21	USD 5.96	USD 4.63

HINATUAN MINING CORPORATION (HMC - 100% Owned)

HMC received the Presidential Mineral Industry Environmental Award (PMIEA) Platinum Achievement Award in November 22, 2019, a repeat winner, after receiving the same award in 2018 and 2017, and the Titanium Award in 2016. HMC also received the 1st Runner-up for the 2019 Best Mining Forest. Mr. Angelo Cañada was awarded "Best Surface Miner" while Engr. James Wilkins Asio, one of our Mine Production Supervisors was recognized as the "Best Surface Supervisor" on the same event.

In 2019, HMC was able to reduce its accident/incident to 52% due to its efficient implementation of Total Loss Control Management (TLCM). During the fifth Caraga Safety Competition held last September 26, 2019, HMC's Fire Fighting Team won the second place in Fire Extinguishment Contest while its First Aid Team won the championship in the First Aid Competition. At the end of the year, HMC already accumulated 27,066,354.95 safe man hours without lost time accident since May 2014.

HMC's Emergency Response Team responded during the 6.9 and 6.6 magnitude earthquakes in Davao del Sur and North Cotabato, respectively, by providing relief goods and assistance to the affected communities in the two (2) provinces.

HMC was issued its Integrated Management System (IMS) Certification on June 13, 2018 covering ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety Management System. HMC is the first company under the umbrella of Nickel Asia Corporation to acquire such feat. On May 10, 2019, HMC successfully passed the surveillance audit conducted by NQA Phils. for the continuous use of its IMS.

Mining Volume

The volume of ore mined for the year totaled to 4,767,134 WMT, consisting of 1,159,259 WMT of saprolite ore and 1,436,458 WMT of limonite ore. The stripping volume amounted to 2,171,417 WMT.

Shipments

HMC sold a total of 2,019,836 WMT of nickel ore in 2019, all of which were shipped out from HMC's Tagana-an Nickel Project. Medium-grade saprolite ore totalling 485,613 WMT and low-grade limonite ore totalling 1,524,216 WMT were sold to Chinese customers at an average price of US\$ 20.21 per WMT and USD 15.13 per WMT, respectively. A 10,007 WMT test shipment to Coral Bay of the same grade was also made at a price of US\$ 9.00 per WMT.

	2019	2018	2017
Tonnage Mined (WMT)			
Saprolite	1,159,259	2,450,401	2,077,048
Limonite	1,436,458	344,787	349,175
Sales Data			
Saprolite – China (WMT)	485,613	1,477,347	485,613
Average nickel grade	1.53%	1.51%	1.39%
Average price (per WMT)	USD 20.21	USD 22.06	USD 19.47
Limonite – China (WMT)	1,524,216	674,610	266,904
Average nickel grade	0.85%	0.88%	0.82%
Average price (per WMT)	USD 15.13	USD 12.31	USD 12.54
Limonite – CBNC (WMT)	10,007	-	-
Average nickel grade	1.27%	-	-
Average payable nickel	8.83%	-	-
Average realized LME price (per pound)	USD 5.43	-	-
Saprolite – Japan (WMT)	-	-	51,906
Average nickel grade	-	-	1.45%
Average price (per WMT)	-	-	USD 32.80
Limonite – Japan (WMT)	-	-	49,946
Average nickel grade	-	-	1.00%
Average price (per WMT)	-	-	USD 9.00

CAGDIANAO MINING CORPORATION (CMC - 100% Owned)

CMC continues to manifest its commitment to its stakeholders as it received, during the 2019 ANMSEC, awards for Safest Surface Mining Operation, Safest Mining Operation, and the PMIEA Presidential Achievement Award – the highest recognition given by the body to mining companies in the Philippines. In 2018, it was awarded with the PMIEA Platinum Achievement Award, Most Improved Safety Performance, and was a Runner-up for Safest Surface Mining Operation.

CMC considers safety as the number one priority; in terms of incident and Non-Lost Time Accident records in 2018 and 2019, there is a decrease of 56.8% in incident rate and a decrease of 53.8% in Non Lost Time Accidents. CMC is focused on recording of near misses, identification of work hazards, daily tool box meetings, regular scheduled safety and health committee meetings, safety trainings, and walk-around machine / heavy equipment inspections every start of work shift. CMC's safety management system, in line with ISO 45001, are key elements that enabled CMC to garner the Safest Surface Mines and the Overall Safest Mine Operations Award.

A surveillance audit was conducted to validate CMC's commitment to ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System last May 21-25 2019. Also to heighten commitment

to Occupational Health and Safety, CMC transitioned from OHSAS 18001:2007 to ISO 45001:2018 Occupational Health and Safety Management System subject for re-certification in the year 2020. CMC overcame the challenges of transitioning, maintaining and improving the commitment to ISO standards while strengthening CMC's Integrated Management System.

Mining Volume

The volume of ore mined for the year amounted to 3,411,056 WMT, consisting of 2,752,555 WMT of saprolite ore and 658,501 WMT of limonite ore. The stripping volume amounted to 3,939,653 WMT. The total materials – ore and waste – moved for 2019 is a 17% increase from 2018's mining operation.

Shipments

CMC sold a total volume of 2,776,828 WMT of ore in 2019. High-grade saprolite ore totalling 201,881 WMT were sold to PAMCO at an average price of US\$ 36.50 per WMT. Medium-grade saprolite ore totalling 2,544,238 WMT was sold to Chinese customers at an average price of US\$ 24.59 per WMT, respectively. CMC also made a test shipment of its low-grade limonite ore totalling 30,709 WMT to Coral Bay at a price of US\$ 9.00 per WMT.

	2019	2018	2017
Tonnage Mined (WMT)			
Saprolite	2,752,555	2,683,361	1,491,610
Limonite	658,501	839,791	879,064
Sales Data			
Saprolite – Japan (WMT)	201,881	251,108	150,137
Average nickel grade	1.75%	1.84%	1.80%
Average price (per WMT)	USD 36.50	USD 45.56	USD 41.12
Saprolite – China (WMT)	2,544,238	2,376,910	1,534,957
Average nickel grade	1.58%	1.53%	1.45%
Average price (per WMT)	USD 24.59	USD 21.18	USD 23.52
Limonite – China (WMT)	-	-	165,341
Average nickel grade	-	-	1.22%
Average price (per WMT)	-	-	USD 12.82
Limonite – CBNC (WMT)	30,709	10,816	-
Average nickel grade	1.18%	1.20%	-
Average price (per WMT)	USD 9.00	USD 8.00	-

REVIEW OF EXPLORATION

NICKEL

RTN

Drilling was focused on the confirmation and development of marketable reserves in the southern portion of Umawi as the primary development target. The 2019 drilling program is the 3rd stage of Development Drilling with a total of 189 drill holes equivalent to 2,454.34 meters. The said drilling program successfully upgraded 501 kWMT of marketable saprolite ore at an average grade of 1.59% Ni and 11.34% Fe to measured resource category in the southern portion of Umawi area. The application for tree-cutting permit for Umawi is currently being processed and being reviewed by DENR-MIMAROPA.

To fast track the approval of the expansion of the Mineral Production Sharing Agreement (MPSA) to include the Bulanjao property, RTN decided to file

for amendment of the existing MPSA. In October 2018, MGB Central Office sent a letter to RTN indicating a 1-year Permit to Verify Minerals in the Bulanjao Property. The permit to verify minerals is one of the requirements of the amendment process. From January to October 2019, RTNMC was able to drill 1,725 holes equivalent to 20,574.09 meters, covering approximately 450 hectares, during the verification period. A mineral resource of 10,225 kWMT of saprolite ore, with an average grade of 1.54% Ni and 13.75% Fe, as well as 10,911 kWMT of limonite ore, with an average grade of 1.30% Ni and 32.12% Fe, were blocked. The 2019 drilling program verified the previously reported mineral resources with increased tonnages due to deeper penetration of holes.

TMC

The exploration activities in Kepha are put on hold as the signing of the Addendum and Supplemental to the MOA is being finalized. The exploration team has conducted a ground survey to delineate areas such as sacred burial and hunting grounds as pre-condition prior to the signing of the MOA, as demanded by the Tribal Leaders settling in the area. The outcome of this ground survey has also provided information on the extension of ultramafic rocks to the southeast of the tenement that could potentially increase the nickel resources of the Kepha MPSA.

The approved 2-year Community Development Program (CDP), which consists of seven (7) projects, were already implemented in all impact barangays with first-year physical and financial accomplishment of 86% and 93%, respectively.

The Exploration and Environmental Work Programs were presented last year to all concerned Municipal Councils of Claver and Gigaquit, as well as to the Provincial Council of Surigao del Norte as part of the mandatory requirements set by the DENR prior to the commencement of exploration activities.

DMC

The 2019 drilling program of DMC consists of confirmatory holes to verify previously drilled areas. A total of 77 drillholes were completed with an aggregated length of 1,617.70 meters. Due to the acquisition of LIDAR topographic data in 2018, the locations of drillholes obtained from previous management were validated and corrected. Core samples from the 2015-2016

development drilling program, consisting of 279 drillholes, were also sent to the assay laboratories of other operating companies for analysis.

The effected changes in the drilling database as well as the newly acquired data for 356 drillholes were used to update the mineral resources of DMC.



Loading of Nickel Ore at RTN

GOLD AND COPPER

Cordillera Exploration Co., Inc. (CExCI)

CExCI has an Exploration Permit (EP) over the Manmanok Property in Apayao Province, an Application for EP (EXPA) over the Kutop Property in the province of Abra, and an application for Financial or Technical Assistance Agreement (AFTA) over the Mankayan Property, within the adjoining provinces of Benguet, Ilocos Sur and Mountain Province. A portion of the AFTA, covering the grounds in Mankayan, Benguet and Cervantes, Ilocos Sur, were converted to EXPA.

In December 2015, CExCI acquired the 100% equity interest in Newminco Pacific Mining Corporation, which holds an EP for copper, gold, and related base and precious metals over an area located

in Cabangan, San Felipe, and San Marcelino in the province of Zambales. The decision to acquire Newminco was made following the discovery of outcropping gold veins, the sampling of which in part returned good assays for gold.

On April 15, 2019, a Deed of Assignment with Royalty Agreement of Application for Production Sharing Agreement (APSA)-000021-II was executed by and between Marian Mineral Exploration Co., Inc and Olympus Mineral Exploration Co., Inc. and CExCI.

The description of CExCI's various properties is described below.

Zambales

In 2016, Newminco proceeded to implement its exploration program in the tenement designated as EP-001-2015-III which is located in the Municipalities of Cabangan, San Felipe and San Marcelino in the Province of Zambales. Exploration activities being conducted in the area include geologic mapping, sampling and trenching. Roughly twenty-five (25) kilometers of old farm to market and logging roads were rehabilitated and maintained to gain access to the property. Six hundred and sixty meters (660m) of exploratory trenches were dug, logged, sampled and rehabilitated. Diamond core drilling was conducted with a total meterage of 3,799.5 meters. A total of 401 samples were sent to the laboratory for multi-element geochemical analysis. Results of the 2016 exploration campaign verified

gold mineralization in a portion of the area drilled. However, the work so far conducted precludes Newminco from defining any commercial viability to the project. Rehabilitation works on disturbed areas were completed in early 2017.

In 2017, a tenement wide ridge and spur soil sampling program was implemented in order to define targets for more detailed work. However, due to the expiration of the EP in July 2017, the sampling was not completed. This program will resume this year since the 1st renewal of Exploration Permit was approved by the Mines and Geosciences Bureau (MGB) on March 3, 2020.

Isabela/Nueva Vizcaya

The Marian Property was designated as APSA-000021-II and covers a total area of 6,325 hectares mainly located in the Province of Isabela with some portions in Nueva Vizcaya. It is owned by Marian Mineral Exploration Co. Inc and Olympus Mineral Exploration Co. Inc. which entered into a Royalty Agreement with Vulcan Industrial and Mining Corporation on October 1969. This agreement was eventually terminated on November 2018.

On July 24, 2019, CExCI. filed the conversion of APSA-000021-II into an Exploration Permit at MGB Region 2.

On January 29, 2020 an Order was issued by MGB Region 2 approving the Deed of Assignment with Royalty Agreement and the conversion of the APSA-000021-II to an Exploration Permit application denominated as EXPA-000166-II in favor of CExCI.

Mankayan

In July 2013, a board decision was made to partially convert the AFTA to an EXPA. Since the area to be converted to EP straddles two regions and involves lands belonging to separate tribes, two applications for EP were filed, namely: EXPA 116-Mankayan, covering an area of approximately 5,157 hectares; and EXPA 116-Cervantes, covering an area of approximately 6,012 hectares. The split has been necessary in order to facilitate and simplify the required "Free and Prior Informed Consent" (FPIC) process for each region covered. The process of the application for conversion took from November 2013 up to December 2015.

The FPIC over the Mankayan area was immediately started in December 2015, and had progressed to "Field-based Investigation" stage up to May 2016 when the process was suspended to give way to the general elections. The FPIC process over Mankayan remained suspended throughout the rest of 2016 and the whole year of 2017. This was done in order for CExCI to be able to concentrate in advancing the FPIC process over Cervantes.

The 3rd General Assembly of the FPIC process in Cervantes is the final assembly to officially proclaim the acceptance of the exploration work of CExCI by the Indigenous Cultural Communities. This was conducted on March 13, 2017 and the result was six (6) out of the nine (9) barangays voted for the approval of the exploration of CExCI within their area. Following this, some protests and petitions

to discredit the results of the general assembly were filed by some anti-mining group and locals.

A validation exercise to investigate the protests was called by the National Commission on Indigenous People (NCIP) Region 1 Director. The validation exercise was completed by end November 2017, with the results and consequent report being very favorable to CExCI. What remains to be done is for NCIP Regional Office to execute an order for the continuance of the FPIC process. When the process is resumed, CExCI will proceed with the discussion and negotiations for the Memorandum of Agreement (MOA) with the communities, plan out the Community Development Programs, hence signing of the MOA, and eventually issuance of the Certification Precondition by the NCIP and then of the EP by the MGB.

Following the conversion, AFTA-008, now consists of approximately 43,320 hectares and covers portions of the provinces of Benguet and Mt. Province. The future plan for this remaining portion is to further convert other parts into EP, hence eventually dropping the remaining AFTA altogether.

All documents pertinent to the retained AFTA-008 have been submitted to the office of the Regional Director MGB-CAR as of July 11, 2016. The application (AFTA-008) is now pending with the said office.

Manmanok

The Manmanok property is located within the Municipality of Conner, Apayao Province. The property is covered by EP-004-2006-CAR, which was first granted in October 2006 and subsequently renewed twice with the corresponding reduction in area coverage. The final area covered by the permit is approximately 4,996 hectares.

Following geophysical and geochemical work in an area that was deemed prospective for gold mineralization, drilling activities were conducted from June 2012 to March 2013, with poor results. Although an application for the third renewal of the EP was submitted to MGB-CAR, the poor outcome and the difficulties experienced in operating in such a remote area may lead the Company to terminate work and relinquish the EP eventually.

Kutop

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

As the area is ancestral land, CExCI is required to obtain a FPIC from the tribal group prior to the grant of the EP. Considerable delays have been experienced in moving this process forward. In the meantime, a deadline imposed by the MGB to complete this process has not been met. With the prevailing condition in the area, the Company may decide not to pursue the EXPA.



CExCI - Exploration Crew

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

GRI 102-45

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

1. The Audit Committee confirms that, as constituted by the Board of Directors, the Audit Committee is composed of three (3) Directors, two of whom are Independent Directors and one (1) a Non-Executive Director. The Chairman of the Committee is an Independent Director.
2. The NAC Audit Committee had four (4) meetings in 2019:
 - March 12, 2019
 - May 6, 2019
 - August 5, 2019
 - November 6, 2019
3. The Audit Committee discussed with the Internal Audit of the Company, headed by the Company's Chief Audit Executive and with the External Auditor, SyCip, Gorres, Velayo & Co. ("SGV") the scope and the plans for their respective audits.
4. Based on the Audit Committee's review of the reports of, and discussions with, the Chief Audit Executive and the internal audit team as well as discussion with the External Auditor, the Audit Committee confirms that the internal control systems, including financial and operational controls, are adequate and effective.
5. The Audit Committee reviewed and approved all audit services provided by SGV to the Company and its Subsidiaries and the audit fees for such services. Such audit fees are reported in the Company's Information Statement.
6. The Audit Committee also reviewed and approved non-audit work undertaken by the External Auditor and evaluated the External Auditor's independence consistent with prevailing independence standards.
7. The Audit Committee reviewed and discussed the audited financial statements of the NAC Group of Companies for the year ended December 31, 2019 with Management, which has the primary responsibility for the financial statements, and with the External Auditor.
8. Based on such review and discussions and consistent with its oversight responsibility, the Audit Committee recommended to the Board of Directors the approval of the Company's audited financial statements for the year ended December 31, 2019 and its inclusion in the Company's annual reports, including its annual report to the Securities and Exchange Commission on SEC Form 17-A.

Submitted on March 9, 2020.


Masahiro Kamiya
Non-Executive Director
Committee Member


Frederick Y. Dy
Committee Chairman
Independent Director


Fulgencio S. Factoran, Jr.
Independent Director
Committee Member

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Nickel Asia Corporation and Subsidiaries** ("the Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process. The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

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


Gerard H. Brimo
Chairman of the Board


Martin Antonio G. Zamora
President and Chief Executive Officer


Emmanuel L. Samson
Chief Financial Officer

Signed this 13th day of March 2020.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Nickel Asia Corporation

Opinion

We have audited the consolidated financial statements of Nickel Asia Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.



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Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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

The ability of the Group to recover its geothermal exploration and evaluation assets and deferred mine exploration costs would depend on the commercial viability of the reserves. The substantial amount of these accounts and the significant management judgment required in assessing whether there is any indication of impairment are key areas of focus in our audit.

The carrying values of geothermal exploration and evaluation assets and deferred mine exploration costs as of December 31, 2019 are disclosed in Note 11 and 13 to the consolidated financial statements.

Audit response

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

Recoverability of solar project and construction in-progress

The Group is adversely affected by the continued decline in wholesale electricity prices. In the event that an impairment indicator is identified, the assessment of the recoverable amounts of the solar project and construction in-progress related to solar farms and geothermal projects, requires significant judgment and is based on assumptions. The assessment of the recoverable amounts of the Sta. Rita Solar Power and the Biliran Geothermal Power Projects, which require estimation and assumptions about future production levels and costs, as well as external inputs such as commodity prices, discount rate, and foreign currency exchange rates, is a key audit matter in our audit.

The carrying values of the Group's solar project and construction in-progress recorded as part of property and equipment as of December 31, 2019 are disclosed in Note 9 to the consolidated financial statements.



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Audit response

We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the recoverable amounts. We reviewed the reasonableness of these assumptions, such as the expected life of the plant, forecasted annual energy output, forecasted average price of wholesale electricity, forecasted contributions to the government based on current regulations, inflation rate, planned debt ratio, and interest rate. We compared the key assumptions used against the industry benchmark plant life, production reports from operations department, average market price of electricity on Wholesale Electric Spot Market (WESM), current tax laws and Department of Energy regulations, Bangko Sentral ng Pilipinas (BSP) forecasted inflation rate, industry debt ratio and discount rate based on industry weighted average capital cost. We tested the parameters used in the determination of the discount rate against the market data.

Adoption of PFRS 16, Leases

Effective January 1, 2019, the Group adopted PFRS 16, *Leases*, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases. The Group's adoption of PFRS 16 is significant to our audit because the recorded amounts are material to the consolidated financial statements and the adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the Group is reasonably certain to extend or terminate the lease, and in determining the incremental borrowing rate. This resulted to the recognition of right-of-use assets and lease liabilities amounting to ₱635.3 million and ₱639.9 million, respectively, as of January 1, 2019, and the recognition of depreciation expense and interest expense of ₱39.1 million and ₱55.3 million, respectively, for the year ended December 31, 2019.

The Group's disclosures related to the adoption of PFRS 16 are included in Note 2 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term and low value assets exemption, the selection of the transition approach and any election of available practical expedients.

On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.



Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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


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



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

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

SYCIP GORRES VELAYO & CO.



Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-5 (Group A),
April 30, 2019, valid until April 29, 2022
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-72-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125228, January 7, 2020, Makati City

March 13, 2020



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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(Amounts in Thousands)

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱11,943,128	₱10,784,369
Trade and other receivables (Note 5)	1,065,657	1,056,568
Inventories (Note 6)	3,995,411	3,744,274
Financial assets at (Note 7):		
Fair value through other comprehensive income (FVOCI)	2,730,168	2,608,301
Fair value through profit or loss (FVTPL)	1,651,283	1,420,718
Amortized cost	244,217	201,770
Prepayments and other current assets (Note 8)	393,393	1,164,750
Total Current Assets	22,023,257	20,980,750
Noncurrent Assets		
Property and equipment (Note 9)	16,028,192	15,078,220
Investments in associates (Note 10)	3,259,735	3,540,589
Geothermal exploration and evaluation assets (Note 11)	1,811,711	1,793,444
Financial assets at - net of current portion (Note 7):		
FVTPL	851,266	585,928
Amortized cost	210,000	330,000
Deferred income tax assets (Note 37)	498,264	335,951
Long-term stockpile inventory - net of current portion (Note 12)	105,601	105,601
Other noncurrent assets (Note 13)	3,473,927	3,282,024
Total Noncurrent Assets	26,238,696	25,051,757
TOTAL ASSETS	₱48,261,953	₱46,032,507
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	₱7,530,858	₱7,612,984
Short-term debts (Note 15)	1,492,404	1,492,268
Income tax payable	557,388	415,789
Other current liability (Note 40k)	221,079	221,079
Current portion of:		
Long-term debts (Note 15)	88,611	118,970
Lease liabilities (Note 35)	25,141	-
Long-term payable (Note 17)	5,000	5,000
Total Current Liabilities	9,920,481	9,866,090
Noncurrent Liabilities		
Long-term debts - net of current portion (Note 15)	930,418	1,288,562
Deferred income tax liabilities - net (Note 37)	748,766	754,101
Lease liabilities - net of current portion (Note 35)	581,537	-
Provision for mine rehabilitation and decommissioning (Note 16)	493,731	274,227
Pension liability (Note 36)	393,180	327,905
Deferred income - net of current portion (Note 40m)	50,279	54,469
Long-term payable - net of current portion (Note 17)	12,300	16,323
Total Noncurrent Liabilities	3,210,211	2,715,587
Total Liabilities	13,130,692	12,581,677

(Forward)

	December 31	
	2019	2018
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 18)	₱6,849,836	₱6,849,836
Additional paid-in capital	8,262,455	8,262,455
Other components of equity:		
Share in cumulative translation adjustment (Note 10)	612,635	780,412
Cost of share-based payment plan (Note 19)	370,522	240,003
Net valuation gains (losses) on financial assets at FVOCI (Note 7)	32,243	(92,504)
Asset revaluation surplus	31,331	31,714
Retained earnings:		
Unappropriated	13,713,383	11,794,529
Appropriated (Note 18)	1,585,576	1,818,628
Treasury stock (Note 18)	(87,950)	(20,366)
	31,370,031	29,664,707
Non-controlling Interests (NCI)	3,761,230	3,786,123
Total Equity	35,131,261	33,450,830
TOTAL LIABILITIES AND EQUITY	₱48,261,953	₱46,032,507

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2019	2018	2017
REVENUES			
Sale of ore and limestone (Notes 32 and 34)	₱16,669,736	₱17,741,560	₱14,897,080
Services and others (Notes 32, 34 and 40g)	973,256	650,095	630,064
Sale of power (Notes 32, 34, 40g and 40p)	280,302	256,017	212,152
	17,923,294	18,647,672	15,739,296
COSTS			
Cost of sales (Note 21)	7,105,870	6,770,953	6,033,241
Power generation (Note 22)	377,467	360,622	257,276
Services (Note 23)	331,819	318,258	308,694
	7,815,156	7,449,833	6,599,211
OPERATING EXPENSES			
Excise taxes and royalties (Note 24)	1,787,323	1,804,029	1,103,686
Shipping and loading costs (Note 25)	1,767,016	1,949,489	1,769,110
General and administrative (Note 26)	1,155,984	1,213,041	863,153
Marketing (Notes 40e and 40l)	157,031	140,210	96,464
	4,867,354	5,106,769	3,832,413
FINANCE INCOME (Note 29)	405,598	354,803	301,967
FINANCE EXPENSES (Note 30)	(343,655)	(245,625)	(289,260)
EQUITY IN NET INCOME OF ASSOCIATES (Note 10)	10,383	348,168	197,972
OTHER INCOME (CHARGES) - net (Note 31)	168,824	(217,001)	72,649
INCOME BEFORE INCOME TAX	5,481,934	6,331,415	5,591,000
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 37)			
Current	1,790,581	2,173,934	1,865,318
Deferred	(135,075)	(65,459)	(128,462)
	1,655,506	2,108,475	1,736,856
NET INCOME	₱3,826,428	₱4,222,940	₱3,854,144
Net income attributable to:			
Equity holders of the parent	₱2,684,969	₱3,008,057	₱2,770,768
NCI	1,141,459	1,214,883	1,083,376
	₱3,826,428	₱4,222,940	₱3,854,144
Basic/Diluted Earnings Per Share (EPS; Note 20)	₱0.20	₱0.22	₱0.20

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
NET INCOME	₱3,826,428	₱4,222,940	₱3,854,144
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>			
Share in translation adjustment of associates (Note 10)	(186,419)	240,289	172,073
Income tax effect	18,642	(24,029)	(17,207)
	(167,777)	216,260	154,866
Net valuation gains (losses) on financial assets (Note 7)	133,932	(52,241)	194,243
Income tax effect (Note 7)	(9,185)	2,542	(41,132)
	124,747	(49,699)	153,111
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	(43,030)	166,561	307,977
<i>Other comprehensive income (loss) not to be reclassified to consolidated statements of income in subsequent periods:</i>			
Remeasurement gain (loss) on pension liability (Note 36)	(77,048)	13,553	(8,373)
Income tax effect	23,114	(4,066)	2,512
	(53,934)	9,487	(5,861)
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	(54,317)	9,104	(6,244)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	(97,347)	175,665	301,733
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱3,729,081	₱4,398,605	₱4,155,877
Total comprehensive income attributable to:			
Equity holders of the parent	₱2,599,758	₱3,186,229	₱3,071,379
NCI	1,129,323	1,212,376	1,084,498
	₱3,729,081	₱4,398,605	₱4,155,877

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019, 2018 and 2017
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 18)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment (Note 10)	Share-based Payment Plan (Note 19)	Cost of Net Valuation Share-based Gains (Losses) on Financial Assets at FVOCI (Note 7)	Asset Revaluation Surplus	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings (Note 18)	Treasury Stock (Note 18)	Total	
Balance at December 31, 2018	P6,849,836	P8,262,455	P780,412	P24,003	(P2,504)	P31,714	P11,794,529	P1,818,628	(P20,366)	P3,786,123	P33,450,830
Net income	-	-	-	-	-	-	2,684,969	-	-	1,141,459	3,826,428
Other comprehensive income (loss)	-	-	(167,777)	-	124,747	(383)	(41,798)	-	-	(12,136)	(97,347)
Total comprehensive income (loss)	-	-	(167,777)	-	124,747	(383)	2,643,171	-	-	2,599,788	3,729,081
Cost of share-based payment plan (Notes 19 and 27)	-	-	-	130,519	-	-	-	-	-	130,519	130,519
Cash dividends (Note 18)	-	-	-	-	-	-	(957,248)	-	-	(957,248)	(957,248)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	(504)	-	-	(504)	(504)
Cash dividends to NCI (Notes 33 and 34)	-	-	-	-	-	-	-	-	-	(1,155,000)	(1,155,000)
Elimination of NCI at disposal of subsidiaries	-	-	-	-	-	-	-	-	-	784	784
Acquisition of treasury stock (Note 18)	-	-	-	-	-	-	-	-	(67,584)	-	(67,584)
Reversal of appropriation (Note 18)	-	-	-	-	-	-	318,628	(318,628)	-	-	-
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	(85,576)	85,576	-	-	-
Asset revaluation surplus transferred to retained earnings (Note 9)	-	-	-	-	-	-	383	-	-	383	383
Balance at December 31, 2019	P6,849,836	P8,262,455	P612,635	P370,522	P32,243	P31,331	P13,713,383	P1,586,576	(P87,950)	P3,761,230	P33,513,261

See accompanying Notes to Consolidated Financial Statements.



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	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 18)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment (Note 10)	Share-based Payment Plan (Note 19)	Cost of Net Valuation Share-based Gains (Losses) on Financial Assets at FVOCI (Note 7)	Asset Revaluation Surplus	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings (Note 18)	Treasury Stock (Note 18)	Total	
Balance at January 1, 2018	P3,808,665	P8,262,455	P564,152	P137,635	(P42,805)	P32,097	P15,732,045	P1,095,583	P-	P3,828,747	P33,418,574
Net income	-	-	-	-	-	-	3,008,057	-	-	1,214,883	4,222,940
Other comprehensive income (loss)	-	-	216,260	-	(49,699)	(383)	11,994	-	-	(2,507)	175,665
Total comprehensive income (loss)	-	-	216,260	-	(49,699)	(383)	3,020,051	-	-	1,212,376	4,398,605
Cost of share-based payment plan (Notes 19 and 27)	-	-	-	102,368	-	-	-	-	-	102,368	102,368
Stock dividends (Note 18)	3,041,171	-	-	-	-	-	(3,041,171)	-	-	-	-
Cash dividends (Note 18)	-	-	-	-	-	-	(3,193,230)	-	-	(3,193,230)	(3,193,230)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	(504)	-	-	(504)	(504)
Cash dividends to NCI (Notes 33 and 34)	-	-	-	-	-	-	-	-	-	(1,255,000)	(1,255,000)
Acquisition of treasury stock (Note 18)	-	-	-	-	-	-	-	-	(20,366)	-	(20,366)
Reversal of appropriation (Note 18)	-	-	-	-	-	-	1,095,583	(1,095,583)	-	-	-
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	(1,818,628)	1,818,628	-	-	-
Asset revaluation surplus transferred to retained earnings (Note 9)	-	-	-	-	-	-	383	-	-	383	383
Balance at December 31, 2018	P6,849,836	P8,262,455	P780,412	P240,003	(P92,504)	P31,714	P11,794,529	P1,818,628	(P20,366)	P3,786,123	P33,450,830

See accompanying Notes to Consolidated Financial Statements.



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

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱5,481,934	₱6,331,415	₱5,591,000
Adjustments for:			
Depreciation, amortization and depletion (Notes 9 and 28)	1,404,365	1,355,589	1,481,952
Loss (gain) on:			
Changes in fair value of financial assets (Note 31)	(347,725)	143,711	-
Write-off of deposit for aircraft acquisition (Note 40q)	51,105	-	-
Sale of financial assets at FVOCI (Note 31)	(19,055)	49,456	-
Sale of property and equipment (Note 31)	14,020	(59,683)	4,508
Sale of investment in subsidiaries	(881)	-	-
Sale of financial assets at amortized cost (Note 31)	(200)	(2,353)	-
Write-off of investment property (Note 31)	-	1,623	-
Sale of available-for-sale (AFS) financial assets (Notes 7 and 31)	-	-	(14,336)
Debt extinguishment (see Note 30)	-	-	3,433
Exchange of assets (Notes 31 and 40q)	(39,986)	-	-
Interest income (Note 29)	(405,598)	(354,803)	(301,967)
Interest expense (Note 30)	208,286	165,576	201,726
Unrealized foreign exchange losses (gains) - net (Note 31)	203,048	(153,705)	9,720
Cost of share-based payment plan (Notes 19 and 27)	130,519	102,368	11,013
Accretion of interest on:			
Lease liabilities (Notes 30 and 35)	55,342	-	-
Provision for mine rehabilitation and decommissioning (Notes 16 and 30)	14,738	13,746	16,123
Long-term payable (Notes 17 and 30)	977	1,155	1,322
Dividend income (Notes 7 and 31)	(45,539)	(38,849)	(36,967)
Movements in pension liability	(33,987)	(5,819)	(36,225)
Equity in net income of associates (Note 10)	(10,383)	(348,168)	(197,972)
Provisions (reversals of allowance) for impairment losses on:			
Deferred mine exploration costs (Notes 13 and 31)	-	15	1,233
AFS financial assets (Notes 7 and 31)	-	-	133,320
Property and equipment (Note 31)	-	-	(12,825)
Operating income before working capital changes	6,660,980	7,201,274	6,855,058
Decrease (increase) in:			
Trade and other receivables	105,504	(76,748)	223,212
Inventories	(251,137)	(179,902)	(91,891)
Prepayments and other current assets	716,985	(235,047)	61,253
Increase in trade and other payables	254,248	112,679	269,000
Net cash generated from operations	7,486,580	6,822,256	7,316,632
Income taxes paid	(1,648,982)	(1,993,378)	(2,056,887)
Net cash flows from operating activities	5,837,598	4,828,878	5,259,745

(Forward)



	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Financial assets at:			
FVOCI	₱2,233,070	₱1,700,179	₱-
FVTPL	1,065,502	2,007,499	-
Amortized cost	136,200	198,401	-
Subsidiaries, net of cash disposed	51,366	-	-
Property and equipment	5,067	85,052	20,116
AFS financial assets	-	-	4,981,173
Acquisitions of:			
Financial assets at (Note 7):			
FVOCI	(2,247,021)	(1,489,737)	-
FVTPL	(1,233,089)	(786,674)	-
Amortized cost	(58,447)	(48,439)	-
Property and equipment (Note 9)	(1,255,523)	(1,144,269)	(1,494,458)
AFS financial assets	-	-	(5,246,568)
Interest received	404,381	354,958	295,365
Issuance of loan (Note 40a)	(543,824)	-	-
Increase in:			
Other noncurrent assets	(262,902)	(49,223)	(54,119)
Geothermal exploration and evaluation assets (Note 11)	(18,267)	(9,261)	(8,384)
Dividends received (Notes 7 and 10)	150,342	38,924	36,862
Net cash flows from (used in) investing activities	(1,573,145)	857,410	(1,470,013)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Notes 18 and 34)	(2,212,752)	(4,418,734)	(1,801,238)
Short-term debt	(1,500,000)	-	(180,000)
Long-term debts	(334,637)	(1,625,187)	(1,628,463)
Interest	(167,256)	(126,195)	(188,840)
Principal portion of lease liabilities (Note 35)	(90,273)	-	-
Long-term payable	(5,000)	(5,000)	(5,000)
Proceeds from availment of short-term debts (Note 15)	1,488,903	1,488,922	-
Acquisitions of treasury stock	(67,584)	(20,366)	-
Increase (decrease) in:			
Other current liability	-	24,000	28,000
Deferred income	(4,190)	(4,190)	(4,190)
Net cash flows used in financing activities	(2,892,789)	(4,686,750)	(3,779,731)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,371,664	999,538	10,001
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,784,369	9,635,514	9,647,943
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS (Note 31)	(212,905)	149,317	(22,430)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱11,943,128	₱10,784,369	₱9,635,514

See accompanying Notes to Consolidated Financial Statements.



OFFICERS

GRI 102-18, GRI 102-22, GRI 102-23

NICKEL ASIA CORPORATION

Manuel B. Zamora, Jr.
Chairman Emeritus

Gerard H. Brimo
Chairman¹

Philip T. Ang
Vice Chairman

Martin Antonio G. Zamora
President and Chief Executive Officer²

Jose B. Anievas
Senior Vice President
Chief Operating Officer and Chief Risk Officer

Georgina Carolina Y. Martinez
Senior Vice President
Compliance and Corporate Services³
Compliance Officer

Emmanuel L. Samson
Senior Vice President
Chief Financial Officer and
Corporate Governance Officer

Jose Bayani D. Baylon
Vice President
Corporate Communications

Rolando R. Cruz
Vice President
Project Development and Research

Rommel L. Cruz
Vice President
Operations

Aloysius C. Diaz
Vice President
Operations

Koichi Ishihara
Vice President
Marketing and Procurement

Michio Iwai
Vice President

Gerardo Ignacio B. Ongkingco
Vice President
Human Resources
Data Protection Officer

Romeo T. Tanalgo
Vice President
Security and Government Relations⁴

Augusto C. Villaluna
Vice President
Special Projects⁵

Maria Angela G. Villamor
Vice President
Group Financial Controller⁶

Rogel C. Cabauatan
Assistant Vice President
Community Relations and Environment

Jeffrey B. Escoto
Assistant Vice President
Technical Services

Patrick S. Garcia
Assistant Vice President and Chief Audit Executive⁷

Marnelle A. Jalandon
Assistant Vice President
Information Technology and Management
Information Systems

Ryan Rene C. Jornada
Assistant Vice President
Government Relations

Iryan Jean U. Padillo
Assistant Vice President
Finance

Barbara Anne C. Migallos
Corporate Secretary

¹ Effective January 1, 2020.

² Effective January 1, 2020.

³ Effective November 8, 2019.

⁴ Effective November 8, 2019.

⁵ Until January 31, 2020.

⁶ Effective May 1, 2020.

⁷ Effective May 1, 2020.

Rio Tuba Nickel Mining Corporation

Norberto R. Reyes
Vice President
Finance

Cynthia E. Rosero
Assistant Vice President – Resident Mine Manager

Taganito Mining Corporation

Lennie A. Terre
Vice President
Finance

Artemio E. Valeroso
Assistant Vice President – Resident Mine Manager

Cagdianao Mining Corporation

Patrick S. Garcia
Assistant Vice President
Finance and Administration⁸

Arnilo C. Milaor
Assistant Vice President – Resident Mine Manager

Hinatuan Mining Corporation

Fernando P. Cruz
Assistant Vice President
Finance

Francisco J. Aranes
Assistant Vice President – Resident Mine Manager

Dinapigue Mining Corporation

Patrick S. Garcia
Assistant Vice President
Finance⁹

Emerging Power, Inc.

Martin Antonio G. Zamora
President and Chief Executive Officer

Rolando D. Ibasco
Executive Vice President
Chief Operating Officer

Jasmin Josefa P.G. Agbon
Senior Vice President
Chief Financial Officer

April Ann B. Nerva
Assistant Vice President
Human Resources and Corporate Services

⁸Until April 30, 2020.

⁹Until April 30, 2020.

CORPORATE DIRECTORY

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Taganito Mine
Barangay Taganito, Claver, Surigao del Norte

Cagdianao Mine
Barangay Valencia, Cagdianao, Dinagat Islands

Hinatuan Mine
Barangay Talavera, Taganaan, Surigao del Norte

Dinapigue Mine
Dimaluade, Dinapigue, Isabela

SOLAR POWER PLANT

Mt. Sta. Rita, Subic Bay Freeport Zone

CORPORATE WEBSITE

<http://www.nickelasia.com>

INDEPENDENT PUBLIC ACCOUNTANT

SyCip Gorres Velayo & Co.

BANKERS

Banco de Oro
Bank of the Philippine Islands
Credit Suisse AG
DBS Private Bank
Maybank Philippines, Inc.
Metropolitan Bank & Trust Co.
Rizal Commercial Banking Corporation
Security Bank Corporation
Union Bank of the Philippines
United Coconut Planters Bank

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Atty. Maria Lourdes Belen Ugay
Kapunan Tamano & Javier
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