

NAC
NICKEL ASIA CORP.



HMC



RENEWED PURPOSE

ANNUAL REPORT 2020

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ABOUT THE REPORT

GRI 102-46, 102-50, 102-51, 102-52, 102-54

Nickel Asia Corporation (NAC) has been reporting annually on the progress of its Financial and Sustainability performance since 2012. The Company shares the yearly performance of its operating mines, namely Rio Tuba Nickel Mining Corporation (RTN), Taganito Mining Corporation (TMC), Hinatuan Mining Corporation (HMC), and Cagdianao Mining Corporation (CMC).

Covering the calendar year 2020, this report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, guided by its globally-recognized framework for sustainability reporting, in order to consistently track performance and impact in terms of economic, environmental, and social metrics. The report is also inline with the requirements of Sustainability Accounting Standards Board (SASB) – Metals and Mining sector. The sustainability disclosure of this report is assured by GCSS Inc. based on the AccountAbility principles and the external assurance statement is attached on page XXXX. Whereas the financial disclosure has been audited by SGV with their financial audit statement on page XXXX.

WHO WE ARE

GRI 102-2

COMPANY PROFILE

We are a diversified natural resources development company that seeks to become the country's premier Environmental, Social and Governance (ESG) investment by the year 2025. 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 the renewable energy sector, we see a green future, filled with opportunities.

Our nickel operations that began in Rio Tuba, Bataraza, Palawan in 1977 have expanded into three other operational mines: Taganito Mining in Claver, Surigao del Norte; Hinatuan Mining in Tagana-an, Surigao del Norte; and Cagdianao Mining in Valencia, the Dinagat Island Provinces. A fifth, Dinapigue Mining in Isabela Province, is in preparatory stages of development. Our saprolite and limonite ore are exported to customers in China and Japan, who process our ore to produce ferronickel and nickel pig iron (NPI), used for the production of stainless steel.

Rio Tuba and Taganito, our two largest operations, play a part in the global supply chain in the production of batteries for the electric vehicle (EV) market. We do this by being the exclusive supplier of limonite ore to Coral Bay Nickel Corporation (CBNC) and to Taganito HPAL Nickel Corporation, (THPAL), respectively, whose customers include Panasonic and other battery makers.

CBNC, commissioned in 2005 as the Philippines' first hydrometallurgical nickel processing plant, has a maximum capacity of 24,000 metric tons of nickel and 2,500 metric tons of cobalt per year in the form of a mixed nickel-cobalt sulfide.

We have a 10% equity interest in CBNC.

Commissioned in 2013, THPAL is the Philippines' second hydrometallurgical nickel processing plant that 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.

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

As a company, we are conscious of our responsibility towards our planet. We are proud of our track record in responsible and sustainable operations; at the same time, we are humbled to know that because of our efforts we are considered as a model of responsible mining in the Philippines.

Our efforts are recognized, within the Philippines as well as abroad.

Our operations are multiple winners of the Presidential Mineral Industry Environment Award (PMIEA), the highest recognition for environmental excellence in mining in the country that is given by the President of the Philippines. Our Rio Tuba operations have been awarded the Presidential award five times (2002, 2003, 2015, 2018 and 2020) and the runner up Platinum Achievement Awards seven times (1999, 2000, 2001, 2010, 2014, 2016 and 2017); Taganito has received the Presidential award three times (2003, 2004, 2008) and the runner-up Platinum award four times (1999, 2006, 2009 and 2017); Cagdianao is a back-to-back Presidential awardee (2019, 2020), and a seven-time winner of the Platinum achievement award (2002, 2004, 2008, 2009, 2010, 2016 and 2018). Our Hinatuan operations, on the other hand, have earned the Platinum Achievement award four times (2017, 2018, 2019 and 2020).

We are also proud that Rio Tuba has the distinction of being the first recipient of the Best Practices in Sustainable Mineral Development for the Mineral Mining Category award during the first ASEAN Mineral Awards held in Myanmar in 2017, besting entries from the nine other ASEAN countries. It received runner-up honors for the same category two years later.

All of these recognitions could only be achieved because our people and our communities reciprocate the focus we give to them with dedication, professionalism, and support.

No less important, we take to heart our responsibility towards our people. Beyond providing them a safe and conducive working environment and according them remuneration packages above what is mandated, we make sure every employee is given a chance to achieve his or her potential irrespective of such factors as gender. To this end, Rio Tuba has the distinction of being the first large scale mining operation in the history of the Philippines to have a female Resident Mine Manager in the person of Engr. Cynthia E. Rosero. Her appointment broke a century-old glass ceiling and demonstrates that at least in Nickel Asia, opportunities for advancement are available to men and women equally.

Emerging Power, Inc. (EPI), through its subsidiary, Jobin SQM, Inc., currently operates a 62MW solar plant in Subic Bay Freeport. In addition, through its subsidiaries, Mindoro Geothermal Power Corp. and Biliran Geothermal, Inc., it is developing geothermal fields in Naujan, Mindoro and Naval, Biliran, respectively. We continue to expand and seek opportunities for growth in the renewable energy business.

As nations (and corporations) around the globe continue to face the challenges brought by an unprecedented global pandemic, we remain optimistic about our future as a company that exceeds the expectations of our global and local investors and of the general public in terms of profitability, environmental and social responsibility, and corporate governance.

VISION, MISSION & CORE VALUES

GRI 102-16

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.

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.

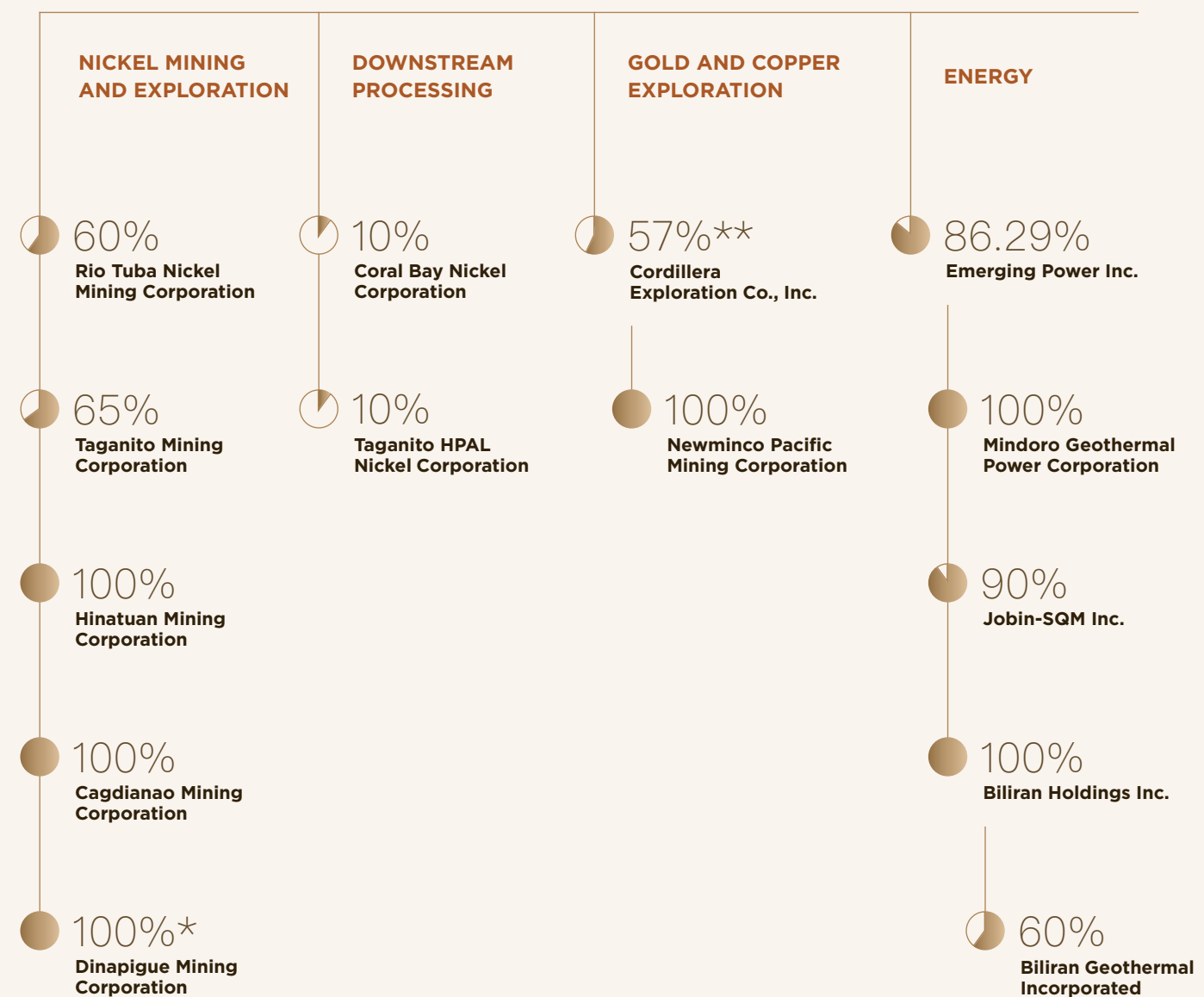
CORE VALUES

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

CORPORATE STRUCTURE

GRI 102-5

NICKEL ASIA CORPORATION

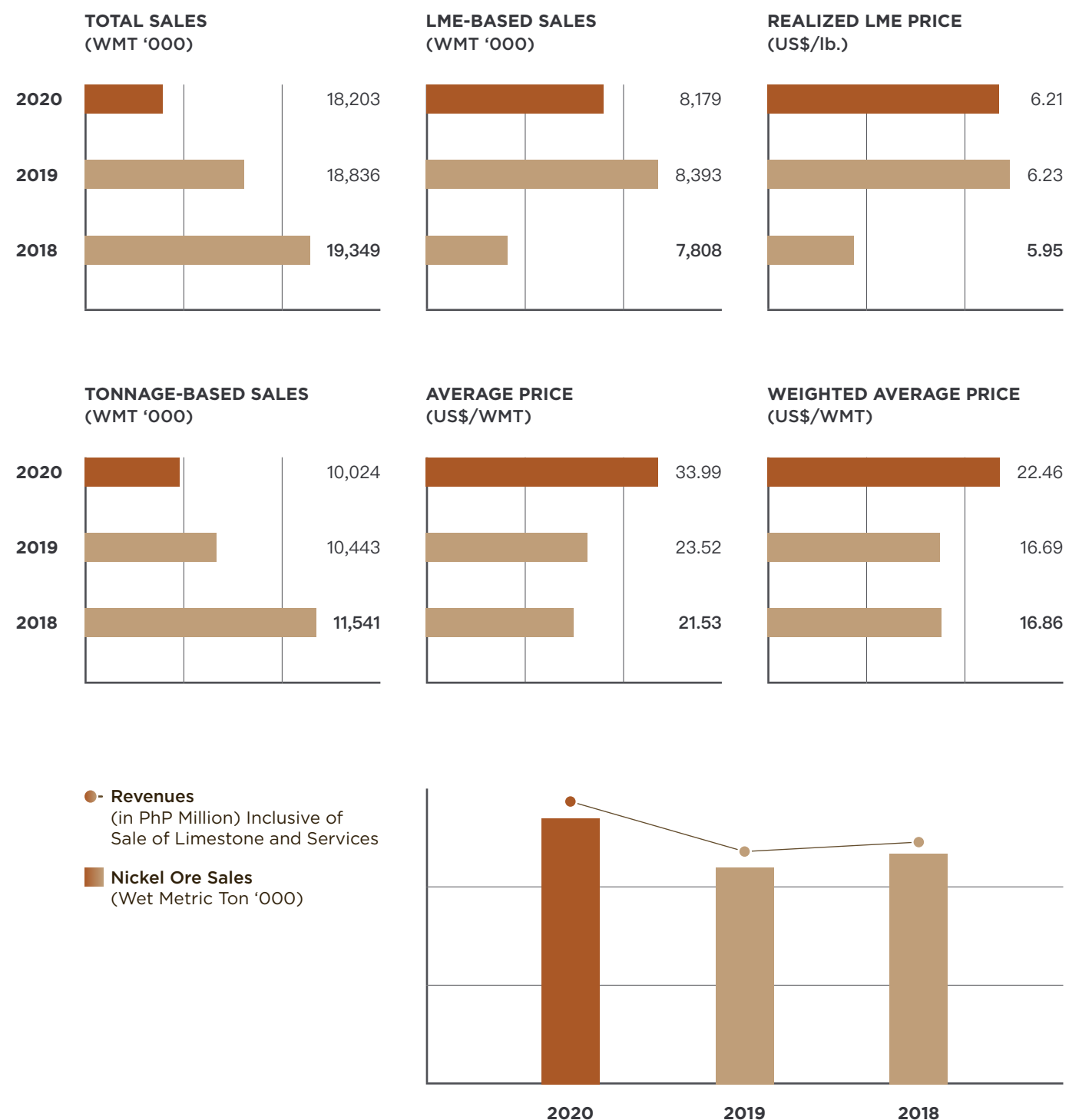


* Nihao has 20% economic interest

** Beneficial Ownership

SALES AND FINANCIAL HIGHLIGHTS

GRI 102-7



FINANCIAL HIGHLIGHTS

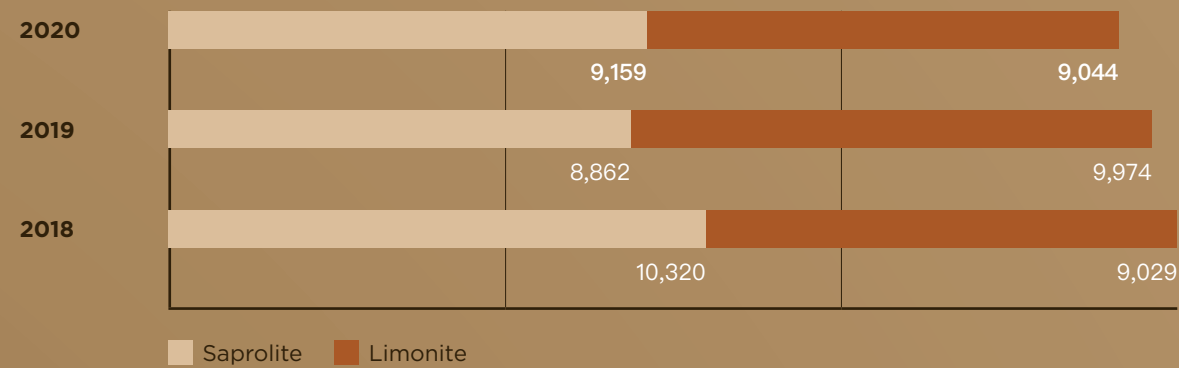
(PhP Millions, except Per Share amounts)

	2020	2019	2018
REVENUES			
Sale of Ore	20,457	16,670	17,742
Services and Others	1,315	1,253	906
TOTAL REVENUES	21,772	17,923	18,648
OPERATING COSTS AND EXPENSES	13,855	12,683	12,557
NET INCOME	5,489	3,826	4,223
Attributable to Equity Holders of the Parent	4,069	2,685	3,008
Attributable to Non-Controlling Interests	1,420	1,141	1,215
BASIC EARNINGS PER SHARE (PhP)	0.30	0.20	0.22
FINANCIAL CONDITION			
Cash, Cash Equivalents and Other Financial Investments	17,331	16,569	15,015
Other Current Assets	4,681	5,454	5,966
Noncurrent Assets	26,901	26,239	25,052
Current Liabilities	10,944	9,921	9,866
Noncurrent Liabilities	3,372	3,210	2,716
Equity	34,597	35,131	33,451
BOOK VALUE PER SHARE (PhP)	2.28	2.30	2.17

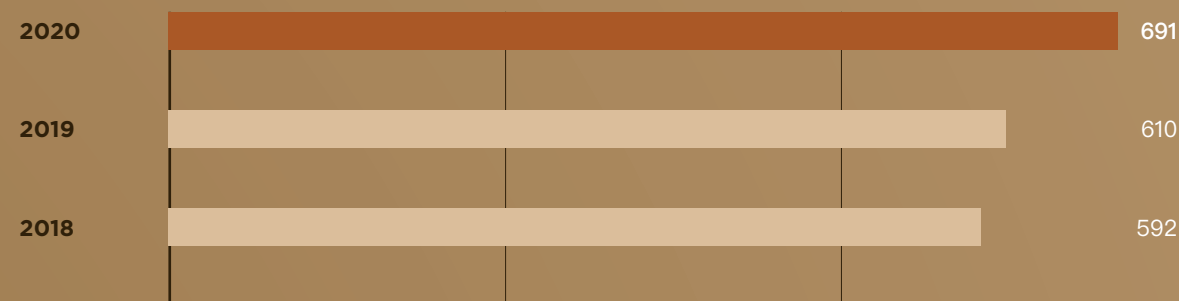
KEY PERFORMANCE INDICATORS

GRI 102-7

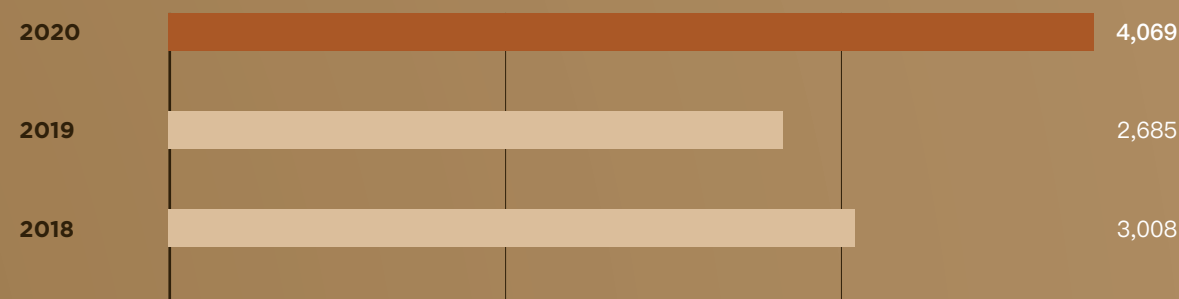
SALES VOLUME (WMT '000s)



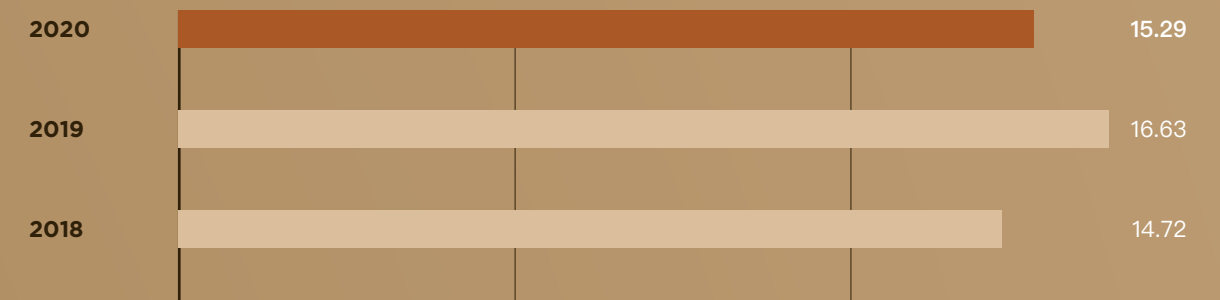
TOTAL COST/WMT (PhP/WMT)



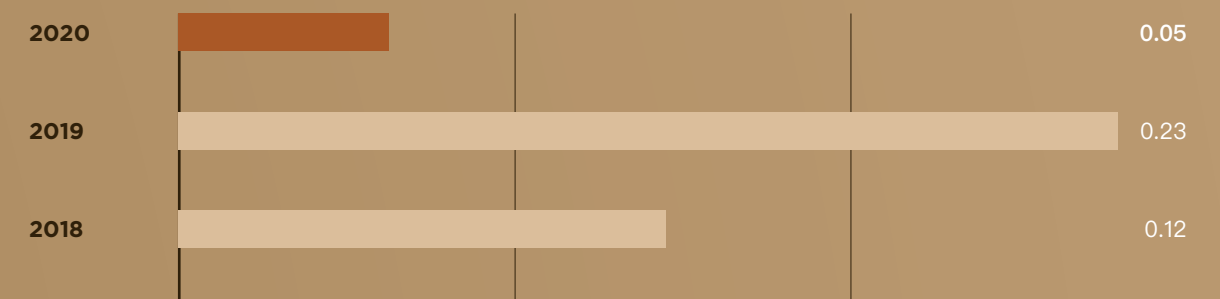
ATTRIBUTABLE NET INCOME (PhP MILLION)



HECTARES OF OPEN AREAS per Million WMT Sold



FREQUENCY RATE



PRODUCT MIX

GRI 102-2, 102-6, EM-MM-000.A

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.

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 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 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.

OVERVIEW OF OUR NICKEL ORE PRODUCTS

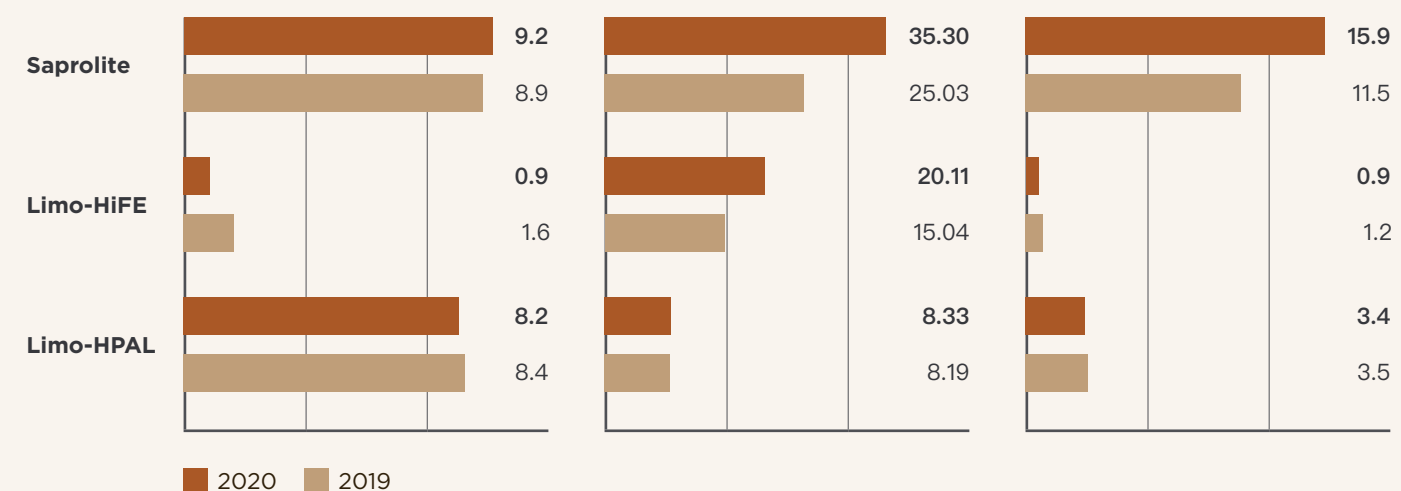
GRI 102-9, 417-1, EM-MM-000.A

	SAPROLITE	LIMONITE
Type of Ore		High Fe Low Grade
Description	Saprolite	Limo-HiFe Limo-HPAL
Content	Ni: 1.4-1.8% Fe: below 20%	Ni: 0.8-0.9% Fe: 48-50% Ni: 1.0-1.2% Fe: ≥30%
Customer Country/ Technology	Japan: FeNi China: NPI (RKEF)	China: NPI (Blast Furnace) Philippines: HPAL
Final Products	Ferronickel NPI (10% Ni)	Low Grade NPI (1-2% Ni) Ni-Co Sulfide (~55% Ni)
Used in	300-Series Stainless Steel	200 Series Stainless Steel Nickel Smelter

SHIPMENTS
by Ore Type (mWMT)

PRICES
by Ore Type (US\$/WMT)

REVENUE
by Ore Type (bPhP)



AWARDS AND RECOGNITION

RIO TUBA NICKEL MINING CORPORATION

2017
**First ASEAN Mineral Minings
Category,
Winner**

2019
**Second ASEAN Metallic
Mineral Mining Category,
Runner Up**

2002–2003, 2015, 2018, 2020
**Presidential Mineral Industry
Environment Award**

1999, 2000, 2001, 2010, 2016
Platinum Achievement Award

1998 & 2009
Titanium Achievement Award

2010
**Best Mining Forest,
2nd Runner-up**

2011
**Best Mining Forest,
Winner**

TAGANITO MINING CORPORATION

2003, 2004, 2008
**Presidential Mineral Industry
Environmental Award**

1999, 2006, 2009, 2017
Platinum Achievement Award

2007, 2016
Titanium Achievement Award

2015, 2016, 2017
Best Mining Forest

2006, 2014
1st runner up

1997, 2018
2nd runner up

HINATUAN MINING CORPORATION

2017–2020
Platinum Achievement Award

2000, 2016
Titanium Achievement Award

CAGDIANAO MINING CORPORATION

2019, 2020
**Presidential Mineral Industry
Environment Award**

2005, 2006, 2007, 2015, 2017
Titanium Achievement Award

2018
Platinum Achievement Award

2016
**Platinum Achievement Award,
Surface Mining**

2017
**Titanium Achievement Award,
Surface Mining**

JOINT MESSAGE TO SHAREHOLDERS

GRI 102-14

2020 - A YEAR LIKE NO OTHER

Early in the year, news reports began filtering out of an outbreak of a new coronavirus in China, and by mid-February the first case had been reported in the Philippines. By March, our health authorities reported the first local transmission leading to the imposition of a lockdown in Metro Manila and other parts of the country by March 16 – now the longest in the world. Checkpoints were set up, a curfew was imposed, shops were closed, and streets turned empty.

While we were fortunate that the remoteness of our operations initially kept them insulated from the threat of COVID-19, we knew this could not last. We were, for example, dealing with vessels coming from Mainland China, ground zero for the virus; eventually, national authorities had to issue quarantine procedures to be applied in transacting business with such vessels, delaying shipments. Also, it was inevitable that cases of COVID-19 infections started to be detected all over the Philippines including in the locales where we operate. We knew we had to deal with this if we were to keep our heads afloat in the face of the COVID-19 tsunami sweeping the globe.

What we had to do was very clear: focus on our people and on our communities.

For our people, we immediately activated incident management teams at every mine site to monitor developments. These teams conducted regular rapid tests on our employees, immediately isolating those who tested positive or showed any symptoms. Those who could work from home were told to do so, while those who needed to be physically at their places of work were instructed to be conscious of the need for social distancing and the value of face masks and regular disinfecting. We also made it very clear: we were all in this together and no one was to be left behind - a pledge that would be put to the test when one of our resident mine managers in Surigao turned seriously ill. We immediately had him flown by Medivac to Manila for treatment; he was discharged 34 days later, fully recovered from the virus.

We also knew that our operations could not remain in a bubble of safety if our own communities were vulnerable. For this reason, we spent over PHP60 Million supplying our communities with face masks, face shields, alcohol and other medical equipment, as well as rice and canned goods to tide over families while shops were closed. We also demonstrated our willingness to suspend operations voluntarily when the threat of COVID-19 coming from our activities were suspected. Not only did this go a long way in helping calm down any fears in the community, but this also established better relations with our local government partners who appreciated our pro-active efforts even if it meant a temporary disruption to our business.

“What we had to do was very clear: focus on our people and on our communities.”

GERARD H. BRIMO
Executive Director
Chairman of the Board of Directors

MARTIN ANTONIO G. ZAMORA
Executive Director
President and Chief Executive Officer



One important matter we are proud about - not one employee of Nickel Asia and its subsidiaries lost a job or had to take a pay cut due to the economic slowdown caused by the pandemic.

We have been rewarded amply with recognition from our government regulators for our efforts to become an example of responsible mining: for 2020, two of our subsidiaries received the highest recognition that can be bestowed on a large-scale mining operation in the Philippines - the Presidential Mineral Industry Environment Award. Last year these awards went to Rio Tuba Nickel Mining Corporation and Cagdianao Mining Corporation. This was the fifth time Rio Tuba has received this award, while Cagdianao earned the distinction of winning back-to-back, having won the same highest recognition in 2019. A third operation, Hinatuan Mining, received the Platinum Achievement Award, which is a rung below the Presidential award.

The year also saw us continue to work on several matters critical to our future:

We had agreed that 2020 was the year we embark on a formal ESG process – which, to us, was the formalization of numerous practices and principles that our Company’s founders had adopted since the beginning. It was the right thing to do and the right time to do it despite the difficulties. We resolved to become the top ESG investment in the Philippines within a five-year period.

Corollary to this effort, we are participating in the Towards Sustainable Mining (TSM) program developed in Canada and adopted by our Chamber of Mines, the first mining association in Asia to do so. TSM is a globally recognized performance system with a set of tools and indicators that allows us to evaluate and manage our environmental and social responsibilities and report on our performance in a transparent manner.

With respect to our diversification to renewable energy (discussed in greater detail below), our subsidiary Emerging Power Inc. (EPI), started construction of an additional 30MW in the second quarter of 2020, which would bring our total solar plant capacity at our Subic site to 62MW by April 2021. In addition, we entered into a joint venture with one of China’s largest players in the field. This now provides EPI, technical as well as additional financial muscle for its ambitious expansion plans.

In 2020, we saw our people come together, focused on their responsibilities to their fellow workers, families, and communities, in the end delivering outstanding performance during a most difficult time, with not a single casualty, and no one left behind.

“In 2020, we saw our people come together, focused on their responsibilities to their fellow workers, families, and communities, in the end delivering outstanding performance during a most difficult time, with not a single casualty, and no one left behind.”

OPERATING RESULTS

Our four operating subsidiaries achieved total sales of 18.2 million wet metric tons (WMT) of nickel ore, a slight decrease of 3% compared to the prior year’s 18.8 million WMT.

Exports of saprolite ore to our Chinese and Japanese customers increased to 9.2 million WMT compared to 8.9 million WMT in the prior year. On the other hand, exports of limonite ore decreased from 1.6 million WMT in 2019 to 865 thousand WMT. Our Rio Tuba and Taganito operations also sold 8.2 million WMT of low-grade limonite ore to our associate companies, Coral Bay and Taganito HPAL, respectively. This compares to 8.4 million WMT in the prior year.

With respect to prices, we averaged US\$35.30 per WMT for our saprolite ore exports as against US\$25.03 per WMT in the prior year, a 41% increase. The price of our limonite exports, principally of the high iron variety, also increased to US\$20.11 per WMT as against US\$15.04 per WMT. The higher export prices were the result of tighter supply following the resumption of the export ban on Indonesia’s nickel ore at the start of 2020.

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\$6.21 per pound of payable nickel compared to US\$6.23 per pound in the prior year. These translate to US\$8.33 per WMT and US\$8.13 per WMT, respectively.

On a combined per WMT basis, we averaged US\$22.46 in 2020, 35% higher than the prior year’s US\$16.69.

Despite the lower volume and lower realized Peso to US Dollar exchange rate for ore sales of PhP49.15 compared to PhP51.72 in the prior year, consolidated revenues increased from PhP17.9 billion to PhP21.8 billion in 2020 on the back of higher export prices.

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 PhP1.0 billion compared to PhP861.3 million in the prior year, and sales of power from EPI and our Surigao diesel power plant of PhP288.2 million compared to PhP392.3 million in 2019.

Our attributable net income for the year increased by 52% to PhP4.1 billion compared to PhP2.7 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 PhP190.4 million compared to P10.4 million in 2019.

DIVIDENDS

On the basis of the results for the year in review, on March 11, 2021 the Board of Directors approved a regular cash dividend of P0.09 and a special cash dividend of PhP0.14 per common share. The cash dividends in the total amount of PhP4.07 billion was paid on April 8, 2021 to shareholders of record as of March 25, 2021.

In the prior year, a regular cash dividend of PhP0.08 per share was declared by the Board of Directors on March 13, 2020. The cash dividend in the amount of PhP1.09 billion was paid on April 8, 2020 to shareholders of record as of March 27, 2020.

↑22%
increase in consolidated revenues

↑52%
increase in attributable net income



TMC - Distribution of Pamaskong Handog gift packs to Sapa Integrated Farmers' Association members

ECONOMIC AND SOCIAL CONTRIBUTION

10K+

Indigenous Peoples benefit from our SDMP and CSR programs

In 2020, our Company and its mining subsidiaries paid PhP5.05 billion in total taxes and fees, both to the national and local government units, including corporate income taxes of PhP2.36 billion. The corresponding figures for the prior year were PhP4.5 billion and PhP1.7 billion, respectively.

With respect to social expenditures under our subsidiaries' Social Development Management Programs (SDMP) and our own Corporate Social Responsibility (CSR) programs, PhP244 million was spent primarily on infrastructure, livelihood, health care and educational programs within the host communities of our operations. Our SDMP and CSR spending included PhP31 million for livelihood programs, PhP94 million for health and safety, PhP41.5 million for education and PhP32 million for infrastructure.

It should be noted that over 10,000 Indigenous Peoples benefit from our SDMP and CSR

programs in our Rio Tuba and Taganito operations, which are located in ancestral lands. In addition, PhP120 million was paid to them in royalties during the year.

In 2020, we directly employed 2,787 individuals, 1,137 of whom were under Collective Bargaining Agreements (CBA) and 1,696 of whom were from the local communities.

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- G4.

We continue to participate in the Extractive Industries Transparency Initiative (EITI), 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. We are diligent in reporting annually on all taxes and fees paid as well as social expenditures and environmental funds.

NICKEL OUTLOOK

Reversing the trend in previous years, the global nickel market recorded a surplus in 2020, driven by the slowdown in the global economy due to COVID-19 and, more importantly, the increase in Indonesian NPI production which more than offset the decline in Chinese NPI production.

Surpluses are expected to continue until 2024, driven by additional Indonesian NPI and HPAL production. From 2025 onwards, a deficit build-up is expected as a result of the forecasted 13.5% per annum increase in nickel demand for the EV market from 2020 to 2040, which will lead to massive shortages unless a significant number of downstream nickel projects are added in the medium-term.

Despite the market surplus, the LME nickel price was stable at US\$6.25/lb from US\$6.32/lb in 2019, supported by COVID-19 related stimulus measures and renewed interest in the EV story, which was in turn fueled by strong EV sales performance for 2020 and heightened climate change consciousness as a result of the pandemic. In addition, various measures to accelerate EV migration in the most important markets such as China, United Kingdom, France, and California, were implemented in the year.

While the LME nickel price was stable, the export price for our nickel ore increased by about 45% due to the Indonesian export ban, which made the Philippines practically the only source of nickel ore for Chinese NPI.

With nickel demand for EVs expected to grow at an accelerated pace and the corresponding buildup of deficits in the global nickel market, higher LME nickel prices are expected over the foreseeable future.

ON OUR POWER PLAY

From 2015 to 2019, strong GDP and consumption growth caused system demand in the Luzon and Visayas power grids to increase by 6% annually. However, the COVID-related lockdown in 2020 cut demand by 5.4%, the first decline in 15 years. During the lockdown, the power industry was also not able to address structural issues affecting generation capacity: aging coal plants, depletion of gas reserves with respect to the Malampaya field, and a limited pipeline of large-scale generating plants beyond 2020. As a result, dependable supply, including buffer reserves, is falling short of current and future power needs. Indeed, in the first quarter of 2021, unplanned outages of certain large coal plants caused spot electricity price to double

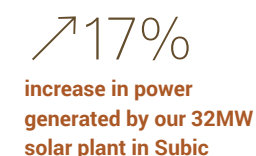
even with the country under lockdown. The Department of Energy (DOE) and National Grid Corporation of the Philippines expect demand for power to exceed dependable supply by 2024, hence adding pressure to the already narrow reserve level.

Through the Renewable Portfolio Standards (RPS) and other policies, the DOE requires distribution utilities and retailers to procure more renewable energy starting in 2020. Under RPS, the target is to achieve at least 35% share for renewable energy in the supply mix by 2030, and at least 50% by 2040.

EPI continues to position itself competitively given these industry dynamics. Our 32MW solar plant in Subic generated 37.6 GWh of power, a 17% increase over 2019 production. We signed a total of 27MW of power supply agreements in 2020, and have developed a strong pipeline for future deliveries. The EPI and NAC boards also approved a PhP2.59 billion capital budget to expand the existing Subic capacity to 100MW.

We started construction of 30MW in the second quarter of 2020 which we energized in April 2021. We also finalized the development plans for the next 38MW, which will bring total capacity to 100MW by the first quarter of 2022. Finally, we secured a second 100MW DOE service contract for the Subic site which we plan to operationalize fully by 2025.

On June 17, 2020, TBEA International Engineering Co., Ltd. (TBEA) bought 10% outstanding shares in Jobin-SQM Inc, the Subic operating company, from EPI. TBEA has an option to purchase another 10% shares, and is our technical adviser and turnkey EPC contractor for our solar expansion projects in Subic.



“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”



HCM - Rehab Area

STABILIZING THE PROFIT STREAM WHILE SAVING THE EARTH

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 three 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.

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 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.

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.

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.

In addition, we highlight our foray into renewable energy because we are 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.

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 trust and dedication.

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 Taganito HPAL, 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 support and 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 have emerged from 2020 even stronger - and more confident about the future.


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


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

SUSTAINABILITY FOR NAC

OUR PATH TO SUSTAINABILITY

NAC's sustainability efforts reflect and recognize the deeply-held values shared between us, our employees and our communities, which include the values of transparency, honesty and integrity.

The global pandemic, which brought the world to a standstill for most of 2020, only further underlined the importance of building a responsible, reliable, and resilient organization that is able to protect its employees, communities, customers, and the environment through programs and processes that are truly sustainable.

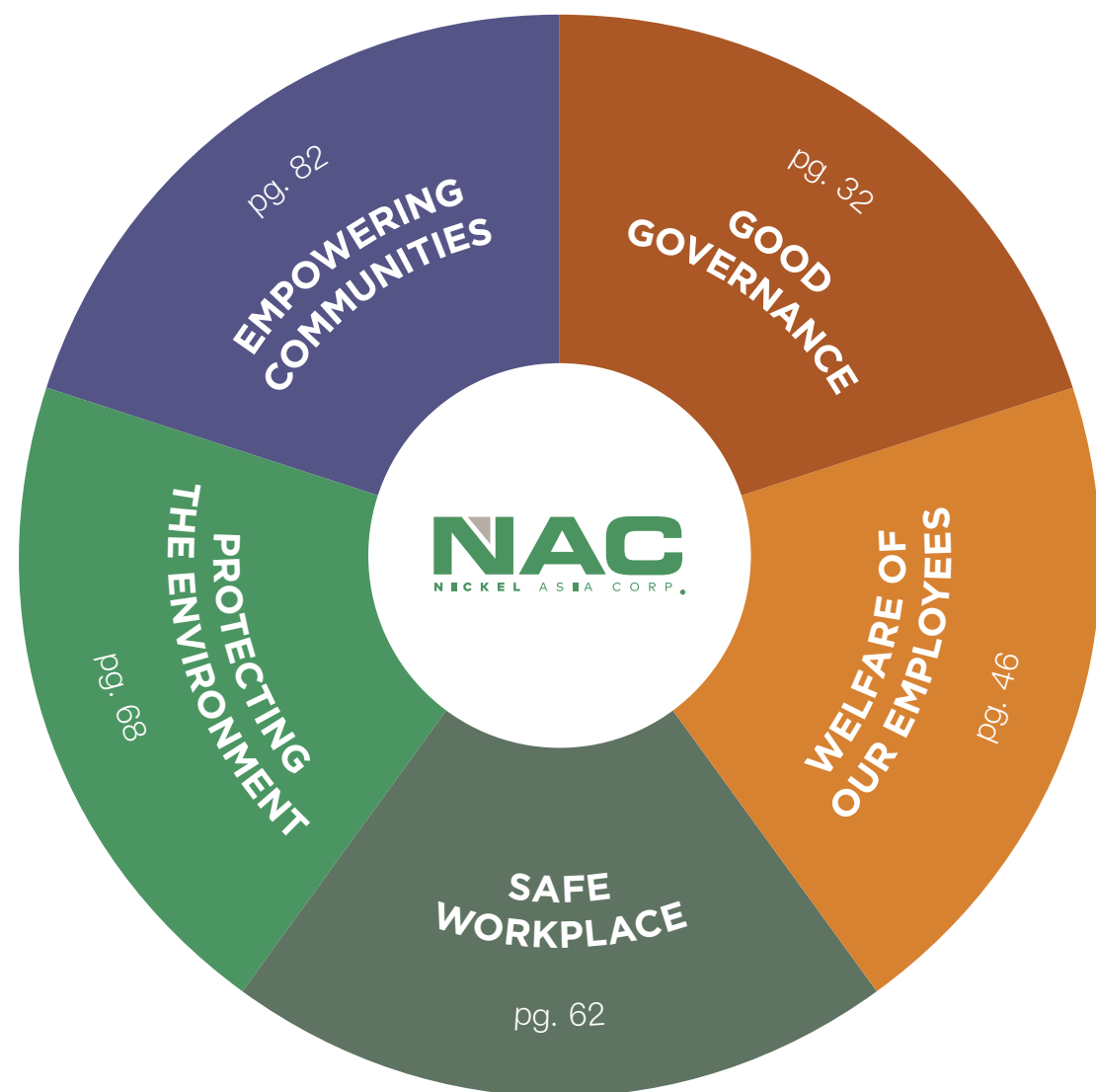
Together with like-minded members of the Chamber of Mines of the Philippines (COMP),

NAC advocates for the sustainable growth of the country's mining industry through accountable, transparent, and credible mining practices that fully support COMP's Declaration of Commitment to Responsible Minerals Development in the Philippines. NAC's management approach is therefore guided by its five main elements:

1. People Orientation
2. Protection and enhancement of the environment
3. Respect for the rights and welfare of indigenous peoples
4. Fair contribution to the National Economy
5. Efficient, competitive, and compliant alignment with international standards



RTN vegetable production project



SUSTAINABILITY FRAMEWORK

Our approach to Sustainability is finely tuned and aligned with the United Nations Sustainable Development Goals (UN SDG) and its vision to shift the world onto a sustainable and resilient path that leaves no one behind.

The alignment of our focus with those of the SDGs allowed us to put forward a Sustainability Framework that is true to the Company's mission and vision:

	<h4>GOOD GOVERNANCE</h4> <ul style="list-style-type: none"> > Leadership and Commitment > Environmental, Social, and Economic > Risk Management > Governance Policies > Stakeholder Management 	<p>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.</p>
	<h4>WELFARE OF OUR EMPLOYEES</h4> <ul style="list-style-type: none"> > Employee Relations and Management > Collective Bargaining Agreement > Communities' Skills and Competency Development > Human Rights and Equal Opportunities 	<p>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.</p>
	<h4>SAFE WORKPLACE</h4> <ul style="list-style-type: none"> > 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 	<p>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.</p>
	<h4>PROTECTING THE ENVIRONMENT</h4> <ul style="list-style-type: none"> > Energy Consumption and Management > Rehabilitation and Reforestation > Water Consumption and Discharge > Waste Management > Dust and Noise Control 	<p>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).</p>
	<h4>EMPOWERING COMMUNITIES</h4> <ul style="list-style-type: none"> > Social Development > Management Programs > Health, Education, Livelihood and Infrastructure Programs > Indigenous Peoples' Rights > Social Impact Assessment 	<p>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.</p>

OUR CONTRIBUTION TOWARDS SDGS IN 2020

GOOD GOVERNANCE, pg. 32

MATERIAL TOPICS

Leadership and Governance • Fluctuation of Metal Prices • Supply Chain management • Human Rights Violations (Child Labor, Forced Labor) • Consumer Data Protection • Corruption and Human Rights Violations



0

Incidents of corruption

0

Incidents of discrimination

0

Human Rights violations

WELFARE OF OUR EMPLOYEES, pg. 46

MATERIAL TOPICS

Local Employment • Freedom of Association • Employees Training and Skills Development • Employee Retention and Relations



2,787

Total number of employees



30,792

Total Training hours for employees

1,696

Employees hired from local communities



14%

Number of women in the workforce

96%

Percentage of women returned to work after parental leave

34%

Percentage of women in supervisory, managerial positions

1,137

Employees under CBA

80% RTN
59% TMC
45% HMC
37% CMC

Average training hours/employee

28.4 RTN
20.4 TMC
43.3 HMC
0.3 CMC



102

Indigenous Peoples hired in the workforce



SAFE WORKPLACE, pg. 62

MATERIAL TOPICS

Maintenance and Security of Plant and Production Sites • Health and Safety - Employees



153

Number of employees in health and safety committee

PhP94M

Expenditure on Health & Safety Programs

20M

Total Manhours

58M

Total Safe Manhours

Incidence rate

31.75 TMC
8.47 HMC
8.31 CMC

6,000

Total lost days



PROTECTING THE ENVIRONMENT, pg. 68

MATERIAL TOPICS

Energy Consumption • Biodiversity Offsets • Water and Wastewater Management • Dust and Noise Pollution • Solid/Hazardous Waste Management • GHG Emissions



1.4M

Water extracted (cu.m)

533k

Silt collected (WMT)

35.9B

Water discharged (cu.m)



537k kgs

Amount of solid waste disposed

272k ltrs

Used oil treated by treatment facility

323k kg

Hazardous waste treated by treatment facility

118k kg

Residual waste sent to Landfills

35.7M ltrs

Fuel Consumed

6.9k MWh

Electricity Consumed

97,341.14 tCO₂e

Total Greenhouse Gas (GHG) emissions



PhP9.2M Assistance to Calamity Victims
PhP355.8M Investment on EPEP



PhP105.2M Budget for Water Protection Programs



2,388.09 has. Number of land disturbed
594,978 Number of seedlings planted
91.54 has. Land area rehabilitated
128.63 has. Land area reforested
2,224.47 has. Land area used for other purposes



EMPOWERING COMMUNITIES, pg. 82

MATERIAL TOPICS
Community Development • Health and Safety - Communities • Risk of Conflict with Local Communities/Indigenous People



PhP244M Total spending on CSR + SDMP
PhP31.7M Expenditure on Livelihood Programs
134,886 Approximate population of host & neighboring communities benefitted from SDMP (individuals)
5,341 Number of employees indirectly employed (through contractors)
21,789 Number of Indigenous People communities residing near mine sites
47 Peoples' Organizations that were provided financial assistance
3,524 Number of members



3,524 Approximate number of participants in Livelihood Programs (individuals)
Water quality maintained within standards at all discharge points



1,530 Number of patients who benefited from medical mission programs
6,819 Number of patients/cases treated in hospital
1,315 Number of families assisted during and after calamities
2,004 Number of admitted/confined patients
PhP13.7M Amount spent on medical supplies and equipment for COVID-19 response
12 Number of hospitals assisted for COVID-19 response
PhP 44.5M Amount spent on relief goods
254,969 Number of families helped during the COVID-19 pandemic



PhP41.6M Investment on education programs under SDMP
3,246 Total number of scholars



1,696 Employees hired from local communities



GRI 203-1, 203-2

PhP32.6M Expenditure on infrastructure development
61 Number of barangays supported by infrastructure projects
19.75 km Length of roads constructed/improved
PhP7.9M Amount spent on road construction
PhP25.3M Amount spent on other infrastructure projects



102 Indigenous Peoples hired in the workforce
10,459 Indigenous population supported by SDMP



230.2 tons Recyclable Waste Collected

MATERIALITY ASSESSMENT

As the Company continuously monitors and reports on our Sustainability progress, consultations and engagement with stakeholders are conducted to keep a pulse on issues that really matter to them.

Guided by the principles of materiality promulgated by the GRI standards, NAC maintained GRI's prescribed five-stage process to identify our most material sustainability topics, and assessed them based on their level of criticality. This ensures our practice of sustainability reporting remains meaningful for our stakeholders, maintaining the quality of our reporting and helping to keep our programs effective and relevant.

For 2020, the top three material topics that emerged from our stakeholders were: Health and Safety for Employees and Communities, Solid and Hazardous Waste Management, and Community Development. This result reflects the health and safety concerns of our stakeholders given the continuous impact of the COVID-19 global pandemic on the country, and its people and communities. Moreover, the environment's health was also high on the priority list, as the management of solid and hazardous waste, water, and emissions remain important to our stakeholders. Lastly, community development was also identified as material topic, as community engagement and human rights protection remain of great importance.

GRI 102-47

IMPACT TO BUSINESS	IMPACT TO STAKEHOLDERS		
	Low	Medium	High
Very High		Fluctuation of Metal Prices Maintenance and Security of Plant and Production Sites Employee Retention and Relations Human Rights Violations (Child Labor, Forced Labor) Biodiversity Offsets Employees Training and Skills Development Dust and Noise Pollution Supply Chain Management	Health and Safety - Employees/Communities Leadership and Governance Community Development Water and Wastewater Management GHG Emissions Risk of Conflict with Local Communities/Indigenous People Solid/Hazardous Waste Management
High		Corruption and Human Rights Violation Energy Consumption (Fuel and Electricity) Freedom of Association	Local Employment
Medium	Consumer Data Protection		
Low			

ENGAGING WITH OUR STAKEHOLDERS GRI 102-40, 102-42, 102-43, 102-44

NAC ensures transparent and timely engagement and communication with all our stakeholders, which is a practice that was proven very crucial in 2020, amid the challenges of the pandemic. The Company makes full use of its various communication channels and platforms in order to keep its stakeholders updated and informed of its activities. NAC uses a wide range of tools and platforms such as the corporate website, fora and events, and official report documents when engaging with its stakeholders. It is the policy of the Company to actively create venues for dialogue in order to promote and accelerate its efforts on responsible and sustainable mining.

STAKEHOLDERS	ENGAGEMENT METHOD	FREQUENCY	KEY CONCERNS	COMPANY'S RESPONSE
Employees	<ul style="list-style-type: none"> Employee Engagement programs COVID-19 Response 	As necessary	<ul style="list-style-type: none"> Focus on work-life balance Safe workplace during COVID-19 Pandemic 	<ul style="list-style-type: none"> Service Tenure Awards CSR/Environmental voluntary activities Work From Home Setup (Head Office) Salaries were paid even to employees who cannot work from home Flexible work arrangement was implemented Shuttle services were provided Health and Safety protocols were implemented 13th month pay was released early Medicines, PPE, and financial assistance were provided
Communities	<ul style="list-style-type: none"> SDMP and CSR Programs Community engagement to prioritize and implement programs COVID-19 Response 	As necessary	<ul style="list-style-type: none"> Socio-economic development of the communities Provision of education support Support to communities during COVID-19 	<ul style="list-style-type: none"> Implementation of SDMP and CSR Programs by Community Relations Team (ComRel) Realignment of ASDMP funds to assist communities affected Distribution of medical supplies and PPEs to frontliners Provision of food packs to communities Establishment of Molecular Tech Laboratory Provision of Service Truck and Ambulance
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 announcement 	<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 criteria 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 Investor Meetings 	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



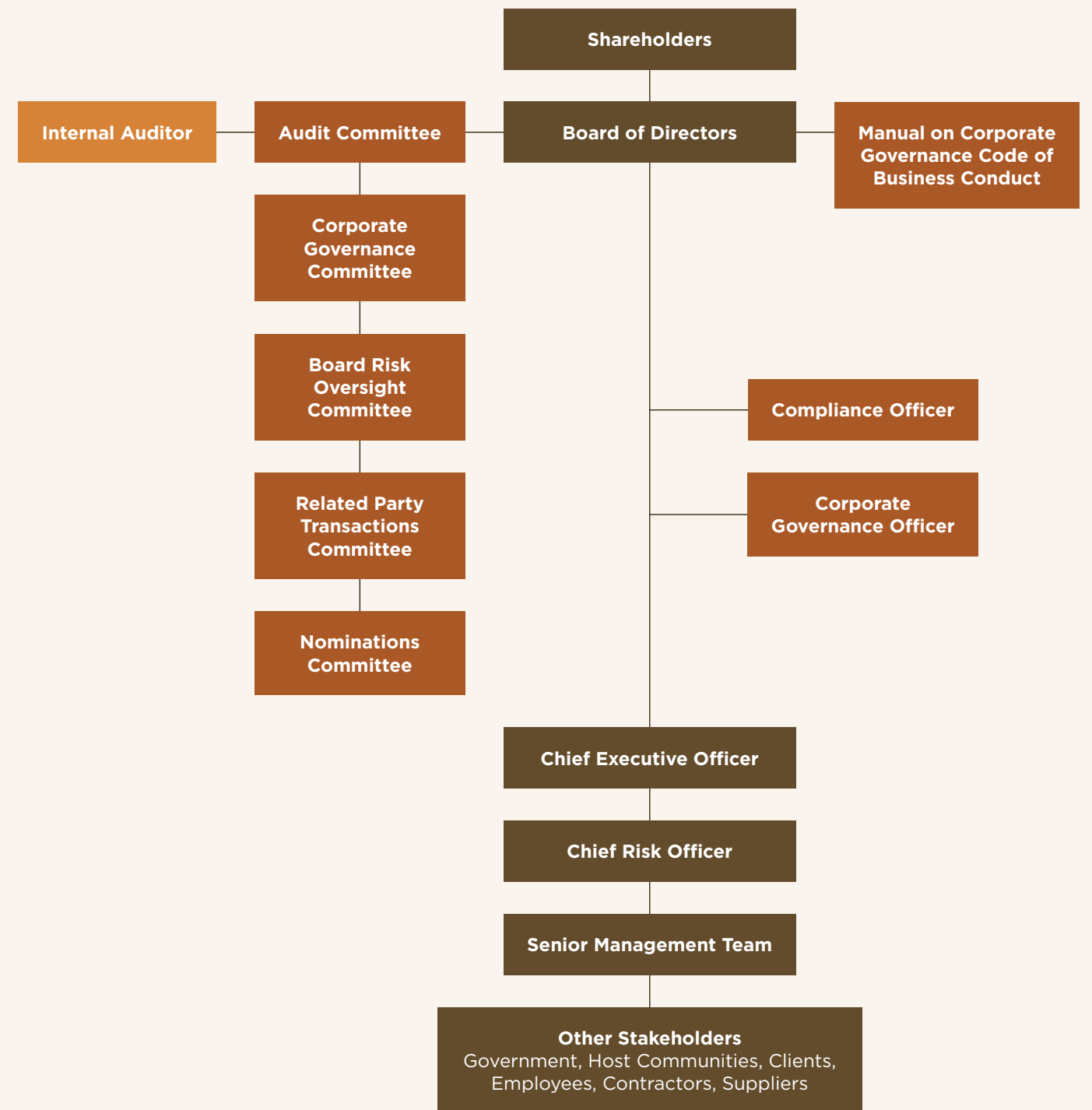
GOOD GOVERNANCE



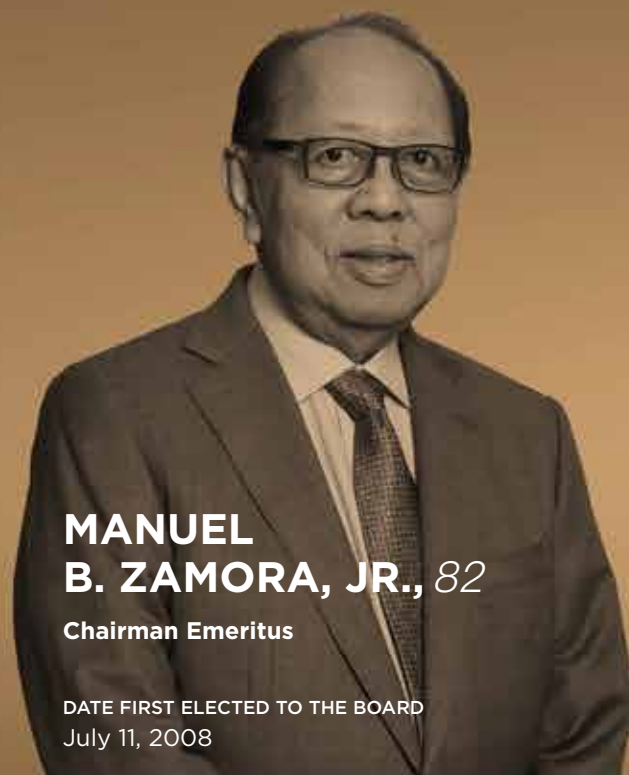
Support to the Philippine Red Cross for a Molecular Testing Laboratory

CORPORATE GOVERNANCE STRUCTURE

GRI 102-18



LEADERSHIP PROFILE



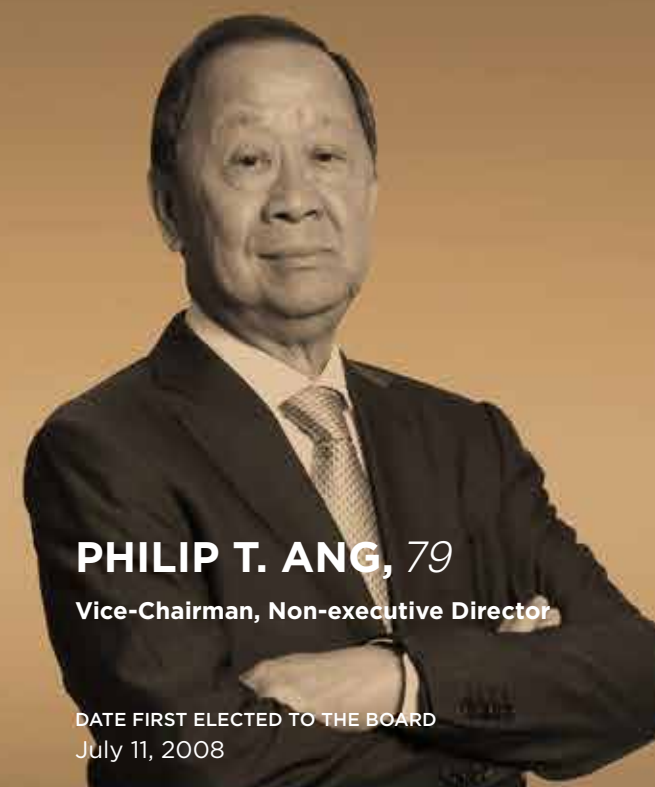
**MANUEL
B. ZAMORA, JR., 82**
Chairman Emeritus

DATE FIRST ELECTED TO THE BOARD
July 11, 2008



GERARD H. BRIMO, 69
Executive Director
Chairman of the Board of Directors

DATE FIRST ELECTED TO THE BOARD
August 1, 2009



PHILIP T. ANG, 79
Vice-Chairman, Non-executive Director

DATE FIRST ELECTED TO THE BOARD
July 11, 2008



**MARTIN ANTONIO
G. ZAMORA, 48**
President and Chief Executive Officer

DATE FIRST ELECTED TO THE BOARD
June 16, 2010

Manuel B. Zamora, Jr. is the Chairman Emeritus and the founder of the Company. He once served as Chairman of the Chamber of Mines of the Philippines. Mr. Zamora is a lawyer and a member of the Integrated Bar of the Philippines. He placed third in the 1961 Bar Examinations after receiving his Bachelor of Laws degree from the University of the Philippines.

Gerard H. Brimo is the Chairman of the Board of Directors of the Company. He is the Chairman 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, Newminco, and of EPI and its subsidiaries. He is also an Independent Director of Security Bank Corporation and of Commonwealth Foods, Inc. Prior to his career in mining, he worked for Citibank for a period of eight years and was the 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, USA and his Master of Business Management degree from the Asian Institute of Management.

Philip T. Ang is the Vice Chairman of the Company. He is the Vice-Chairman of RTN and TMC and a Director of CMC, DMC, HMC, 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. and a Director of Investors Assurance Corp. and International Garments Corp. He received his Bachelor of Science in Business Administration degree from Oregon State University and his Master of Business Administration degree from the University of Denver, USA.

Martin Antonio G. Zamora is the President and CEO of the Company and President 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 for finance and investment banking 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, 66

Independent Director

DATE FIRST ELECTED TO THE BOARD
September 24, 2010



HIROSHI YOSHIDA, 56

DATE FIRST ELECTED TO THE BOARD
July 17, 2020



MASAHIRO KAMIYA, 61

Non-executive Director

DATE FIRST ELECTED TO THE BOARD
August 7, 2018



LUIS J. L. VIRATA, 67

Non-executive Director

DATE FIRST ELECTED TO THE BOARD
July 11, 2008

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. He received his Bachelor of Science degree in Industrial Engineering from Cornell University, USA.

Mr. Hiroshi Yoshida 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 1987 and occupied the following positions prior to assuming his current post from June 2018: Manager of Corporate Planning Department (July 2004 to November 2007), Manager of Overseas Project Department of Non-Ferrous Metals Division (December 2007 to September 2009), Deputy General Manager of Administration Department of Taganito Project Division (October 2009 to December 2010), Treasurer of Taganito HPAL Nickel Corporation (January 2011 to February 2015), Deputy General Manager of Corporate Planning Department (March 2015 to May 2016), and General Manager of Corporate Planning Department (June 2016 to May 2018). He received his Bachelor in Economics from Gakushuin University in Tokyo, Japan.

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. He was an Executive Officer and the Senior Deputy General Manager of Non-Ferrous Metals Division of SMM from June 2017 until 16 May 2019. Mr. Kamiya held various positions within the SMM Group since he joined the same in April 1982. He was the President and Representative Director of Hyuga Smelting Co. Ltd., a subsidiary of SMM, from April 2016 until May 2019, and was also the General Manager of the Administration Department of the Taganito Project Division from September 2010 until March 2016. Prior thereto, he was the Executive Vice President of CBNC from February 2007 to August 2010, and was the Manager of the Ferro Nickel Section, Nickel Sales & Raw Materials Department of SMM from January 2002 to January 2007. He was also the General Manager of Sumitomo Metal Mining Oceania Pty. Ltd. from April 1998 to December 2001. Mr. Kamiya obtained his Bachelor of Arts in Political Science and Economics from Waseda University in Tokyo, Japan.

Mr. Virata is the founder and Chairman of Amber Kinetics Philippines, Inc. He is also the 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. He 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, 55**

Non-executive Director

DATE FIRST ELECTED TO THE BOARD
May 20, 2019



**ANGELO RAYMUNDO
Q. VALENCIA, 53**

Independent Director

DATE FIRST ELECTED TO THE BOARD
May 8, 2020

Ms. Riingen is the President of Manta Equities, Inc. and Manta Foundation, Inc. and a Director of Mantra Resources, Inc. Prior thereto, she held various positions with the Western Union Company, and was the Senior Vice President and Regional Head for Asia Pacific. Her other previous roles were as Executive Director and a member of the Board of Directors at the Asian Development Bank, Vice President at Citibank N.A., and Brand Manager of Procter & Gamble. 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.

Mr. Valencia obtained his Juris Doctor from the Ateneo School of Law in 1998. A member of the Philippine Bar, a Senior Fellow at the Development Academy of the Philippines and a Lecturer at the Armed Forces of the Philippines (AFP) Command Staff Graduate Course. He also serves as Senior Advisor to the NOLCOM Heroes Foundation, Philippine Marine Corps, and AFP Leadership Development Center. Independent Director of Country Bankers Life and Non-Life Insurance Corporation and of Guagua Rural Bank. He is the Chairperson of the Governance and Audit/Compliance Committees of the respective Companies. He is also the Managing Director of Community Sustainability Ventures, Inc. He was also formerly a Senior Corporate and Tax Counsel of the Lucio Tan Group of Companies and Chief Operations Officer of Mindanao Grains Processing Co., Inc., La Filipina Group of Companies. Mr. Valencia has received numerous awards and citations for his public service endeavors. He founded the project Klasrum ng Pag-asa, a private sector initiative that builds, augments, and reconstructs public school structures nationwide as well as livelihood initiatives centering on Food Security.

BOARD COMMITTEES

Audit Committee

The Audit Committee is composed of Mr. Frederick Y. Dy (Independent Director) as Chairman and Messrs. Masahiro Kamiya and Angelo Raymundo Q. Valencia (Independent Director) as members. Mr. Valencia replaced the late Mr. Fulgencio S. Factoran, Jr. as a member of the Committee on May 8, 2020. 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 an 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 2020:

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	1*	100*
Member	Masahiro Kamiya	4	4	100%
Member	Angelo Raymundo Q. Valencia	4	2**	100%**

*Mr. Factoran was a member of the Audit Committee until April 5, 2020.

**Mr. Valencia was appointed as a member of the Audit Committee on May 8, 2020.

Board Risk Oversight Committee

The Board Risk Oversight Committee is composed of Mr. Angelo Raymundo Q. Valencia (Independent Director) as Chairman and Messrs. Martin Antonio G. Zamora and

Frederick Y. Dy (Independent Director) as members. Mr. Valencia replaced the late Mr. Fulgencio S. Factoran as Chairman of the Committee on May 8, 2020.

The Committee assists the Board in its oversight responsibility for the Company's Enterprise Risk Management and reviews 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 2020:

BOARD	NAME	NUMBER OF MEETINGS HELD DURING THIS YEAR	NO. OF MEETINGS ATTENDED	%
Chairman	Angelo Raymundo Q. Valencia	4	2*	100%*
Chairman**	Fulgencio S. Factoran, Jr. **	4	1**	100%**
Member	Frederick Y. Dy	4	4	100%
Member	Martin Antonio G. Zamora	4	4	100%

*Mr. Valencia was appointed as Chairman of the Board Risk Oversight Committee on May 8, 2020.

**Mr. Factoran served as Chairman of the Board Risk Oversight Committee until April 5, 2020.

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 2020:

BOARD	NAME	NUMBER OF MEETINGS HELD DURING THIS YEAR	NO. OF MEETINGS ATTENDED	%
Chairman	Gerard H. Brimo	3	3	100%
Member	Philip T. Ang	3	3	100%
Member	Frederick Y. Dy	3	3	100%

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 Angelo Raymundo Q. Valencia (Independent Director) as members. Mr. Angelo Raymundo Q. Valencia replaced the late Mr. Fulgencio S. Factoran, Jr. as a member of the Committee on May 8, 2020.

The Committee is tasked with reviewing all material and related party transactions of the Company to ensure that such transactions are conducted on terms which 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 Committee held one meeting in March 2020 wherein Messrs. Kamiya, Factoran, and Dy were present.

Nominations Committee

The Nominations Committee reports directly to the Board and is composed of Mr. Martin Antonio G. Zamora as Chairman and Mr. Angelo Raymundo Q. Valencia (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 2020 wherein all three members were present.

EXECUTIVE IMPLEMENTATION

Chairman

Mr. Gerard H. Brimo is the Chairman. 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 Officer

Mr. Martin Antonio G. Zamora is the President and Chief Executive Officer of the Company. As President, he 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 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.

Compliance Officer

Ms. Georgina Carolina Y. Martinez, Senior Vice President – Corporate Services and Compliance, 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 to 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

Mr. Patrick S. Garcia is the Company's Chief Audit Executive effective May 1, 2020. He replaced Ms. Maria Angela G. Villamor who assumed the role of Group Financial Controller also on the same date. 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.

COMPLIANCE

GRI 103-1, 103-2, 103-3, EM-MM-210a.3

NAC considers itself an active partner of the Department of Environment and Natural Resources (DENR) and its agencies, including: the Mines and Geosciences Bureau (MGB), the Environmental Management Bureau (EMB), and the Biodiversity Management Bureau (BMB). The Company is committed to the DENR's goals and objectives as articulated in the policies and laws they prescribe.

Beyond compliance, NAC champions the principles of 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), benefiting people and communities.

All NAC subsidiaries abide by the commitments stipulated in the Environmental Compliance Certificates (ECC), specified in the approved Work Programs, respecting and following pertinent rules and requirements for responsible mining operations.

The unique challenges that organizations like NAC faced in 2020 included having to manage more employees working from home, which required additional data security policies. A governance structure for data privacy management was therefore put in place, as defined in the Company's Data Privacy Policy.

Hence, as part of the policy, particularly on Corporate Mission Critical Applications, nothing is allowed to be accessed via public internet without prior written approval from the NAC Assistant Vice President for Management Information System and Information Technology. Only the Company's safe and secure e-mail system is publicly available over the internet, as it is protected by SOPHOS UTM for inbound and outbound attacks or DDOS. The Company holds ownership of company-assigned mobile phones and workstations, and additional anti-virus software was installed and kept updated with both Cloud Services and UTM Heartbeats to ensure safety against cyber threats.

The Company deployed on-premises UTM appliances at every internet entry point in the organization to have advanced detection, security, and protection. These were also deployed in workstations that communicate their protection status to their respective firewall, ensuring that only clean workstations are accessing the network. We have also deployed cloud-based email protection from SEG Trustwave to protect the Company from attacks such as spam, phishing, and malware. With these precautions and changes, no data breaches were recorded in 2020.

SUPPLY CHAIN MANAGEMENT

NAC has institutionalized its management-level responsibility for a sustainable supply chain management approach, allowing it to maintain efficiency while pursuing continuous process improvement.

The Company considers the social, environmental and economic performance of suppliers and assesses these through an accreditation process that needs to be completed before any transaction, facilitated by its Accreditation Committee. Aside from track record, quality, cost, and delivery lead times, the committee insists on Safety, Environmental, and Regulatory compliance from its suppliers and vendors.

In 2020, NAC also added some requirements for accreditation such as Department of Labor and Employment (DOLE) Certificate of Registration and essential Bureau of Internal Revenue (BIR) documents.

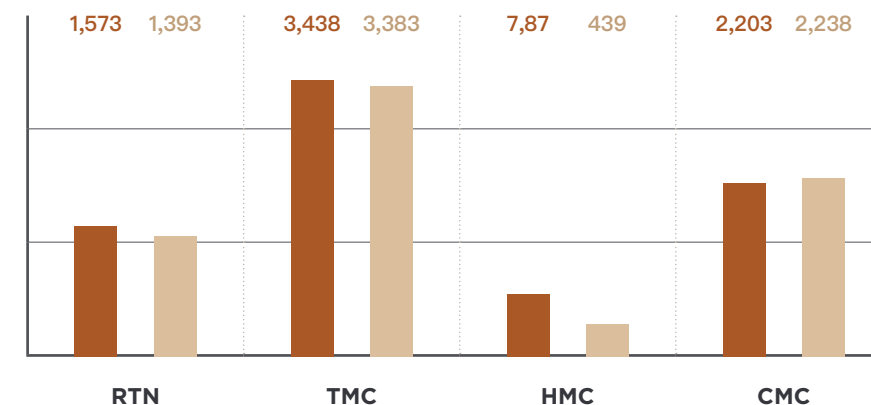
Another milestone for the year was the launch of the Enterprise Resource Planning (ERP) system through the SAP platform, piloting the roll-out were the NAC Head Office and CMC.

Additionally, the company carefully monitors non-compliance incidents or practices across its supply chain, with the ultimate penalty of a ban for suppliers that cannot comply. As fair practice, the company engages with non-compliant suppliers to help them reach compliance, with formal coordination meetings conducted for suppliers or contractors to raise concerns. There were no instances of non-compliance in 2020 in view of the pandemic, as the Company factored in flexibility in response to the local situations, thereby helping many local suppliers cope with the shifts and restrictions brought about by the times.

TOTAL SPENDING

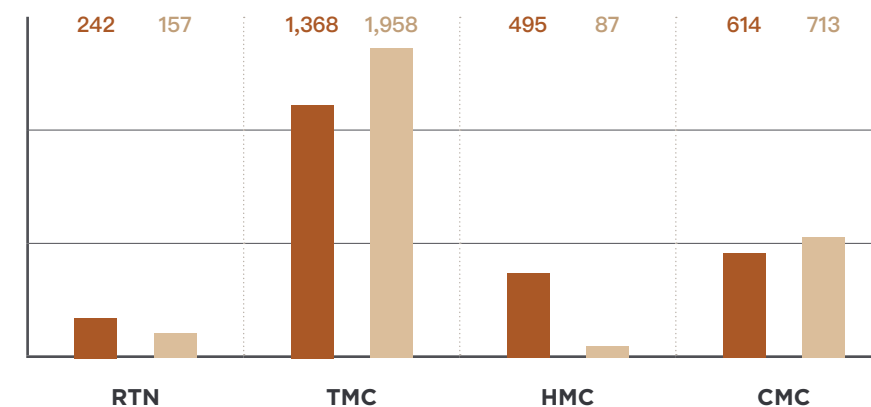
Total Spending (in millions PhP)

2020
2019



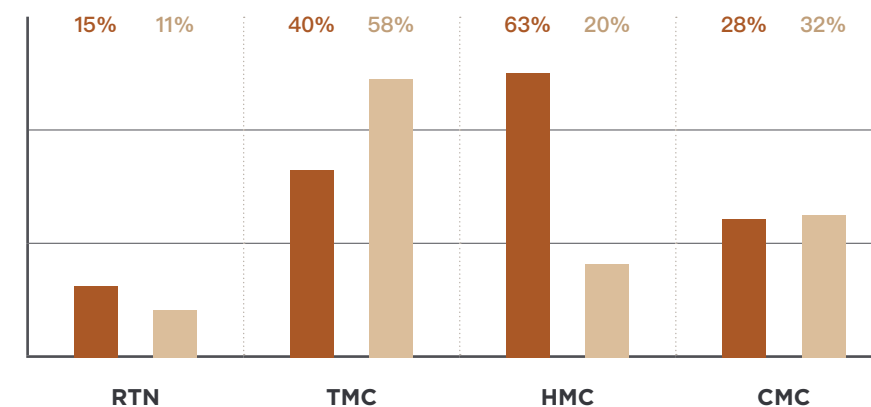
Spending on Local Suppliers (in millions PhP)

2020
2019



Percentage of spending on local suppliers

2020
2019



Whenever possible, the Company prioritizes local suppliers because majority of them are authorized distributors of foreign principals. With local suppliers, the Company can pay in Philippine Peso and have standard terms of payment. Goods and services being procured from local suppliers include spare parts, tires, lubricants, fuel, safety products, chemicals, consumables, mining manpower, and security services. Host and neighboring communities are also involved in local procurement initiatives, optimizing sources of indigenous raw materials. By championing local materials through local suppliers, NAC supports national economic growth through its sustainable value chain.

Since an efficient supply chain is essential to sustainability, NAC takes proactive measures to ensure materials and service received from suppliers are at par with its high-quality standards. This is done through constant coordination with end-users to monitor the performance of both local and foreign suppliers and vendors.

ETHICAL OPERATION

EM-MM-510a.1

NAC's Code of Business Conduct and Ethics and its Corporate Governance Manual, along with the Anti-Corruption Policy, help the Company drive consistent adherence to good labor practices across the different units of its business.

These are emphasized during new hire orientations, as well as during the annual general orientation held for all employees. The principles of business ethics and fair conduct are also ingrained through the annual renewal of a Certificate of Integrity and Compliance that each employee needs to read, understand, and acknowledge.

From this annual exercise, employees also learn of the channels available to them to freely communicate their concerns without fear of retaliation. Employees or stakeholders can report possible instances of corruption through the mechanisms provided in the Policy on Employee Disclosures and Complaints. A whistleblower may file a complaint with the Corporate Governance Officer (CGO) through the appropriate Company reporting channels. The whistleblower may elect to identify himself or remain anonymous in accordance to the Anonymity Principle under Sec. 4 (b) of the policy.

Any and all reports are properly dealt with and referred to either HR, Legal, or the Resident Mine Manager. Externally reported cases of corruption are initially handled by ComRel and then referred to Legal, HR, and the Resident Mine Manager (RMM) for appropriate handling.

Confidentiality is stressed in these procedures, as the policy expressly prohibits the retaliation against any whistleblower. Whistleblowers or witnesses who choose to identify themselves are likewise protected from retaliation and harassment, and violation of such may be the subject to disciplinary measure by the Company.

CONTRIBUTION TOWARDS ECONOMIC GROWTH

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

NAC is cognizant of our role in stimulating and promoting local economies where our mines operate. The Company's economic value distribution data shows that employees, suppliers and contractors, host and neighboring communities, local and national government, and stockholders all benefit from the practice of good governance which inculcates inclusivity and resilience into its performance, while generating economic gains for all.

Because its employees are the drivers of its business' success, NAC provides compensation packages that are on par or even better than industry standards. When COVID-19 came to the country, the Company provided comprehensive health and safety measures for all employees so they may work in a safe and healthy environment. Rapid testing was conducted every two weeks; and face masks, shields and vitamins were distributed to compliment the health and safety measures set up by the Company. Furthermore, the 13th month pay was released in advance in the first half of 2020 so that employees could better cope with the financial impacts of the pandemic. Most significantly, no employees were separated or laid off, and there was no pay reduction done despite the cost of responding to the pandemic.

With its suppliers and contractors, NAC consistently followed fair practices, offering reasonable rates and purchase rates at market prices, and paying liabilities when they fall due. Purchases from local suppliers accounted for about 39% of the Company's total procurement for the year 2020.

In engaging with its host and neighboring communities meanwhile, NAC and its operating companies also have corporate social responsibility (CSR) programs over and above the mandated SDMP. In the case of host communities with Indigenous Peoples (IPs) residents, the Company shares 1% of its revenue to the IPs in the form of royalty. Total royalties paid in 2020 amounted to PhP137.85 million.

Furthermore, NAC places great importance to its responsibilities towards its shareholders. Due to this, NAC maintains a policy to distribute at least 30% of its income as dividends. For the year 2020, NAC paid PhP0.09/share regular dividends and two special cash dividends of PhP0.22/share and PhP0.14/share.

In supporting the government and national economic development, NAC ensured that it paid correct taxes on time, receiving recognition for its responsible actions. The prompt payment of taxes ahead of the deadline provided additional boost to the government's social amelioration program, emergency health measures and the economic stimulus packages all meant to cushion the impact of the pandemic. This was noted by the country's Finance Secretary Carlos Dominguez III as he hailed the country's top 500 taxpayers which settled their corporate and income tax returns (ITRs) ahead of the extended deadline due to the coronavirus lockdown.

Aside from this, the company complies with all other requirements of tax authorities such as annual tax reviews, as it puts compliance with all applicable tax regulations as an overarching goal in its tax management. The company has publicly stated its commitment to compliance with tax

laws and regulations and faithfully reports on its approach to transfer pricing through disclosures in related party policies, material related party balances, and new BIR disclosures. NAC does not use tax havens and chooses to course discussions and concerns on industry-specific impacts of tax regulations through the COMP.

At the national level, overall operations paid PhP861.25 million in excise taxes and PhP2.36 billion in income taxes. Total taxes paid by overall operations in 2020 reached PhP5.85 billion, with PhP317.64 million going to the local government units (LGUs).

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 Company to pursue 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



RISK MANAGEMENT STRUCTURE

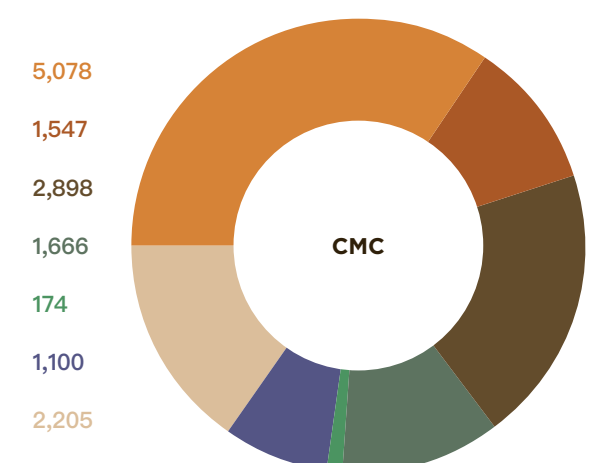
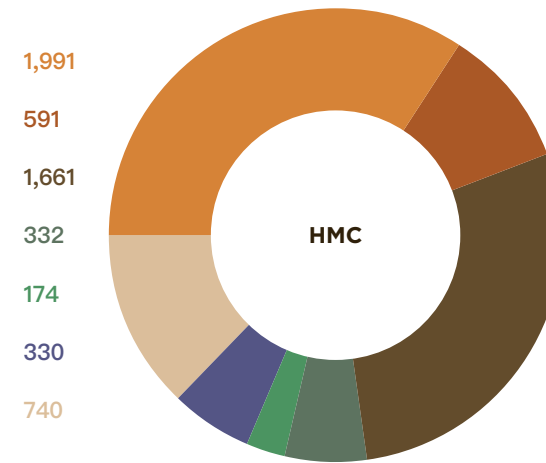
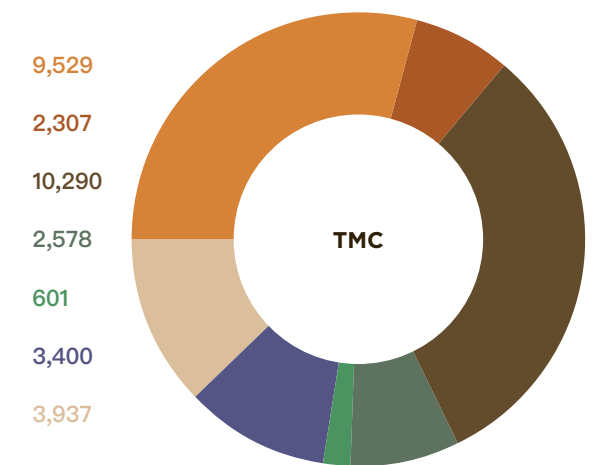
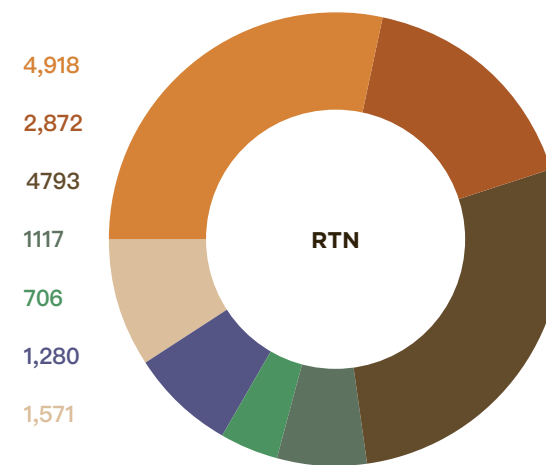


The Board, through its Board Risk Oversight Committee, has the responsibility of overseeing risk management within the Company. Assisting the Board is the Chief Risk Officer (CRO) who, in turn, is supported by the Risk Management Committee. The Risk Management Committee is responsible of ensuring that all significant risks are managed adequately. The Company CRO reports the 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, assess and monitor risk management effectiveness for the critical and more significant risks identified in the operating company. The Internal Auditor reports, to the Audit Committee, the results of the review of the effectiveness of the risk management strategies and action plans adopted by management.

ECONOMIC PERFORMANCE SUMMARY
(in Million PhP)

- Direct Revenue Generated
- Costs and Expenses
- Total Assets
- Taxes, Licenses, and Fees Paid
- Employee Compensation and Benefits
- Dividends to Stockholders
- Payments to Suppliers





WELFARE OF OUR EMPLOYEES



Jerlyn Gooe - CMC Lady Driver

EMPLOYEE DIVERSITY

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

In the midst of a global health crisis that resulted in unprecedented community quarantines in the country, NAC demonstrated a people-first focus as it adjusted processes and policies to quickly respond to the government directive for work-from-home arrangements, along with public transportation and community access restrictions. All throughout the Enhanced Community Quarantine (ECQ) period up to the time when restrictions were gradually loosened, the Company focused on protecting its people through appropriate solutions that supported its employees' safety and wellbeing throughout the challenging period.

NAC undertook various steps to ensure a safe work environment for its employees, in order for them to be productive, safe and financially supported throughout the crisis. These initiatives include: arranging for work-from-home and flexible work set-ups, ensuring regular salaries are paid with no manpower reductions, approving leave credits, releasing the payment of the 13th-month early, providing shuttle and transportation options, equipping its workforce with face masks and face shields, and lastly, implementing health and safety protocols such as physical distancing and the frequent disinfection of facilities.

The challenges of 2020 further strengthened the trust between NAC and its people by consistently practicing and enforcing the principles of human rights protection, fair compensation, and non-discrimination. Furthermore, the Company ensures that its employees have equal opportunities for professional and personal growth through learning and development.

Moreover, the Company believes that responsive and responsible action in times of crisis can bolster its ability to attract and retain competent and productive employees that would help the Company reach its corporate and ESG goals.

End-2020 data show that NAC's workforce reached a total of 2,787 gainfully employed individuals; of whom around 54% are from local communities and Indigenous groups. As best practice in Impact Sourcing, the Company makes

a conscious effort to ensure that locals are aware of job openings and employment opportunities so as to provide economically disadvantaged groups a chance to compete for well-paying jobs.

As an equal-opportunity employer, NAC welcomes all qualified applicants and chooses the best candidate for each position through the assessment of their technical and professional skills, their potential leadership characteristics, their interest in personal development, as well as their ability to be trained. NAC's non-discrimination policy is strictly applied at all times. People are treated with equal respect regardless of age, gender, physical disability, color, age, political affiliation, religion or ethnic origin. The company recognizes the importance of diversity in the workplace and makes sure that every employee knows they are valued, accepted and given equal opportunity.

In 2020, the Company's ratio of females to males was fairly stable at about 1:6. NAC fully supports women in mining, acknowledging female candidates even for traditionally male-held jobs such as heavy equipment operators and drivers. The percentage of women at the managerial and supervisory rose to 34% from the previous 22%.

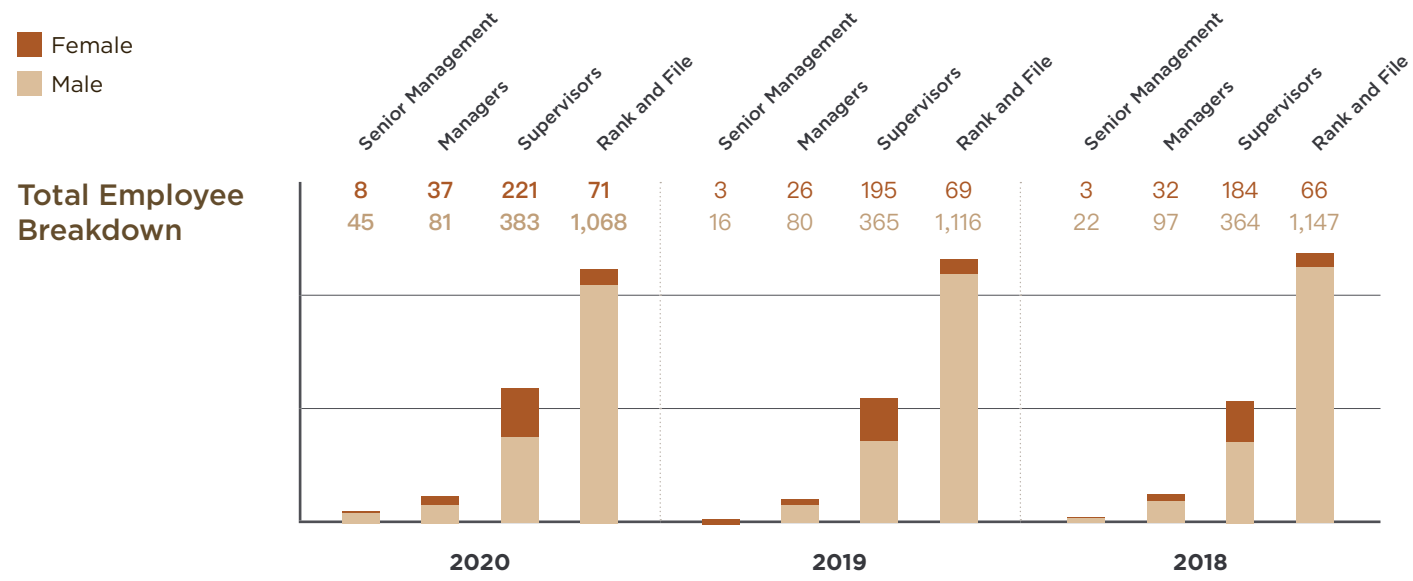
To promote diversity and inclusion, training and development programs on both technical and soft skills are made available for all employees. With the strict physical distancing policy due to the pandemic, a variety of online training and webinars were offered in place of classroom sessions. The online training sessions were designed to help employees develop the skills and knowledge that will help them further develop their career in the mining industry.

As part of employee development, the Company provides an evaluation process that tracks employee performance 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.

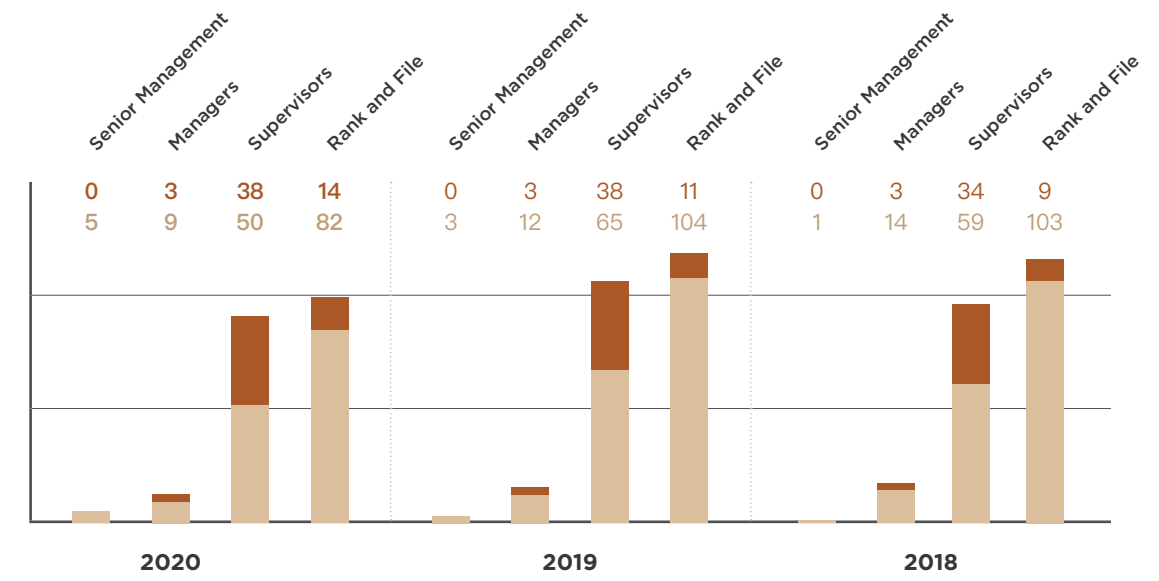
EMPLOYMENT BY POSITION AND GENDER

GRI 405-1, 102-7, 102-8, EM-MM-000.B

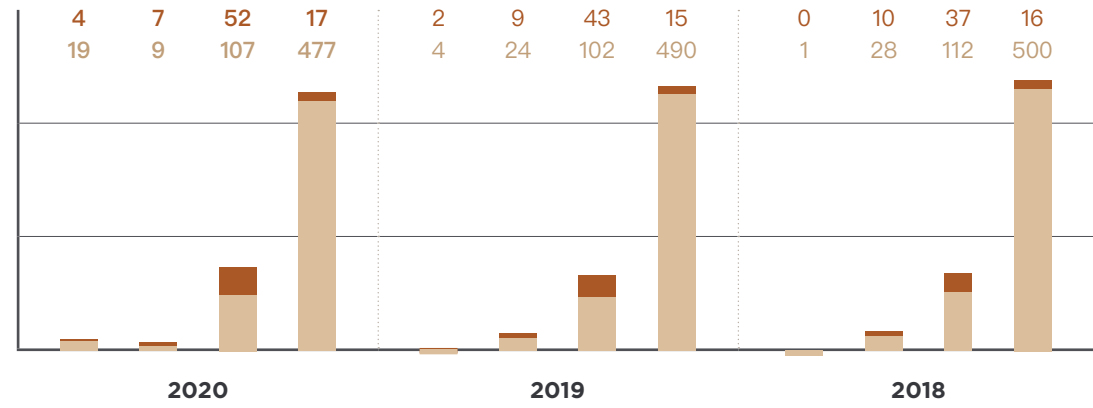
Female
Male



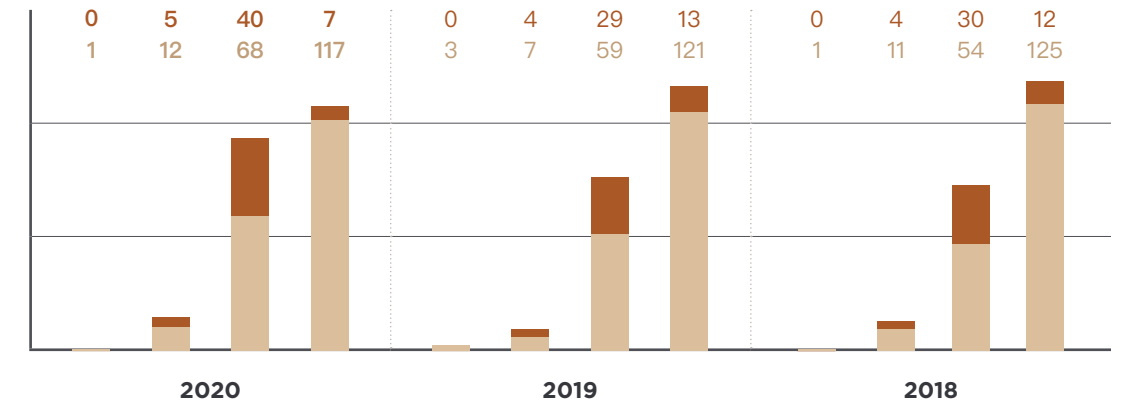
HMC Employee Breakdown



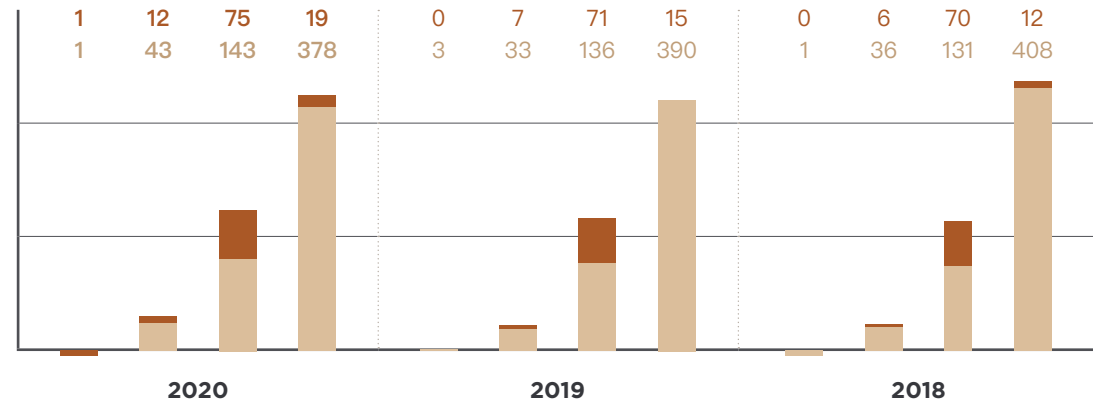
RTN Employee Breakdown



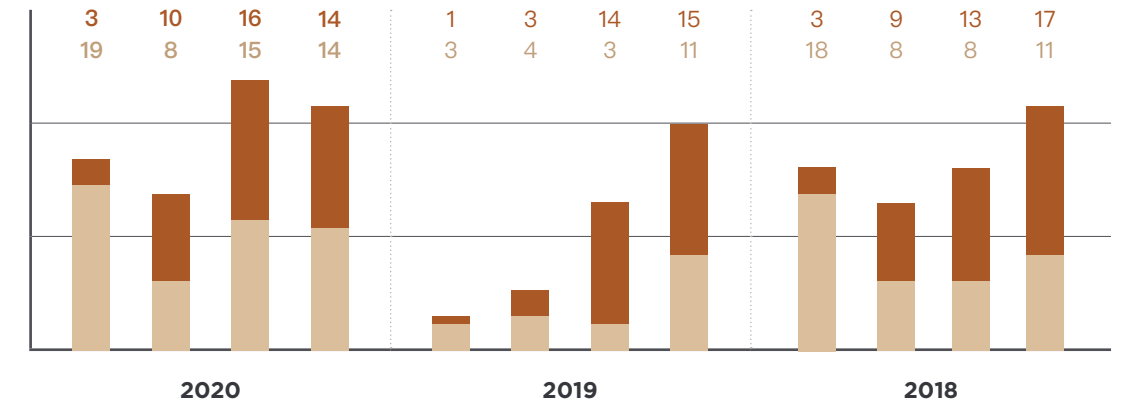
CMC Employee Breakdown



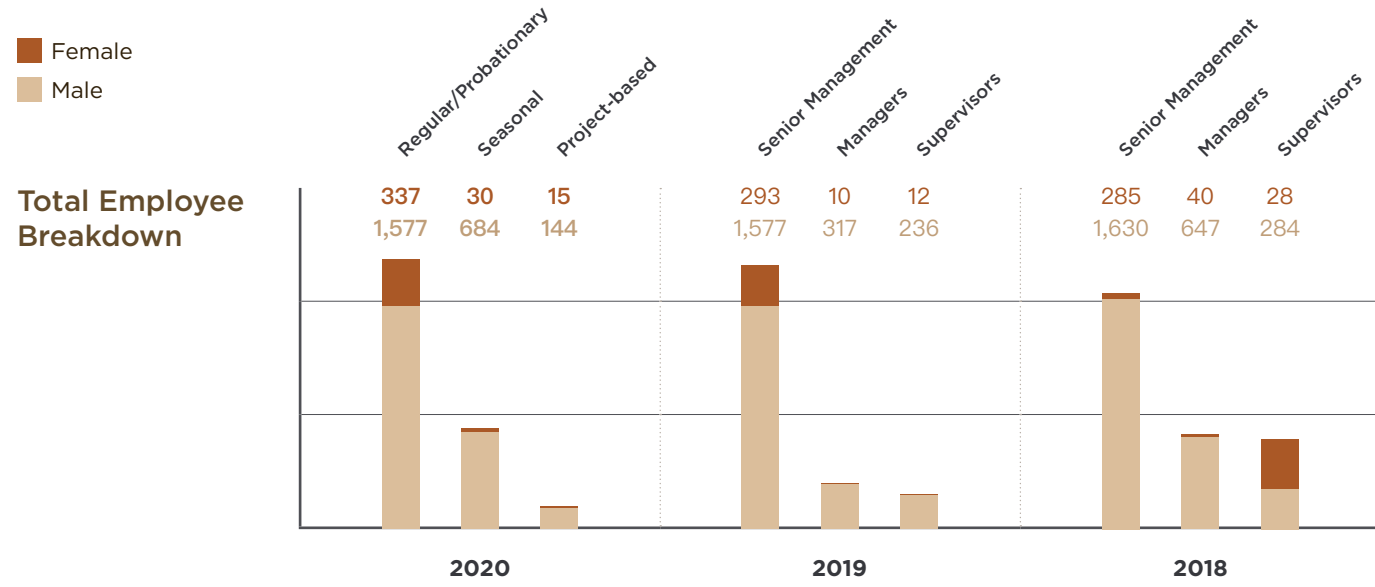
TMC Employee Breakdown



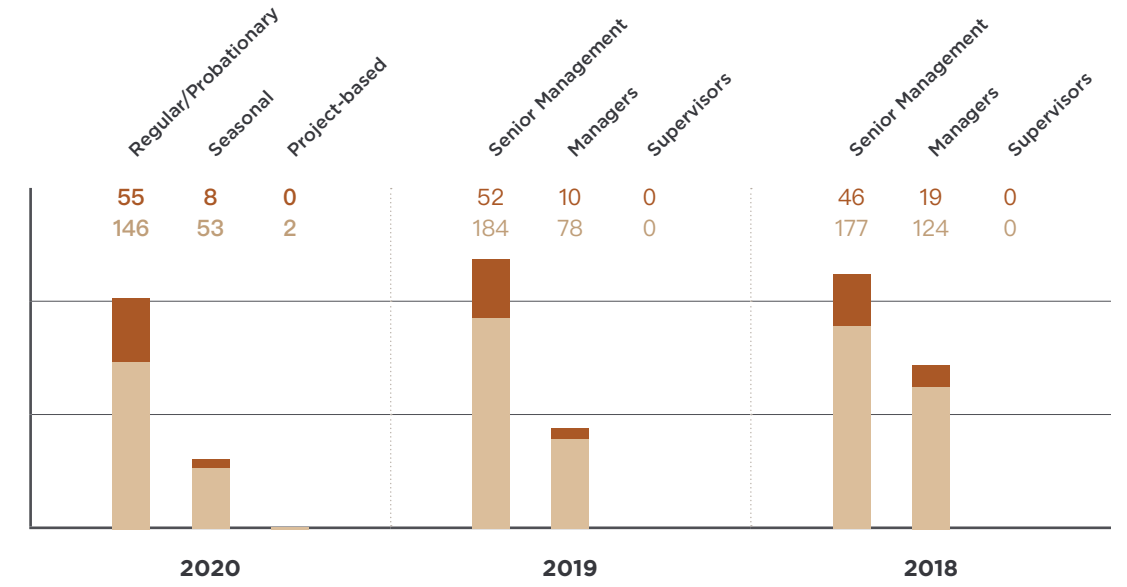
Head Office Employee Breakdown



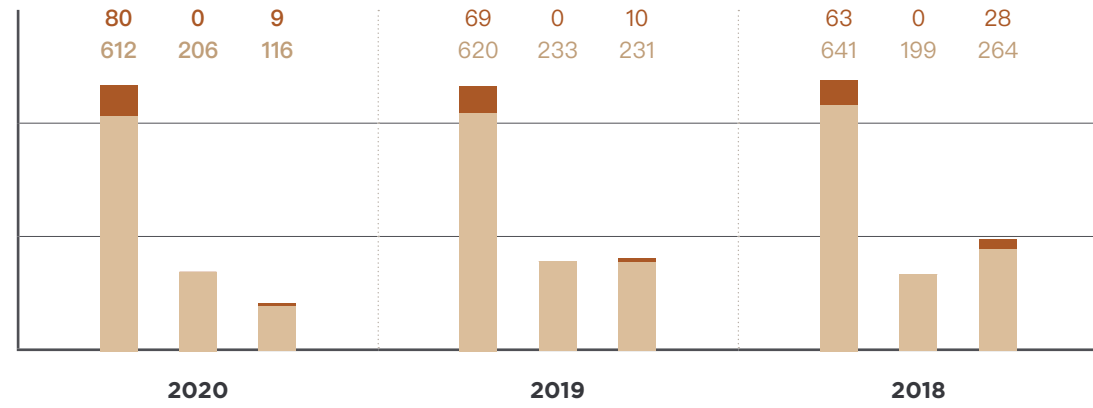
EMPLOYMENT BY CONTRACT TYPE AND GENDER



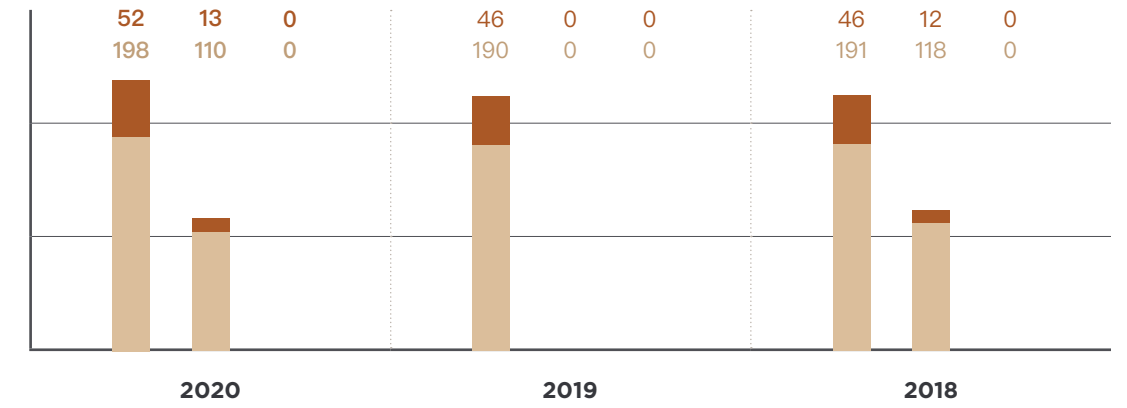
HMC Employee Breakdown



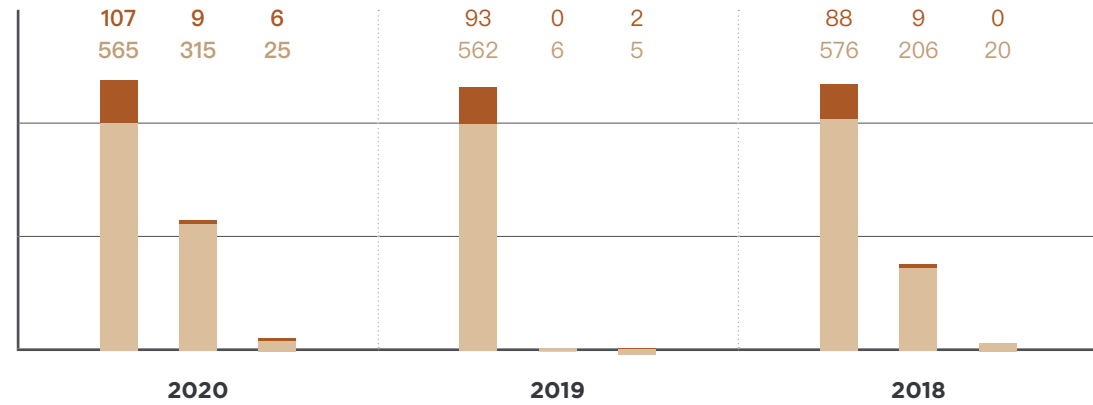
RTN Employee Breakdown



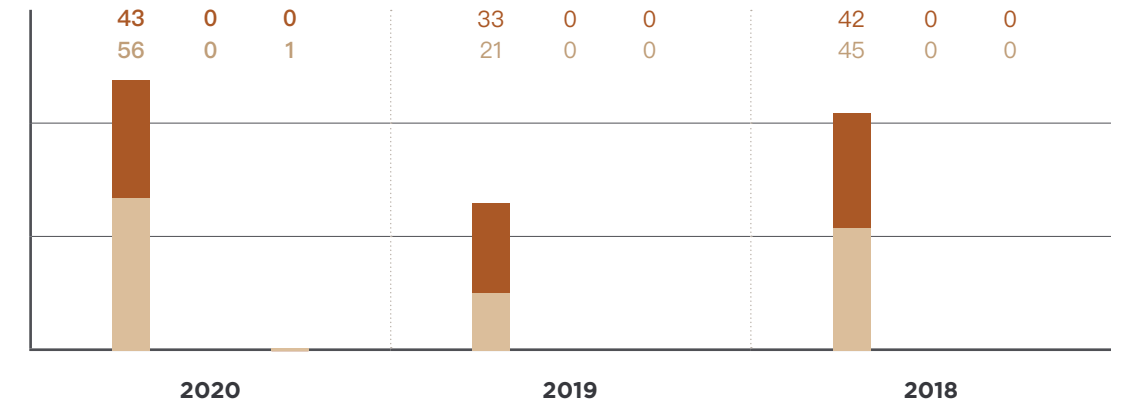
CMC Employee Breakdown



TMC Employee Breakdown



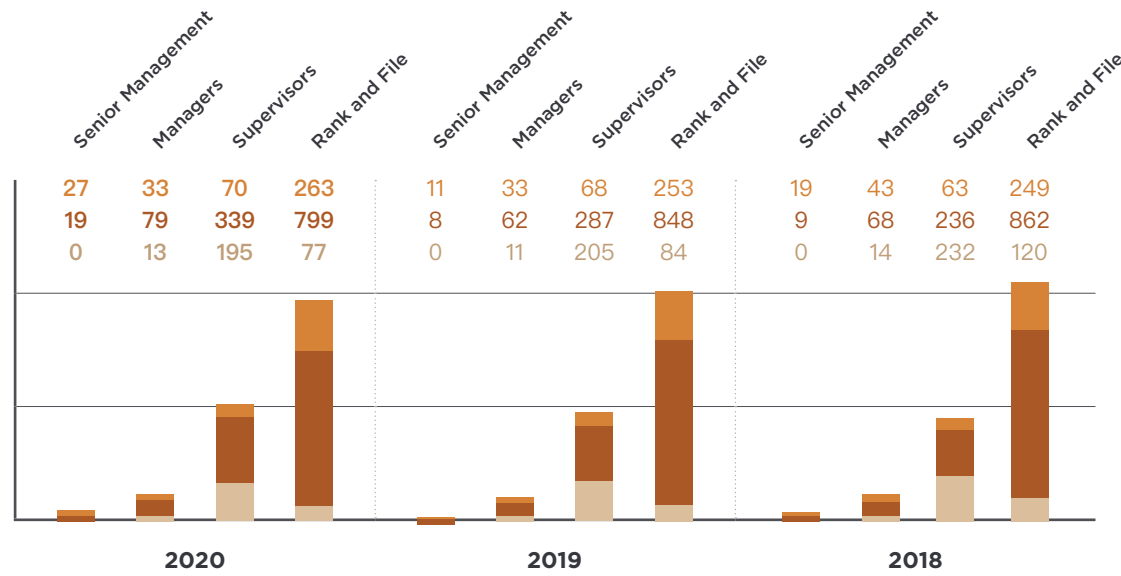
Head Office Employee Breakdown



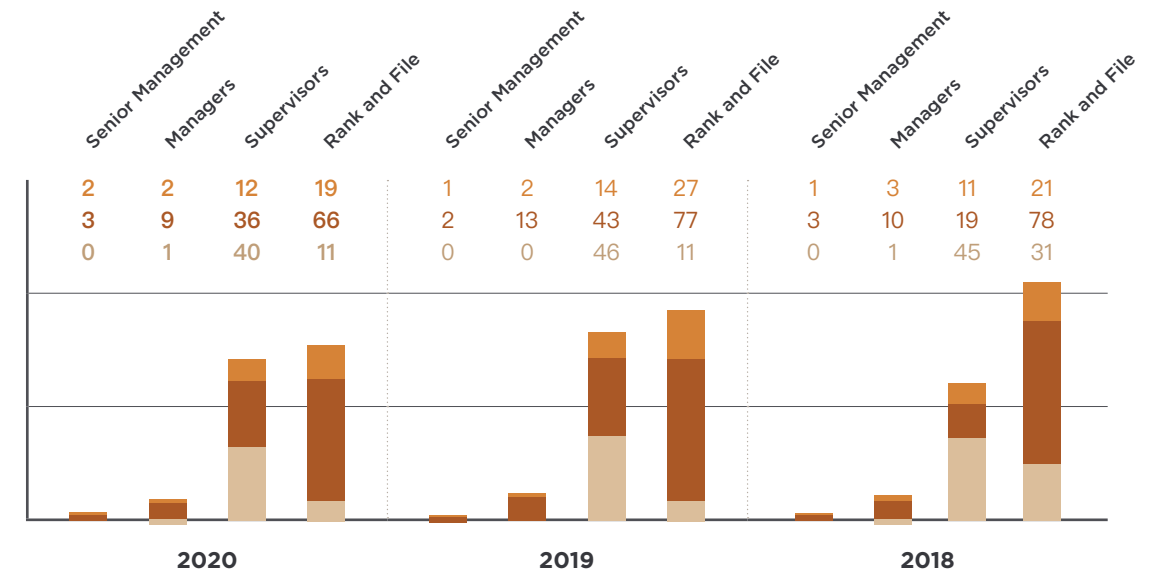
EMPLOYMENT BY POSITION AND AGE GROUP

- Over 50 yrs. old
- 30-50 yrs. old
- Below 30 yrs. old

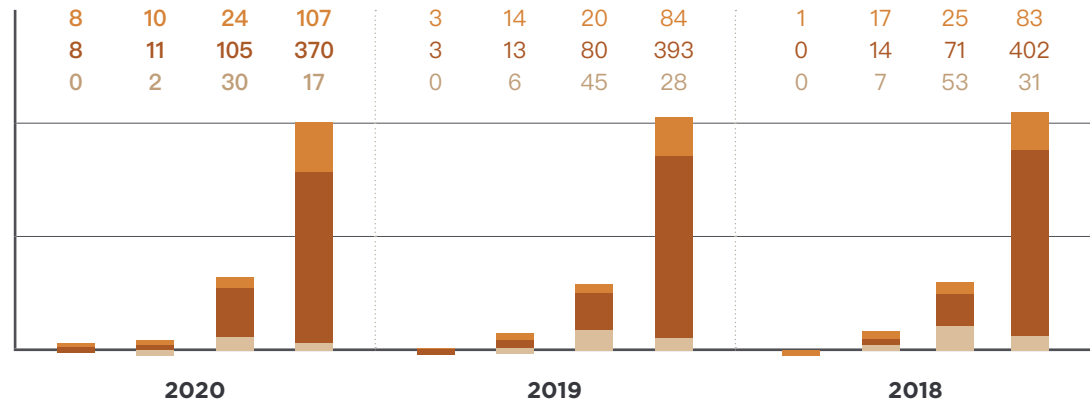
Total Employee Breakdown



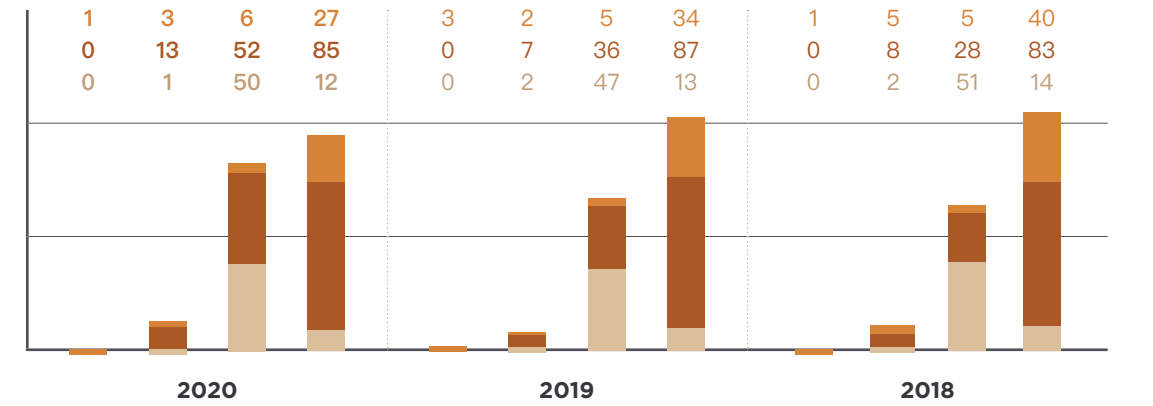
HMC Employee Breakdown



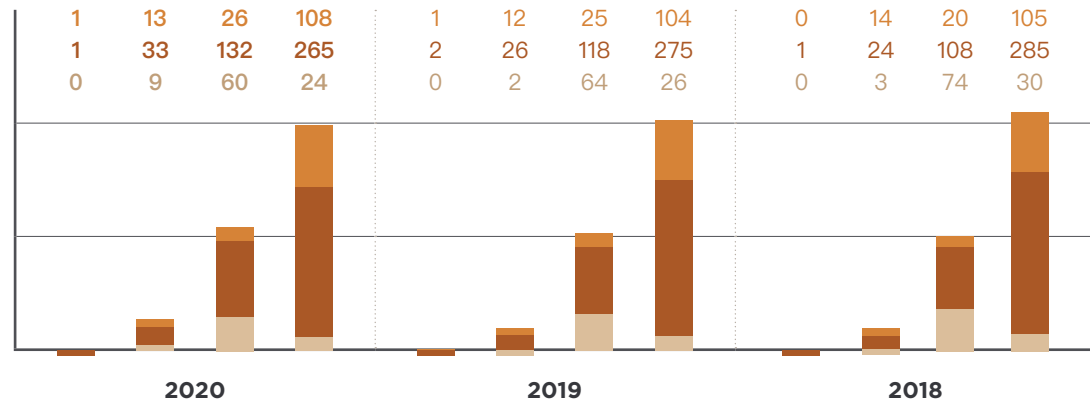
RTN Employee Breakdown



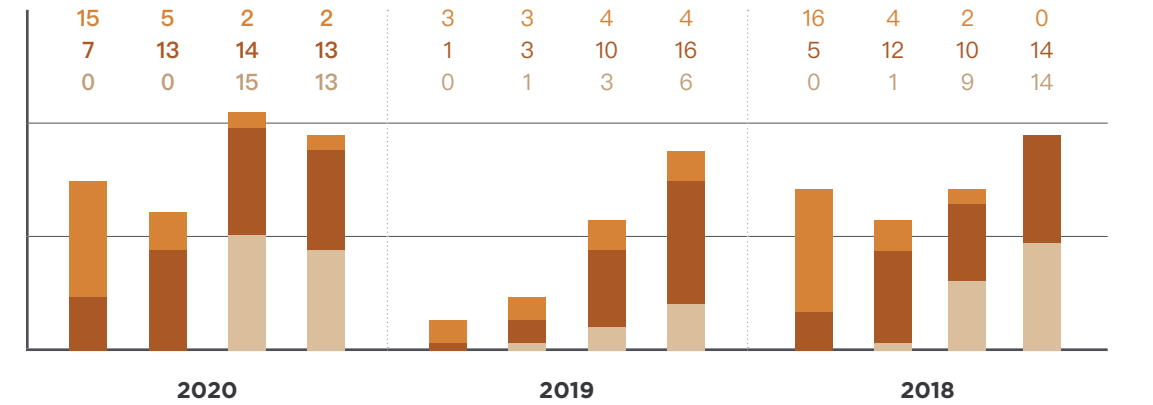
CMC Employee Breakdown



TMC Employee Breakdown



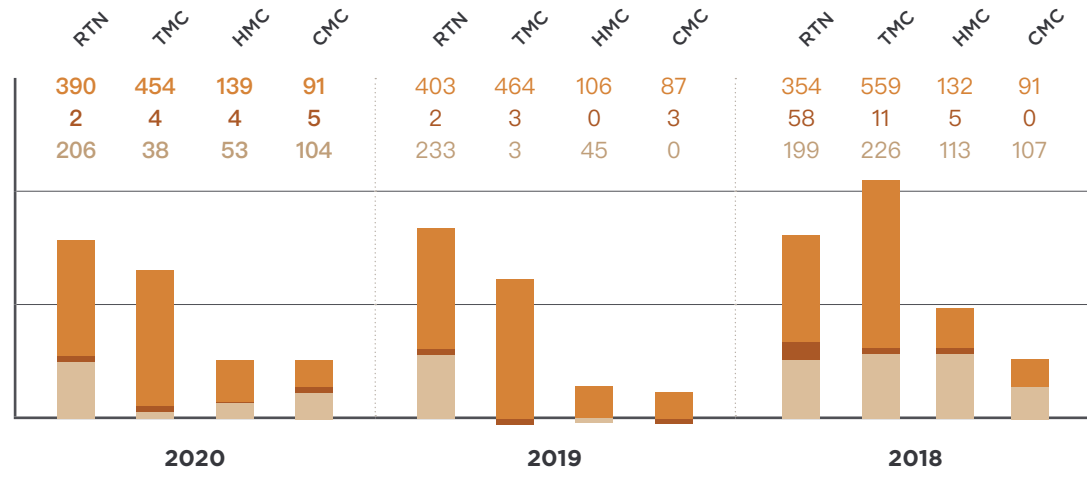
Head Office Employee Breakdown



EMPLOYMENT FROM LOCAL COMMUNITIES AND IPs

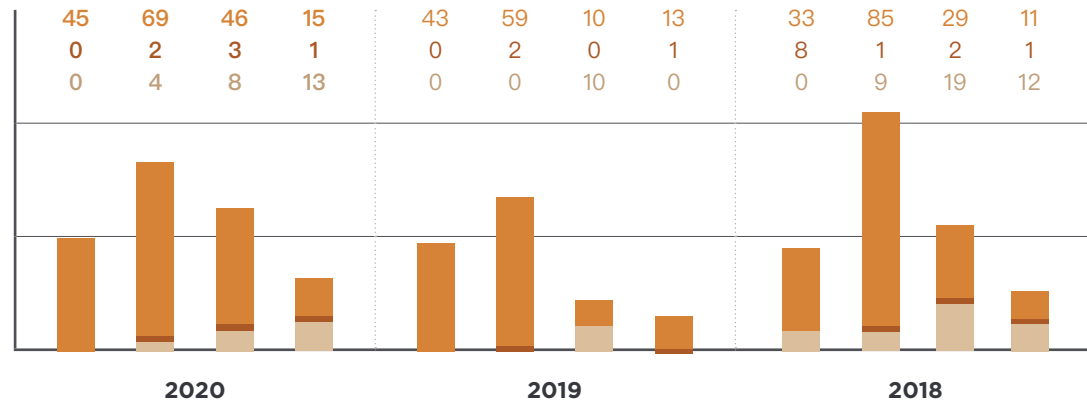
Male Employment from Local Communities

- Regular
- Probationary
- Seasonal



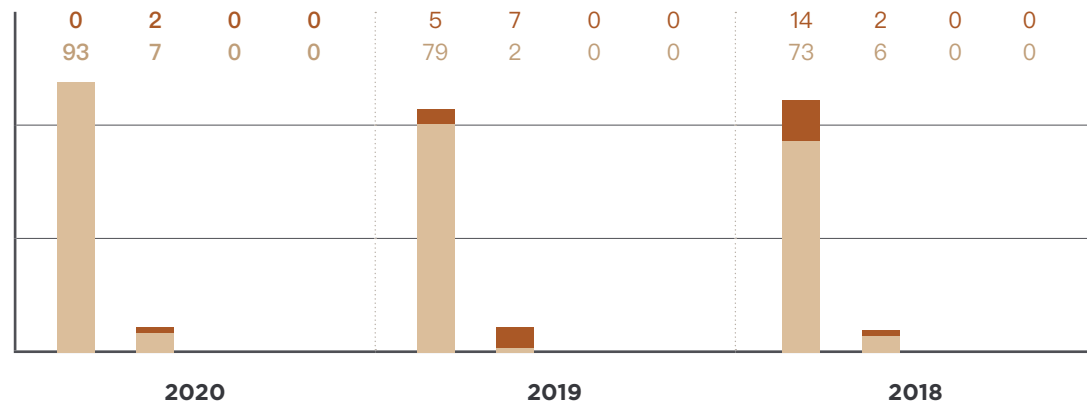
Female Employment from Local Communities

- Regular
- Probationary
- Seasonal



Indigenous People

- Female
- Male

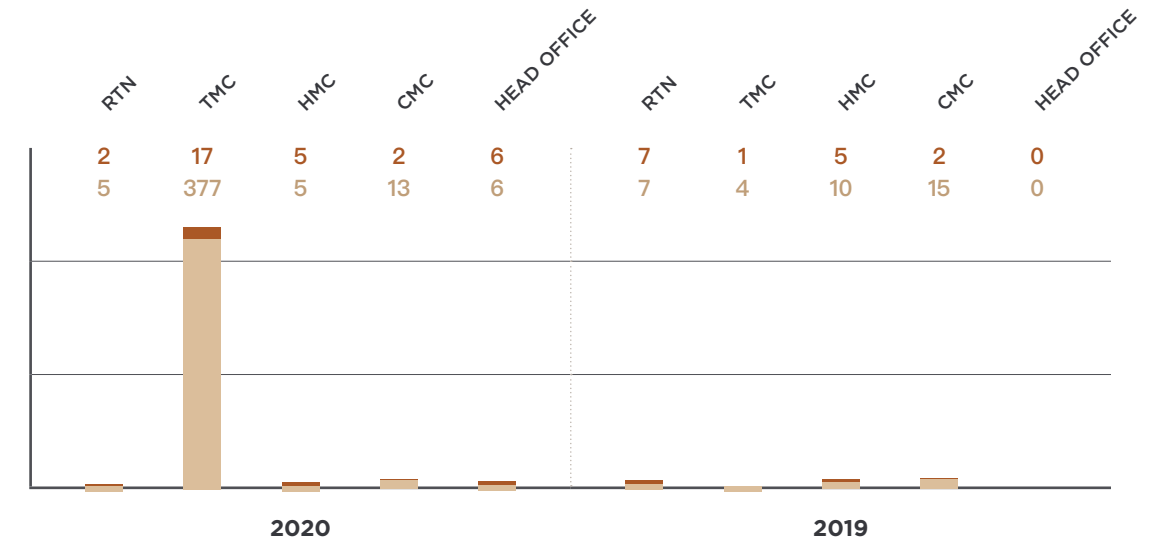


NEW HIRES AND EMPLOYEE TURNOVER

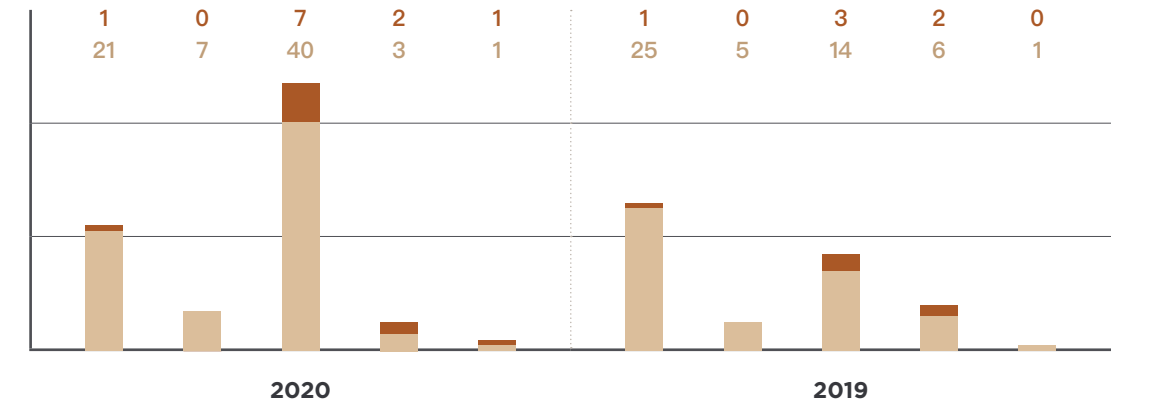
GRI 401-1

- Female
- Male

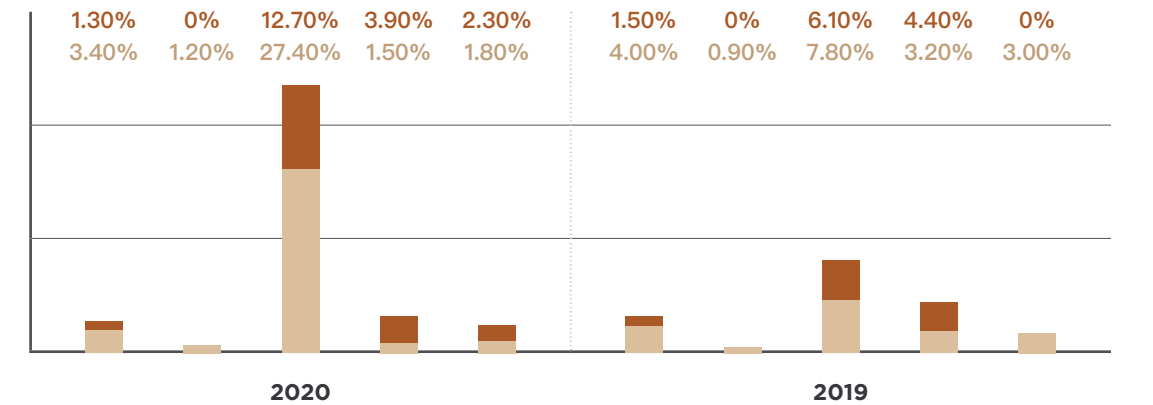
New Hires



Attritions/Turnover



Attrition Rate

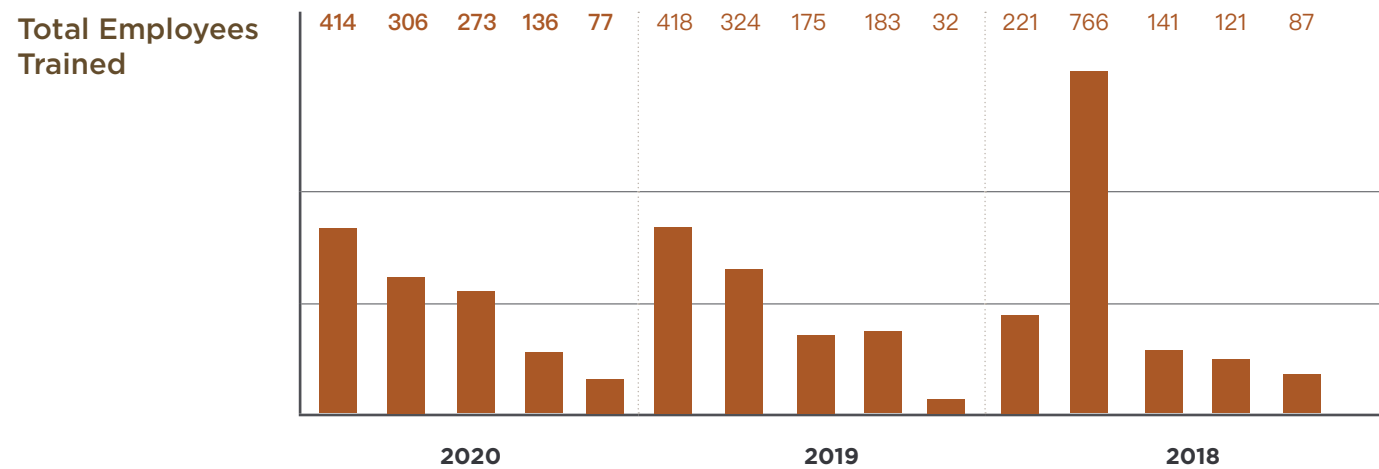
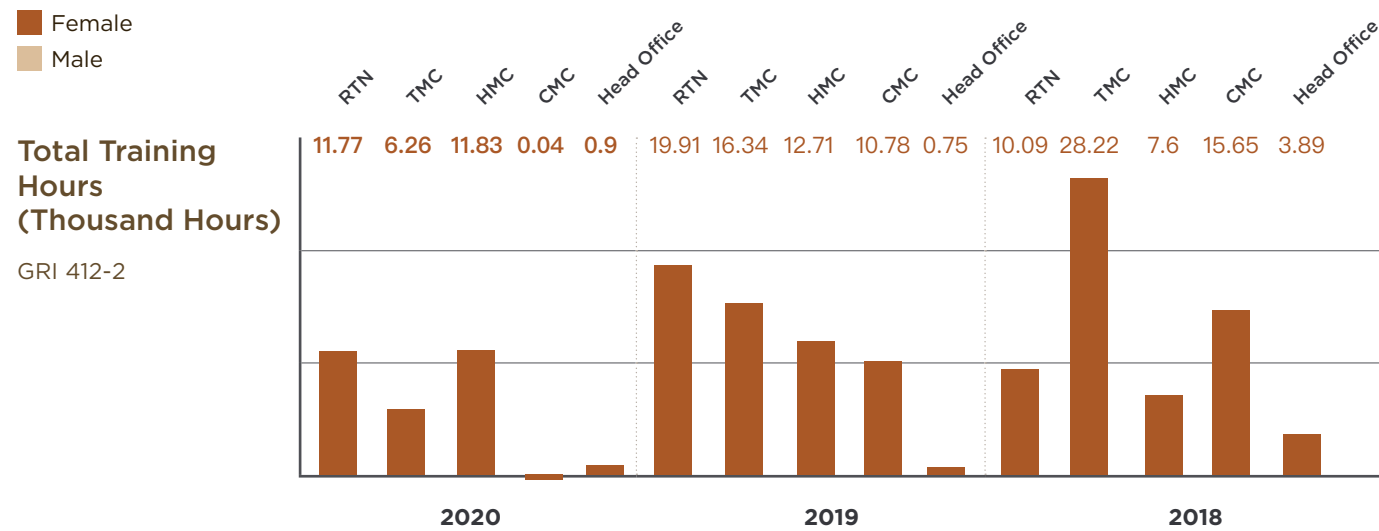


TRAINING AND BENEFITS

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

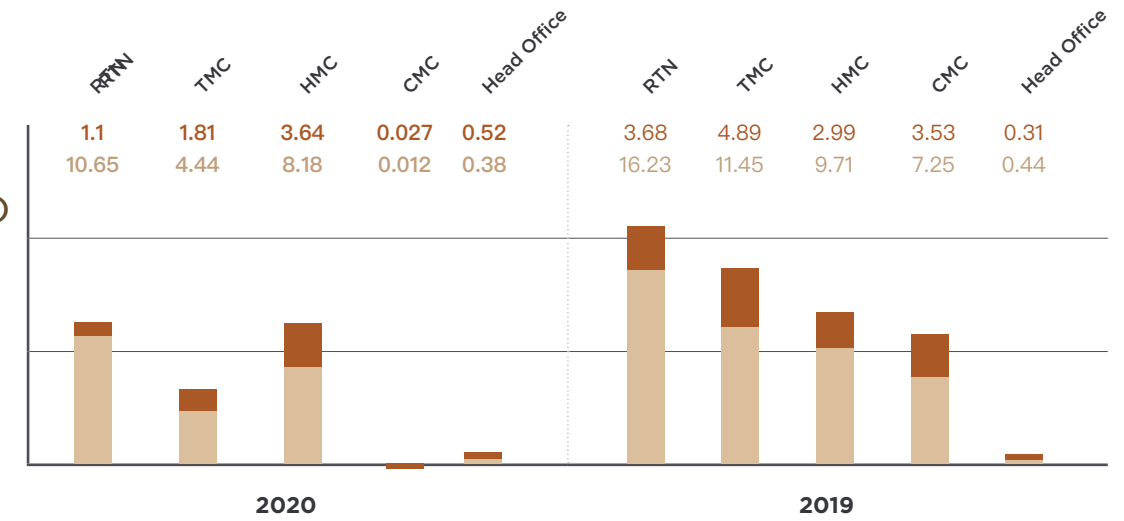
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As part of employee development, the Company provides an evaluation process that tracks employee performance using an established Performance Evaluation and Development Sheet with key performance indicators. Employees who were able to deliver excellent service throughout the year are recognized during the Service Awards program and are given promotions, bonuses and/or salary increases.



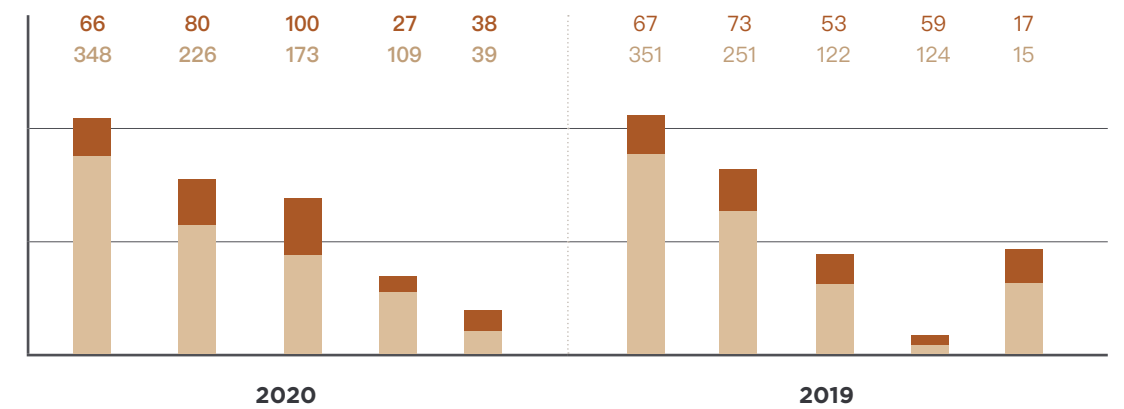
Training Hours by Gender (Thousand Hours)

Female
Male



Employees Trained by Gender

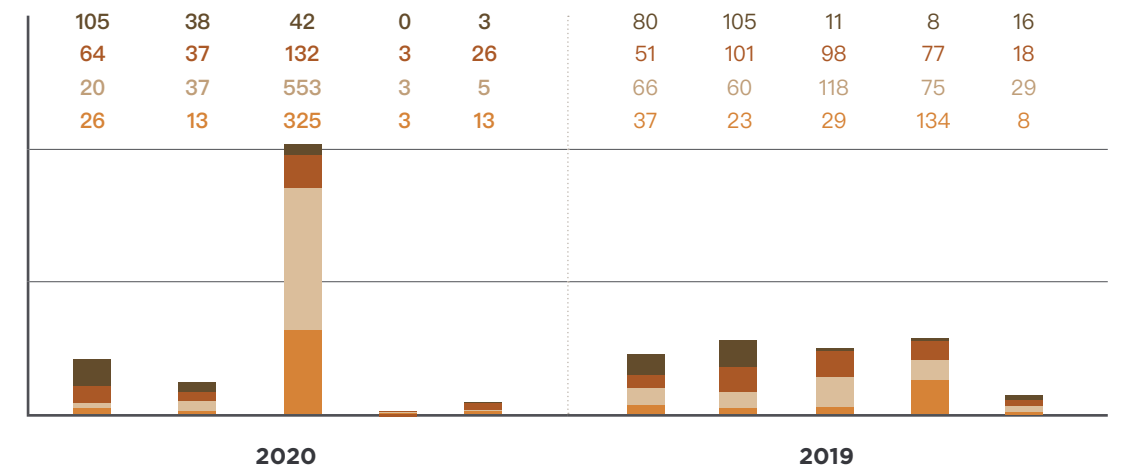
Female
Male



Training Hours Average by Position

GRI 404-1

Senior Management
Middle Management
Supervisors
Rank and File



Benefits

GRI 401-2

LIST OF BENEFITS	% OF MALE EMPLOYEES WHO AVAILED FOR 2020					% OF FEMALE EMPLOYEES WHO AVAILED FOR 2020				
	HEAD OFFICE	RTN	TMC	HMC	CMC	HEAD OFFICE	RTN	TMC	HMC	CMC
SSS	11%	33%	63%	10%	60%	7%	27%	46%	8%	35%
PhilHealth	2%	18%	20%	3%	100%	5%	8%	37%	12%	100%
Pag-ibig	5%	38%	62%	0.49%	64%	5%	13%	47%	0.15%	35%
Vacation Leaves	88%	100%	100%	1.03%	86%	90%	100%	100%	10%	89%
Sick Leaves	77%	69%	100%	0.03%	100%	70%	49%	100%	0.05%	100%
Medical benefits ^[a]	89%	100%	40%	1.03%	29%	58%	100%	54%	9%	52%
Housing assistance ^[b]	None	65%	86%	0%	N/A	0%	79%	86%	0%	N/A
Retirement benefit ^[c]	2%	2%	1%	0%	3%	2%	2%	1%	0%	0%
Further education support	0%	3%	0%	0%	9%	1%	6%	0%	0%	6.50%
Company stock options	34%	N/A	0.17%	1.38%	N/A	6.50%	N/A	0.93%	0.30%	N/A
Telecommuting	51%	0%	1%	100%	N/A	40%	11%	1%	100%	N/A
Flexible-working hours	54%	4%	1%	100%	100%	44%	54%	1%	100%	100%
Availment of free company quarters, with basic furnishing, free electricity and water	3%	24%	14%	51.48%	61%	0%	60%	14%	30%	74%
Birthday Leave (BL)	0%	52%	97%	10%	100%	0%	79%	97%	17%	100%
Medicine Allowance	100%	100%	3%	100%	100%	100%	100%	1%	100%	100%
Annual Physical Exam.	42%	100%	100%	100%	100%	44%	100%	100%	100%	100%
Rice Subsidy	100%	1%	100%	100%	100%	100%	11%	100%	100%	100%
Toiletries	N/A	N/A	8%	33.61%	40%	N/A	N/A	10%	28%	87%
Lighting Allowance	1%	N/A	99%	0%	57%	0%	N/A	91%	0%	11%
Working Uniform	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Life Insurance	0%	1%	0.01%	100%	0%	0%	11%	0%	100%	0%
Professional Tax Renewal (PRC)	5%	6%	15%	17.10%	24%	9%	21%	26%	9%	41%
Free Meals/Meal Allowance	100%	87%	28%	34%	41%	100%	82%	78%	22%	89%
Free Laundry	0%	1%	14%	35%	40%	0%	6%	12%	28%	87%
Free Room accommodation		49%			0%		79%		N/A	N/A
Others		100%					100%			

[a] Aside from PhilHealth

[b] Aside from Pag-ibig

[c] Aside from SSS

PARENTAL LEAVES

Employees who took Parental Leave

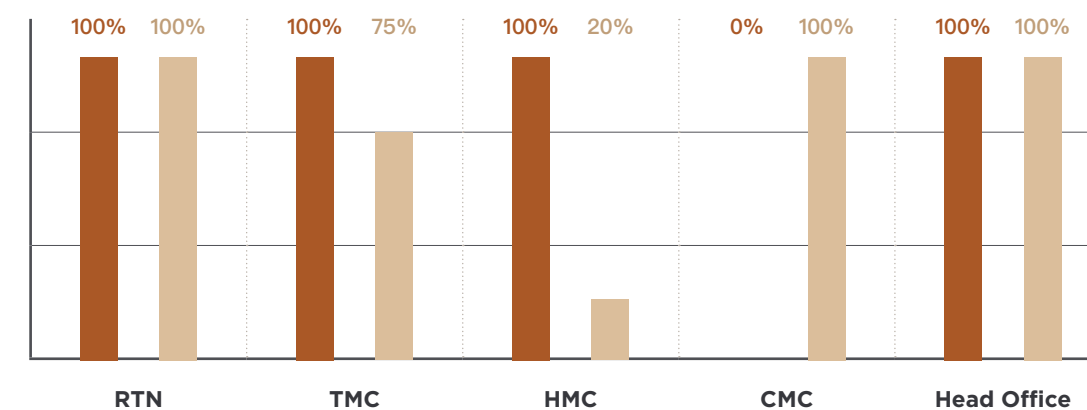
GRI 401-3

Mothers
Fathers



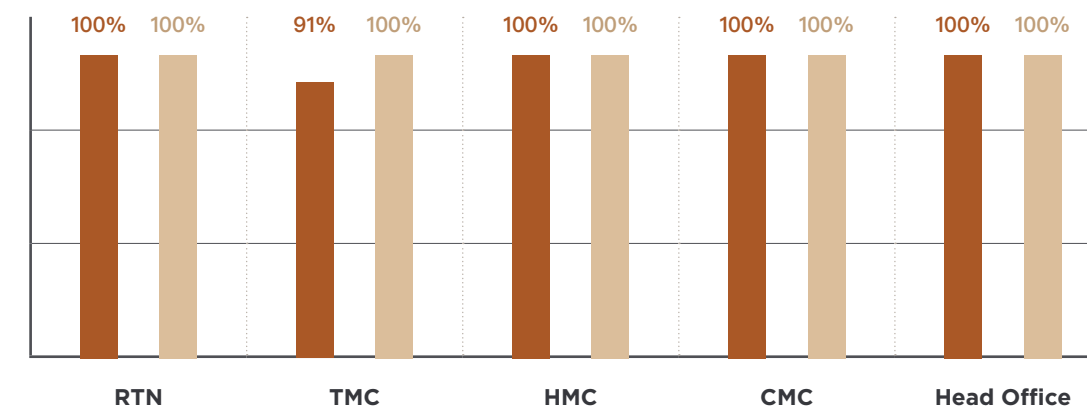
Parental Leave Retention Rate

Maternal Leave
Paternal Leave



Parental Leave Return to Work Rate

Maternal Leave
Paternal Leave



COLLECTIVE BARGAINING

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

NAC believes that recognizing and protecting our employees' rights cultivates a strong culture of trust that is essential to building a sustainable organization. We therefore fully support our people's freedom of association, and their rights to form a union towards the aim of collective bargaining. NAC recognizes its employees' unions as important partners in business, helping to build mutual trust and respect, teamwork, and openness in the various interactions between the leadership and its people.

TMC has one union, the Taganito Labor Union, which represents regular rank-and-file employees. Through the Labor Management Committee (LMC), the relationship between labor and management is actively and thoughtfully cared for. As a testament of its commitment to harmonious labor-management relations, TMC was shortlisted as a finalist in the 2019 Search for Outstanding LMC for Industrial Peace during the 12th National Convention on Labor-Management Cooperation. TMC also received a Special Award on Effective Organizational Structure which recognizes TMC for "adopting a flexible LMC structure that is responsive to the relational and business realities in the Company, thus, helping greatly in developing leadership potentials and in shaping and achieving the goals toward enhanced partnership and inclusive company growth."

HMC also has one union, called the Hinatuan Mining Labor Union (HIMLU), which is affiliated with an independent labor center called the Kilusang Mayo Uno (KMU). HMC management and HIMLU representatives hold regular Labor Management Conferences every third Friday of the month.

Meanwhile, CMC's existing Collective Bargaining Agreement also provides for regular Labor Management Conferences every third Friday of the month. 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.

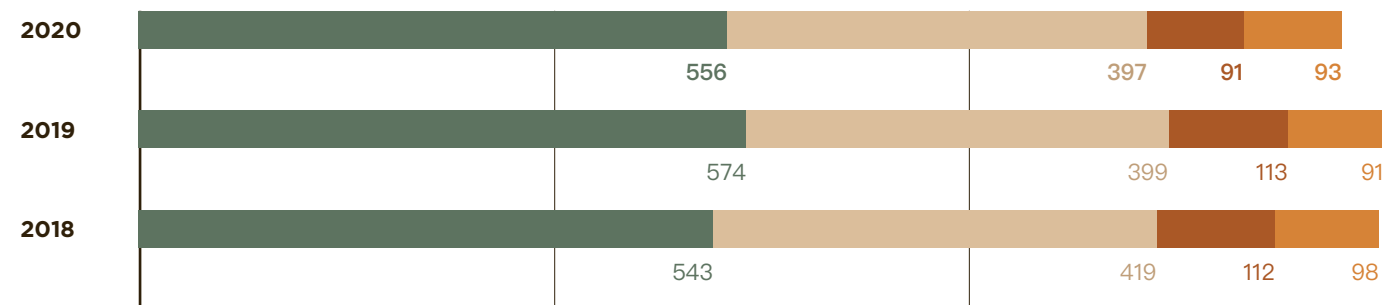
RTN has two unions, the Rio Tuba Nickel Workers Union (RTNWXU) and the RTNSU-FFW. The 2019-2020 Supplemental Agreement to the 2016-2020 CBA between RTN and RTNWXU was executed and signed on January 17, 2020 at NAC Tower, Bonifacio Global City, Taguig City with the presence of NCMB Regional (MIMAROPA) Director and DOLE Asst. Regional (MIMAROPA) Director. Through LMC and SMC meetings, both the management and the unions work together in crafting solutions on matters of mutual concern in order to create a more fair and productive workplace.

Through the unions and the CBAs, mechanisms to address grievances are agreed upon by all parties so that any and all disputes between labor and management are resolved through friendly negotiations. The CBAs clearly set out procedures that are acceptable to all parties, to ensure the fair and timely resolutions of cases. The process works because the parties share common interest in the continuity of work until all issues in the dispute have been discussed and settled, reinforcing a relationship based on cooperation and trust.

■ RTN ■ TMC ■ HMC ■ CMC

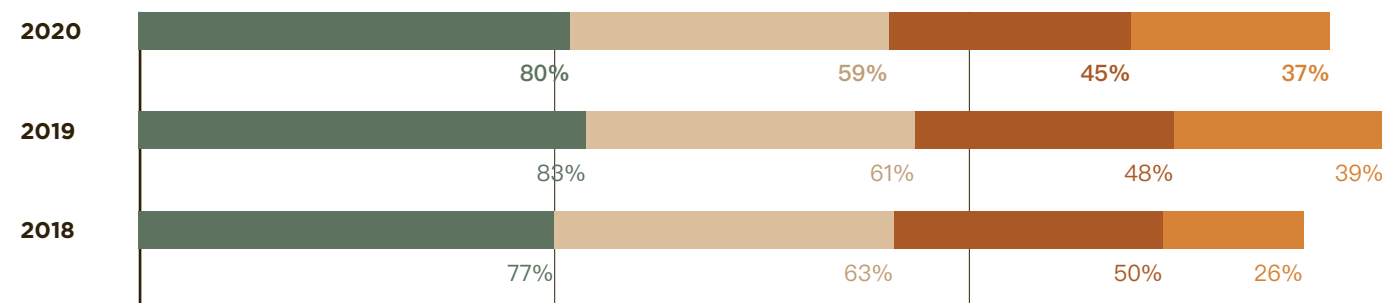
EMPLOYEES UNDER CBA

GRI 102-41

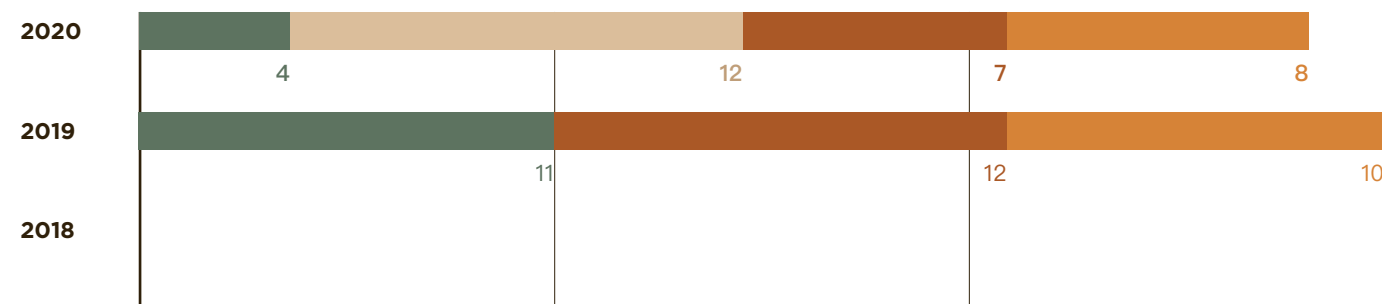


PERCENT OF EMPLOYEES UNDER CBA

EM-MM-310a.1

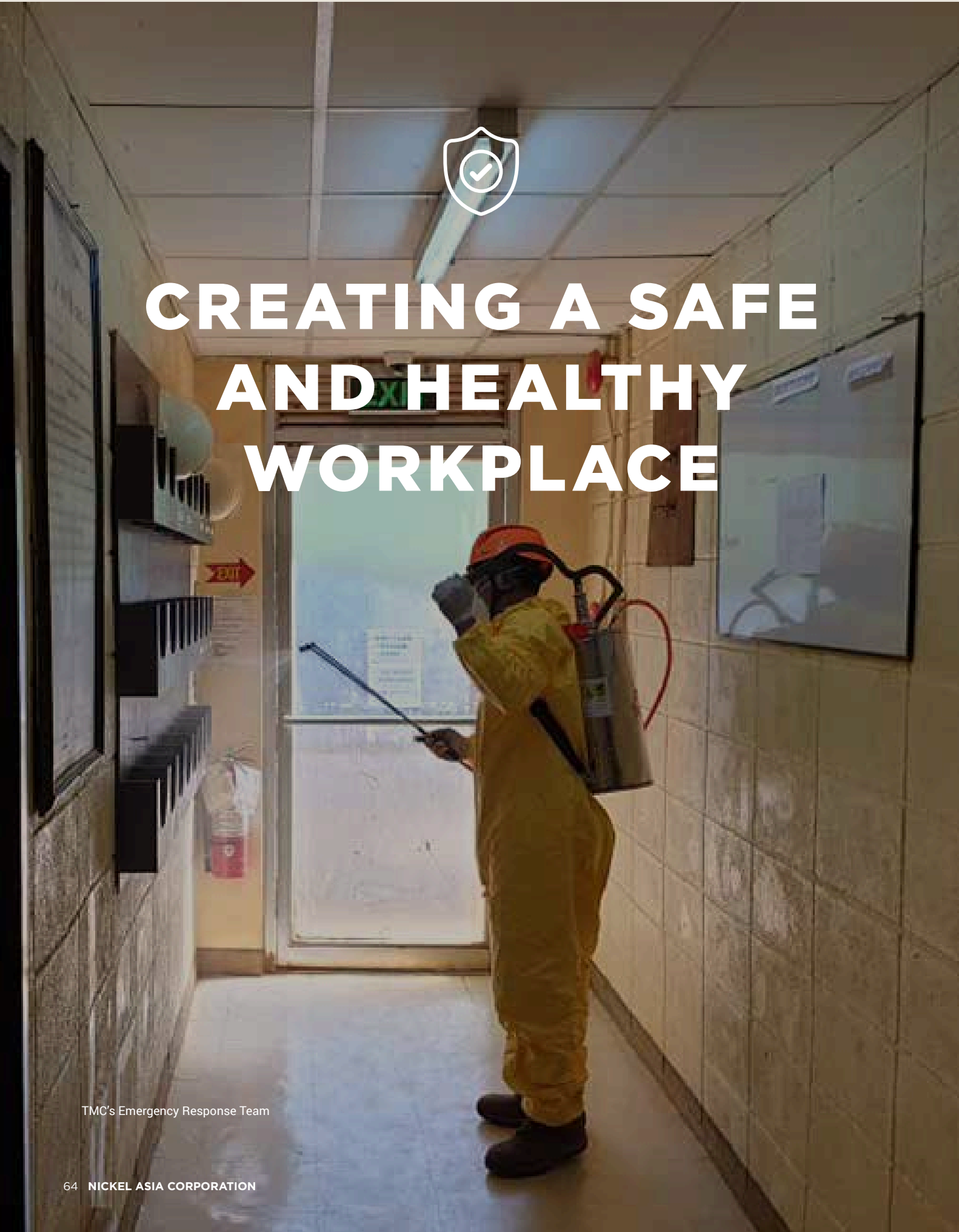


CONSULTATIONS WITH EMPLOYEE- RELATED POLICY CONCERNS





CREATING A SAFE AND HEALTHY WORKPLACE



TMC's Emergency Response Team

HEALTH AND SAFETY PROGRAMS

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

Given the nature of the work in the mining industry, NAC has had to deeply ingrain a health and safety mindset within its entire workforce. This has proven to be a great strength during a pandemic. NAC employees understand that keeping everyone safe is always the top priority— to ensure this, all employees are well-versed on the policies, standards, and processes that govern these safety principles in the mine sites.

Through proper skills training and information dissemination, NAC ensures people have the essential tools and the knowledge to enable them to keep safe and avoid risks. To implement this, the Company has a comprehensive safety program designed to mitigate risks in the work environment, and to ensure compliance with occupational health and safety standards, including the COVID-19 precautions prescribed by the government such as the wearing of face masks and face shields, and observance of physical distancing in the workplace.

The Company's standard health and safety protocols were therefore augmented to comply with specific COVID-19 response:

- Temperature checks at entrances
- Use of protective equipment and safety devices
- Prohibition of group gatherings and limitation on allowed room occupants
- Increased frequency of the cleaning and disinfecting of facilities
- Provision of hand sanitizers and soaps for handwashing
- Implementation of physical distancing in common areas
- 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

With the government-imposed community quarantines that affected operations for numerous months in 2020, the total logged man hours were lower compared to last year.

Fortunately, there were no work-related fatalities recorded nor lost time accidents for the year. There were only a few reported occupational injuries and illness that did not lead to any lost days.

SAFETY COMMITTEE & PERFORMANCE

GRI 403-4

NAC has a Central Safety and Health Committee (CSHC) driving all the mine sites' consistent execution of the safety programs.

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.

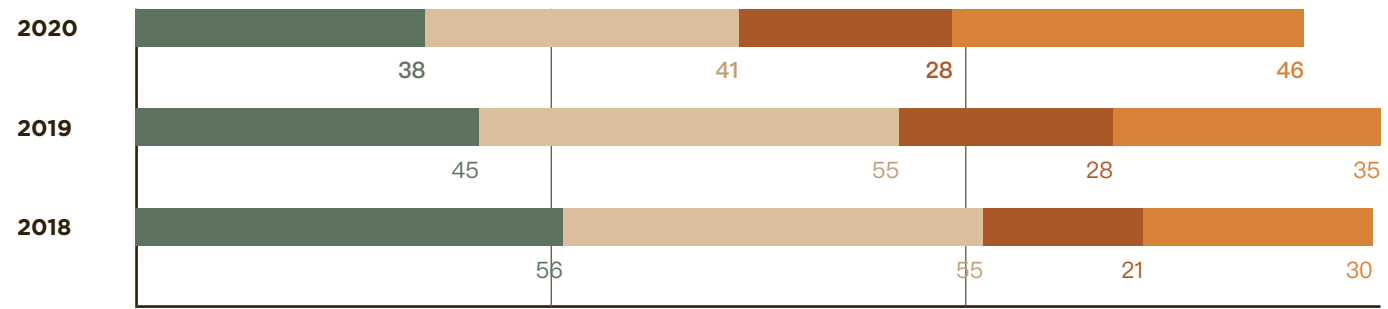
Employees also have a voice in these Health and Safety Committees, and their feedback and suggestions are proactively being sought. Currently, RTN has 38 employee representatives while TMC has 24, HMC has 28, and CMC has 23 representatives in these committees.

The consistent adherence to standards allows NAC operating companies to offer a safe and healthy workplace environment for its workforce. In fact, CMC was recognized as the Safest Surface Mine and the Overall Safest Mine Operations in the last Presidential Mineral Industry Environmental Award (PMIEA). CMC was cited for having shown exemplary performance in the areas of safety, health, environment enhancement and protection, and social development and corporate social responsibility. Meanwhile, RTN was recognized in Mine Safety Field Demonstration and Field Competition on First Aid, demonstrating the unrivaled competence of its emergency response team.

RTN indeed is a dependable performer as it was able to maintain its ISO certifications: 9001:2015 for Quality Management System; 14001:2015 for Environmental Management System; and 45001:2018 for Occupational Health and Safety Management, resulting from the annual surveillance audit conducted by TUV Rheinland.

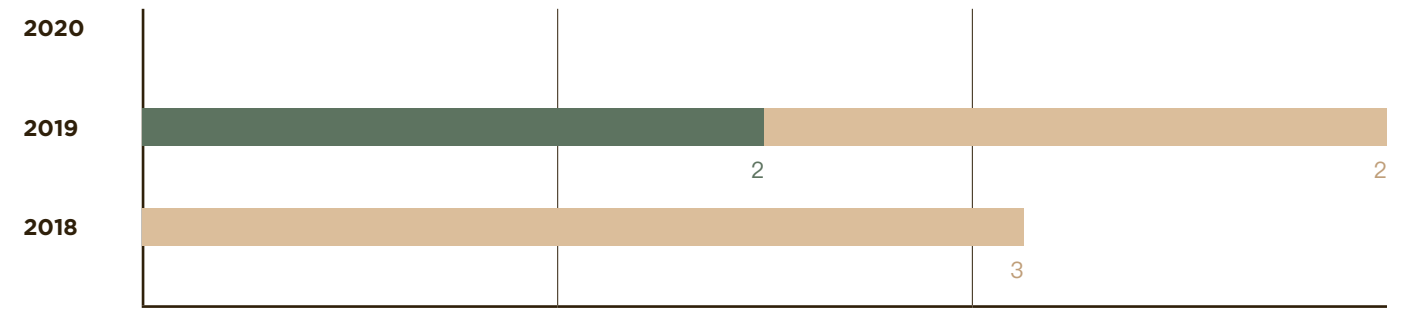
RTN TMC HMC CMC

EMPLOYEES IN HEALTH AND SAFETY COMMITTEE

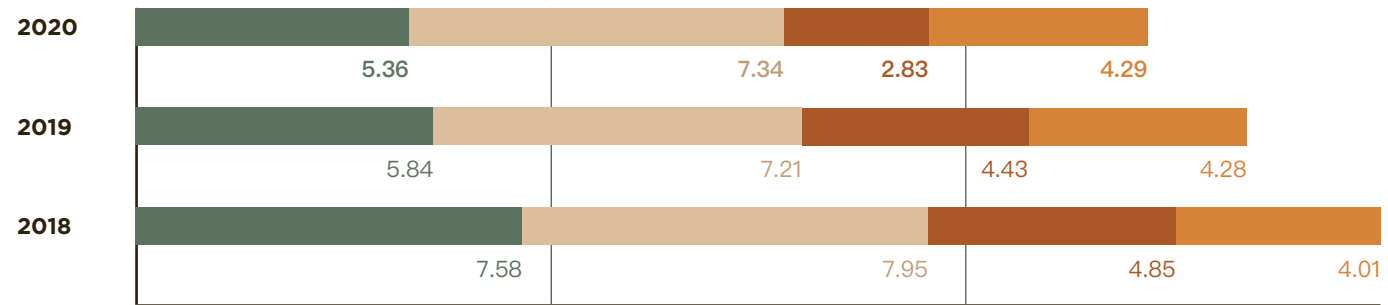


RTN TMC HMC CMC

LOST TIME ACCIDENTS

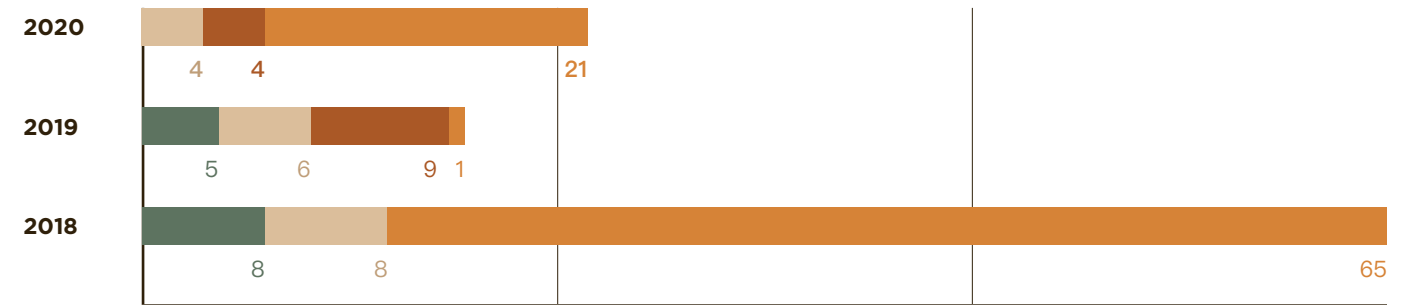


TOTAL MANHOURS (MILLIONS)

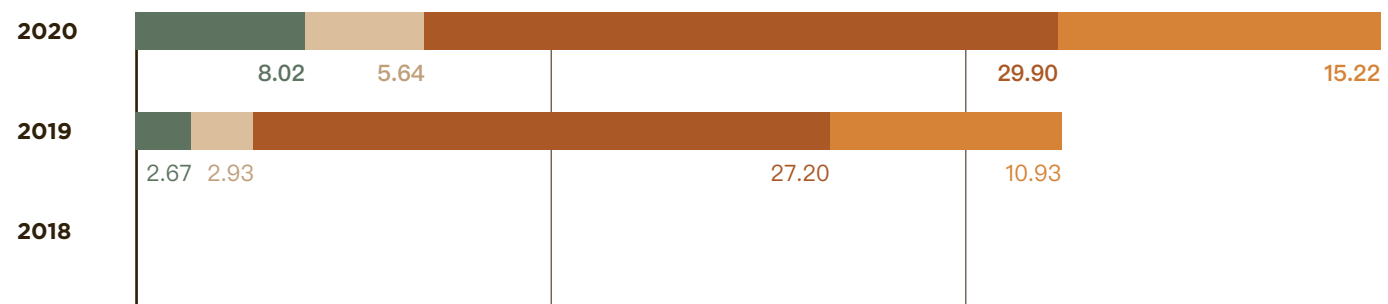


OCCUPATIONAL INJURIES/ILLNESSES

GRI 403-9, 403-10

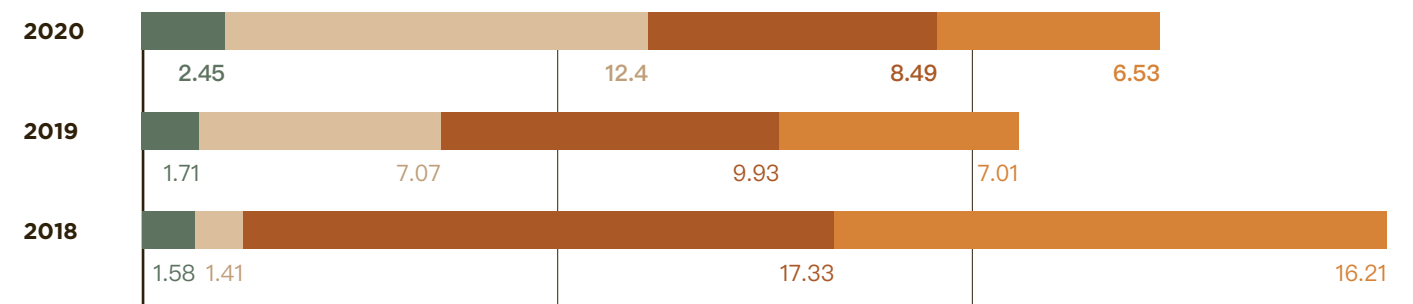


SAFE MANHOURS (MILLIONS)



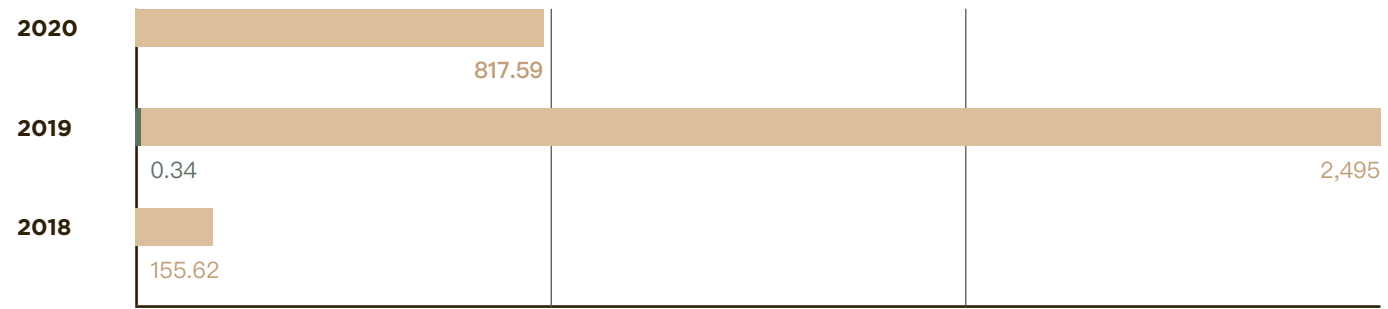
INCIDENCE RATE

EM-MM-320a.1



RTN TMC HMC CMC

Severity Rate

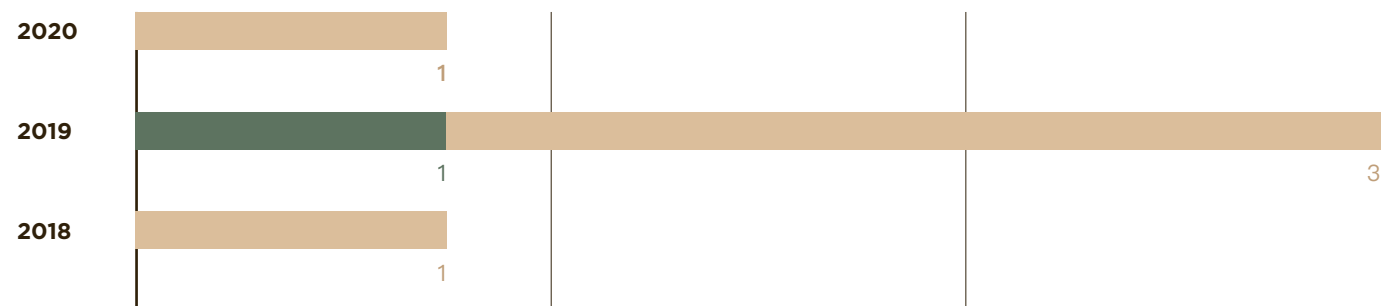


Lost Days



Fatalities

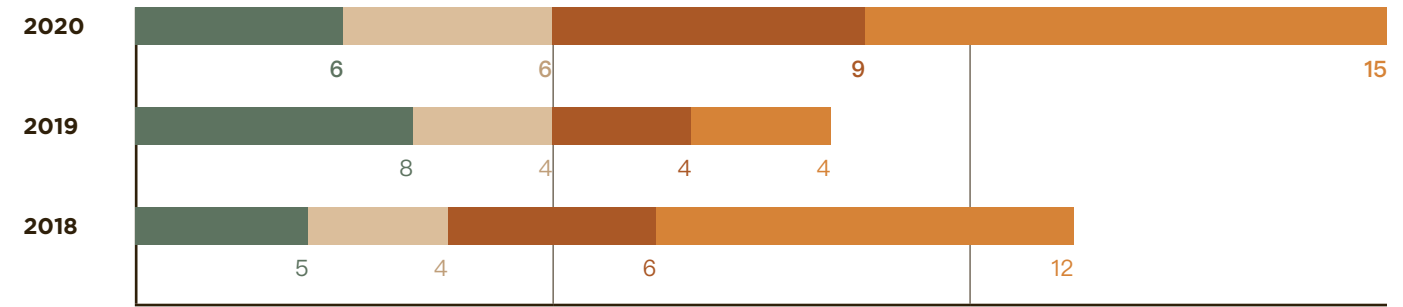
EM-MM-320a.1



TRAINING PROGRAMS ON HEALTH AND SAFETY

RTN TMC HMC CMC

Safety Drills Held



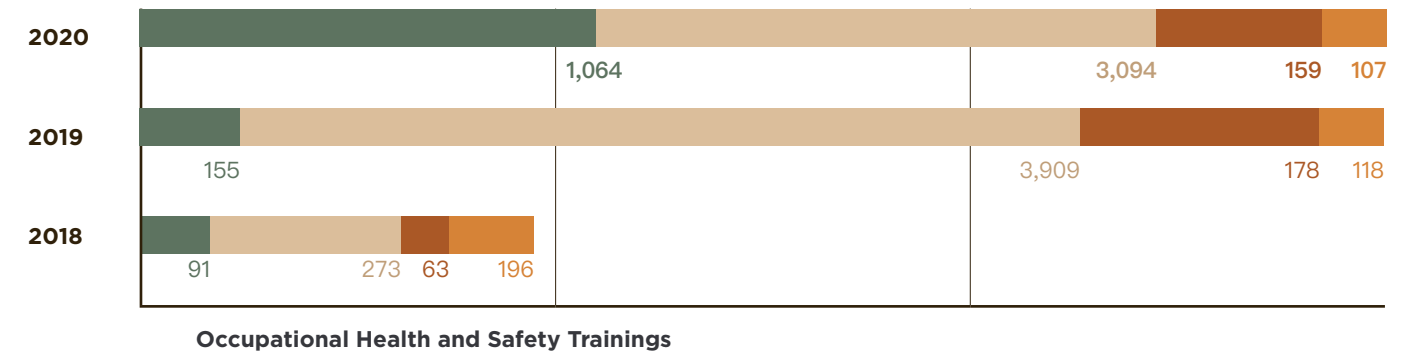
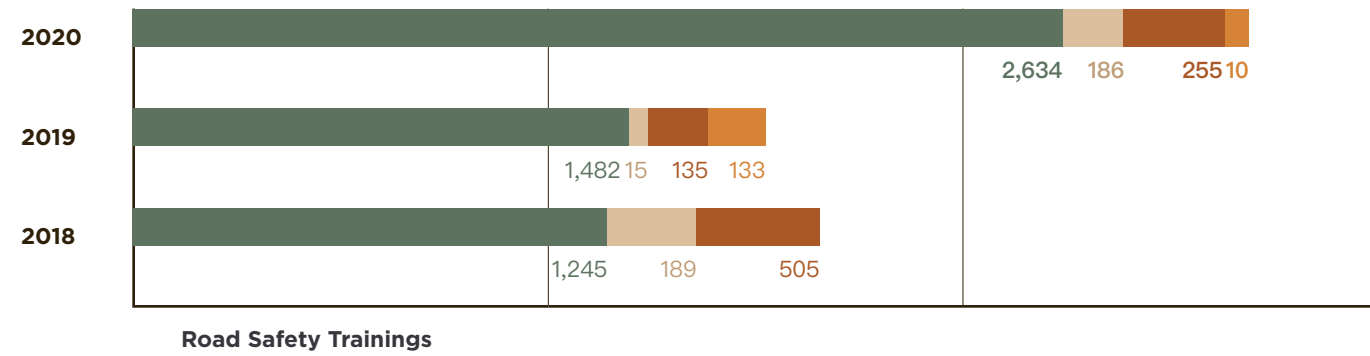
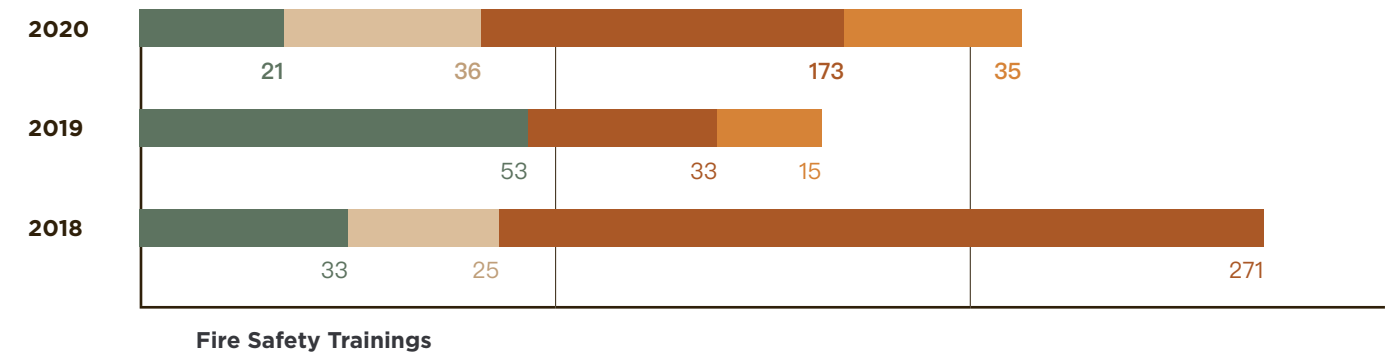
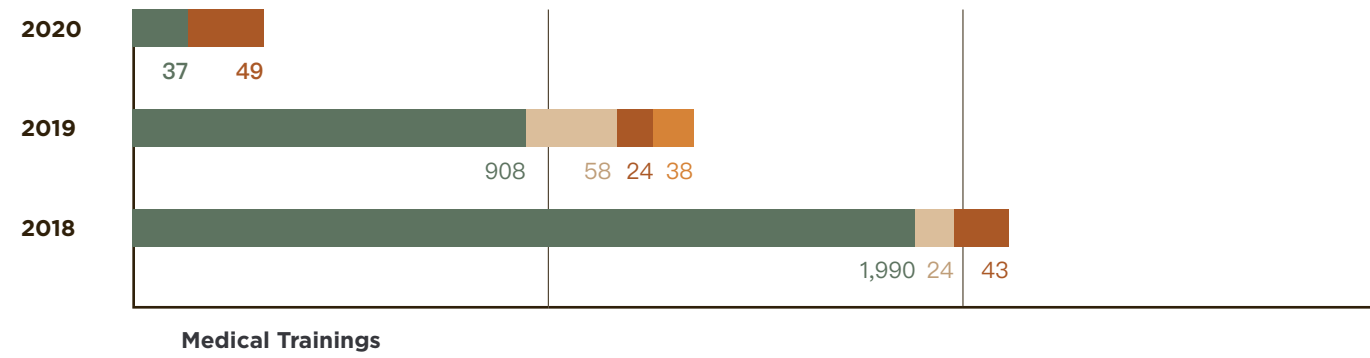
Covid Related Trainings



OHS and Related Trainings

GRI 403-5, 403-6, EM-MM-320a.1

RTN TMC HMC CMC





PROTECTING THE ENVIRONMENT



HMC Mangrove

ENVIRONMENTAL PROTECTION PROGRAM

Each NAC operating mine has comprehensive and strategic environmental management plans that cover management objectives, criteria, and commitments pertaining to environmental protection and rehabilitation.

Referred to as the Environmental Protection and Enhancement Programs (EPEP), the annual plan consists of initiatives for Land Protection, Air Protection, Water Protection, and Environmental Monitoring. These initiatives include the 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 also prepared and submitted by the Mine Environment Protection and Enhancement Officer.

In 2020, NAC celebrated successful EPEP projects such as HMC's coral nursery initiative, designed and implemented by HMC's Mine Environmental Protection and Enhancement Department (MEPEO), which aims to further enhance the growth of the natural coral reef systems around the marine waters of Hinatuan, Tagana-an, Surigao del Norte.

The successful project paved the way, in less than a year of establishing the nursery – initially with 343 coral fragments in 4 nursery beds, for the coral fragments to have fully recovered

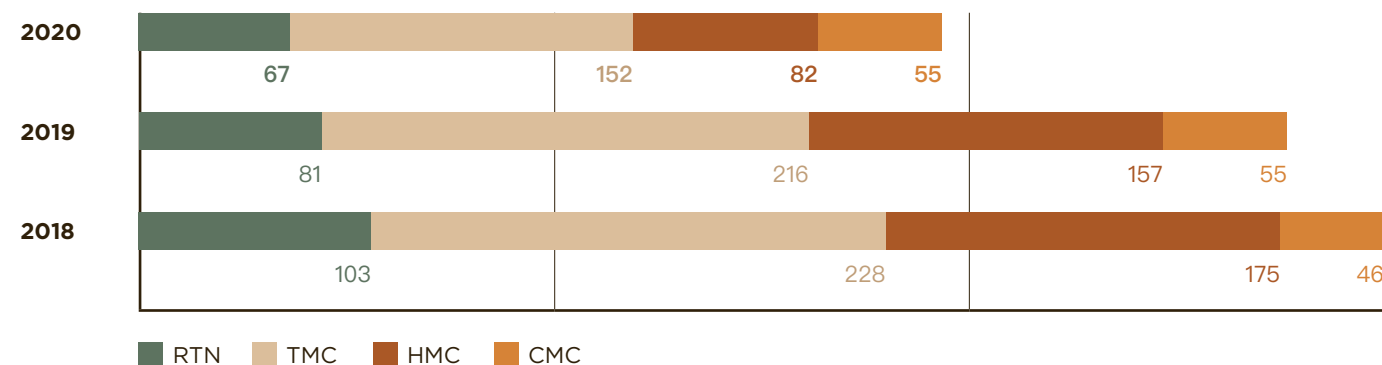
with an excellent growth rate and a yield of 90% survival against a mortality rate of 10%. The nursery kicks off the coral gardening initiative in Hinatuan Island as healthy coral “outgrowths” are transplanted to propagate the coral garden.

The UN connects coral gardening to “the current narratives about the pandemic, detailing how humans and our livelihood are connected to corals in so many ways: the fish that live on coral reefs provide food; coral reefs are draws for tourists who bring in the cash that provide livelihood; that there are new medicines being developed from species found in coral reefs; and, that coral reefs help in the protection of our shores from erosion and pollution.” (BusinessMirror, 22 July 2020)

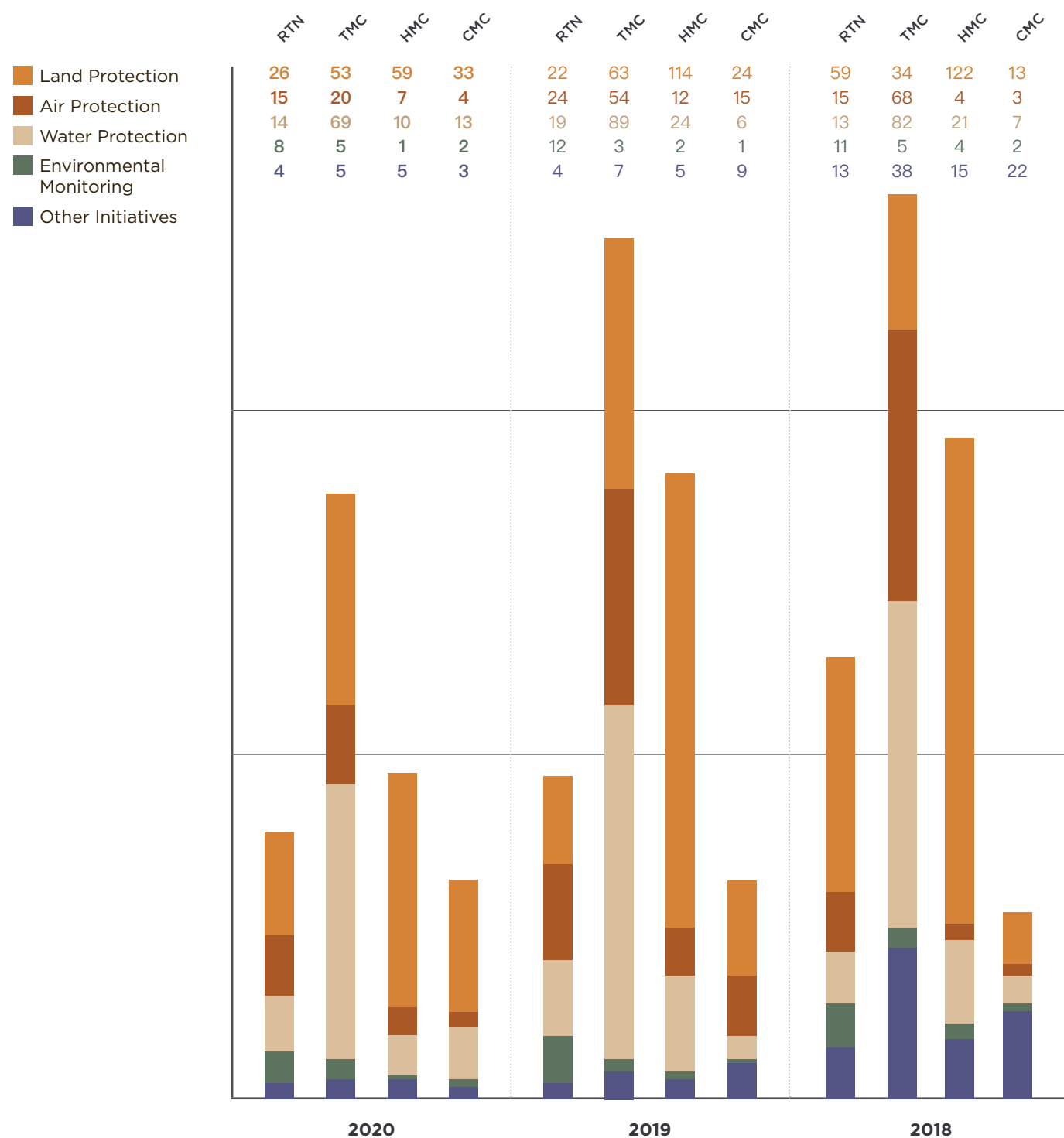
Meanwhile, TMC has launched “DiSCUBA,” a program that aims to get more people in the mining community of Claver and adjacent towns in Surigao del Norte to experience and appreciate diving and to see for themselves what TMC does as a responsible mining company that also serves as an environmental protector.

The program showcases a dive spot that TMC has adopted – the Malingin islet, some 791 meters from the wharf of TMC and about 1.2km from the mouth of Taganito River. The program is supported by Agapito S. Cuadra, Jr., a marine biologist and TMC's Coastal Resource Management Specialist, whose job includes researching the characteristics of marine landscapes and helping design programs for environment enhancement and protection.

EPEP Spending (Million PhP)



EPEP BUDGET ALLOCATION
(Million PhP)



LAND PROTECTION

GRI 103-1, 103-2, 103-3, 304-2, EM-MM-160a.1

NAC’s relationship with the land it works on is built on the Company’s respect and appreciation for nature’s true value. As much as the mining process itself necessitates the removal of natural vegetation, the Company makes every effort to ensure that proper management and rehabilitation measures are in place to tend to biodiversity concerns, including:

- 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

Operating Companies conduct environmental baseline data-gathering and periodic biodiversity assessment. Biodiversity management has been integrated in NAC’s mining forest and national greening programs and projects. It has also been a major component in the company’s Annual EPEP under reforestation and research and development in collaboration with top academic institutions.

Moreover, the mine sites also established buffer zones and forest conservation areas within the scope of its MPSA to facilitate the transfer of the habitat of the displaced wildlife, as well as to maintain the water source. Rehabilitation of mined out areas are also conscientiously conducted so that the forest is rebuilt and the wildlife returns.

HMC, for instance, established an infrastructure called Zoorigao in Hinatuan Island – composed of an orchidarium, pavilion, and a butterfly garden. It has become a safe haven for rescued wild birds, animals, and avifaunal species.

For its rehabilitation initiatives, HMC has been using a high-density planting strategy similar to the Miyawaki approach which mimics natural regeneration with the main goal to achieve a more natural forest-like growth with grasses, shrubs, and multiple sub-species added to the main trees. This approach gets the target area greener and leafier in half the expected time.



Ursula Island in Bataraza

HMC started with picking out good provenance forest tree seedlings and mixed them with fast-growing and indigenous forest tree seedlings that are naturally occurring in the area. Then, it applied careful maintenance and tending practices to ensure quality growth in a short fragment of time. As soon as the vegetation renders its microclimate, the natural characteristics of “endozoochory” sets in wherein seed dispersal is aided by flora and fauna – or “the birds and the bees, and flowers and trees”.

RTN, meanwhile, has a partnership with Crocodilus Porosus Phils. Inc. for crocodile conservation and awareness initiatives. It also supports the protection of the Ursula Island Wildlife Sanctuary.

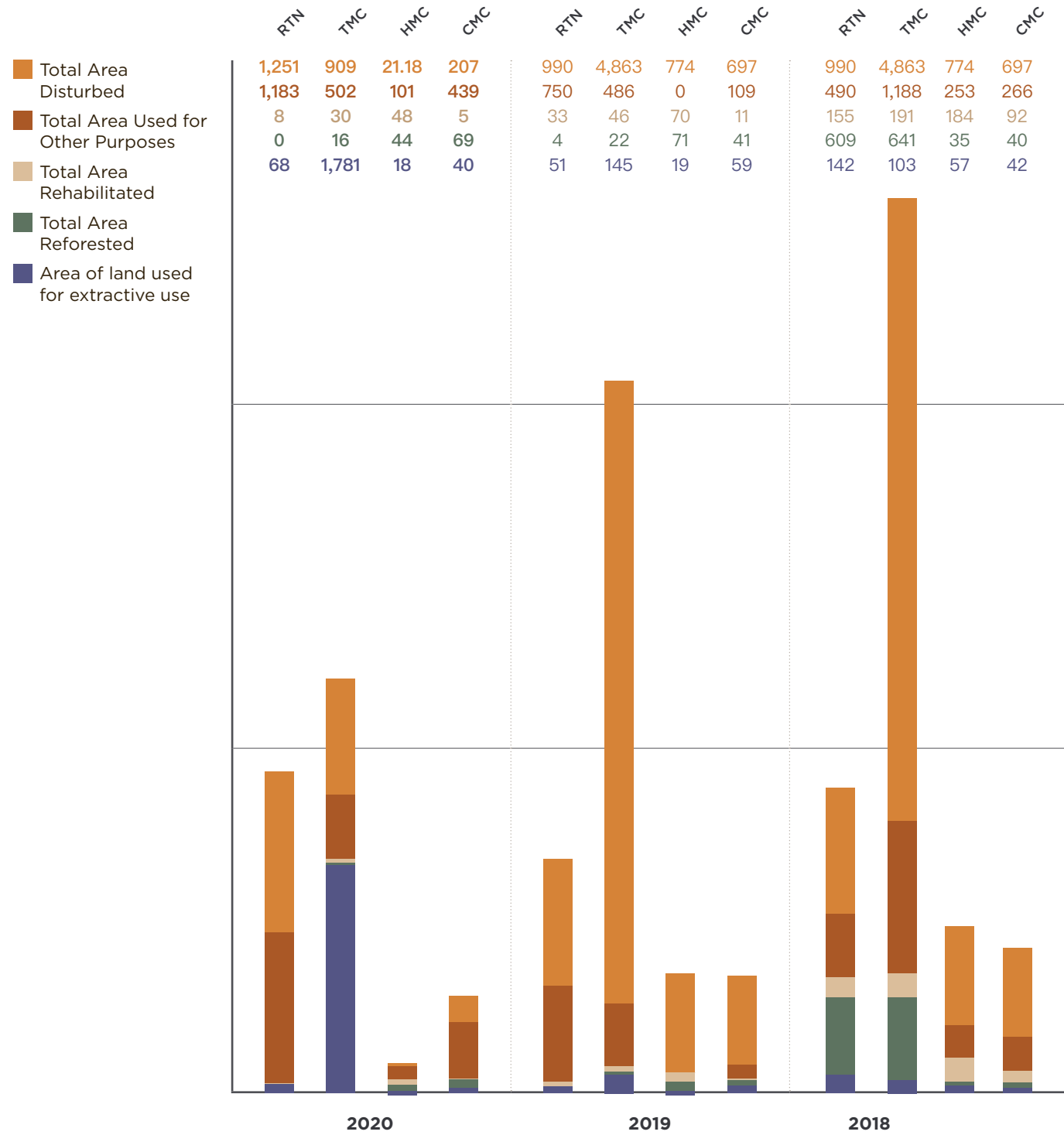
For its part, TMC deployed buoys to delineate the Malingin Islet marine sanctuary, monitoring flora and fauna changes within the MPSA during wet and dry seasons. The company also has a biodiversity area where different tree species are earth-balled and propagated.

Protecting the land also means driving initiatives to prevent soil and underground contamination from leakages. That is why HMC constructed an oil and water separator at their motor pool area and laundry area, and placed grease traps in the kitchen area.

The mine sites strictly monitor environmental facilities and regularly check to ensure the effectiveness of structures in containing and preventing soil and underground contamination.

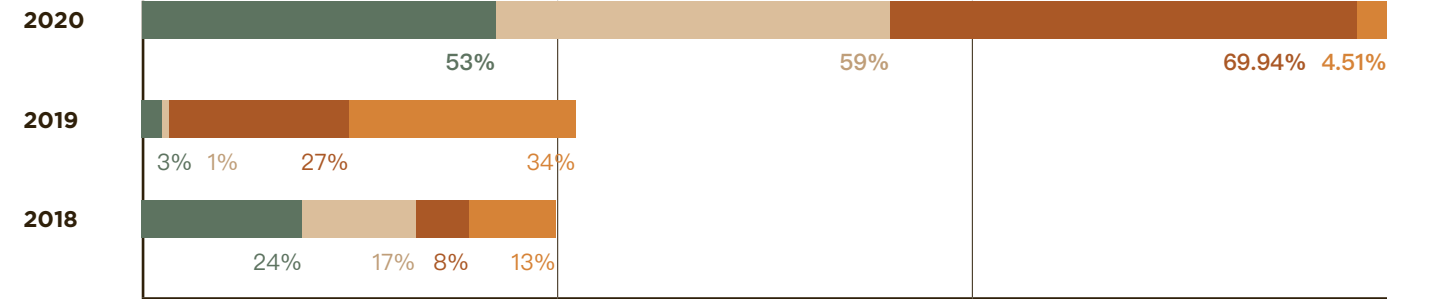
With an efficient Environmental Management System, the Company manages and controls its impact on the environment.

AREA PARAMETERS
in Hectares



■ RTN ■ TMC ■ HMC ■ CMC

PERCENTAGE OF LAND REQUIRING BIODIVERSITY MANAGEMENT PLANS



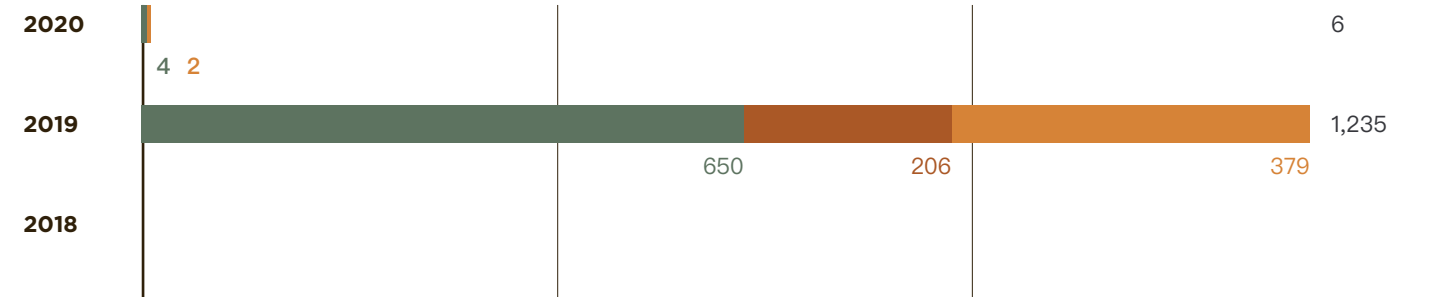
OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREA AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

GRI 304-1



HABITATS PROTECTED OR RESTORED (HA)

GRI 304-3



The International Union for Conservation of Nature and Natural Resources Red List species and national conservation list species with habitats in areas affected by operations (2020)

GRI 304-4, EM-MM-160a.3

RTN	CMC
Alcedo meninting, Aplonis panayensis, Arachnothera dilutior, Cacomantis merulinus, Caprimulgus macrurus, Centropus viridis, Ceyx erithaca, Chalcophaps indica, Chloropsis palawanensis, Cinnerys jugularis, Collocalia troglodytes, Copsychus niger, Corvus enca, Dicaeum pygmaeum, Ficedula platena, Gallus gallus, Geopelia striata, Gerygone sulphurea, Gracula religiosa, Haliastur indus, Hirundo tahitica, Hypothymis azurea, Ixobrychus cinnamomeus, Leptocoma sperata, Lonchura atricapilla, Lonchura leucogastra, Macropygia tenuirostris, Nisaetus cirrhatus, Orthotomus sericeus, Otus fuliginosus, Passer montanus, Pelargopsis capensis, Phaenicophaeus curvirostris, Phylloscopus borealis, Pitta sordida, Prionochilus plateni, Pycnonotus cinereifrons, Pycnonotus plumosus, Tanygnathus lucionensis, Terpsiphone cyanescens, Trichastoma cinereiceps, Hipposideros ater, Hipposideros bicolor, Cynopterus brachyotis, Eonycteris spelaea, Macroglossus minimus, Miniopterus australis, Murina cyclotis, Sundasciurus steerii [a]	Flora Trees: Almaciga (Agathis philippinensis), Mountain Agoho (Gymnostoma rumphianum), Yakal-yamban (Shorea falciferoides), Kalingag (Cinnamomum mercadoi), Yakal(Shorea astylosa), Balete (Kingiodendron alternifolium), Mangkono (Xanthostemon verdugonianus), Tega/Mapilig (Xanthostemon bracteatus). Palms: Kaliso (Areca caliso), Pandan-dagat (Pandanus dinagatensis). Shrubs: Linatog (Eurycoma longifolia). Climbers : Pitcher plant (Nepenthes belii), (Nepenthes mindanaoensis), Sandaoua (Nepenthes truncata). Herbs: Lady slipper orchid (Paphiopedilum ciliolare), Fire orchid (Renanthena matutina), Fauna Birds: Mindano tarctic hornbill (Penelopides affinis), Visayan flowerpecker (Dicaeum haematostictum). Reptiles: Philippine sailfin lizard (Hydrosaurus pustulatus). Amphibians: Mindanao fanged frog (Limnonectes magnus)
HMC [b]	TMC [b]

[a] Was able to conduct inventory for this reporting period

[b] Was not able to conduct inventory for this reporting period

ENERGY CONSUMPTION AND MANAGEMENT

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

NAC continually pursues the improvement in efficiency of all its operations in order to optimize valuable resources such as fuel and electricity. Although the past year presented a unique situation, the Company reminded its operating companies to continue to look for ways to reduce and manage energy consumption.

For instance, TMC's use of a conveyor belt system has an equivalent hauling capacity of 15-20 dump trucks per hour, which resulted in significant annual fuel savings. It also uses solar-powered electronics, and is gradually shifting to the use of energy-efficient LED bulbs.

HMC is also replacing ordinary fluorescent bulbs with LED lamps using solar energy in facilities located in remote areas. Correspondingly, RTN's energy conservation and fuel reduction programs also includes using a solar drying process.

For its part, CMC conserves fuel by adapting carpooling services for personnel transport and ensuring fuel-operated machines are turned off when not in use.

Opportunities to incorporate renewable energy alternatives are being explored. RTN has conducted a feasibility study on the use of hybrid energy (solar-genset) as an energy source while HMC is researching the potential of windmill and solar power plants.

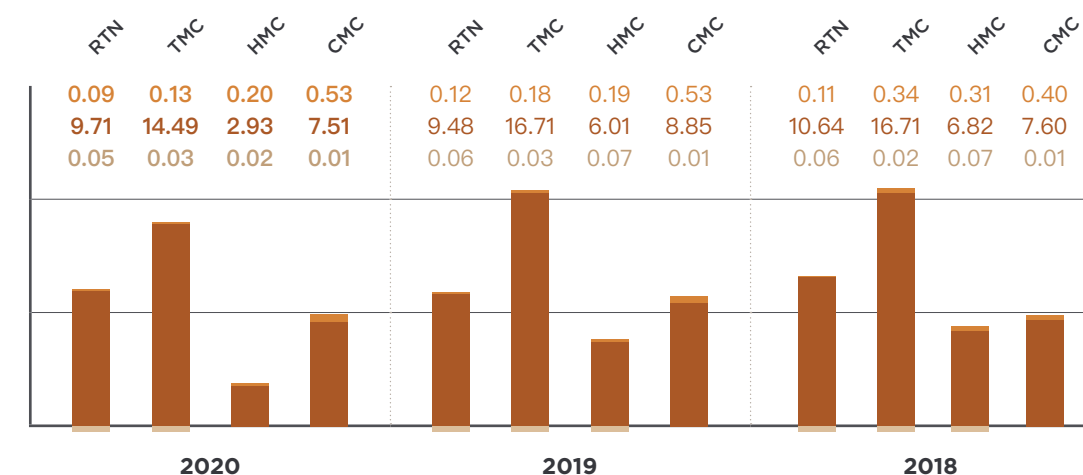
RTN also sets fuel allocation and limits for the departments' activities. Targets are set and strictly monitored so as not to exceed allocation limits. Regulating the use of vehicles via the trip ticket system, various activities and projects are well-planned and scheduled to maximize vehicle use, including mining and hauling activities. In addition, vehicles and equipment are regularly checked and undergo regular preventive maintenance to ensure efficient fuel combustion, thereby maximizing fuel usage.

FUEL DATA & ELECTRICITY CONSUMPTION

GRI 302-1, EM-MM-130a.1

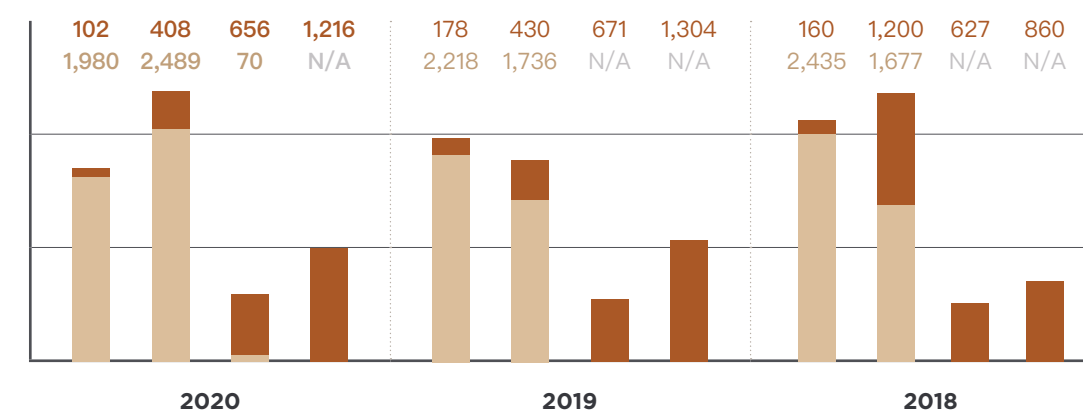
Fuel Data in Million Ltrs

- Genset
- Vehicles - Diesel
- Vehicles - Gasoline

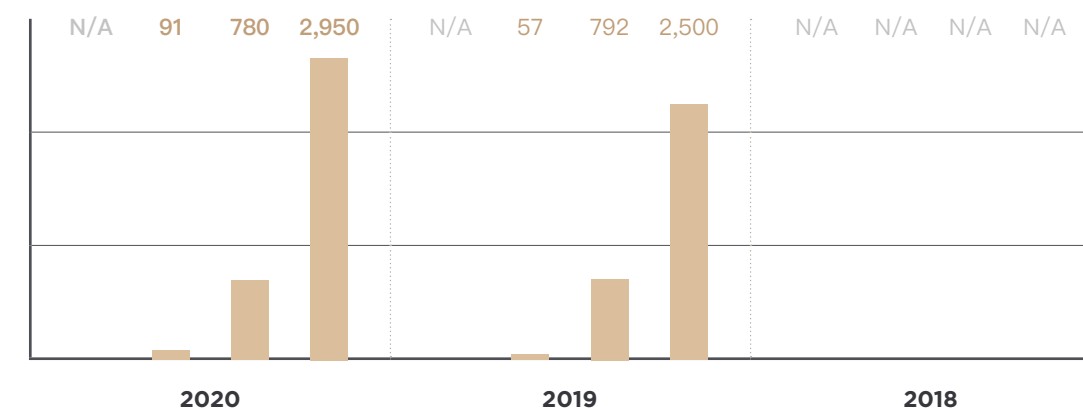


Electricity Data in MWh

- Energy Generated by Genset
- Electricity from Local Supply



LPG Data in GJ



AIR QUALITY AND EMISSIONS

GRI 103-1, 103-2, 103-3, EM-MM-110a.2

Implementing an Air Quality Management Program ensures that people in and around the mine sites enjoy air that is free from hazardous gases and elements. The program entails conducting regular monitoring, testing and measurement of dust emissions to keep these within healthy limits as prescribed by the DENR, also keeping all pollutant-emitting devices requiring government permits compliant.

RTN, for example, conducts stack emission sampling of new air pollutant sources while TMC deploys water lorry units to designated strategic areas to address dust excesses. CMC conducts annual GHG and carbon sink assessments and is aiming to phase out equipment, materials and supplies that may emit oxygen depleting substances (ODS).

GRI 305-1, 305-2, 305-3, 305-6, 305-7, EM-MM-110a.1, EM-MM-120a.1

AIR QUALITY	RTN	TMC	HMC	CMC	TOTAL
2020					
GHG (Scope 1) TCO2	26,382	38,121	8,138	21,274	93,915
GHG (Scope 2) TCO2	1,095	48	59	18	1,220
GHG (Scope 3) TCO2	6	8	2,171 ^(a)	21	2,206
Ozone-depleting substances (ODS) (kg)	N/A	N/A	61	N/A	61
Nitrous Oxides (NOx) (mg/Ncm)	N/A	N/A	198	39	237
Sulfur Oxides (SOx) (mg/Ncm)	N/A	N/A	No monitoring for the period	3	3
Persistent organic pollutants (POP)	N/A	N/A	No monitoring for the period	N/A	-
Volatile organic compounds (VOC)	N/A	N/A	No monitoring for the period	3	3
Hazardous air pollutants (HAP)	N/A	N/A	No monitoring for the period	N/A	-
Particulate matter (PM) (ug/Ncm)	13	44	51	9	117
2019					
GHG (Scope 1) TCO2	27,068	46,538	9,053	23,223	105,883
GHG (Scope 2) TCO2	N/A	42	55	8	105
GHG (Scope 3) TCO2	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	697
Sulfure Oxides (SOx) (mg/Ncm)	N/A	N/A	N/A	28	28
Particulate matter (PM) (ug/Ncm)	11	75	11	5	102
2018					
GHG Overall TCO2	30,264	45,042	19,595	19,845	114,746

SOLID AND HAZARDOUS WASTE MANAGEMENT

GRI 103-1, 103-2, 103-3, 306-1, 306-2

NAC's mine sites and its communities contend with the challenges of managing solid wastes, including hazardous waste. Proven strategies such as waste segregation are already being done in all the mine sites, leading to opportunities for recycling, upcycling, composting, vermicomposting, and mulching.

At the same time, proper disposal methods for specific types of wastes are being used, including the use of a Materials Recovery Facility (MRF) for recyclable and reusable wastes, and sanitary landfills for residual wastes.

In 2020, HMC launched its upcycling project utilizing used tires and converting them into reusable items such as garden sets, flower pots, and garbage bins. They also used scrap tires in their landscaping projects. The company also uses organic seedling pots or what we call "JOB0 pots" for seedling production, significantly decreasing the use of polyethylene bags.

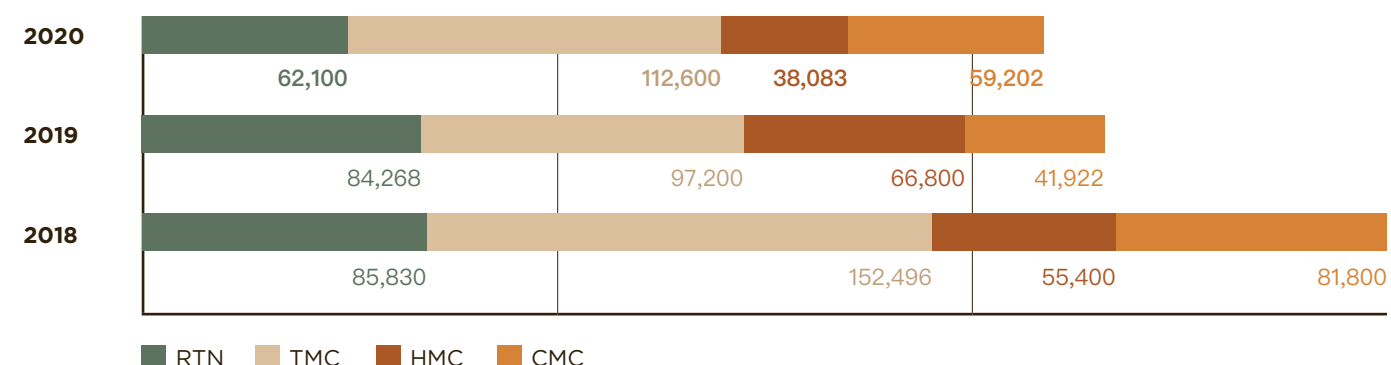
Furthermore, CMC promotes eco-bricks with an initiative called "SIK SIK BOTE Challenge," encouraging employees and residents in the communities to reduce environmental footprints by turning over plastic bottles filled with residual wastes to be used in the Company's facility that has been making recycled items for years. Items created from these recycled materials include flowerpots, pillow bricks, fences, tables, and chairs.

Meanwhile, RTN had bold and innovative ideas, being the first in the Philippine mining industry to use the bioreactor technology from the Department of Science and Technology (DOST), converting biodegradable wastes into organic fertilizers and soil conditioners.

Considered a game changing breakthrough, the bioreactor produces soil conditioner using household wastes creating impact for mining companies like RTN who need tons of fertilizers to help improve the soil condition in the mined out areas. In Rio Tuba alone, about 64 households and establishments bring in 80 kilos of household wastes per day to be converted to soil conditioners. These soil conditioners are particularly useful for lateritic soil in mining areas that are relatively low in soil nutrients and are not conducive for agriculture, creating an intervention to address the nutrient deficiency of lateritic top soils.

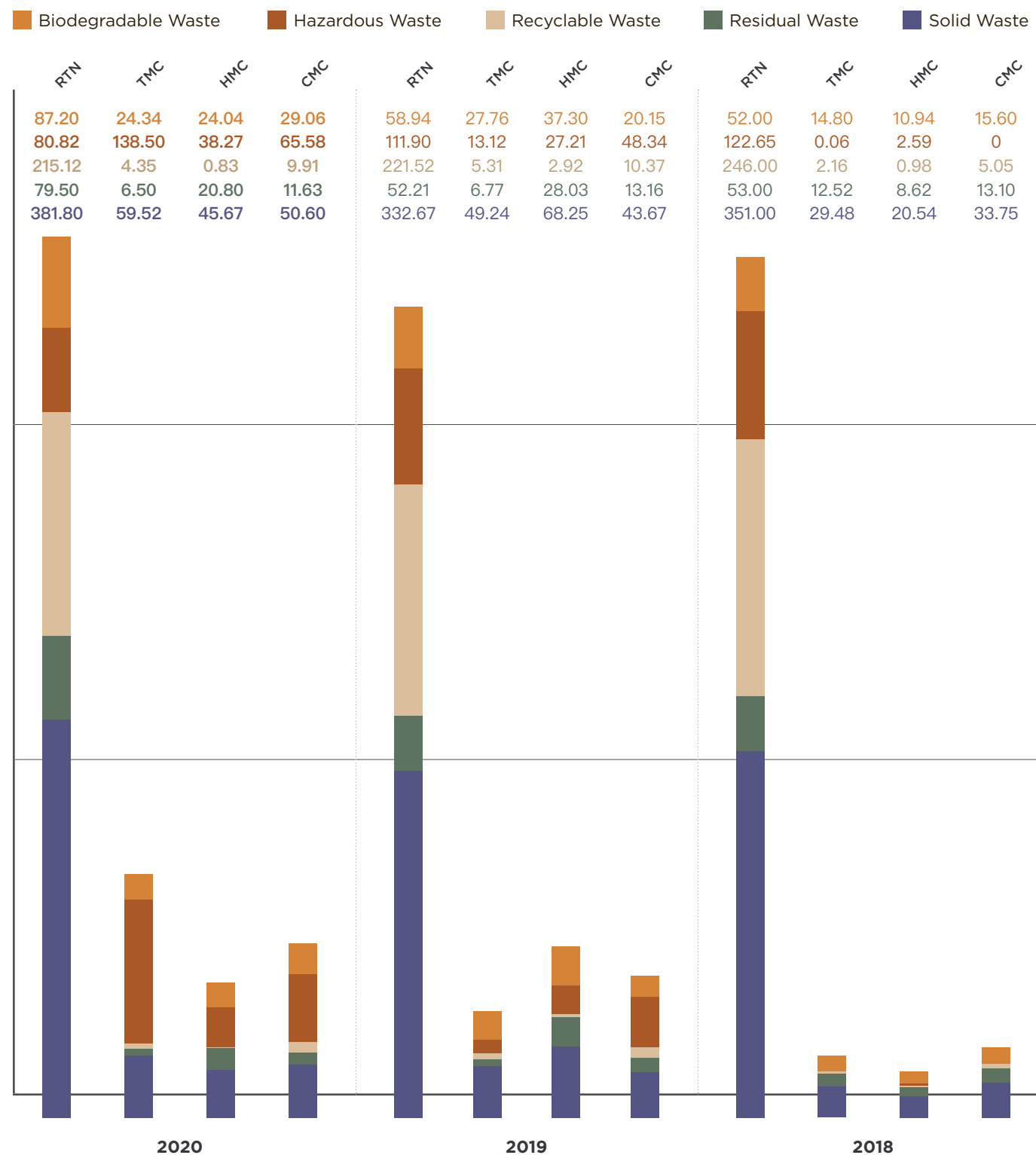
In terms of the disposal of hazardous waste, meanwhile, NAC follows the RA 6969 and its specific provisions on hazardous waste management. In 2020, NAC operations produced over 242,000 kg of hazardous wastes and around 210,000 liters of used oil. The prescribed process for monitoring, storing, and disposing of such wastes were strictly adhered to. NAC also made sure that vendors providing services covering treatment and transport of hazardous wastes are DENR-accredited, with employees trained and equipped to do the job safely.

USED OIL (LTRS)



Waste Management in thousand kg

GRI 306-3, 306-4



WATER CONSUMPTION, DISCHARGE, AND MANAGEMENT

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

Water is another essential resource that is used extensively in the mine sites. Each mine site has established its own water management plan, supplemented by key policies and practices on water management and conservation.

For instance, HMC'S in-house Water Purification Station provides an output of 40:60 percent ratio (product/waste). As of year-end 2020, around 1.007M liters or 60% of wastewater were recovered and utilized for laundry and comfort room use. It serves as an alternative source of water and an approach to address water shortage—a best practice expected to be applied at all the mine sites in years to come.

Meanwhile, RTN's water consumption reduction program includes the reuse of water from recycling ponds – for road watering and product washing, putting up of activated carbon gabions, continuous dredging of sumps and ponds, and planting of grass on slopes to reduce exposed areas.

TMC also established a water treatment facility that generates potable water and implemented a system that redirects water from settling ponds to Hubasan tanks, to be utilized in haul road spraying for dust suppression.

For its part, CMC maximizes the clear water from settling ponds, using them to water the road for dust suppression, for watering the rehabilitation areas, including the plant nurseries. Settling ponds are used to control silt run-off

and improve the quality of water at the discharge point. Also, Sewage Treatment Plants (STPs) have been established, while grease traps are placed in kitchen areas and Oil and Water Separators are put up at the motor pool. CMC also placed signages in key areas to encourage and remind people of effective water conservation practices.

Of course, since the mining process includes discharge of large amounts of water, it behooves the Company to monitor, manage and mitigate impacts of effluents. The Company therefore has an Environmental Management System (EMS) to help implement the following:

- 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



GRI 303-3, 303-4, EM-MM-140a.1

Water Use and Protection	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.)	
2020									
Extraction	Water wells	1,064,411	Hubasan Creek	157,262	Filtered Springs	16,321	Baliwan Settling pond and area 6	32,383	1,422,161
	Tagpisa Pond	83,193			Kaskag Creek	38,083	Water well	1,934	
							Maraguig watershed	28,574	
Discharge	Lower Kinurong	1,910,637	Taganito River ^[b]	35,861,046,919	Hinatuan Passage	29,561	CMC Dinagat	60,957	35,871,554,686
	Lower Togpon	8,496,849 ^[a]			Banug Strait	9,763			
Silt Collected (WMT)	14,136		345,254		100,380		73,394		533,164
2019									
Extraction	Water wells	957,741	Hubasan Creek	80,354	Filtered Springs	28,382	Baliwan Marsh Land	42,000	1,276,824
	Tagpisa Pond	79,675			Kaskag Creek	58,672	Maraguig Watershed	30,000	
Discharge	Lower Kinurong	506,140	Taganito River	0 ^[c]	Hinatuan Passage	159,900	CMC Dinagat	24,365	2,223,979
	Lower Togpon	1,437,865			Banug Strait	95,709			
Silt Collected (WMT)	57,888		3,499		109,451		72,468		243,306
2018									
Extraction	Water wells	783,947	Hubasan Creek	214,604	Filtered Springs	10,065	Baliwan Marsh Land	0	1,190,546
	Tagpisa Pond	92,390			Kaskag Creek	54,185	Maraguig Watershed	35,355	
Discharge	Lower Kinurong	368,784	Taganito River	29,648	Hinatulan Passage	67,152	CMC Dinagat	31,387	1,155,964
	Lower Togpon	648,004			Banug Street	10,989			
Silt Collected (WMT)	SCS & Ponds	23,904	523,956		106,190		Settling ponds and collector sumps	31,387	685,437

[a] Significant difference is due to the increase in rainfall last 2020

[b] Water discharge is based from rainfall

[c] No available data last 2019

CLIMATE-RELATED RISKS AND OPPORTUNITIES

GRI 102-11

NAC understands that the responsible use of resources is intrinsically connected to concerns on climate-related risks and challenges. It is a topic seriously and closely monitored by the NAC Board of Directors and Management Team which therefore established an Enterprise Risk Management (ERM) system that enables the Company to properly identify, assess, and manage such risks.

The Company's risk management strategy has a section specific to climate-related risks – with action plans, persons responsible for related tasks, and expected timelines to manage the Company's operations or reduced operation during possible disruptions. The risks are identified based on how it would impact people's safety, the supply chain, and the reliable supply of energy—ensuring unhampered logistics in and out of the mine sites.

Integral to the ERM is the preparation of both people and facilities for emergency situations – the training of emergency responders, the provision of equipment and technology, and the physical security and redundancy of back-up systems.

Climate-change issues are concerns that NAC shares together with the rest of the industry players, its hosts and nearby communities, and government agencies and regulators. The collaborative strategy it is following aims towards building resilient and sustainable communities and proactively working to protect shared natural resources for the benefit of present and future generations.



CMC - Maraguig watershed



COMMUNITY RELATIONS



TMC donates food packs and school supplies to Mamanwa community during 2nd Gigaquit Serbisyo Caravan

SDMP AND CSR

GRI 103-1, 103-2, 103-3, 413-1, EM-MM-210b.1

The value of the strong relationship NAC has built with its host and neighboring communities over the years came to the fore in 2020 as the country faced the unprecedented challenge brought about by the global COVID-19 pandemic.

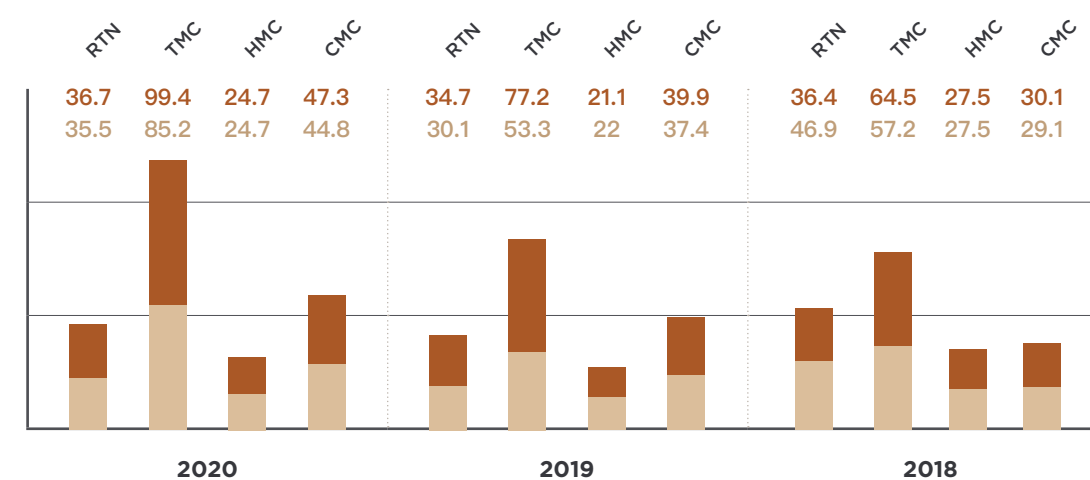
Recognizing the potential socioeconomic impact that the crisis posed to vulnerable populations, NAC was quick to respond and realigned unutilized Social Development Management Program (SDMP) funds to support the immediate needs of the communities. It strengthened its Corporate Social Responsibility (CSR) initiatives to be responsive and holistic in its support of its host and nearby communities so they may bounce back from the crisis.



HMC Bangus Project - SDMP funded Distribution of Bangus in Community

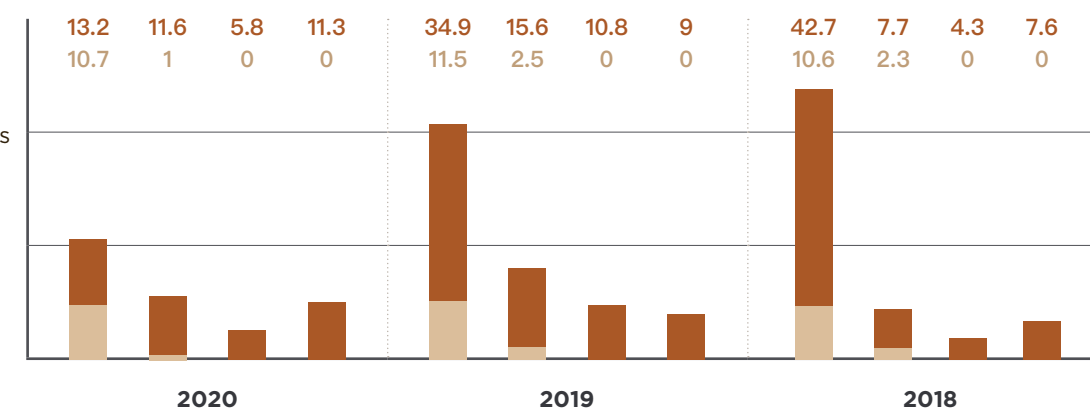
SDMP Spending (Million Php)

Required Spending
Actual Spending



CSR Spending (Million Php)

Non-IP Communities
IP Communities



COVID-19 RESPONSE

NAC's Operating Companies, together with like-minded organizations, took on the role of first responders to communities in quarantine, expending more than PhP50 Million from realigned SDMP and CSR funds during the early part of the pandemic.

The funds were used in part to buy sacks of rice, food packs, vitamins, and medical supplies, such as alcohol and hand sanitizers, that were distributed to thousands of families and frontliners. Some of the funds were also used to build isolation and disinfecting facilities and to fund the extensive information campaign necessary to educate the communities about the pandemic and how they can be protected from the virus.

While new programs were focused on COVID-19 initiatives and were directed towards the provision of food, PPEs for frontliners, tests and awareness kits on COVID-19 prevention; other projects were directed to strengthen communication like the installation of solar panels and the provision of pocket wifi and computers.

Each of the mine site's Emergency Response Teams (ERTs) and Community Organizers (COs) were also deployed to help the people cope with the health crisis when movements in the mining communities were restricted and the residents were compelled to stay home.

NAC has responded with appropriate urgency to the situation in the early part of the pandemic. At the same time, the Company understood that communities also needed support to be able to navigate to the "new normal" with resilience and strength. Therefore, certain realigned programs in infrastructure, socio-economic, education, health will be prioritized in 2021.

The fundamental and core strength of each community also needed bolstering with socioeconomic responses that inculcated safety and wellness into people's lives making them more productive and resilient to economic shocks. As soon as the situation permitted, NAC continued programs on health and wellness as well as livelihood development.

INDICATOR	RTN	TMC	HMC	CMC
Project/Program name	Support to Bayanihan to Heal As One Act (COVID-19 Pandemic)			
Description of the program	Distribution of food (rice, assorted goods, food packs and drinks), alcohol and face mask for frontliners/medical staff.	Realignment of ASDMP funds to assist the communities affected by the community quarantine.	<ul style="list-style-type: none"> Conducting of IEC Community disinfection Provision of medical supplies & PPEs to frontliners Provision of food packs and test kits to families & households 	<ul style="list-style-type: none"> Provision of rice/food packs to frontliners Provision of rice/food packs and Household Assessment of COVID-19 Signs and symptoms [b] Establishment of Molecular Tech Laborator Provision of Service Truck and Ambulance for emergency related concern and relief operation of Cagdianao Municipality Honorarium for Health workers Subsidy for the nurses [b]
Expenditure	PhP 12,679,617.73 ^[a]	PhP 18,777,808.50	PhP 15,669,485.79	PhP 11,072,697.00
Number of beneficiaries	53,363 household	173,091 household	27,015 households	1,500 households
Impact/Expected impact	Strengthened social relationship with Local Government Unit and communities.	Resilience of community during the COVID-19 pandemic community quarantine policies	<ul style="list-style-type: none"> Awareness of community regarding COVID-19 Protection of the health of the frontliners - Assistance of the families affected by lockdowns due to the pandemic 	

^[a] with 2019 carry-over budget

^[b] Host and neighboring communities



Relief goods provided by TMC for distribution in barangay Hayanggabon, Claver



TMC Emergency Response Team conducts (free) disinfection within its host and neighboring communities



TMC donates six handwashing units to Red Cross Surigao del Norte Chapter

PROMOTING HEALTH AND WELLNESS

The operating companies conducted information and education campaigns to increase awareness of COVID-19 prevention strategies and practices in the mine sites and host communities.

In addition, NAC, in partnership with Taganito HPAL Nickel Corp (THPAL), funded a PhP 28 Million molecular testing laboratory (MTL) in Surigao del Norte as part of their COVID-19 response plan. The molecular laboratory was established for faster diagnostic results and the rapid identification of infected patients. It also enabled faster contact tracing, limiting contagion. The MTL aimed to process at least 2,000 samples at one time using the reverse transcription-polymerase chain reaction (RT-PCR) method.



Molecular Laboratory in Surigao del Norte

INDICATOR	RTN	TMC	HMC	CMC
Project/Program name	Community-Based Health Program	Subsidy health center manpower, and Clean & Green Program	Medical-Dental Mission	Access to Health and Services, Health Facilities and Professionals
Description of the program	<ul style="list-style-type: none"> Health IEC Health Insurance and Phil Health Assistance Medical Assistance Provision of Medical Equipment and Over the Counter (OTC) Medicines 	<ul style="list-style-type: none"> Support the health services of the barangays Institutionalize the support to SWMP through the Clean and Green Program 	<ul style="list-style-type: none"> Provision of free medical-dental services and medicines every quarter in the three host communities through Quarterly Medical-Dental Mission 	<ul style="list-style-type: none"> Provision of health center facilities and equipment Assistance to health-related concerns or emergencies Dental Health Program Blood Letting Activity with RHU and Red Cross Provision of essential medicines ^[a] Provision of health supplies to Senior Citizens & PWD ^[a] Capacity and capability enhancement training and seminar for RHUs ^[a] Assistance to the construction of barangay birthing home kitchens
Expenditure	PhP 4,363,977.96	PhP 5,225,481.67	PhP 835,433.30	PhP 2,797,801.02
Number of beneficiaries	3,966 Household	18,249 households	1,530 individuals	762 individuals
Impact/Expected impact	Available or increased access to health services	Improved health services and increase of participants in the Clean and Green Program	Low morbidity rate, no need to travel to the city for consultation or medication, lessened medical expenses	Access to health services, health facilities and health professionals

^[a] host and neighboring communities

STRENGTHENING LIVELIHOOD PROGRAMS

By enabling the communities through skills training and the provision of start-up resources allows them to rise from the crisis with self-confidence and resilience. This is the sustainable path that NAC aims for in order for the communities to face the “new normal”.

TMC, for instance, offered assistance to farmers in Barangay Sapa, Claver, in Surigao del Norte, to combat the threats to food security and their livelihood as a result of the pandemic. At least 25 members of Sapa Integrated Farmers’ Association (SIFAS) participated in TMC’s farming project that provided funding for livestock raising, and for labor costs in the project’s construction requirements.

For the first phase of the project, 220 ducks were provided by the TMC Community Relations team. Additionally, 13 goats were turned over to the farmers’ group which also had plans to market the goat’s milk and the cheese to be made from the milk. Moreover, the community also plans on converting the goat’s manure and urine into fertilizer and pesticide, while the mature goats can be sold for meat.

TMC continued to support its fishery projects by conducting hands-on training on Milkfish Production and Management, Fish Processing, and Value-Adding marketing techniques. The trainings conducted in partnership with the Bureau of Fisheries and Aquatic Resources (BFAR)—Region XIII and the Claver Municipal Agriculture Office, was attended by 50 members of Gagmayn’g Mananagat sa Wangke (GAMAWA) and the Bayanihan of Lapinigan Association (BOLA) who learned about bangus bottling and deboning. Their outputs included bottled bangus in corn oil or tomato sauce, and plain or marinated boneless bangus.

For its part, HMC started working with the leadership of the United Fisherfolk Association of Bagong Silang (UFAOBS) and its 90-strong membership in April of last year to address the issues of fishery and livelihood in the mining communities. HMC decided to fund a bangus farming project which was officially launched in January 2020. The bangus project yielded more than 1700 kilos of bangus in its first harvest, which happened during quarantine. The

fish was bought by HMC for PhP140 per kilo, and 2 kilos of bangus were given to each of the households in the mining community as part of the Company’s relief efforts during the quarantine period.

Furthermore, CMC’s PhP5.6 Million ice plant and cold storage facility was turned-over to the fisherfolk of Gaas Dinagat Fishermen Cooperative (GADIFCO) to fill in a crucial demand for ice blocks in the province of Dinagat Islands. The 30-strong members of this cooperative started earning more from selling ice to other fishermen in the municipality, and in nearby coastal towns. The facility extended the shelf life of the fisherman’s catch, while removing the need for them to travel to other areas or spend extra for fuel to buy ice blocks.

Notably, CMC has also launched the “ECOMmunity” initiative seeking to directly engage community stakeholders in the company’s rehabilitation drive. Unveiled through the Company’s MEPEO, the initiative taps community members from two host and neighboring barangays for the production of some 5,000 seedlings.

The program provided 36 residents of Barangays Valencia and Legaspi with proper training and technical assistance to learn proper methods of seedlings production and maintenance strategies. Some of the seedlings produced were bamboo, and native and fruit bearing trees—all for use in mine rehabilitation programs of the Company.

CMC also introduced sorghum as an alternative to rice in Dinagat Islands to ensure food security amid the pandemic, following the success of a three-month trial run at a rehabilitated mined out area which proved that sorghum can be propagated on a lateritic area, where local farmers have difficulty growing rice and other crops because the soil naturally lacks enough nutrients.

Sorghum – currently being promoted by the Mindanao Development Authority because it is cheaper to produce and yields higher profit than other crops, such as corn – is easier to grow and healthier because it contains less sugar. The company is gearing to promote sorghum and other cash crops for adoption among local farmers after seeing its potentials, stepping-up efforts to protect food security by encouraging the people in the mining communities to consider high-value crops.

Meanwhile, RTN ventured into coffee farming as a livelihood source for eight barangays around Rio Tuba, allotting 200 hectares for the planting of coffee. RTN and sister firm CBNC have allocated PhP36 million to support the mobilization of the coffee farming project. With its partner barangays, RTN collaborated with Rocky Mountains Arabica Coffee for the transfer of technology, and with the Palawan Cooperative Union and the Cooperative Development Aide Authority for the training and sharing of best practices in coffee farming. They also got help from coffee farming experts from the Cavite State University—the center of coffee research in the country.

The coffee planting process in this mining community in Rio Tuba uses what is called microbial technology, where the soil is conditioned using organisms and enzymes that make the lateritic soil healthy enough to grow agricultural products. It takes about 4 years for coffee to start yielding beans. Just last year, the communities in Rio Tuba that are in this coffee-growing program successfully made their coffee available for local tasting. The goal is to make this venture sustainable so that, soon, the communities will be able to sell their produce and earn.

In 2020, RTN also made an effort to honor its outstanding SDMP community partners through its first-ever Gawad Parangal, conferring awards to individuals and groups that have become part of community growth through 16 years of SDMP. The Gawad Parangal is seen to serve as inspiration to further expand the community’s participation in RTN’s programs.

INDICATOR	RTN	TMC	HMC	CMC
Project/Program name	Social Enterprise Development Program	Enterprise development and networking	Enterprise Development	Enterprise Development and Networking
Description of the program	<ul style="list-style-type: none"> Institutional Development, Marketing and Networking, assistance to fisherfolks Provision of farm inputs (vegetables and fruits) production 	Livelihood programs for Peoples’ Organizations like GAMAWA, SIFAS, DAPJA, ALINDAHAW, CREMACO, TACPECCO, TAWETA, CGUS, HAMVA, CAFSPIA, BOLA, HAT and KABAMAS	Provision of one unit brand new delivery service motorcycle and fabrication of one unit service pump boat for water refilling station project of Talavera United Women’s Association (TUWA)	<ul style="list-style-type: none"> Capacity and capability enhancement trainings and seminar for livelihood project beneficiaries Assistance to the Farmer’s Association Assistance to Regular- Seasonal Workers Association Assistance to the fishermen associations Bangus production project Expansion of tilapia culture project Construction of additional facility for the Mini Ice Plant and Cold Storage project
Expenditure	PhP 2,571,483.98	PhP 16,274,198.45	PhP 390,000.00	PhP 7,873,848.57
Number of beneficiaries	785 households	326 individuals	37 individuals	15 Peoples’ Organizations
Impact/Expected impact	Higher and income-generating opportunities and sustainable livelihood	An avenue for the communities to enhance and develop their skills and livelihood opportunities that will impact their lives when the mines cease to operate	Extended services to other communities	Development of economically viable alternative source of income, and availability of products and services in the community

EDUCATION

With the community quarantine restrictions impacting the school system in the country, NAC continued to keep a close eye on the needs of the education sector in its host communities and neighboring areas, as it maintained its support through scholarships, grants, and the provision of tools and equipment.

For instance, TMC donated a school bus for the students of Gigaquit National School of Home Industries (GNSHI) in the Municipality of Gigaquit, Surigao del Norte. The donation was a response to a request made by the school’s General Parents-Teachers Association which cited the school’s growing population and the challenge for students coming from far-flung barangays to attend school.

GNSHI Principal Jose Escabal thanked TMC for its “social responsibility to the people including those from Gigaquit,” saying: “Thank you for everything. Our gratitude over your donation to our school cannot be measured since this is a big help to our parents as they send their children to school.”

Meanwhile, Provincial Governor Francisco T. Matugas noted how TMC has been supporting the province’s programs on education for many years, with activities such as the provision of school supplies and bags, and the donation of school buildings.

Further, TMC has also turned over some 7,172 workbooks worth PhP 2 million to the provincial government of Surigao del Norte for the use of public schools in the province, in support of efforts to help students become “back-to-school ready”. The school materials will also benefit schools in Siargao Island.



TMC Workbooks turnover

INDICATOR	RTN	TMC	HMC	CMC
Project/Program name	Educational Assistance Program	College Financial Assistance under the DHNC component, and Full Academic Scholars under the DMTG component	Scholarship program	Access to Education and Educational Support Program
Description of the program	<ul style="list-style-type: none"> Scholarship, allowances Provision of school supplies, Internet, Gadgets Subsidy for Arabic Teacher/ Day Care Worker/Para Teacher Construction of Classroom Building, Comfort Room, Day Care Center, Feeding Center and School Covered Pathway 	Support indigent and deserving students in their pursuit to higher education	Support to scholars from day care to college including ALS through provision of: <ul style="list-style-type: none"> Free tuition & miscellaneous fees Monthly living, uniform & book allowances School supplies and other materials Sponsorship to Senior High School's training for NC-II certification 	<ul style="list-style-type: none"> Assistance for the improvement of school facilities Procurement of learning materials, school supplies, and other related equipment and facilities Assistance to college scholars Subsidy to volunteer teachers TESDA skills development ^[a]
Expenditure	PhP 7,174,772.12	PhP 10,883,892.89	PhP 3,288,707.99	PhP 7,424,089.16
Number of beneficiaries	4,453 ^[a]	403	1287	1,264 ^[a]
Impact/Expected impact	Increased literacy and participatory rate, increased social mobility and the community to become self-reliant.	Support of graduates that will be part of the country's workforce	Increased literacy rate, lessen the number of OSY, provide employment opportunities to residents of the community	Access to education; educational opportunities to members to the community

^[a] Teachers and students

^[b] Apprenticeship on Heavy Equipment Operation (22 trainees)

DISASTER RESILIENCE IN VULNERABLE COMMUNITIES

Aside from the various initiatives described above, NAC also provides support for the infrastructure, socio-cultural preservation, and climate-resilience needs of the communities, as these are essential parts of its SDMP.

In particular, the Company's contribution to bolstering communities' disaster response makes a great impact, especially in communities more prone to the impact of climate change.

For example, when the town of Makilala was devastated by an intensity 6.5 earthquake, NAC immediately sent help. Makilala has 38 barangays and is located in the south east of Cotabato Province. TMC immediately sent its Emergency Response Team (ERT), arriving in the area a day after the quake. The team was among the first responders when Cotabato called for help.

Following suit, and bringing more food and water, were CMC that travelled all the way from Dinagat Islands and HMC from Surigao del Norte.

The expertise of NAC's ERTs were quickly put to use when they were assigned to Barangay Bato where a deadly landslide occurred. The team transported to safety some 127 residents, together with their remaining possessions and animals such as pigs and pet dogs.

The NAC teams performed first-aid and distributed food packages and drinking water, mosquito nets, and hundreds of meters of blue canvass sheets.

The ERTs regularly and extensively train to be able to respond quickly and efficiently during disasters such as earthquakes and strong typhoons. They are known as reliable first-responders, trained to be constantly prepared, and ready to serve within short notice when communities call for help. ERT members are volunteer-employees from NAC's mining companies composed of mining engineers and geologists, medical practitioners and first-aiders, heavy equipment operators and carpenters, foresters and environment technologists, and social workers— headed and organized by the Company's Safety Department.



CMC Relief Operation

INDICATOR	RTN	TMC	HMC	CMC
INFRASTRUCTURE				
Project/Program name	Public Infrastructure Assistance Program	Infrastructure development	Electrification Project	Assistance to Infrastructure Development and Support Services
Description of the program	<ul style="list-style-type: none"> Construction of "Bahay Tarukan", churches and mosque, comfort room, solar dryer, road Improvement/ farm to market road Provision of solar panel, generator set and electrification 	<ul style="list-style-type: none"> Concreting of pathways in brgys. Sapa, Lapinigan, Wangke and Panatao Construction of Senior Citizens building and community recreational area in brgy. Urbiztondo Installation of solar streetlights in brgy. Ladgaron Construction of Family Life Center in Siargao Island 	Upgrading of Electrical Power system in Brgy. Talavera-transformer, AVR & additional wiring installations	<ul style="list-style-type: none"> Construction of Farm to Market road Electrification, construction of pathways
Expenditure	PhP 6,303,918.78	PhP 12,801,382.92	PhP 1,177,523.10	PhP 7,009,139.75
Number of beneficiaries	10,971 Households	12,279 households	2721 individuals	1315 households
Impact/Expected impact	Supported enterprise and public services	Supported the infrastructure development of the barangays to improve their conditions	Improved power distribution to households, fewer brownouts	Stimulated and facilitated other forms of economic activity such as development of road networks

INDICATOR	RTN	TMC	CMC
WATER			
Project/Program name	Establishment of Water System	Improvement of water system in brgy. Taganito and distribution of water via water lorry in brgy. Cagdianao	Water System
Description of the program	Rehabilitation of water system, installation of jetmatic pumps	Procurement of water system materials in brgy. Taganito, and subsidy to water lorry driver and maintenance of water lorry in brgy. Cagdianao	<ul style="list-style-type: none"> Improvement of water system Level III – Brgy. Valencia and Boa Improvement of water system Level III - Brgy. Cabiton-an Construction of dam and plumbing works - Brgy. Bayanihan
Expenditure	PhP 1,621,730.93	PhP 1,130,000.00	PhP 4,035,860.46
Number of beneficiaries	9,422 Household	11,027 households	
Impact/Expected impact	Available access to water/access to potable water, decreased waterborne diseases and maintain health sanitation and hygiene.	Improved supply of water and access to domestic water	

INDICATOR	TMC
CLIMATE RESILIENCY	
Project/Program name	Construction of Hayanggabon Coastal Dike (Phase 4)
Description of the program	Protection of households of the barangay from possible storm surge and other weather disturbances
Expenditure	PhP 1,620,385.00
Number of beneficiaries	3,994 households
Impact/Expected impact	Protected households against storm surge and other weather disturbances

INDICATOR	TMC	HMC	CMC
OTHERS			
Project/Program name	Support to socio-cultural preservation activities	Community development assistance to 17 neighboring/non-mining barangays	Socio-cultural Activities
Description of the program	Support to the different socio-cultural activities of the municipality and barangays like araw, fiesta, year-end activities among others	provision of financial support to various projects of the 17 neighboring brgys. at 200,000.00 each brgy.	Assistance to repair and improvement of churches and support to religious activities/celebrations
Expenditure	PhP 3,959,949.71	PhP 3,400,000.00	PhP 869,433.18
Number of beneficiaries	40,731 individuals	18,893 individuals	
Impact/Expected impact	Supported socio-cultural activities of the municipality	17 barangays supported with cash grant thereby minimizing the expenses of the BLGUs	

Rehabilitated mined out area at RTN

FINANCIAL REVIEW

REVENUES

	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2020	2019	2018	2020 VS. 2019	2019 VS. 2018
Sale of Nickel Ore					
Revenue (In PhP Millions)	20,096	16,255	17,295	24	-6
Volume (WMT '000)	18,203	18,836	19,349	-3	-3
Average Price – LME-based (US\$/lb.)	6.21	6.23	5.95	-	5
Average Price – tonnage based (US\$/lb.)	33.99	23.52	21.53	45	9
Sale of Limestone, Services and Others (in PhP Millions)	1,676	1,668	1,353	-	23
Total Revenue (in PhP Millions)	21,772	17,923	18,648	21	-4

Nickel ore shipments decreased to 18.20 million WMT in 2020 compared to 18.84 million WMT in 2019. Direct export of ore, which accounted for 55% of total shipments, slightly decreased to 10.02 million WMT in 2020 from 10.44 million WMT in 2019. Ore deliveries to the two HPAL plants, which comprise the remaining 45% of total shipments, also decreased to 8.18 million WMT in 2020 compared to 8.39 million WMT in 2019.

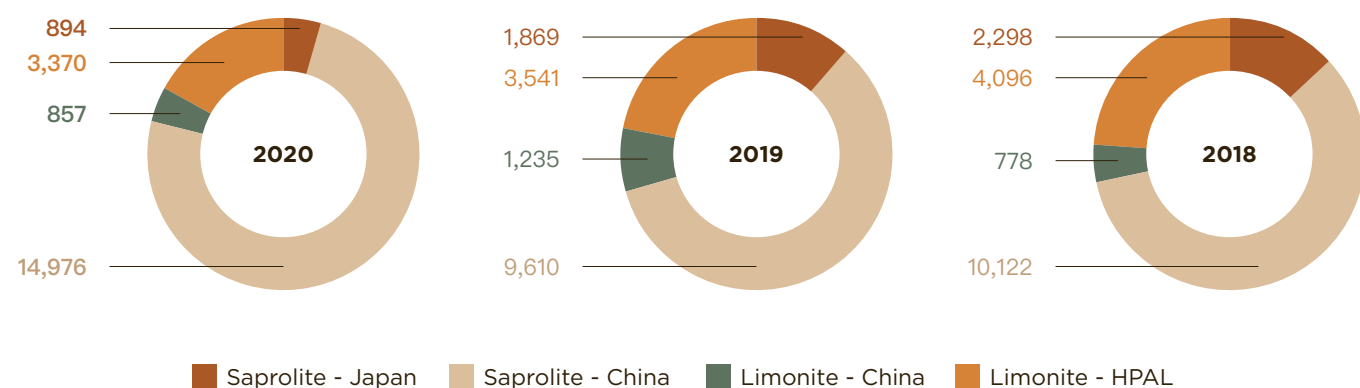
The Company realized an average of US\$ 6.21 per pound of payable nickel on its shipment of ore to the HPAL plants in 2020 the pricing of which is linked to quoted prices in the London Metal Exchange (LME). This compares to an average price of US\$ 6.23 per pound of payable nickel sold in 2019 and US\$ 5.95 in 2018. With respect to export sales, the

Company achieved an average price of US\$ 33.99 in 2020 compared to US\$ 23.52 in 2019 and US\$ 21.53 in 2018. On a combined basis, the average price received for sales of both ore exports and ore deliveries to the two plants in 2020 was US\$ 22.46 per WMT, significantly higher than the US\$ 16.69 achieved in 2019 and the US\$ 16.86 in 2018.

The realized PhP / US\$ exchange rate was PhP 49.15 in 2020 compared to PhP 51.72 in 2019.

Despite overall lower sales volumes and unfavorable exchange rate, due to the much improved realized prices, our consolidated revenues reached P21.77 billion from P17.92 billion in the prior year.

REVENUE BREAKDOWN PER PRODUCT

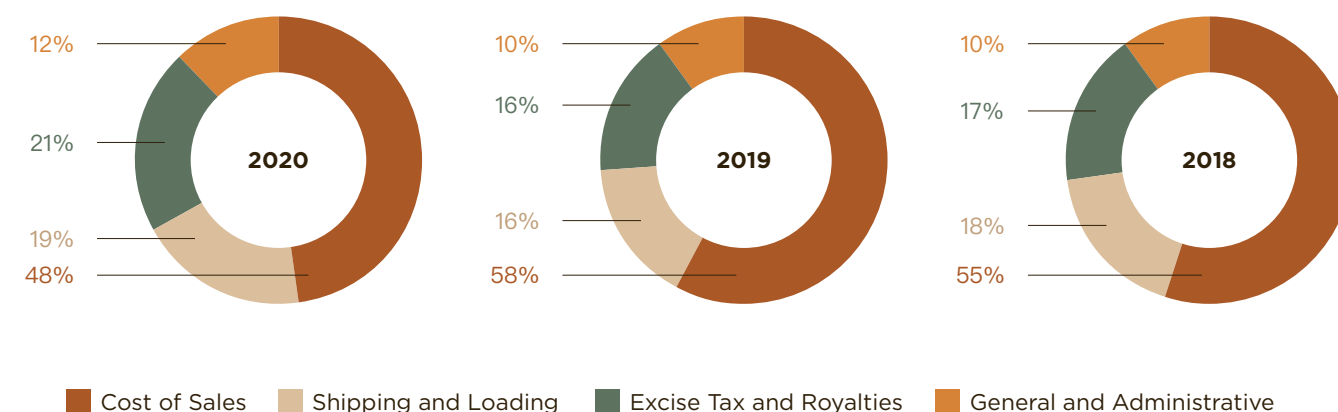


Please refer to Pages ___ to ___ for the detailed breakdown of sales and production per operating mine.

OPERATING COSTS AND EXPENSES

(In PhP Millions)	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2020	2019	2018	2020 VS. 2019	2019 VS. 2018
Cost of Sales, Services and Others	8,162	7,815	7,450	4	5
General and Administrative	1,118	1,156	1,213	-3	-5
Excise Taxes and Royalties	2,244	1,787	1,804	26	-1
Total Operating Costs and Expenses	13,855	12,683	12,557	9	1
Total Cash Operating Costs and Expenses	10,681	10,728	10,595	-	1

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, and general and administrative expenses incurred by the Group. On a per WMT of ore sold, total cash costs and expenses increased to PhP 586.74 per WMT in 2020 compared to PhP 571.48 per WMT in 2019 and PhP 547.55 per WMT in 2018.

NET INCOME

(In PhP Millions)	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2020	2019	2018	2020 VS. 2019	2019 VS. 2018
Net income	5,489	3,826	4,223	43	-9
Net income attributable to equity holders	4,069	2,685	3,008	52	-11

The net income for 2020 is inclusive of a PhP 190.4 million equity income from the Company's investment in Taganito HPAL Corporation and in Coral Bay Nickel Corporation, compared to PhP 10.4 million in 2019 and PhP 348.2 million in 2018.

The following are the relevant profitability ratios as of the end of 2020, 2019 and 2018.

	FOR THE YEARS ENDED DECEMBER 31		
	2020	2019	2018
Return on assets	11%	8%	9%
Return on equity	16%	11%	13%
Net profit margin	25%	21%	23%

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

(In PhP Millions)	FOR THE YEARS ENDED DECEMBER 31		
	2020	2019	2018
Net cash flows from operating activities	8,782	5,838	4,829
Net cash flows from (used in) investing activities	(2,858)	(1,573)	857
Net cash flows used in financing activities	(5,846)	(2,893)	(4,687)

The Company continued with the annual upgrade of its mining fleet and facilities at its four operating mines, with total capital expenditures in 2020 of PhP 1.10 billion compared to PhP 0.9 billion and PhP 1.0 billion in 2019 and 2018, 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 commenced in 2020.

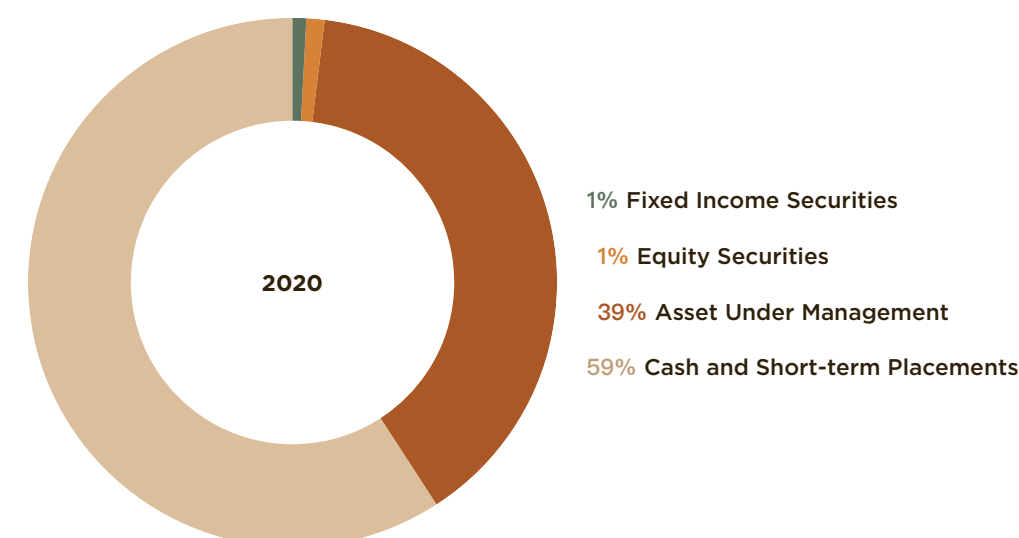
The Company has consistently paid out cash dividends to its shareholders totaling PhP 4,089.4 million in 2020, PhP 957.2 million in 2019, and PhP 3,193.2 million in 2018.

As at year end, the Company's financial position reflected total assets of PhP 48,913.0 million, a 1% increase from 2019.

Below is a summary of the financial position for 2020 and 2019.

(in PhP Millions)	DECEMBER 31, 2020	DECEMBER 31, 2019
Cash, Cash Equivalents and Other Financial Investments	17,331	16,569
Other Current Assets	4,681	5,454
Noncurrent Assets	26,901	26,239
Total Assets	48,913	48,262
Current Liabilities	10,944	9,921
Noncurrent Liabilities	3,372	3,210
Equity Attributable to Equity Holders of the Parent Company	31,043	31,370
Non-controlling Interests	3,554	3,761
Total Equity	34,597	35,131

The composition of the consolidated Company's cash, cash equivalents and other financial investments at end of 2020 follows:

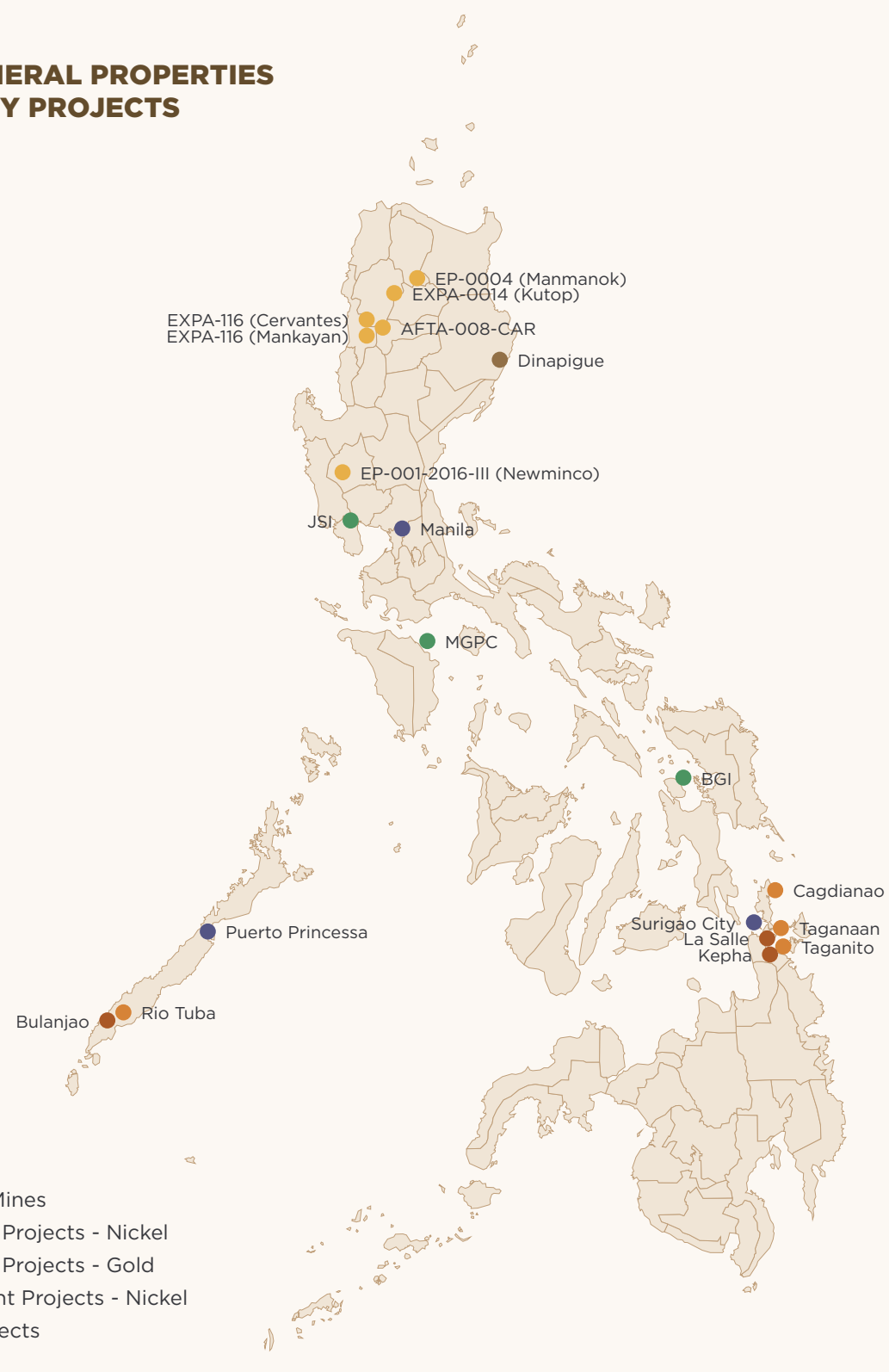


The following are the relevant liquidity and debt-equity ratios as of end of calendar year 2020 and 2019:

	DECEMBER 31, 2020	DECEMBER 31, 2019
Current ratio	2.01	2.22
Quick ratio	1.72	1.78
Debt-to-equity ratio	0.41	0.37

OPERATIONAL REVIEW

MAP OF MINERAL PROPERTIES AND ENERGY PROJECTS



SUMMARY OF ORE RESERVES AND RESOURCES



Total Ore Reserves (1) As of December 31, 2020

OPERATION	MINERAL TYPE	CLASSIFICATION	TONNES (KWMT)	TONNES (KDMT)	%NI	%FE	CONTAINED NI (KT)
Rio Tuba	Saprolite	Proved and Probable	39,579	25,442	1.51	13.69	384.16
	Limonite	Proved and Probable	47,216	32,980	1.11	35.79	366.08
Taganito	Saprolite	Proved and Probable	36,762	25,609	1.47	11.70	376.45
	Umonite	Proved and Probable	88,294	59,130	1.03	45.75	609.04
Cagdianao	Saprolite	Proved and Probable	15,713	10,213	1.43	15.81	146.04
	Limonite	Proved and Probable	8,328	5,413	1.00	40.97	60.62
Hinatuan (Taganaan)	Saprolite	Proved and Probable	1,142	776	1.43	13.21	11.09
	Limonite	Proved and Probable	2,756	1,874	1.06	41.18	19.86
Dinapigue	Saprolite	Proved and Probable	20,036	13,023	1.33	15.47	172.79
	Limonite	Proved and Probable	31,576	20,524	1.01	43.38	206.46
TOTAL RESERVES	Saprolite	Proved and Probable	113,231	75,063	1.45	13.60	1,091
	Umonite	Proved and Probable	178,170	119,922	1.05	42.32	1,262

This summary was prepared by Engr. Aloysius Diaz, who is the current Senior Vice President for Production of Rio Tuba Nickel Mining Corporation, Taganito Mining Corporation, Cagdianao Mining Corporation and Hinatuan 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, 2020

OPERATION	MINERAL TYPE	CLASSIFICATION	TONNES (KW MT)	TONNES (KDMT)	%NI	%FE	CONTAINED NI (KT)
Rio Tuba	Saprolite ⁽⁵⁾	Measured and Indicated	43,766	28,065	1.56	16.96	438
	Limonite ⁽⁶⁾	Measured and Indicated	48,458	33,772	1.U	35.66	378
	Saprolite	Inferred	13,823	9,028	1.48	12.72	134
	Limonite	Inferred	2,444	1,705	1.17	33.51	20
Taganito	Saprolite ⁽⁶⁾	Measured and Indicated	51,008	35,424	1.61	10.72	570
	Limonite ⁽⁶⁾	Measured and Indicated	102,086	68,536	1.02	46.U	699
	Saprolite	Inferred	3,5U	2,430	1.56	12.47	38
	Limonite	Inferred	11	7	0.96	46.75	0
Cagdianao	Saprolite	Measured and Indicated	17,645	11,464	1.41	15.91	161
	Limonite	Measured and Indicated	10,983	7,134	1.07	40.95	77
	Saprolite	Inferred	2,411	1,567	1.30	14.55	20
	Limonite	Inferred	269	175	1.04	37.94	2
Hinatuan (Taganaan)	Saprolite	Measured and Indicated	6,755	4,391	1.37	12.81	60
	Limonite	Measured and Indicated	13,206	8,584	1.08	41.13	92
	Saprolite	Inferred	1,808	1,175	1.31	12.71	15
	Limonite	Inferred	1,430	929	1.13	37.77	11
Dinapigue	Saprolite	Measured and Indicated	28,342	18,422	1.35	15.55	249
	Limonite	Measured and Indicated	45,411	29,517	1.03	44.15	303
	Saprolite	Inferred	33,263	21,621	1.34	15.21	289
	Limonite	Inferred	46,192	3,002.5	1.03	41.95	308
TOTAL RESOURCES	Saprolite	Measured and Indicated	147,515	97,766	1.51	14.12	1,479
	Limonite	Measured and Indicated	220,144	147,543	1.05	42.79	1,550
	Saprolite	Inferred	54,817	35,820	1.39	14.29	496
	Limonite	Inferred	50,346	32,841	1.04	41.37	341

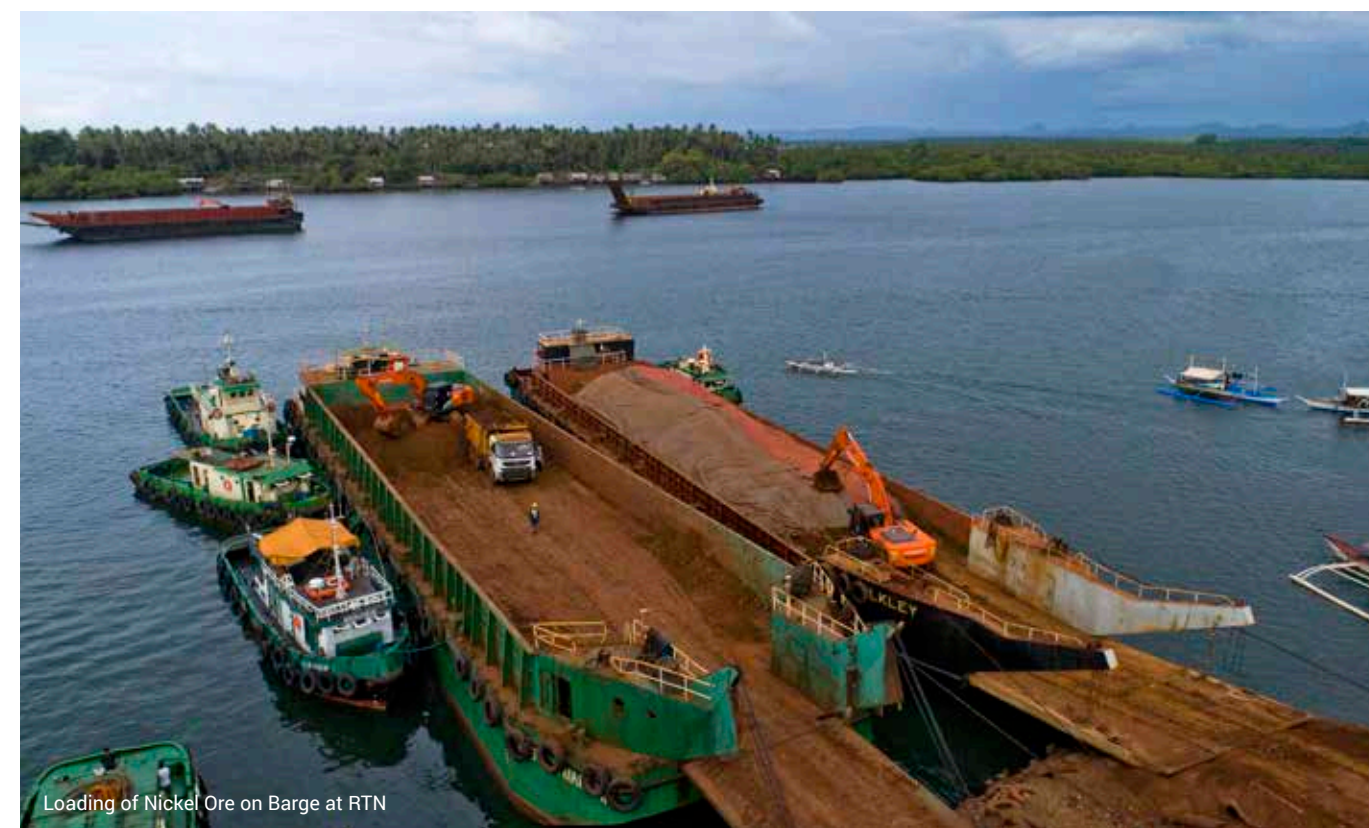
This summary was prepared by Kristine Grace Victoria, who is the current Resource Geology Manager under Ore Resources Management Group of Nickel Asia Corporation. Ms. Victoria is a Competent Person for Reporting Exploration Results and Mineral Resource Estimates under PMRC. She has sufficient experience 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 operations.
- (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 4.3 million WMT of saprolite and 13.2 million WMT of limonite within economic zone.
- (6) The mineral resource of TMC 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 Resources 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: ≥ 1.05% Ni, < 20.00% Fe;	Limonite: ≥ 20.00% Fe
Dinapigue	Saprolite: ≥ 1.10% Ni, < 25.00% Fe;	Limonite: ≥ 0.8-1.40% Ni, ≥ 25% Fe

REVIEW OF OPERATIONS GRI 416-1



Loading of Nickel Ore on Barge at RTN

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

RTN won the year's PMIEA, the highest and most prestigious mineral industry award of the country. It also received a number of major recognitions from various institutions such as Real Property Tax Collection from the Provincial Treasurer Office of Palawan, Proactive Performance from Palawan Council of Sustainable Development Staff (PCSDS), Excellence in Reporting from PH-EITI, and a citation by the Philippine Chamber and Commerce and Industry on its Excellence in Ecology and Economy.

RTN started the development of its Mine Eco- Tourism Projects last year from the continuing rehabilitation efforts of the company. It is geared towards enhancement of rehabilitated areas to agro-farms, sports and recreational parks, eco and nature parks. To support this, the DMTG

Project using bioreactor technology in partnership with Department of Science and Technology (DOST) has been initially used at the company's rehabilitation areas. In the face of the pandemic, RTN also launched the Edible Landscaping Project last April 2, 2020 to promote self-sufficiency, health and wellness and environmental stewardship.

It was the best year for RTN in terms of percent accomplishments on its annual social programs. Because of the pandemic, majority of RTN's social programs were realigned to address the immediate needs of the communities and in helping the communities to adapt with the new normal. It focused on food security, health programs, power source installations, online learning support and maximization of social media community engagements. Six (6) million pesos was realigned and turned over to the provincial LGU and another three (3) million pesos was donated to the municipality from CSR funds.

The Safety and Health of the employees has been a priority even through the challenges brought about by Covid-19 pandemic. The company established workplace guidelines and OSH protocols to ensure a zero case of Covid-19 in the workplace. Through the continuous and joint efforts of Management and all its employees in the implementation of its Occupational Safety and Health Program, RTN did not incur any lost time accident resulting to zero Severity Rate and Frequency Rate and an improvement of its Incidence Rate from 12.33 to 2.45. The company has accumulated a Safe- Manhours of 12,603,701 for its Nickel, Limestone and Material Handling Project. RTN also launched its Health and Wellness program last February 9, 2020 to instill and promote healthy and active lifestyle for its employees.

RTN maintained its ISO Standards by successfully passing its 1st Surveillance Audit in Environmental Management System, ISO 14001:2015, Occupational Health and Safety Management System, ISO 45001:2018 and Quality Management System, ISO 9001:2015 last February 3-6, 2020. The continuous implementation of the three standards as Integrated Management System has contributed in the increased efficiency of the company's operations.



TMC Conveyor

Mining Volume

The volume of ore mined for the year amounted to 5,186,254 WMT, consisting of 1,618,323 WMT of saprolite ore, 3,567,931 WMT of limonite ore and 325,285 WMT of waste. RTN also retrieved 901,159WMT of saprolite ore to meet the budgeted annual saprolite shipment.

Shipments

RTN shipped a total of 1,980,067 WMT of nickel ore in 2020. Medium-grade saprolite ore (1.50% nickel grade) totaling 250,854 WMT was sold to Pacific Metals Co., Ltd. at an average price of US\$ 38.23 per WMT. In addition, medium-grade saprolite ore totaling 1,729,213 WMT was sold to Chinese customers at an average price of US\$ 32.13 per WMT.

HPAL-grade limonite ore (approximately 1.00% nickel grade) totaling 3,027,026 WMT was delivered to the Coral Bay HPAL facility. The realized LME nickel price for this tonnage averaged 6.15 per pound of payable nickel. In addition, 247,561 WMT of crushed limestone was sold to Coral Bay while 103,517 WMT was sold to Unichamp Mineral Philippines Inc. (UMPI). RTN also handled 260,096 WMT of outsourced limonite ore and provided a variety of services such as handling and hauling of materials and supplies for the Coral Bay plant.

**TAGANITO MINING CORPORATION
(TMC - 65% OWNED)**

With the COVID-19 pandemic greeting the start of the year, TMC was not exempted from the different challenges that it brought. This proved to be a time however, to heighten its emphasis on safety, health and teamwork with local government units (LGUs) to prevent the spread of COVID-19. As early as February, before a local case was recorded in the province of Surigao del Norte, TMC teamed up with Claver LGU in conducting information drives to raise awareness about the disease. Safety protocols were strictly implemented to safeguard the well-being not just of its employees but also of its communities.

Furthermore, TMC extended over PhP 20 million-worth of assistance to LGUs in the barangay, municipal and provincial level in the form of sacks of rice, relief goods, medical supplies, personal protective equipment, test kits, hand washing facilities, and funding for the province's first Red Cross Molecular Laboratory to detect cases of COVID-19 infections.

Despite the pandemic, TMC continued with its thrust on pursuing excellence in its operations. This year, TMC was recognized by PhilHealth as one of its Top Prompt Remitting and Reporting Private Employers in the region. For its commitment to ensuring responsible reporting of payments made to government, TMC earned this year its 4th PH-EITI Transparency Award under Metallic Mining category. TMC was also recognized as among the Top 20 Early Taxpayers for 2019 Income Taxes nationwide.

TMC also successfully passed the 2nd Surveillance Audit for its Integrated Management System which covers its ISO 9001:2015 Quality Management System, ISO 45001:2018 Occupational Safety and Health Management System and ISO 14001:2015 Environmental Management System certifications.

Mining Volume

The volume of ore mined for the year amounted to 7,656,036 WMT. This consists of 3,901,058 WMT of saprolite ore and 3,754,978 WMT of limonite ore fed to THPAL. TMC also retrieved 271,367 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 8,523,002 WMT of nickel ore in 2020. High-grade and medium grade ore totaling 97,382 WMT were sold to PAMCO at an average price of US\$ 43.191 per WMT. Medium-grade saprolite ore totaling 3,533,870 WMT were sold to Chinese customers at an average price of US\$ 36.700 per WMT.

Low-grade limonite ore totaling 4,891,750 WMT, a 0.73% decrease from the prior year's volume of 4,927,721 WMT, was delivered to the Taganito HPAL plant. The realized LME nickel price for this tonnage was US\$ 6.246 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.

	2020	2019	2018
Tonnage Mined (WMT)			
Saprolite	3,901,058	4,915,953	4,567,257
Limonite	3,754,978	4,752,849	3,795,694
Sales Data			
Saprolite - Japan (WMT)	97,382	593,203	647,184
Average nickel grade	1.55%	1.63%	1.68%
Average price (per WMT)	US\$ 43.19	US\$ 32.50	US\$ 35.34
Saprolite - China (WMT)	3,533,870	3,585,087	3,364,269
Average nickel grade	1.49%	1.57% ^o	1.52%
Average price (per WMT)	US\$ 36.70	US\$ 25.42	21.63
Limonite - China (WMT)	-	56,900	546,534
Average nickel grade	-	0.99%	0.95%
Average price (per WMT)	-	US\$ 12.68	US\$ 11.76
Limonite - THPAL (WMT)	4,891,750	4,927,721	4,252,688
Average nickel grade	1.12%	1.08%	1.08%
Average price (per WMT)	US\$ 8.93	9.00%	9.00%
Average realized LME price (per pound)	US\$ 6.25	US\$ 6.21	US\$ 5.96

CAGDIANAO MINING CORPORATION (CMC - 100% OWNED)

Despite the pandemic, CMC continues to keep its commitment as a responsible mining company not only to its stakeholders but to the national government as it received for 2-consecutive years the most sought PMIEA Presidential Achievement Award, the highest recognition given by the government to mining companies in the Philippines and also receiving the runner-up for the Safest Surface Mining Operations Award. In the 2019 ANMSEC, the company received the award for Safest Surface Mining Operation, Safest Mining Operation, and the PMIEA Presidential Achievement Award.

With the continued effort in prioritizing safety, CMC recorded a decrease of 6.7% on incidents as compared to 2019. CMC's safety program for 2020 is focused on recording near misses, identification and elimination of work hazards in tandem with the daily tool box meetings, regular scheduled safety and health committee meetings, safety trainings, and walk-around machine/heavy equipment inspection every start of work shifts together with the ISO 45001 are the key elements that made CMC garnered the runner-up in the Safest Surface Mining Operations.

Due to travel difficulty caused by COVID-19 pandemic, a

remote surveillance audit was conducted in two parts last May 21-22 2020 and October 26-27, 2020 to validate CMC's commitment to IMS ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and ISO 45001:2018 Occupational Health and Safety Management System. CMC overcame the challenges in maintaining and improving the commitment to ISO standards, and strengthening CMC's Integrated Management System which is all aimed at improving the products and services that it provides.

Mining Volume

The volume of ore mined for the year amounted to 2,507,743 WMT, consisting of 1,808,170 WMT of saprolite ore and 699,573 WMT of limonite ore. The stripping volume amounted to 3,306,871 WMT.

Shipments

CMC sold a total volume of 2,992,870 WMT of ore in 2020. High-grade saprolite ore totaling 100,918 WMT were sold to PAMCO at an average price of US\$ 41.86 per WMT. Medium-grade saprolite ore with a total volume of 2,559,540 WMT and limonite ore totaling to 107,669 at an average price of US\$ 37.28 per WMT and US\$ 18.00 per WMT, respectively, were sold to China. CMC also shipped 224,743 WMT of marginal limonite to Coral Bay in Rio Tuba, Palawan at a price of US\$ 9.00 per WMT.

	2020	2019	2018
Tonnage Mined (WMT)			
Saprolite	1,808,170	2,752,555	2,683,361
Limonite	699,573	658,501	839,791
Sales Data			
Saprolite - Japan (WMT)	100,918	201,881	251,108
Average nickel grade	1.68%	1.75%	1.84%
Average price (per WMT)	US\$ 41.86	US\$ 36.50	US\$ 45.56
Saprolite - China (WMT)	2,559,540	2,544,238	2,376,910
Average nickel grade	1.52%	1.58%	1.53%
Average price (per WMT)	US\$ 37.28	US\$ 24.59	US\$ 21.18
Limonite - China (WMT)	107,669	-	-
Average nickel grade	1.15%	-	-
Average price (per WMT)	US\$ 18.00	-	-
Limonite - CBNC (WMT)	224,743	30,709	10,816
Average nickel grade	1.16%	1.18%	1.20%
Average price (per WMT)	US\$ 9.00	US\$ 9.00	US\$ 8.00

HINATUAN MINING CORPORATION (HMC - 100% OWNED)

Hinatuan Mining Corporation (HMC) was again the recipient of the PMIEA Platinum Achievement Award for 2020, after successively receiving the same award from 2017 to 2019 and Titanium Award in 2016. HMC also received 1st Runner-up for the 2020 Best Mining Forest, a repeat of its 2019 recognition and the Best Mine Surface Inspector for Mr. Aldrin L. Resullar.

Its Integrated Management System (IMS) Certification was issued 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 Assessment Series. On September 10, 2020, HMC successfully migrated its OHSAS 18001:2007 to

ISO 45001:2018 Occupational Health and Safety Management System while at the same time passed the surveillance audit conducted by NQA Philippines for the continuous use of its IMS.

Mining Volume

The volume of ore mined for the year totaled 687,900 WMT, consisting of 191,017 WMT of saprolite ore and 496,883 WMT of limonite ore. The stripping volume amounted to 969,113 WMT.

Shipments

HMC sold a total of 1,680,502 WMT of nickel ore in 2020, all of which were shipped out from HMC's Tagana-an Nickel Project. Medium-grade saprolite ore totaling 887,660 WMT and low-grade limonite ore totaling 757,514 WMT were sold to Chinese customers at an average price of US\$ 27.79 per WMT and US\$ 20.42 per WMT, respectively. A 35,328 WMT limonite test shipment to Coral Bay at US\$ 9.00 per WMT was also accomplished.

	2020	2019	2018
Tonnage Mined (WMT)			
Saprolite	191,017	1,159,259	2,450,401
Limonite	496,883	1,436,458	3%787
Sales Data			
Saprolite - Japan (WMT)	-	-	-
Average nickel grade	-	-	-
Average price (per WMT)	-	-	-
Saprolite - China (WMT)	887,660	485,613	1,477,347
Average nickel grade	1.39%	1.53%	1.51%
Average price (per WMT)	US\$ 27.79	US\$ 20.21	US\$ 22.06
Limonite - China (WMT)	757,514	1,524,216	674,610
Average nickel grade	0.91%	0.85%	88.00%
Average price (per WMT)	US\$ 20.42	US\$ 15.13	US\$ 12.31
Limonite - CBNC (WMT)	35,328	10,007	-
Average nickel grade	1.19%	1.27%	-
Average price (per WMT)	US\$ 9.00	8.83%	-
Average realized LME price (per pound)	US\$ 5.76	US\$ 5.43	-

REVIEW OF EXPLORATION

EM-MM-210a.3

NICKEL

RTN

Drilling was focused on the confirmation and development of marketable mineral resources in the northern portion of Umawi. The 2020 drilling program is the 3rd stage of the development drilling campaign with a total of 470 drill holes equivalent to 7,561.18 meters. The combined measured and indicated resources total to 3.56 million WMT of limonite at 1.11 %Ni and 36.83 %Fe and 6.63 million WMT of saprolite at 1.45 %Ni and 12.35 %Fe. The application for tree cutting permit for Umawi is currently being processed and being reviewed by FMB-Central Office.

TMC

The exploration activities in Kepha are put on hold as the signing of Addendum and Supplemental to the MOA is still under negotiation. The activities conducted at the tenement of Kepha are the plugging of 50 drillholes with concrete monuments. This is a requirement of MGB13 after conducting a tenement validation in 2019. The approved 2-Yr Community Development Program (CDP) which started implementation in 2018 is 100% implemented for both financial and physical accomplishments. Documents for the renewal of the exploration period for Kepha have been submitted in September last year, however the processing has been put on hold while negotiations with the IP communities are ongoing.

CMC

Drilling activity in the west portion of MPSA No. 078-97-XIII commenced last 10 March 2020 with a purpose of determining the physicochemical properties and boundaries of laterite materials in areas with no previous drilling data. An information-education-communication campaign (IEC) was conducted on 7 and 13 March 2020 among nearby sitios

and purok to inform the community regarding the purpose of the exploration drilling and its possible impact to their daily activities. A total of 223 holes with a total meterage of 2,484.67m were drilled for a period of 8 months. Exploration activities were put on hold on 13 November 2020 because of the imposed workplace quarantine to prevent the spread of 2019-nCoV. Results of exploration drilling were not included yet in the mineral resources and will be updated once the assay results become available.

HMC

In 2020, drilling operations of HMC were concentrated in Parcel 1 which started in January. Development drilling covered Cortes 10, Cortes 15, and Eastern 1 with a total of 252 drill holes equivalent to 1,926.82m. Portions in Cortes 10 and Cortes 15 with favorable saprolite intercepts were infilled with closer drillhole spacing under production drilling category. The combined development and production drilling in Cortes 10 resulted to increase of 2020 resources with an estimated volume of 223,000 m³ of limonite and 108,000 m³ of saprolite.

DMC

Expansion of geologic resource is the main objective of the current DMC drilling program. The drilling contractor was awarded the contract and was mobilized to the mine site during the latter months of 2020. Verification of mineral resource through the continual refinement and cross-checking of drilling databases were also carried out. The 2019 drilling samples have since been completely assayed and has already been incorporated in the current database, providing ample confirmation for the grade results by the earlier drilling campaigns.

GOLD AND COPPER

CORDILLERA EXPLORATION COMPANY, INC.

The Philippines is located in a very complex tectonic and geological terrain. It is bounded on the west by the east-dipping Manila Trench and on the east by the west-dipping East Luzon Trough-Philippine Trench System. Because of the interactions of both these geological features, a resulting northwest-trending Philippine Fault Zone, with its numerous major and associated branches, has rendered a distinct archipelagic character to the ground. On a more global scale, the Philippines lies within the "Pacific Rim of Fire", also known as the circum-Pacific belt, an area with a nearly continuous series of oceanic trenches and volcanic arcs involving plate movements.

But while Philippine inhabitants have to suffer the devastating effects of earthquakes and volcanic eruptions, these same geological processes have provided the favorable geological settings for the deposition and/or emplacement of rich gold, copper, chromite, nickel and other mineral deposits. The Philippines has long been acknowledged as one of the most richly endowed in mineral resources. This claim is validated by the country's long mining history which can be traced back to the 15th century. In the 1950's to 1970's, particularly, the Philippines maintained its position as one of the world's top ten producers in gold, copper, chromite and nickel.

Given this potential, the Company's local knowledge, and the experience of a number of its scientists, engineers and managers previously employed in gold and copper mining firms, a strategic decision was made to diversify into these metals as the opportunities arise. Based on this strategy, the Parent Company entered into an agreement in August 2010 to purchase 100% of the outstanding shares of Cordillera Exploration Company Incorporated (CEXCI) from Anglo American, a subsidiary of Anglo American Plc. The sale pushed through on November 15, 2010.

In May 2011, the Parent Company entered into a Participation and Shareholders' Agreement with SMM outlining the terms of SMM's equity participation in CEXCI.

In November 2011, based on the terms of the said Agreement, SMM invested \$1.5 million in CEXCI in return for a 25% equity interest. In 2015, SMM exercised its option to invest \$2.8 million for an additional 15% equity, which, after the approval of the increase in the authorized capital stock of CEXCI would bring SMM's total equity in CEXCI to 40%.

CEXCI has an EP over the Manmanok Property in Apayao Province, an application for EP over the Kutop Property in the province of Abra, and an application for Financial or Technical Assistance Agreement 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 applications for EP.

In December 2015, CEXCI acquired the 100% equity interest in Newminco Pacific Mining Corporation, which holds an Exploration Permit (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.

In April 2019, a Deed of Assignment with Royalty Agreement of APSA-000021-II was executed by and between Marian Mineral Exploration Co., Inc and Olympus Mineral Exploration Co., Inc. and Cordillera Exploration Company, Inc. This property contains the old Marian Gold Mine operated by Vulcan in the 1980s. In July 2019, CEXCI filed the conversion of APSA-000021-II into an Exploration Permit at MGB Region 2. The tenement has now been denominated as EXPA-00166-II.

By the last quarter of 2020, four (4) portions within the AFTA were identified and applied for conversion. Three (3) of the areas situated in the Cordillera Administrative Region (CAR) have been granted application for Exploration Permit with the last area pending in Region 1. Before the end of the year, the tenement of Kutop and areas of the AFTA remaining in CAR were officially withdrawn.

CEXCI's various properties are described below:

Zambales

In 2016, Newminco proceeded to implement its exploration program in the tenement designated as EP-001-2015-III. Geological mapping and surface sampling identified prospects and possible drilling areas. 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 soil sampling program was not completed. The first renewal of EP-001-2015-III was signed in Q1 2020. However, pandemic-related issues resulted in its registration only at the end of Q3. The soil sampling program is expected to restart in January 2021.

Isabela/Nueva Vizcaya

The Marian Property was designated as (Application for Production Sharing Agreement) 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.

In April 15, 2019, a Deed of Assignment with Royalty Agreement of APSA-000021-II was executed by and between Marian Mineral Exploration Co., Inc and Olympus Mineral Exploration Co., Inc. and Cordillera Exploration Company, Inc.

In July 24, 2019, Cordillera Exploration Company, Inc. filed the conversion of APSA-000021-II into an Exploration Permit at MGB Region 2.

In 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. Since then, majority of the documentary requirements for the granting of the permit have been acquired and the application due for evaluation at MGB Central Office.

Mankayan, Benguet

The original Mankayan property is part of AFTA-008, and is located within two (2) regions, the Cordillera Administrative Region (CAR) and Region I. The original area applied for within CAR is 57,559.5121 hectares while the original area applied for within Region I is 19,989.4879 hectares.

In early 2013, following exclusions/excisions from the application because of conflicts with national park (Bessang Pass Buffer Zone) and a strong opposition from a municipality in Ilocos Sur, the total area cleared by the MGB is approximately 54,940 hectares.

By July 2013, a board decision was made to partially convert the Application for Financial or Technical Assistance (AFTA) to an application for EP. An application to convert a portion of AFTA-008 into an EP was filed with MGB-CAR in November 2013. Since the area to be converted straddles two regions and involves lands belonging to separate tribes, the original application was split in two applications, 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 resumption of the FPIC process in EXPA-116 situated in Mankayan was eventually requested on January 2020. However, due to the COVID-19 pandemic, discussions on the resumption of the FPIC process between CEXCI and NCIP-CAR only commenced on the last quarter of 2020. Despite this, since most of the documentary requirements for the granting of the permit have been acquired, EXPA-116 was endorsed by MGB-CAR and the application is due for evaluation at MGB Central Office.

Cervantes, Ilocos Sur

After the split of EXPA-116 into CAR and Region 1, MGB Region 1 endorsed the request for Certification Precondition to NCIP Region 1 on February 2016. Three (3) General Assemblies were scheduled with a Consensus Building conducted in between the 2nd and 3rd General Assembly.

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.

On January 2020, it was agreed upon by the commissioners of NCIP in an En Banc meeting that the FPIC process should proceed upon which the Ancestral Domains Office (ADO) issued an order to NCIP Region 1 to pursue the continuance of the FPIC.

However, before NCIP Region 1 can continue the FPIC process, the COVID-19 pandemic struck. Due to the enhanced community quarantines, locally imposed lockdowns by the LGU and restrictions on group assemblies, the FPIC process was put on hold.

The Mankayan-Cervantes area is underlain by the same lithological units, and subjected to the same tectonic regimes that have rendered the district highly faulted and fractured. Three mineralization types can be found in the Mankayan sector: a) gold-rich porphyry copper mineralization, with the Far South East and Guinaoang deposits as examples; b) high-sulphidation copper and gold mineralization, as typified by the Lepanto Consolidated enargite ore body; and c) intermediate-sulphidation gold and base metals mineralization, examples of which are the Victoria and Suyoc ore bodies of Lepanto. Because of the



CEXCI - Exploration

similarities in lithological and structural controls, it could reasonably be expected that the same controls and styles of mineralization in the Mankayan sector are also present in the Cervantes sector.

Mountain Province and Benguet

AFTA-008, now consists of approximately 43,320 hectares and covers portions of the provinces of Benguet and Mt. Province after the conversion of EXPA-116. Then in September 28, 2020, four (4) portions of the remaining areas in CAR and Region 1 were converted to application for EP.

The three (3) portions within CAR were officially converted on December 17, 2020 and were denominated as: EXPA No. 119 covering an area of 3,645 hectares in Besao and Tadian; EXPA No. 120 covering an area of 2,835 hectares in Mankayan and Tadian; and EXPA No. 121 covering an area of 5,751 hectares in Bontoc and Sadanga. The remaining areas of AFTA-008 in CAR were withdrawn. Additional mandatory documentary requirements are currently being compiled for the new EXPAs as advised by MGB-CAR.

AFTA-008 (Remaining Areas)

Following the conversion, AFTA-008 now has 6,704 hectares all situated in Region 1. A portion of the remaining area within Region 1 was applied for conversion to EXPA and the remaining area for withdrawal in MGB Region 1 which is currently waiting for a resolution.

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. The application for the third renewal of the EP was submitted to MGB-CAR, albeit the operation proved difficult, the area still warrants further studies.

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 has decided to withdraw the application. The withdrawal was filed on November 2020 and was eventually granted on December 11, 2020.

CEXCI - Manmanok

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GRI CONTENT INDEX FOR “IN ACCORDANCE” – CORE OPTION

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	GRI 308-2	Negative environmental impacts in the supply chain and actions taken	None
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GRI 206: Anti-competitive Behavior	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not Applicable
GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	None
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GRI 402: Labor/Management Relations 2016	GRI 402-1	Minimum notice periods regarding operational changes	30 days
GRI 403: Occupational Health & Safety 2018	GRI 403-1	Occupational health and safety management system	63
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	GRI 403-3	Occupational health services	63
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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	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
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	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
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	GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	None
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	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	This is not measured.
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	EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	To be reported from 2021
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Labour			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	60	
Principle 4	the elimination of all forms of forced and compulsory labour;	NAC ensures that none of our operations as well as our local suppliers have any incidents of child labor practice	
Principle 5	the effective abolition of child labour; and		
Principle 6	the elimination of discrimination in respect of employment and occupation.		
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges;	68-81	
Principle 8	undertake initiatives to promote greater environmental responsibility; and	68-81	
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	68-81	
Environment			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	42-43	

EXTERNAL ASSURANCE STATEMENT



INDEPENDENT ASSURANCE STATEMENT

RENEWED PURPOSE 2020 Annual and Sustainability Report

Nickel Asia Corporation (“NAC”) has engaged GCSS Inc. to undertake independent assurance of sustainability / non-financial disclosures in 2020 Annual and Sustainability Report – RENEWED PURPOSE (the “Report”) for the year ended 31st December 2020. This assurance engagement was conducted using AccountAbility, UK - AA1000 Assurance Standard (AA1000AS v3) 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 2020 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 2020 Annual Report.
- Management’s forward-looking statements.
- Any disclosure made by the subsidiaries not covered within the report boundaries.
- Remote verification of data sources due to COVID19 travel restrictions.



Adherence to AA1000 Principles

Inclusivity:

The company 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.

Impact:

The company is regularly monitoring the impact it creates through its operations on both society and environment. A wide group of stakeholders such as local communities, employees, suppliers are able to grow through the socio-economic programs of the company while measuring its resources in a efficient way.

Conclusion

Subject to the section on limitations above and based on 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.

Reliability and Quality of Information:

The data sources for the sustainability performance data is based on the reports such as Environmental Protection and Enhancement Program (EPEP) report, Social Development and Management Program (SDMP) and Mine Safety and Health Administration (MHSA) report submitted by the company to the respective regulatory bodies as required. Hence the reliability of data is maintained through regular monitoring and reporting. Due to the COVID restrictions, onsite assessment was not possible and therefore the verification of data was done through desk reviews.



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.

Opinion

Nothing has come to our attention during the assurance engagement that suggests that the company does not adhere to the AccountAbility principles of assurance.

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: May 21, 2021
Place: Bonifacio Global City, Philippines



FINANCIAL STATEMENTS


GRI 102-45

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

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 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 (2) of whom are Independent Directors and one (1) a Non-Executive. The Chairman of the Committee is an Independent Director.
2. The NAC Audit Committee had four (4) meetings in 2020:
 - March 9, 2020
 - May 7, 2020
 - August 6, 2020
 - November 5, 2020
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, 2020 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, 2020 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 10, 2021.



Frederick Y. Dy
Committee Chairman
Independent Director



Masahiro Kamiya
Non-Executive Director



Angelo Raymundo Q. Valencia
Independent Director

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, 2020 and 2019, 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 conflate 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.

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



Maria Angela G. Villamor
Chief Financial Officer

Signed this 11th day of March 2021.

INDEPENDENT AUDITOR'S 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, 2020 and 2019, 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, 2020, 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, 2020 and 2019 and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 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.

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, 2020 are disclosed in Notes 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.

Impairment testing 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. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, such assessment 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, 2020 are disclosed in Note 9 to the consolidated financial statements.





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 future production levels and costs, as well as external inputs such as commodity prices, discount rate, and foreign currency exchange rates. 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. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of solar project and construction in-progress recorded as part of property and equipment

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, 2019 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, 2020 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. 08-001998-072-2020,
November 27, 2020, valid until November 27, 2023
PTR No. 8534239, January 4, 2021, Makati City

March 11, 2021



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Amounts in Thousands)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱11,835,201	₱11,943,128
Trade and other receivables (Note 5)	1,438,920	1,065,657
Inventories (Note 6)	2,930,348	3,995,411
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	2,846,822	1,651,283
Fair value through other comprehensive income (FVOCI)	2,548,760	2,730,168
Amortized cost	100,000	244,217
Prepayments and other current assets (Note 8)	311,919	393,393
Total Current Assets	22,011,970	22,023,257
Noncurrent Assets		
Property and equipment (Note 9)	16,889,585	16,028,192
Investments in associates (Note 10)	3,193,911	3,259,735
Geothermal exploration and evaluation assets (Note 11)	1,819,859	1,811,711
Financial assets at - net of current portion (Note 7):		
FVTPL	906,626	851,266
Amortized cost	110,000	210,000
Deferred income tax assets (Note 37)	607,264	498,264
Long-term stockpile inventory - net of current portion (Note 12)	-	105,601
Other noncurrent assets (Note 13)	3,374,075	3,473,927
Total Noncurrent Assets	26,901,320	26,238,696
TOTAL ASSETS	₱48,913,290	₱48,261,953
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	₱8,033,675	₱7,530,858
Short-term debts (Note 15)	1,492,654	1,492,404
Income tax payable	1,034,281	557,388
Other current liability (Note 40k)	261,691	221,079
Current portion of:		
Long-term debts (Note 15)	84,040	88,611
Lease liabilities (Note 35)	30,982	25,141
Long-term payable (Note 17)	7,000	5,000
Total Current Liabilities	10,944,323	9,920,481
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debts (Note 15)	893,409	930,418
Lease liabilities (Note 35)	584,922	581,537
Deferred income (Note 40m)	46,089	50,279
Long-term payable (Note 17)	6,093	12,300
Pension liability (Note 36)	676,087	393,180
Provision for mine rehabilitation and decommissioning (Note 16)	664,379	493,731
Deferred income tax liabilities - net (Note 37)	501,199	748,766
Total Noncurrent Liabilities	3,372,178	3,210,211
Total Liabilities	14,316,501	13,130,692

(Forward)



	December 31	
	2020	2019
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 18)	₱6,849,836	₱6,849,836
Additional paid-in capital	8,271,900	8,262,455
Other components of equity:		
Cost of share-based payment plan (Note 19)	441,589	370,522
Share in cumulative translation adjustment (Note 10)	381,991	612,635
Net valuation gains on financial assets at FVOCI (Note 7)	57,771	32,243
Asset revaluation surplus	30,948	31,331
Retained earnings:		
Unappropriated	14,952,425	13,713,383
Appropriated (Note 18)	189,950	1,585,576
Treasury stock (Note 18)	(134,014)	(87,950)
	31,042,396	31,370,031
Non-controlling Interests (NCI)	3,554,393	3,761,230
Total Equity	34,596,789	35,131,261
TOTAL LIABILITIES AND EQUITY	₱48,913,290	₱48,261,953

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2020	2019	2018
REVENUES			
Sale of ore and limestone (Notes 32 and 34)	₱20,456,629	₱16,669,736	₱17,741,560
Services and others (Notes 32 and 34)	1,026,794	861,307	627,705
Sale of power (Notes 32, 34, 40g and 40p)	288,158	392,251	278,407
	21,771,581	17,923,294	18,647,672
COSTS			
Cost of sales (Note 21)	7,519,981	7,105,870	6,770,953
Services (Note 22)	328,562	331,819	318,258
Power generation (Note 23)	313,250	377,467	360,622
	8,161,793	7,815,156	7,449,833
OPERATING EXPENSES			
Excise taxes and royalties (Note 24)	2,244,402	1,787,323	1,804,029
Shipping and loading costs (Note 25)	2,122,779	1,767,016	1,949,489
General and administrative (Note 26)	1,117,666	1,155,984	1,213,041
Marketing (Notes 40e and 40l)	208,078	157,031	140,210
	5,692,925	4,867,354	5,106,769
FINANCE INCOME (Note 29)	238,293	405,598	354,803
FINANCE EXPENSES (Note 30)	(274,502)	(343,655)	(245,625)
EQUITY IN NET INCOME OF ASSOCIATES (Note 10)	190,447	10,383	348,168
OTHER INCOME (CHARGES) - net (Note 31)	(263,209)	168,824	(217,001)
INCOME BEFORE INCOME TAX	7,807,892	5,481,934	6,331,415
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 37)			
Current	2,564,732	1,790,581	2,173,934
Deferred	(245,882)	(135,075)	(65,459)
	2,318,850	1,655,506	2,108,475
NET INCOME	₱5,489,042	₱3,826,428	₱4,222,940
Net income attributable to:			
Equity holders of the parent	₱4,068,732	₱2,684,969	₱3,008,057
NCI	1,420,310	1,141,459	1,214,883
	₱5,489,042	₱3,826,428	₱4,222,940
Basic/Diluted Earnings Per Share (EPS; Note 20)	₱0.30	₱0.20	₱0.22

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	₱5,489,042	₱3,826,428	₱4,222,940
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)	(256,271)	(186,419)	240,289
Income tax effect	25,627	18,642	(24,029)
	(230,644)	(167,777)	216,260
Net valuation gains (losses) on financial assets (Note 7)	23,545	133,932	(52,241)
Income tax effect (Note 7)	1,983	(9,185)	2,542
	25,528	124,747	(49,699)
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	(205,116)	(43,030)	166,561
<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)	(276,917)	(77,048)	13,553
Income tax effect	83,076	23,114	(4,066)
	(193,841)	(53,934)	9,487
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	(194,224)	(54,317)	9,104
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	(399,340)	(97,347)	175,665
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱5,089,702	₱3,729,081	₱4,398,605
Total comprehensive income attributable to:			
Equity holders of the parent	₱3,727,463	₱2,599,758	₱3,186,229
NCI	1,362,239	1,129,323	1,212,376
	₱5,089,702	₱3,729,081	₱4,398,605

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2020, 2019 and 2018
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 18)	Additional Paid-in Capital	Share-based Payment Plan (Note 19)	Share in Cumulative Translation Adjustment (Note 19)	Share in Net Valuation Gains on Financial Assets at FVOCI (Note 7)	Asset Revaluation Surplus (Note 7)	Retained Earnings - Unappropriated	Retained Earnings - Appropriated (Note 18)	Treasury Stock (Note 18)	Total	
Balances at December 31, 2019	₱6,849,836	₱8,262,455	₱370,522	₱612,635	₱3,243	₱31,331	₱13,713,383	₱1,885,576	(₱97,980)	₱3,761,230	₱35,131,261
Net income	-	-	-	-	-	-	4,068,732	-	-	1,420,310	5,489,042
Other comprehensive income (loss)	-	-	-	(2,306,644)	25,528	(383)	(135,770)	-	-	(58,071)	(3,093,340)
Total comprehensive income (loss)	-	-	-	(2,306,644)	25,528	(383)	3,932,962	-	-	1,362,239	5,089,702
Cost of share-based payment plan (Notes 19 and 27)	-	-	71,067	-	-	-	(4,089,425)	-	-	71,067	(4,089,425)
Cash dividends (Note 18)	-	-	-	-	-	-	(504)	-	-	-	(504)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends to NCI (Notes 33 and 34)	-	-	-	-	-	-	-	-	-	(1,702,000)	(1,702,000)
Acquisition of treasury stock (Note 18)	-	-	-	-	-	-	-	(46,064)	-	-	(46,064)
Reversal of appropriations (Note 18)	-	-	-	-	-	-	1,450,576	(1,450,576)	-	-	-
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	(54,950)	54,950	-	-	-
Asset revaluation surplus transferred to retained earnings (Note 9)	-	-	-	-	-	-	383	-	-	383	383
Effect of partial disposal of shares in a subsidiary	-	9,445	-	-	-	-	-	-	-	9,445	9,445
Balances at December 31, 2020	₱6,849,836	₱8,271,900	₱441,589	₱381,991	₱57,771	₱30,948	₱14,952,425	₱189,950	(₱134,014)	₱3,042,296	₱34,596,789



	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 18)	Additional Paid-in Capital	Share-based Payment Plan (Note 19)	Cost of Share-based Payment Plan	Share in Cumulative Translation Adjustment (Note 10)	Net Valuation 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
Balances at December 31, 2018	P6,849,836	P8,262,455	P240,003	P780,412	(P92,504)	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	-	-	1,129,323	3,729,081
Cost of share-based payment plan (Notes 19 and 27)	-	-	130,519	-	-	-	-	-	-	-	130,519
Cash dividends (Note 18)	-	-	-	-	-	-	(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 appropriations (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
Balances at December 31, 2019	P6,849,836	P8,262,455	P370,522	P612,635	P32,243	P31,331	P13,713,383	P1,585,576	(P87,950)	P3,761,230	P35,131,261

See accompanying Notes to Consolidated Financial Statements.



	Equity Attributable to Equity Holders of the Parent										
	Capital Stock	Additional Paid-in Capital	Share-based Payment Plan	Cost of Share-based Payment Plan	Share in Cumulative Translation Adjustment (Note 10)	Net Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Asset Revaluation Surplus	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings (Note 18)	Treasury Stock	Total
Balances at January 1, 2018	P3,808,665	P8,262,455	P137,635	P564,152	(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)	1,75,665
Total comprehensive income (loss)	-	-	-	216,260	(49,699)	(383)	3,020,051	-	-	1,212,376	4,398,605
Cost of share-based payment plan (Note 27)	-	-	102,368	-	-	-	-	-	-	-	102,368
Stock dividends (Note 18)	3,041,171	-	-	-	-	-	(3,041,171)	-	-	-	-
Cash dividends (Note 18)	-	-	-	-	-	-	(3,193,230)	-	-	-	(3,193,230)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	(504)	-	-	(504)	(504)
Cash dividends to NCI (Note 34)	-	-	-	-	-	-	-	-	-	(1,255,000)	(1,255,000)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	(20,366)	-	(20,366)
Reversal of appropriations (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
Balances at December 31, 2018	P6,849,836	P8,262,455	P240,003	P780,412	(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.



CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱7,807,892	₱5,481,934	₱6,331,415
Adjustments for:			
Depreciation, amortization and depletion (Notes 9 and 28)	1,445,260	1,404,365	1,355,589
Interest income (Note 29)	(238,293)	(405,598)	(354,803)
Equity in net income of associates (Note 10)	(190,447)	(10,383)	(348,168)
Interest expense (Note 30)	157,638	208,286	165,576
Unrealized foreign exchange losses (gains) - net (Note 31)	143,177	203,048	(153,705)
Loss (gain) on:			
Sale of financial assets at FVOCI (Note 31)	(47,157)	(19,055)	49,456
Changes in fair value of financial assets (Note 31)	41,800	(347,725)	143,711
Write-off of project development cost and other deposits (Note 31)	4,367	–	–
Sale of property and equipment (Note 31)	4,353	14,020	(59,683)
Write-off of deposit for aircraft acquisition (Note 40q)	–	51,105	–
Exchange of assets (Notes 31 and 40q)	–	(39,986)	–
Sale of investment in subsidiaries (Note 31)	–	(881)	–
Redemption of financial assets at amortized cost (Note 31)	–	(200)	(2,353)
Write-off of investment property (Note 31)	–	–	1,623
Cost of share-based payment plan (Notes 19 and 27)	71,067	130,519	102,368
Accretion of interest on:			
Lease liabilities (Notes 30 and 35)	54,344	55,342	–
Provision for mine rehabilitation and decommissioning (Notes 16 and 30)	14,764	14,738	13,746
Long-term payable (Notes 17 and 30)	793	977	1,155
Dividend income (Notes 7 and 31)	(33,500)	(45,539)	(38,849)
Provisions for impairment losses on:			
Advances to suppliers and contractors (Note 31)	15,336	–	–
Deferred mine exploration costs (Note 31)	–	–	15
Movements in pension liability	(9,652)	(33,987)	(5,819)
Operating income before working capital changes	9,241,742	6,660,980	7,201,274
Decrease (increase) in:			
Inventories	1,171,767	(251,137)	(179,902)
Trade and other receivables	(351,071)	105,504	(76,748)
Prepayments and other current assets	81,474	716,985	(235,047)
Increase in trade and other payables	725,924	254,248	112,679
Net cash generated from operations	10,869,836	7,486,580	6,822,256
Income taxes paid	(2,087,839)	(1,648,982)	(1,993,378)
Net cash flows from operating activities	8,781,997	5,837,598	4,828,878

(Forward)



	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Financial assets at (Note 7):			
FVOCI	(₱4,662,785)	(₱2,247,021)	(₱1,489,737)
FVTPL	(3,251,620)	(1,233,089)	(786,674)
Amortized cost	–	(58,447)	(48,439)
Property and equipment (Note 9)	(2,132,848)	(1,255,523)	(1,144,269)
Proceeds from sale or redemption of:			
Financial assets at:			
FVOCI	4,909,068	2,233,070	1,700,179
FVTPL	1,947,885	1,065,502	2,007,499
Amortized cost	244,217	136,200	198,401
Subsidiaries, net of cash disposed (Note 1)	–	51,366	–
Property and equipment	2,230	5,067	85,052
Interest received	268,676	404,381	354,958
Increase in:			
Other noncurrent assets	(208,303)	(262,902)	(49,223)
Geothermal exploration and evaluation assets (Note 11)	(8,148)	(18,267)	(9,261)
Dividends received (Notes 7 and 10)	33,453	150,342	38,924
Issuance of loan (Note 40a)	–	(543,824)	–
Net cash flows from (used in) investing activities	(2,858,175)	(1,573,145)	857,410
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Notes 18 and 34)	(5,731,929)	(2,212,752)	(4,418,734)
Short-term debt	(1,500,000)	(1,500,000)	–
Interest	(123,810)	(167,256)	(126,195)
Long-term debts	(75,546)	(334,637)	(1,625,187)
Principal portion of lease liabilities (Note 35)	(55,149)	(90,273)	–
Long-term payable	(5,000)	(5,000)	(5,000)
Proceeds from sale or availment of:			
Short-term debts, net of debt issue costs (Note 15)	1,488,953	1,488,903	1,488,922
Long-term debt (Note 15)	94,976	–	–
Noncontrolling interest in a subsidiary (Note 1)	71,184	–	–
Acquisitions of treasury stock	(46,064)	(67,584)	(20,366)
Increase (decrease) in:			
Other current liability	40,612	–	24,000
Deferred income	(4,190)	(4,190)	(4,190)
Net cash flows used in financing activities	(5,845,963)	(2,892,789)	(4,686,750)
NET INCREASE IN CASH AND CASH EQUIVALENTS	77,859	1,371,664	999,538
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,943,128	10,784,369	9,635,514
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS (Note 31)	(185,786)	(212,905)	149,317
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱11,835,201	₱11,943,128	₱10,784,369

See accompanying Notes to Consolidated Financial Statements.



OFFICERS

NICKEL ASIA CORPORATION

Manuel B. Zamora, Jr.
Chairman Emeritus

Gerard H. Brimo
Chairman of the Board of Directors

Philip T. Ang
Vice Chairman

Martin Antonio G. Zamora
President and Chief Executive Officer

Emmanuel L. Samson¹
Senior Vice President
Chief Financial Officer
Corporate Governance Officer

Jose B. Anievas²
Senior Vice President
Chief Operating Officer
Chief Risk Officer

Georgina Carolina Y. Martinez
Senior Vice President
Chief Compliance Officer
Assistant Corporate Secretary

Maria Angela G. Villamor³
Vice President
Group Finance Controller

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. Diaz⁴
Vice President
Operations

Koichi Ishihara
Vice President
Marketing and Purchasing

Michio Iwai
Vice President

Gerardo Ignacio B. Ongkingco
Vice President
Human Resources

Romeo T. Tanalgo
Vice President
Security and Government Relations

Christopher C. Fernandez⁵
Vice President
Information and Communications
Technology Sector

Rogel C. Cabauatan
Assistant Vice President
Community Relations and Environment

Jeffrey B. Escoto
Assistant Vice President
Technical Services

Patrick S. Garcia
Assistant Vice President
Internal Audit

Marnelle A. Jalandoon
Assistant Vice President
Management Information Systems

Ryan Rene C. Jornada
Assistant Vice President
Government Relations

Iryan Jean U. Padillo
Assistant Vice President
Finance

Rodrigo V. Gazmin, Jr.⁶
Assistant Vice President
Head, Purchasing and Supply
Chain Management Sector

Barbara Anne C. Migallos
Corporate Secretary

RIO TUBA NICKEL MINING CORPORATION

Norberto R. Reyes⁷
Vice President
Finance

Cynthia E. Rosero
Assistant Vice President
Resident Mine Manager

CORDILLERA EXPLORATION CO., INC.

Graciano P. Yumul
Senior Vice President
Operations

TAGANITO MINING CORPORATION

Lennie A. Terre
Vice President
Finance

Artemio E. Valeroso
Assistant Vice President
Resident Mine Manager

CAGDIANAO MINING CORPORATION

Fernando P. Cruz
Assistant Vice President
Finance

Arnilo C. Milaor
Assistance Vice President
Resident Mine Manager

DINAPIGUE MINING CORPORATION

Fernando P. Cruz
Assistant Vice President
Finance

HINATUAN MINING CORPORATION

Fernando P. Cruz
Assistant Vice President
Finance

Francisco J. Arañes, Jr.
Assistant Vice President
Resident Mine Manager

EMERGING POWER, INC.

Martin Antonio G. Zamora
President and CEO

Ronaldo D. Ibasco
Executive Vice President
Chief Operations Officer
Chief Compliance Officer

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

April Ann B. Nerva
Assistant Vice President
Human Resources and Administration

¹ Until December 31, 2020

² Until March 31, 2020.

³ Until December 31, 2020. Ms. Villamor is Senior Vice President, Chief Financial Officer and Head of Finance and Revenue Management Group effective January 1, 2021.

⁴ Mr. Diaz has been appointed as Senior Vice President – Production effective April 1, 2021.

⁵ Effective March 11, 2021.

⁶ Effective January 1, 2021.

⁷ Until December 31, 2020

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Taganito Mine

Barangay Taganito, Claver, Surigao del Norte

Cagdianao Mine

Barangay Valencia, Cagdianao, Dinagat Islands

Hinatuan Mine

Barangay Talavera, Tagana-an, 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.

BANKS

Banco de Oro
Bank of the Philippine Islands
DBS Private Bank
Hongkong and Shanghai Banking Corporation
J.P. Morgan Chase Bank
Maybank Philippines, Inc.
Metropolitan Bank & Trust Co.
Morgan Stanley
Rizal Commercial Banking Corporation
Security Bank Corporation
Union Bank of the Philippines
United Coconut Planters Bank

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Factoran & Natividad
Mata-Perez Tamayo Francisco
Atty. Maria Lourdes Belen Ugay
Kapunan Tamano & Javier
Batino Law Offices

RTN Water System Project



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