

16 February 2017

To Our Valued Stakeholders:

Re: BenguetCorp Nickel Mines, Inc. to Appeal the DENR Cancellation Order

Dear Sir/Madam:

We write in relation to the recent actions and announcements of Secretary Regina Lopez cancelling the permits of several mining companies including that of BenguetCorp Nickel Mines, Inc. (BNMI), which has earlier been suspended upon instruction of her Office. As in the suspension order, we strongly object to such arbitrary actions being made without observance of due process and without basis in fact and in law.

On 13 February 2017, BNMI received an Order dated 08 February 2017 from the DENR cancelling its Mineral Production Sharing Agreement (MPSA). The Order is objectionable for the following reasons:

1. The Order failed to identify specific environmental violations of BNMI that would warrant cancellation of its MPSA;
2. The Order is untenable considering that BNMI is environmentally compliant as proven by the ISO: 14001 Certification on Environmental Management System that it received from TUV Rheinland in 17 March 2016 after undergoing intensive review and audit of its mining operation starting in August 2015; and
3. The same Order alleged that BNMI has impaired the function of the watershed in the area. To clarify, our approved MPSA issued in 2005 clearly states that BNMI's contract area is located within the Zambales Chromite Mineral Reservation. This specific mineral reservation has been excluded from government declared watersheds as proven by area clearance issued by the DENR prior to MPSA approval. Our nickel project continues to be operated outside of any known, critical or declared watershed.

BNMI has complied with all the environmental and social remediation measures set by the Mines and Geosciences Bureau (MGB), which lifted the suspension on August 24, 2015 on the bases of our compliance of these remediation conditions. Only the One Mine Haul Road condition was left but we have now signed a Contract with a partner for its construction, the delay caused mostly by Right of Way issues.

We therefore see no basis at all for the cancellation Order and we will take all the necessary legal actions and exhaust all remedies available to prevent the implementation



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BenguetCorp
Nickel Mines Inc.

of the Order. We are set to file an immediate Appeal which shall “stay and/or stop” the execution and implementation of the Order until the issues are resolved on its merits under the Law.

We expect to be able to haul the earlier validated stockpiles pursuant to the ore transport permits given to us by the MGB which directed the removal of the stockpiles for environmental reasons. Although the issuance of the permits was delayed, we hope to substantially complete the hauling and shipment of the stockpiles before the start of the rainy season, barring any unforeseen circumstances.

In this light, we are thankful for your continued support and assistance at this challenging time. We are confident that we will be able to surpass this hurdle considering that our mining operation is compliant with environmental standards and our Legal Rights are well founded.

Sincerely,

A handwritten signature in blue ink, appearing to read 'L. Sison III', is written over the typed name.

LEOPOLDO S. SISON III
President, BenguetCorp Nickel Mines, Inc.



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