

BenguetCorp

July 8, 2016

PHILIPPINE STOCK EXCHANGE
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: Mr. JOSE VALERIANO B. ZUÑO III
Head- Officer-In-Chare, Disclosure Department

Gentlemen:

We write in response to your request for clarification to the news article entitled "Govt suspends 4 mining firms, says DENR's Lopez" posted in abs-cbnnews.com on July 8, 2016. The article reported in part as follows:

"MANILA – Environment and Natural Resources Secretary Gina Lopez said Friday she suspended four mining companies as she cracked down on firms that don't comply with environmental safety standards.

BenguetCorp Nickel Mines Inc., Zambales Diversified Metals Corp., LNL Archipelago Minerals Inc., and Eramen Minerals Inc. were suspended also because of separate writs of kalikasan issued by the Supreme Court, Lopez said.

Lopez said the four companies were accused of 'environmental degradation, denudation of forests and lack of funds for progressive rehabilitation.'

...."

Its wholly owned subsidiary, Benguetcorp Nickel Mines, Inc. (BNMI), received today, the Order dated July 7, 2016, from the Department of Environment and Natural Resources (DENR)- Mines and Geosciences Bureau (MGB) Region 3 and Environmental Management Bureau (EMB) Region 3, suspending its mining operation in Sta. Cruz, Zambales, as a result of filing of Writ of Kalikasan case, declaration of mining moratorium by Governor Deloso, and complaints of anti-mining groups. BNMI will immediately request for a reconsideration of the Suspension Order, since its mining operation is fully compliant with the regulatory requirements and environmental standards of the government and its host communities. The resumption of its mining operation last August 2015 was based on its compliance with the remediation condition set by the MGB and EMB, which are properly documented and validated. Nevertheless, BNMI will cooperate with the audit of mining companies ordered by the DENR and it is confident that it will be allowed to resume operations thereafter.

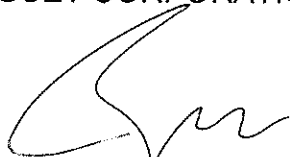
In support of its adherence to responsible mining, BNMI's environmental management system was certified ISO:14001 compliant in the 2015 version in March 2016, well ahead of the DENR deadline of May 2016.

We hope that we have clarified the above matter to your satisfaction.

Very truly yours,

BENGUET CORPORATION

By:

A handwritten signature in black ink, appearing to read 'R. Mendoza', written over a vertical line that extends downwards from the signature area.

REYNALDO P. MENDOZA
SVP – Public Affairs, Legal and
Assistant Corporate Secretary



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July 7, 2016

MR. CESAR F. SIMBULAN, JR.
President
Zambales Diversified Metals Corp.
4th Floor PILGRIM Bldg.,
No. 111 Aguirre St., Legaspi Village
Makati City



MR. LEOPOLDO P. SISON
Benguetcorp Nickel Mines, Inc.
3rd Floor, Universal Re Bldg., 106 Paseo de Roxas
Makati City

Dear Messrs. C. F. Simbulan, Jr. and L. P. Sison:

Subject: Joint Suspension Order

This refers to the 1). Writ of Kalikasan issued by the Supreme Court in the case filed by the Concerned Citizens of Santa Cruz, Zambales (GR No. 224375) against your mining operations in the Province of Zambales for various alleged environmental crimes, 2). the pronounced Executive Order No. 01 issued by the Provincial Government of Zambales suspending the mining operations in the said Province in view of violations of the mining and environmental laws and 3). the continuing complaints of various groups against the alleged adverse environmental impacts of the said mining operations.

In order to ensure that the environment, particularly the communities, farmlands and water bodies, are not in any way compromised as a result of the mining operations pursuant to the pertinent mining and environmental laws, your operations in Sta Cruz, Zambales are hereby suspended immediately, subject to the following conditions:

1. Issues arising from the tree-cutting and earthballing operations shall be fully addressed.
2. The construction of an exclusive mine haul road shall be completed.
3. All mined-out and open areas shall be fully rehabilitated.
4. The Final Mine Rehabilitation/Decommissioning Funds shall be fully deposited.

5. All farmland, fishponds and water bodies adversely affected by the mining operations shall be rehabilitated and the owners concerned duly compensated.
6. All damaged portions of roads due to the hauling operations shall be fully repaired.

Further, an audit of the mining operations shall be undertaken by a composite team of the Department of Environment and Natural Resources (DENR) to determine compliance with the mining and environmental laws.

Please be guided accordingly.

Very truly yours,


LOPE O. CARIÑO, JR.
OIC, Regional Director
Mines and Geosciences Bureau Regional Office No. III


LORMELYN E. CLAUDIO
Regional Director
Environmental Management Bureau Regional Office No. III


FRANCISCO E. MILLA, JR.
Regional Director
DENR Regional Office No. III


c.c. : The Honorable Secretary
DENR
Visayas Avenue, Diliman, Quezon City