

**BENGUET CORPORATION**  
**MINUTES**  
**OF THE ANNUAL STOCKHOLDERS' MEETING**  
**29 MAY 2012**

The annual stockholders' meeting of Benguet Corporation (the "Company") was held at the Fairways Dining Room, Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City, on Tuesday, 29 May 2012.

**I. Call to Order**

Mr. Daniel Andrew G. Romualdez, Chairman of the Board, presided over the meeting. The meeting was called to order at 3:10 in the afternoon. Atty. Hermogene H. Real, the Corporate Secretary, recorded the minutes of the meeting.

**II. Proof of Notice of the Meeting**

Upon query of the Chairman if notice of the meeting had been sent to the stockholders of the Company, the Corporate Secretary certified that written notices of the meeting, together with the Proxy Statement, were sent either by mail or through messenger services at the respective addresses indicated in the books of the Company to each stockholder of record as of April 10, 2012, at least thirty (30) days before the annual meeting date in compliance with the Company's Amended By-Laws. The same notices were also published in People's Journal and People's Tonight, both newspapers of general circulation, on Saturday, May 26, 2012. [The Sworn Affidavit of Service/Mailing of the Notice to resident and non-resident stockholders, and a complete set of the notice and proxy materials are attached to the original of the Minutes of this meeting.<sup>1</sup>]

**III. Determination of Quorum**

The Chairman requested the Corporate Secretary to confirm the presence of a quorum at the meeting. The Corporate Secretary certified that a quorum existed for the transaction of business, there being present in person or represented by proxy a total of 111,033,980 shares or 67.54% of the Company's outstanding capital stock of 164,395,364 shares. [Appended to the original of the Minutes is the report dated May 29, 2012 of SGV & Co., the Company's external auditors, showing the results of tabulation of the number of shares

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<sup>1</sup>Annex "A" - Affidavit, Notice and proxy Materials

present at the meeting.<sup>2</sup> ]

There being a quorum present, the Chairman declared that the meeting was ready to proceed with the transaction of business. He then introduced to the stockholders each member of the Board of Directors present.

#### **IV. Approval of the Minutes of the Last Regular Annual Stockholders' Meeting**

The Chairman requested the Corporate Secretary to read the Minutes of the Annual Stockholders' Meeting held on June 29, 2011.<sup>3</sup> Considering that copies of the Minutes of said meeting had earlier been furnished to the stockholders, upon motion duly made and seconded, the reading of said Minutes of the last Annual Stockholders' Meeting was dispensed with, and the stockholders unanimously adopted the following resolution:

“**RESOLVED**, as it is hereby resolved, that the Minutes of the Stockholders' Meeting held on June 29, 2011 be, as they are hereby, approved as presented.”

#### **V. Presentation of the President's Report**

The Chairman announced that the next order of business was the review of the Company's operations for the years 2011 - 2012 with some interim updates on BC's mineral production/exploration projects. He stated that copies of the Annual Report as well as SEC 17-A with the 2011 Audited Financial Statements were distributed in advance to the stockholders together with the Proxy Statement prior to the meeting, thus any questions on the report will be entertained after the presentation.

He then called the President to present the 2011 Annual Report of the Company and reported the significant highlights of the Company's operations as well as its current activities, among others, to wit:

- Benguet Corporation maintained its forward momentum in 2011 posting over Php1 billion in consolidated revenues and Php5.3 billion in consolidated assets. The impetus was provided by the steady improvement in the operating income of the Acupan Contract Mining Project now renamed as the Acupan Gold Project (AGP) and earnings from BenguetCorp Nickel Mines, Inc.(BNMI). The Company foresees further enhancement of

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<sup>2</sup>Annex "B" - Quorum Tabulation

<sup>3</sup>Annex "C" – Minutes of the Annual Stockholders Meeting held on August 25, 2010

its profitability in the medium term, with the continued ramp up of the gold milling operation of AGP to attain 300 tons per day processing capacity that will result to an estimated 1,000 ounces per month by year-end 2012. The future is promising for BNMI as well with a committed income stream for the next three years with the signing of new nickel off-take agreements for the supply of additional high grade nickel ore amidst positive market pricing. Consistent with its medium-term plan to transform BNMI from a direct ore exporter into a processed nickel producer, the Company is evaluating different processes using low and medium grade ore to produce a higher value product for export.

- The Parent Company's outstanding principal debt from over ₱5 billion in 1992 has been reduced to ₱236 million or only 4.7% of the original principal. The Company remains committed to a final and comprehensive settlement of all the old debt or to arrange for a suitable restructuring of the remaining obligations.
- A diamond drilling exploration program was designed for the AGP operations to help determine the resource base of the lower underground levels of the mine that are presently flooded. The drilling program will commence as soon as the underground drill stations have been prepared.
- Recognizing that land development is a natural and logical play to balance the mining cycle, the Company, in the first quarter of 2011, set up the Real Estate Group for the planning and management of land assets comprising of mineral land in Itogon, Benguet, forest land in Bokod, Benguet and agricultural land in Zambales. The land holdings are being evaluated to determine the best land use options for each particular area from the perspective of economics, the environment, and benefits to the host community and local government units.
- In Bokod, Benguet, the Company reforested some 20,000 contiguous hectares with 20 million pine trees, and this area has become a well-preserved second-growth forest. The Company is working with the local government and the DENR towards the grant of a Special Agreement for Protected Areas (SAPA) to enable the development of ecotourism.
- In 2011, the Board approved the revised *Manual on Corporate Governance* in line with SEC Memorandum Circular No. 6, Series of 2009. The Company has participated annually in the Corporate Governance Scorecard of the Institute of Corporate Directors and the Corporate Governance Disclosure Survey for publicly listed companies in compliance with the mandate of SEC and PSE, respectively.
- In September 2011, St. Augustine Mining Ltd. (SAML), an affiliated company of the US-based Russell Mining & Minerals, Inc. (RMMI), accelerated the full payment of the Kingking interest and related claims to your company, effectively completing the transfer of the Company's interest in the Kingking Project and related claims to SAML.
- In December 2011, the Company's application for quasi-reorganization and equity restructuring which entailed offsetting the deficit in retained earnings of ₱2.2 Billion with its capital surplus of ₱1.2 Billion and to apply the revaluation increment of ₱1.6 Billion against the remaining balance, was approved by the Securities and Exchange Commission (SEC). Positive retained earnings have put the Company back on the path toward a consistent dividend policy.
- In December 2011, the Company signed a ₱500 million multi-purpose omnibus credit facility with Banco de Oro Unibank Group. The facility is intended for the working capital requirements of the gold tailings reprocessing project, the expansion of the Acupan gold mine and the Sta. Cruz nickel project, and other mining and exploration projects.

- The drawdown of the ₱150 million loan from Philexim for Acupan's 300tpd expansion project was likewise completed.
- The Company is examining opportunities under the Public Private Partnership (PPP) program of the government that utilizes its strengths and core competencies. The Company's management is confident that given its experience and expertise, is an ideal partner for the government in its nation-building efforts.

The President likewise presented the outlook for 2012-2013 and he further stated that with a steadily improving income base, the restoration of BC's credit standing and renewed financial strength, the Company is now well positioned to expand its operations, embark on new projects, and dedicate its full attention to moving forward and increasing shareholder value.

For and in behalf of the Company, the President expressed his sincere appreciation to the Board of Directors, shareholders, and all employees whose collective concern and exceptional efforts have enabled the Company to maintain its profitable performance. And by working together, the Company is ready to face tomorrow's challenges and opportunities.

After a brief review of the highlights of the Company's operations for the years 2011-2012, as well as the Company's projections in 2012, the Chairman then declared the table open for questions concerning the President's Statement, the Annual Report for the year 2011, the interim quarterly reports for the year 2012, and the 2011 Audited Financial Statements.

There being no comments or questions on the above-mentioned reports, upon motion duly made and seconded, said reports were noted and approved by the stockholders through the following resolution:

“**RESOLVED**, as it is hereby resolved, that the Annual Report containing the Management Report in SEC Form 17-A, together with the consolidated financial statements for the calendar year ended 2011 be, as they are hereby, approved as presented.”

**VI. APPROVAL OF THE AMENDMENTS TO THE EXISTING AMENDED STOCK OPTION PLAN**

The Chairman took up the next item in the Agenda which was the approval of the amendments to the existing amended Stock Option Plan.

He explained that during the regular Board meeting held on March 23, 2012, the Board approved the amendments as endorsed by the Stock Option Committee, with the following highlights:

- 1) Increase the maximum award per employee from 200,000 shares over the life of the Plan to 500,000 shares per grant;
- 2) Increase the shares reserved for issuance under the Plan by 12,100,000 shares from the total of 9,900,000 to 22,000,000;
- 3) Future options shall be for a price which shall not be less than 100% of the fair market price of the shares on the date of the grant made by the Stock Option Committee as quoted in the Philippine Stock Exchange minus discount of up to 25% of market price as determined by the Committee at date of grant and approved by the Board of Directors;
- 4) Future options may be exercised by the optionee to the extent of 30% after one year from the grant, 60% after two years from the grant, and 100% after three years from the grant. The shares purchased may be paid in full and in cash or installment over three years, at the time of the exercise of the option, provided that the stock certificate shall be issued only upon full payment of the option price; and
- 5) To extend the termination date of the existing Plan for five years or until May 31, 2018.

On motion duly made and seconded, there being no objections, the stockholders unanimously adopted the following resolution:

**“RESOLVED**, that the amendments to the existing Amended Stock Option Plan, be, as they are hereby approved, as follows:

- (1) Increase the maximum award per employee from 200,000 shares over the life of the Plan to 500,000 shares per grant;
- (2) In Increase the shares reserved for issuance under the Plan by 12,100,000 shares from the total of 9,900,000 to 22,000,000;
- (3) Future options shall be for a price which shall not be less than 100% of the fair market price of the shares on the date of the grant made by the Stock Option Committee as quoted in the Philippine Stock Exchange minus discount of up to 25% of market price as determined by the Committee at date of grant and approved by the Board of Directors;
- (4) Future options may be exercised by the optionee to the extent of 30% after one year from the grant, 60% after two years from the grant, and 100% after three years from the grant. The shares purchased may be paid in full and in cash or installment over three years, at the time of the exercise of the option, provided that the stock certificate shall be issued only upon full payment of the option price; and
- (5) To extend the termination date of the existing Plan for five years or until May 31, 2018.

**VII. Ratification of All Acts, Contracts, Resolutions, Investments and Proceedings Made and Entered into by Management and/or the Board of Directors during the period from June 30, 2011 to May 29, 2012**

The Chairman took up the next item in the Agenda which was the ratification of all acts, contracts, resolutions, investments and proceedings of the Board of Directors and its Corporate Officers for the period from June 29, 2011 to May 29, 2012.

On motion duly made and seconded, there being no objections, the stockholders unanimously adopted the following resolution:

“**RESOLVED**, as it is hereby resolved that all acts, resolutions, contracts and investments made by Management and/or the Board of Directors for the period from June 29, 2011 to May 29, 2012, be as they are hereby confirmed, ratified and approved .”

**VIII. Election of Directors**

The Chairman proceeded to the next item in the Agenda which was the election of the Board of Directors of the Company for the years 2012-2013. He informed the stockholders that there are no other nominees for independent directors submitted to the Corporate Secretary and, as indicated in the Company's Proxy Statement, no further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting since the period for nominations of independent directors is not later than forty five (45) days prior to the stockholders' meeting. As disclosed in the Proxy Statement, the election of directors is still enjoined under the Temporary Restraining Order (TRO) issued by the Supreme Court.

At this point, the Corporate Secretary referred the stockholders to the Notice of Annual Meeting of Stockholders and Information Statement, particularly on page 4 thereof labelled as Status of the TRO, where it was stated that “as of the date of this statement, the election of directors is still enjoined under the Temporary Restraining Order (TRO) issued by the Philippine Supreme Court. Unless such TRO is set aside to allow an election, no election can be held.”

She then informed the body that as of the date and time of this meeting, no order lifting the TRO has been received by the Company. Hence, no election of directors could be held.

The Chairman declared and announced that the incumbent members of the Board of Directors of the Company shall continue to hold office on a hold-over capacity until such time that their successors shall have been duly elected and qualified, as follows:

- (1) To represent Common Class "B" Stock:  
Benjamin Philip G. Romualdez  
Andres G. Gatmaitan  
Isidro C. Alcantara, Jr.  
Bernardo M. Villegas, as independent director
  
- (2) To represent the Convertible Preferred Class "A" and Common Class "A" Stocks:  
Daniel Andrew G. Romualdez  
Dennis R. Belmonte  
Maria Remedios R. Pompidou  
Luis Juan L. Virata  
Rogelio C. Salazar  
Alberto C. Agra, as independent director

**IX. Other Business**

**A. Conversion Premium for Convertible Preferred "A" shares**

The Chairman informed the shareholders that for the year 2012, the conversion premium for converting Convertible Preferred "A" shares into Common Class "A" shares is P22.46 per share.

**IX. Adjournment**

The Chairman inquired from the stockholders if there are other matters that they would like to take up.

**Questions and Answer:**

A stockholder stood up and inquired on the preferred shares he bought at P75 per share and now trading in the stock market at P50-51 per share but the Company is buying it at P22.46 per share, what is the rationale for this?

The President, Mr. Philip Romualdez, clarified that the P22.46 per share is the conversion premium based on a formula that was set up many years ago and the Company is not compelling the stockholder to convert, and further said that a stockholder may choose to keep and hold the preferred shares as they are, and management is just providing the conversion information as required should a stockholder opt to convert.

The stockholder further stated that preferred shares has premium over common shares and there is a cumulative cash dividend of 8% and they are waiting for that cash dividend. He then asked if the preferred shares are still listed in the PSE. The President replied in the affirmative.

Another stockholder, Mr. Songco, stood up and mentioned there is a corporate disclosure of BenguetCorp last February 23, 2012 in reply to PSE inquiry that there a profit guideline of P1 Billion and asked what the Company

aims to do to achieve that target guideline and considering the fact that during the first quarter of 2012, BC made a net income of P26 Million.

The President replied that certainly there is a target for growth and there is every effort on the part of management to move the business towards that goal. Like in the gold operations, which is the primary driver of the Company, there is certain opportunity to hit the target of increasing production capacity from current level of 500 ounces per month to 1,000 ounces per month, doubling the production figures. He likewise mentioned the increase in nickel production based on the two (2) offtake agreements BC signed and disclosed to the PSE and now currently implemented through shipping of nickel ores. BC hopes to increase recurring revenues from nickel business. The Company is also continuing to complete debt repayment settlement, thus contributing to non-recurring gains as well. If metal prices continue to hold and barring any unforeseen circumstances in gold and nickel production, then BC has a good chance of meeting its targets and to attain increase of revenue based on operating results and not on one time recurring income.

Another stockholder stood on the floor and asked if there will be an Initial Public Offering (IPO) or listing incoming as part of introduction of BenguetCorp Nickel Mines, Inc. (BNMI).

The President replied that management has prepared corporate restructuring in such a way that if market conditions are present and there is a need for the Company to increase its equity base for capital expenditures particularly on nickel processing, there is a strong plan that management will consider and work towards IPO. BC is currently putting itself in a position to do the IPO in the event that the two criteria are present: (1) there is a need for funds for additional equity and capital expenditures and (2) the market conditions for capital raising through stocks offering are present.

There being no other question and no other business to transact, upon motion duly made and seconded, the meeting was adjourned at 4:10 p.m.

Finally, the Chairman informed the body that since the TRO has not been lifted as of the date of this meeting, the 2012 annual stockholders' meeting will be adjourned for up to ninety (90) days or until August 29, 2012 to allow the election of directors in the event that the TRO is lifted anytime during the said 90-day period; and that the proxies for the May 29, 2012 Annual Stockholders' Meeting will still be valid for ninety (90) days from the date of the said meeting.

**HERMOGENE H. REAL**  
Corporate Secretary

**ATTEST:**

**DANIEL ANDREW G. ROMUALDEZ**  
Chairman