



May 2, 2017

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

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

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Gentlemen:

We write in response to your request for clarification to the news article entitled "DENR's Lopez bans open-pit mining" posted in Manila Bulletin (Internet Edition) on April 27, 2017. The article reported in part as follows:

"Department of Environment and Natural Resources (DENR) Secretary Gina Lopez ordered last Thursday the banning of prospective open pit mines to ensure the protection of the country's environment.

The DENR issued last Thursday an administrative order 'banning the open pit method of mining for copper, gold, silver and complex orders in the country,' citing records that show 'most of the mining disasters in the country were due to tailings spills associated with open pit mining.'

'As a matter of policy, which is my prerogative as DENR Secretary, we're banning open pit mining prospective, for the following reasons that pit is gonna be there forever and a day, eternally,' she said during a press conference last Thursday.

'Who is gonna take care of that? It's a financial liability to government for life,' she said. 'I am doing this because I have no idea what's going to happen on Tuesday,' she added.

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According to DENR Undersecretary for Legal Affairs and Policy Planning Ipat Luna, the DENR Administrative Order will be effective 15 days after its publication in a newspaper.

'The DENR Secretary has visited a lot of open pit mines and some have been abandoned for 20 years. She realized that we need to do something immediately to stop another damage from happening,' Luna said, citing the Marcopper disaster, where mine tailings spilled into the Boac River in Marinduque in 1996.

'The government has to keep taking care of the environment because we have no other choice otherwise it will threaten the communities,' she said. 'The government has to do something to stop that damage from happening,' she added.

When asked whether Lopez has the power to issue such order, Luna said she believes so because 'under the mining act she (the Secretary) has the authority to define the

parameters of the mining activities in order to ensure that the environment is protected for the future generation.'

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We would like to clarify that we have not yet received a copy of the reported administrative order and cannot fully make an intelligent clarification on its impact to the Company's business for lack of knowledge as to its contents. However, as reported, since the DENR Administrative Order will be "prospective" in application and will not cover existing open-pit mines, the ban will not affect Benguet Corporation or its subsidiaries' existing projects, or financial condition. Its subsidiary's nickel project in Sta. Cruz, Zambales is surface mining and not open pit. Benguet Corporation and its subsidiaries have mining patents and MPSAs which remain valid and binding to-date.

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

Very truly yours,

BENGUET CORPORATION

By:

  
HERMOGENE H. REAL  
Corporate Secretary