COVER SHEET

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SEC Registration Number

BENGUET CORPORATION

(Group's Full Name)

7th Floor, Universal Re Building,
106 Paseo de Roxas, MAkAti City

(Business Address: No. Street City/Town/Province)

Mr. Reynaldo P. Mendoza
(Contact Person)

8812-1380
(Group Telephone Number)

1 2 **3 1**
Month *Day*
(Calendar Year)

1 7 - Q
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **SEPTEMBER 30, 2022**
2. Commission identification number: **11341** 3. BIR Tax Identification No.: **000-051-037**

   BENGUET CORPORATION
4. Exact name of issuer as specified in its charter

   METRO MANILA, PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

   7F UNIVERSAL RE-BUILDING, 106 PASEO DE ROXAS, MAKATI CITY **1226**
7. Address of issuer's principal office Postal Code

   (**632) 8812-1380 / 7751-9137**
8. Issuer's telephone number, including area code

   ....
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA.

	Number of shares of common stock outstanding and amount of debt outstanding
Convertible Preferred Class A	217,061 shares
Common Class A Stock	374,996,258 shares*
Common Class B Stock	247,926,121 shares*

(*) – Net of Treasury Shares
Total consolidated outstanding principal debt as of September 30, 2022 - ₱85.06 Million

11. Are any or all of the securities listed on a Stock Exchange? Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    The Issuer's Convertible Preferred Class A share, Common Class A share and Common Class B share are listed in the Philippine Stock Exchange (PSE).

    Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [X] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [ ] No [X]

PART I--FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

PLEASE REFER TO ANNEX "A" on pages 18 to 42, incorporated herein and form part of this report (SEC Form 17-Q) which contained the following reports:

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

A. FINANCIAL PERFORMANCE

2022 THIRD QUARTER VS. 2021 THIRD QUARTER

In the third quarter of 2022, despite the increasing cost of power, supplies and lower gold production, Acupan Gold Project (AGP) in Benguet province, continued to render positive operating performance brought about by the high metal prices and favorable foreign exchange. Irisan Lime Project and the Healthcare business in Baguio City contributed operating profits while the nickel operation in Zambales through Benguetcorp Resources Management Corporation (BRMC) including its non-mining allied, incurred losses due to intense rains and high swell brough about by typhoon and Habagat.

Consolidated Results of Operations

Consolidated net loss for the third quarter of 2022 amounted to ₱28.4 million, lower compared to the net loss of ₱32.7 million in 2021. For the nine months period of 2022, the Company generated a net income of ₱945.7 million, 20% higher than the net income of ₱788.9 million for the same period in 2021. The increase in net income was the net effect of the following:

Revenues

Consolidated revenues for the third quarter of 2022 decreased by 15% to ₱236.4 million from ₱279.5 million for the same period in 2021. The decrease is mainly on account of the lower gold sold during the quarter. AGP sold 2,021 ounces of gold valued at ₱198.2 million this quarter versus 2,771.29 ounces of gold valued at ₱248.4 million for the same quarter in 2021.

For the nine-months period of 2022, consolidated revenues is still up by 15% from ₱2.6 billion in 2021 to ₱2.9 billion for the same period in 2022. This is accountable to the higher number of nickel ore shipments of BRMC, higher metal prices and favorable foreign exchange. BRMC exported 16 boatloads of nickel ore with aggregate volume of 851,208 tons valued at ₱2.2 billion compared to 15 boatloads of nickel ore with aggregate volume of 798,768 tons valued at ₱1.8 billion for the same period in 2021. AGP, on the other hand sold 7,120.90 ounces of gold at average price of US$1,832.27 versus 7,947.89 ounces of gold sold at an average price of US$1,807.29 per ounce for the nine months period of 2021.

Operating and Other Expenses

Cost and operating expenses in the third quarter this year decreased by 4% to ₱297.8 million from ₱308.8 million for the same period in 2021. For the nine months period ended September 30, 2022 costs and operating expenses went up to ₱1.8 billion from ₱1.5 billion for the same period in 2021. The increase was due to the following:

The decrease in cost of mine products sold for the quarter and year-to-date is mainly attributable to the lower production of gold thereby reducing the mining and milling costs. The decrease was partially offset by the increase in the contractor rates as a result of the fuel price hike.

Cost of merchandise and services increased for the quarter and year-to-date. This is mainly from Benguetcorp Laboratories, Inc. (BCLI). During the year, BCLI was able to close new service contracts with new and existing clients and improve walk-in patient count. These lead to the increase in volume of services being provided which in turn increased the cost of merchandise and services.

Selling and general expenses increased for the quarter and year-to-date as a result of the increase in power, contractor fees, supplies and manpower costs. All are attributable to the fuel price increase

Taxes on revenues increased due to higher nickel revenues.

Other income for the third quarter and nine months period this year amounted to ₱25.9 million and ₱47.6 million, respectively, higher than other expense ₱13.7 million and ₱49.3 million for the same periods in 2021. The increase was on account of foreign exchange gain amounting to ₱41.3 million realized this year. On the other hand, the other expense last year was due to foreign exchange loss of ₱11.8 million and ₱19.5 million tax assessment of a subsidiary.

FINANCIAL CONDITION

2022 NINE MONTHS PERIOD VS. YEAR ENDED 31 DECEMBER 2021

Assets

The Company’s consolidated total assets increased by 5% from ₱8.75 billion as of December 31, 2021, to ₱9.22 billion as of September 30, 2022. The increase is the net effect of the following:

Cash and cash equivalent increased by 10 % or ₱59.6 million primarily from cash provided by operating activities, net of investments and payment of liabilities during the year.

Trade receivables decreased by 30% to ₱360.4 million from ₱514.9 million in 2021, mainly due to the collection of receivable for nickel ore sold in the previous quarters.

Inventories decreased to ₱136.4 million from ₱142.1 million on account of the higher volume of nickel ore sold.

Increase in Financial Assets at Fair Value through Profit and Loss (FVPL) pertains to additional placement in Unit Investment Trust Fund (UITF) and gain from existing UITF placements.

Increase in other current and noncurrent assets to ₱899.9 million from ₱883.7 million pertain to input taxes from various purchases of goods and services.

Property, plant and equipment decreased to ₱2.5 billion as a result of depreciation net of additions during the period.

Increase in deferred exploration costs is mainly attributable to the continued exploration works in Pantingan prospect.

Liabilities

Total consolidated liabilities as of September 30, 2022, decreased to ₱1.9 billion from ₱2.3 billion as of December 31, 2021. The decrease was due to the following:

Trade and other payables declined to ₱339.2 million from ₱669.4 million due to the payment of various payables to suppliers, contractors and nickel buyers.

Lease liability (current and noncurrent) decreased to ₱16.8 million from ₱21.1 million due to payment of various rentals/leases entered into by the Company.

Income tax payable was reduced to ₱38.8 million from ₱137.8 million in 2021 due to payment of income tax for the year 2021 and first half of 2022. This pertains mainly to the corporate income tax liability of BRMC.

Pension liability declined to ₱68.4 million from ₱73.4 million due to funding of the retirement plan.

Decrease in other noncurrent liability by 16% to ₱244.9 million from ₱291.8 million in 2021, is mainly due to the payment of nickel ore offtake from Bright Mining Resources and LS Networks, Ltd.

Equity

Retained earnings increased by 24% brought about by the favorable result of the operations.

Stockholders' Equity went up to ₱9.22 billion from ₱8.75 billion in 2021 mainly from the net income generated during the year and cumulative translation adjustment on foreign subsidiaries.

Consolidated Cash Flow

The net cash used by operating activities for the third quarter amounted to ₱214.4 million, while the net cash provided by operating activities for the nine months period this year amounted to ₱721.2 million. In contrast, the net cash used in the third quarter last year amounted to ₱136.5 million while for the nine months period, net cash provided amounted to ₱823.5 million. Bulk of the cash provided came from the sale of gold and nickel ore.

The company invested ₱6.2 million and ₱29.7 million in property, plant, and equipment for the third quarter and nine months period of 2022, respectively versus ₱5.9 million and ₱28.1 million for the same periods in 2021. ₱7.1 million and ₱20.8 million was spent for exploration activities for the third quarter and nine months period this year, respectively versus ₱8.4 million and ₱4.8 million for the same period in 2021. The Company also placed additional investment in UITF amounting to ₱92.5 million in the third quarter and ₱563.2 million for the nine months period this year compared to nil for the same period last year.

Net cash used in financing activities in the third quarter amounted to ₱1.0 million, while net cash used for the nine months period this year amounted to ₱65.2 million. Cash was used to pay ₱55.9 million outstanding liabilities to LS Networks Co. Ltd, Bright Mining Resources and various suppliers/contractors, ₱5.0 million was placed in the Company's Employees Retirement Fund and ₱4.3 million was used for payment of Lease Liabilities. In 2021, ₱185.0 million was used to fully pay the loan obligation with Trans Middle East Corporation, funding of ₱10.0 million in the Company's Employees Retirement Fund, payment of ₱61.3 million outstanding liabilities with LS Networks Co. Ltd, Bright Mining Resources and various suppliers/contractors. Likewise, the company generated ₱9.9 million from the exercise of stock options last year.

Operational Overview

Acupan Gold Project (AGP)

Despite the increasing cost of power, supplies, and lower gold production, AGP continued to render positive performance brought about by higher metal price and favorable foreign exchange. AGP reported pre-tax income of ₱5.6 million for the third quarter of 2022, lower compared to the pre-tax income of ₱52.6 million for the same period in 2021. For the nine months period this year, pre-tax income amounted to ₱51.5 million, lower than the ₱121.7 million for the same period last year.

Revenues generated for the third quarter of 2022 amounted to ₱197.8 million, lower than the ₱248.6 million for the same period in 2021. Likewise, revenues for the nine months period this year went down to P693.9 million from ₱699.1 million for the same period last year. The decrease is attributable to lower gold production. AGP sold 2,021.08 ounces gold at average price of US$1,746.16 per ounce for the third quarter and 7,120.90 ounces sold at an average gold price of US$1,832.27 per ounce for the nine months period this year. In 2021, AGP sold 2,771.29 ounces gold at an average price of US$1,804.22 for the third quarter and 7,947.89 ounces sold at an average price of US$1,807.29 per ounce for the nine months periods.

AGP milled 11,421 tons of ore at an average mill head of 5.5 g/t for the third quarter of 2022, lower than the 13,698 tons milled at an average mill head of 6.29 g/t for the same period in 2021. For the nine months period this year, AGP milled 37,823 tons with an average mill head of 5.86 g/t lower compared to 42,209 tons with an average mill head of 5.86 g/t for the same period last year.

AGP is steadily complying with COVID-19 health protocols and guidelines of the government. It is important to note that for this quarter, AGP operations had zero COVID-19 case including residents in the mine camp, as of this writing.

AGP has completed and finalized its BC Team Mining Expansion Program. First phase of the program has been included in its annual budget for 2023. A vigorous review of production performance and mine development program both for the BC team and contractors metal sharing contracts are being conducted weekly by the BGO-AGP production team. This is to address a possible shortfall in contractors' production, when a majority of the contractors will not be able to cope up with the increased milling charge upon its full implementation. Still, AGP will ensure synchronized effort among Operations and the Equipment Maintenance Department to make available LHDs, locomotive and the underground ore hauling requirements to sustain production. Innovation and enhancement of the milling processes, methods, and equipment are continuing activities to boost gold recovery and improve milling efficiency. Stricter safety and security measures have also been in place in the mill production areas as well as in the underground working places.

AGP implemented increased milling charges for the ACMP contractors. The increase is being implemented on a staggered basis in three (3) phases which started on August 1, 2022. This is intended to give time to ACMP contractors to adjust their production strategies in order to cope with increasing cost as AGP aim to fairly and prudently streamline operating cost to the extent necessary, in order to sustain the operation. Performance of the 16 ACMP contractors shall be carefully evaluated prior to contract renewal, with due considerations on gold production record, safety performance, security and financial considerations. AGP remains positive that in spite of rising inflation and escalating prices of commodities and exorbitant power charges that affect operating cost, AGP operation shall continue to post positive financial results.

Sta. Cruz Nickel Project (SCNP)

The Sta. Cruz Nickel operations under its wholly-owned subsidiary Benguetcorp Resources Management Corporation (BRMC), incurred net loss amounting to ₱23.7 million for the third quarter of 2022, lower compared to ₱102.8 million net loss for the same period in 2021. The losses this quarter is due to no shipment of nickel ores in the advent of intense rains and high swell brought about by typhoons and Habagat. In the third quarter, BRMC focused on massive reforestation, repairs and maintenance of mine, port and environment structures, and equipment, confirmatory drilling, among others.

For the nine months period this year, SCNP posted a net income of ₱746.8 million, 30% higher than ₱574.7 million for the same period in 2021. The income this year is attributable to higher revenues brought about by higher tonnage sold, better nickel price and favorable foreign exchange. Revenues registered for the nine months of 2022 amount to ₱2.15 billion, 22% higher than the revenue of ₱1.8 billion for the same period in 2021. BRMC exported 16 boatloads of nickel ore with aggregate volume of 851,208 tons sold at an average price of US$47.90/ton, better than the 798,768 tons sold at an average price of US$45.40 for the same period in 2021.

BRMC is a recipient of Presidential Minerals Industry Environmental Award (PMIEA) - Platinum Award which is set to be awarded on Philippine Mine Safety and Environment Association (PMSEA) awards night on November 18, 2022. It also received its ISO recertification during this quarter.

Irisan Lime Project (ILP)

The Company's ILP generated ₱29.2 million revenue for the third quarter of 2022 higher compared to ₱20.6 million for the same period in 2021. For the nine months period, revenue generated amounted to ₱77.1 million, compared to revenue of ₱57.7 million for the same period in 2021. Increase in revenue is brought about by higher selling price. In the third quarter of 2022, lime was sold at selling price of P15,834/ton from P11,913/ton in 2021. For the nine months period this year, lime was sold at a price of ₱14,194/ton versus ₱10,215/ton for the same period last year. The increase in revenue, however, was partly offset by the increase in cost of fuel and supplies. This resulted to pre-tax income of ₱6.2 million for the third quarter and ₱15.6 million for the nine months period of 2022, versus ₱6.6 million and ₱15.4 million for the same respective periods in 2021.

ILP is the recipient from DENR-MGB, for the second time, of the Safest Mine Award-Runner up in the Mineral Processing Calcining category. Last year's award was conferred on February 3, 2021, while ILP's award this year will be given during the PMSEA awards night in Baguio City on November 18, 2022.

Benguet Antamok Gold Operation (BAGO)

The revised Antamok Final Mine Rehabilitation and Decommissioning Plan (FMRDP) was endorsed by the MGB-CAR to the Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC) for approval based on new development, particularly on the actual rehabilitation needs considering the current physical status and condition of the area. The total cost to be incurred over a 4-year period of rehabilitation was reduced from ₱43 million to ₱30 million. The aim of the FMRDP is principally to mitigate environmental risks and provide a sustainable final land use over the area. It includes long-term programs including Minahang Bayan. The Company implemented various activities such as continuous propagation of various seedlings in nurseries and maintenance of its established reforestation areas. For this quarter, the Company spent a total of ₱110,900 for BAGO-Care and Maintenance Program (CMP).

Exploration Research and Development

Pantingan Property

On the gold prospect, the Company has started to implement the Phase-3 Drilling Program following MGB's approval of the Fourth (4th) Exploration Program (EP), which is equivalent to two (2) years period. It is currently soliciting drilling proposals from various contractors. Output of the work program will be a Pre-Feasibility Study. Preparation is also underway for the renewal of the MPSA application (of the property in 2024) such as geological report, topographic survey of tenement, environmental and social compliances, among other requirements.

On the aggregates, BC is prioritizing the permitting of the additional 6 Quarry Permit Application (QPA) blocks which are nearer to the proposed hauling road. These include Environmental Compliance Certificate (ECC), Free Prior and Informed Consent (FPIC) from Indigenous People, Tree Cutting Permit and local government unit clearances.

Zamboanga Gold Prospect

The documentary requirement for conversion of Zamboanga Gold Prospect's Application for Mineral Production Sharing Agreement (APSA) to Exploration Permit Application (EPA) has been completed and ready for endorsement to MGB-Central for approval of Exploration Permit.

Surigao Coal Prospect

The Company has completed the requirements for the application of new Coal Operating Contract (COC) over the same area covered by the previous COC that expired in 2020. The Department of Energy (DoE) is reviewing the mandatory requirements. Market prospect for local coal with low BTU remains to be a concern, and DoE's preference for clean energy and global shift of net-zero emissions.

Subsidiaries and Affiliates

Logistics

Arrow Freight Corporation (AFC)

AFC, the logistic provider of the Company reported revenue of ₱1.3 million for the third quarter and ₱58.7 million for the nine months period of 2022, higher as compared to the revenues of ₱2.7 million and ₱57.4 million for the same period in 2021. Net loss for the third quarter of 2022 amounted to ₱2.3 million against net income of ₱3.1 million for the same quarter in 2021. For the nine months period this year, net income amounted to ₱31.5 million, 76% higher than the net income of ₱17.9 million for the same period in 2021. The income this year is brought about by the higher management fee earned from providing and managing the logistical requirement of BRMC and income from its hauling and freight services.

AFC has current operational hauling fleet of 9 units of dump truck. It plans to purchase earth moving equipment, additional dump trucks, construction equipment and engage in construction business.

Keystone Port Logistics Management and Services Corporation (Keystone)

Keystone, the port and barging services provider of the Company reported revenue of ₱60.3 million for the nine months period of this year, compared to the revenue of ₱52.5 million in the same period of 2021. The increase is on account of higher tonnage of nickel ore exports handled during the nine months period this year to 851,208 tons from 798,768 tons for the same period in 2021. Net loss for the third quarter of 2022 amounted to ₱3.5 million, lower than ₱4.4 million net loss for the same period in 2021. For the nine months period of 2022, net income amounted to ₱28.6 million, higher compared to the net income of ₱26.9 million for the same period in 2021.

Portion of the port is undergoing repair which is expected to be completed before the end of the year. To maximize usage of the port, Keystone plans to acquire/rent land near the port for additional stockpile area.

Real Estate

BMC Forestry Corporation (BFC)

BMC Forestry Corporation (BFC), the real estate arm of the Company continue to develop and sell subdivision lots in its real estate project in Rosario, La Union. Woodspark Subdivision which reported net income of ₱0.6 million this quarter, as compared to the net income of ₱0.1 million for the same period last year.

To-date 292 lots were sold and dacioned with aggregate area of 43,166 square meters valued at ₱90.3 million. BFC continues to collect monthly amortizations and sell the remaining 4 lots with an aggregate area of 1,403 square meters valued at ₱7.1 million. BFC plans to acquire new property in La Union or nearby areas of Pangasinan for development of new housing project.

Kelly Ecozone Project (KEP)

Consultation with the project-affected-people is on-going. Coordination with the Baguio City Economic Zone (BCEZ) and collaboration with the newly elected Itogon local government unit for the phased development and project social acceptability are also being undertaken.

A satellite nursery for the propagation of agroforestry species as initial site development activity and as source of planting materials for the enhancement of disturbed areas during site development is being established. Collection of water samples along the Ambalanga River tributary for water quality monitoring and collection of soil samples for soil characterization analysis survey for updating of environmental database in preparation for the application of the project's Environmental Compliance Certificate (ECC) with the DENR-EMB are being undertaken.

Healthcare

Benguetcorp Laboratories, Inc. (BCLI)

BCLI generated total revenues in the third quarter of ₱10.8 million and ₱38.4 million for the nine months period of 2022, compared to ₱17.5 million and P39.4 million, for the same respective periods in 2021. Net income for the third quarter of 2022 amounted to ₱1.1 million, lower than ₱2.4 million for the same period in 2021. Net income for the nine months period this year amounted to ₱7.8 million, higher compared to net income of ₱4.7 million for the same period last year. The positive variance is due to Annual Physical Examination (APE) services rendered to major clients Texas Instruments, Inc. and MOOG, Inc., flu vaccination, special services: 2D echo and Ultrasound procedures and increase in walk-in patients due to easement of quarantine status offset by reduced availments of Antigen swab tests.

As BCLI reached its final year in its management and medical services contract with Texas Instruments for its Baguio and Clark, Pampanga hubs, the healthcare subsidiary participated in the bidding for the Baguio segment medical services which will be announced in November, continued collaboration with

Health Management Organizations (HMO) are being undertaken in catering to corporate and institutional clients both from the private and government sectors. On the other hand, BCLI is in its second year of full clinic management contract with MOOG, Inc. BCLI will continue to serve its core customers, corporate clients in Baguio City and continue to pursue aggressive marketing of its services in nearby areas for increased visibility and market share.

Benguetcorp International Limited (BIL)

The Company's Hong Kong-based and 100% owned subsidiary for international operations, remains largely inactive. BIL's wholly-owned subsidiary, Benguetcorp USA Limited (BUSA) is pursuing the re-application of its claims over 217 hectares of mineral property for gold/silver in Royston Hills, Nevada, USA.

B. 2021 THIRD QUARTER VS, 2020 THIRD QUARTER

The third quarter of 2021 was characterized by heavy rains and series of typhoons in the Company's nickel operations in Zambales, rendering nickel ore shipments unworkable due to rough seas and high swells. During this period, focus of activities were on massive reforestation, repairs and maintenance of mine, port and environmental infrastructure and equipment, as well as other technical works in preparation for resumption of normal operations in the fourth quarter. As such, revenues in this period were mainly derived from gold operations, lime processing operations and healthcare business segments.

Consolidated Results of Operations

For third quarter of 2021, the company reported a consolidated after-tax loss of ₱32.7 million, compared to ₱15.8 million loss in 2020.

For the nine months period ending September 2021, the Company generated a net income of ₱789.0 million, 853% higher than the net income of ₱82.8 million for the same period in 2020. Earnings per share shoot up nine times from ₱0.13 in 2020 to ₱1.38 in 2021. The increase/decrease in net income was the net effect of the following:

Revenues

Consolidated revenues for the third quarter of 2021 increased by 16% to ₱279.5 million, from ₱241.0 million for the same period in 2020. The increase is on account of the sale of 2,771.29 ounces of gold valued at ₱248.6 million in the third quarter of 2021 against 2,211.71 ounces of gold valued at ₱206.5 million for the same quarter in 2020.

For the nine-month period of 2021, consolidated revenues rose significantly to ₱2.6 billion, from ₱942.6 million for the same period in 2020. The increase was due to higher number of nickel ore shipments made and better metal prices. BNMI sold 15 boatloads of nickel ore with an aggregate volume of 798,768 tons valued at ₱1,773.1 million for the nine-months period of 2021 compared to 5-boatloads with an aggregate volume of 265,255 tons valued at ₱352.2 million for the same period in 2020. AGP, on the other hand, sold 7,947.89 ounces of gold at average price of US$1,807.29 per ounce, higher versus 5,932.17 ounces of gold at an average price of US$1,729.96 per ounce for the same nine months period in 2020.

Operating and Other Expenses

Cost and operating expenses in the third quarter of 2021 increased by 26% to ₱308.8 million from ₱245.0 million for the same period in 2020.

For the nine-months period of 2021, cost and operating expenses also went up to ₱1.4 billion from ₱830.9 million in 2020. The increase was due to the following:

Cost of mine products sold increased mainly due to the increased volume of nickel ore exported.

Cost of merchandise and services increased on account of increase in volume of sales of the Healthcare business.

Selling and general expenses increased due to increase in sales volume of nickel ore.

Increase in taxes on revenue is due to increase in nickel revenues.

Other expenses incurred for the third quarter and nine months period of 2021 amounted to ₱13.7 million and ₱49.3 million, respectively, higher than ₱11.6 million and ₱9.1 million for the same periods in 2020. The increase was due to the ₱19.5 million tax assessment of a subsidiary and foreign exchange adjustment of ₱11.8 million booked during the nine months period of 2021.

FINANCIAL CONDITION

2021 NINE MONTHS PERIOD Vs. YEAR ENDED 31 DECEMBER 2020

Assets
The Company ended September 30,2021 with consolidated total assets of ₱7.89 billion, higher than the ₱7.38 billion in 2020. The increase was the net effect of the following:

Cash and cash equivalent increased by 196% or ₱532.3 million, from operating activities.

Trade receivables decreased by 26% from ₱475.3 million in 2020 to ₱352.9 million in 2021 due to collection of receivables from nickel customers.

Inventories went up to ₱195.7 million from ₱101.1 million due to additional nickel ore inventory from newly mined ore.

Increase in other current assets to ₱416.0 million from ₱398.7 million pertain to input taxes for the period.

Liabilities
Total consolidated liabilities as of September 30, 2021 decreased to ₱2,303.4 million from ₱2,599.2 million as of December 31, 2020. The decrease was due to the following:

Trade and other payables declined to ₱560.9 million from ₱620.7 million in 2020 due to settlement made to various suppliers and contractors.

Decrease of loans payable to ₱324.0million from ₱509.0 million was on account of the ₱185.0 million full payment to Trans Middle East Corp.

Current portion of lease liability increased to ₱1.8 million from ₱1.7 million due to accrued rentals paid in the following quarter.

Income tax payable pertains to corporate income tax of subsidiary, Benguetcorp Nickel Mines, Inc.

Pension liability declined to ₱71.8 million from ₱81.8 million due to additional contribution to the retirement fund.

Decrease in other noncurrent liability by 15.66% from ₱391.4 million to ₱330.1 million on account of the repayment of advances to Bright Mining Resources and LS Networks.

Equity
Retained earnings increased by 30.36% due to net income earned during the period.

Stockholders Equity went up to ₱5.58 billion from ₱4.78 billion in 2020 from the net income generated this year.

Consolidated Cash Flow
The net cash used in operating activities for the third quarter of 2021 amounted to ₱146.5 million, while the net cash provided by operating activities for the nine months period of 2021 amounted to ₱813.5 million. In contrast, the net cash provided for the third quarter of 2020 amounted to ₱10.2 million while for the nine months period of 2020, net cash provided by operations amounted to ₱45.3 million. Bulk of the cash provided came from the sale of gold and nickel ore.

The Company invested ₱6.0 million and ₱28.1 million in property, plant, and equipment for the third quarter and nine months period of 2021, respectively while ₱8.3 million and ₱4.7 million were spent for exploration activities for the third quarter and nine months period of 2021, respectively. Net cash from financing activities in the third quarter of 2021 amounted to ₱119.9 million, while net cash used for the nine months period of 2021 amounted to ₱236.2 million. Cash was used to fully pay the ₱185.0 million loan with Trans Middle East Corporation as well as to pay the ₱61.3 million outstanding liabilities with LS Networks Co., Ltd., Bright Mining Resources and various suppliers/contractors. On the other hand, ₱9.9 million was generated from the exercise of stock options by employees, consultants and directors.

OPERATIONAL OVERVIEW

Acupan Gold Project (AGP)
Performance of gold operations in the third quarter of 2021 continued to improve. Revenues increased by 20% in 2021 to ₱248.6 million from ₱206.5 million for the same period in 2020. Accordingly, revenues for the nine months period of 2021 also went up to ₱699.1 million from ₱515.2 million in 2020. The increase is attributable to higher volume of gold sold and higher gold price. AGP sold 2,771.29 ounces at an average price of US$1,804.22 per ounce in the third quarter of 2021 and 7,947.89 ounces at an average gold price of US$1,807.29 per ounce for the nine months period of 2021, higher compared to 2,211.71 ounces sold at an average price of US$1,907.01 and 5,932.17 ounces sold at an average price of US$1,729.96 per ounce for the same respective periods in 2020. Pre-tax income for the nine months period of 2021 amounted to ₱121.7 million, higher compared to ₱79.2 million in 2020.

AGP milled 13,698 tons of ore at an average mill head of 6.29 g/t for the third quarter in 2021, 17% higher than the 11,666 tons milled at an average mill head of 5.9 g/t for the same period in 2020. For the nine months period in 2021, AGP milled 42,209 tons with an average mill head of 5.86 g/t higher compared to 30,968 tons with an average mill head of 5.96 g/t for the same period in 2020.

Raising of Tailings Storage Facility 2 (TSF 2) dam embankment is now completed and regularly monitored for its stability and soundness. Other enhancement projects related to the TSF 2 are going to be implemented in the remaining quarter of the year.

Sta. Cruz Nickel Project (SCNP)
The Sta. Cruz nickel operations under its wholly-owned subsidiary Benguetcorp Nickel Mines, Inc.(BNMI), registered revenues of ₱1.8 billion for the nine months period in 2021, 5 times higher than the revenues of ₱352.2 million for the same period in 2020. The increase was due to higher sales volume and better nickel prices. This resulted to a net income of ₱789.2 million, significantly higher than the net income of ₱82.8 million reported for the same period in 2020. BNMI exported 15 boatloads of nickel ore in China this year with an aggregate volume of 798,768 tons sold at an average price of US$45.40/ton, better than the 265,255 tons sold at an average price of US$24.02/ton for the same period in 2020.

The rest of 2021 and the coming years are expected to bring better opportunities to nickel ore producers. Taking advantage of the rapidly rising nickel ore price and marketability of low-grade ores, BNMI updated its saleable ore inventory in old stockpile areas.

Irisan Lime Project (ILP)
The Company's ILP generated revenue of ₱20.6 million for the third quarter and ₱57.7million for the nine months period in 2021, higher compared to the revenue of ₱17.7 million and ₱52.2 million for the same

respective periods in 2020. Sales volume increased by 12% in the third quarter to 1,725 tons and by 10% to 5,645 tons for the nine months period of 2021 from 1,544 tons and 5,114 tons for the same respective periods in 2020. This improved ILP pre-tax income to ₱3.7million in the third quarter and ₱15.4 million for the nine months period in 2021, compared to ₱2.9 million and ₱12.5 million for the same periods in 2020.

ILP was awarded runner-up under the Safest Mineral Processing-Calcining Plant Category by the DENR-Mines and Geosciences Bureau during the Presidential Mineral Industry Environmental Awarding Ceremonies on March 18, 2021.

Benguet Antamok Gold Operation (BAGO)
The revised Antamok Final Mine Rehabilitation and Decommissioning Plan (FMRDP) was submitted to the MGB-CAR for endorsement to the Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC) for approval based on new development, particularly on the actual rehabilitation needs considering the current physical status or condition of the area. The total cost to be incurred over a 4-year period starting 2019 was reduced from ₱43 million to ₱30 million. The aim of the FMRDP is principally to mitigate environmental risks and provide a sustainable final land use over the area. It includes long-term programs including a Minahang Bayan. The Company implemented various activities such as continuous propagation of various seedlings in nurseries and maintenance of its established reforestation areas. During the third quarter of 2021, the Company spent a total of P121,728 for BAGO-Care and Maintenance Program (CMP).

Exploration Research and Development

The **Pantingan property** is a viable prospect for epithermal gold mineralization and aggregates. The second phase drilling works on the Pantingan Gold Prospect is ongoing. The Phase two drilling works targetted the lateral and vertical continuations of the V9SL and V2SL.

On the aggregates prospect, the Company continues to do topographical/road surveys and apply for permits including for road-right-of-way in the 40-hectares Quarry Permit Area (QPA) outside the MPSA. The large-scale quarry in PAB-1 and 2 within the MPSA still needs drilling for Declaration of Mining Project Feasibility (DMPF). The MGB has issued area clearance in the QPA, and your Company is working on LGU consent, tree inventory, NCIP certification, and ECC process.

On the **Zamboanga Gold Prospect**, the Company has obtained the consent of the claimowner, Oreline Mining Corporation, for the proposed Minahang Bayan arrangement where the small scale miners cooperative will be allowed to continue with their livelihood activities under a regulated system, subject to the conditions that the Company can conduct exploration/drilling works in San Fernandino vein area and will be assisted in securing Free, Prior and Informed Consent (FPIC) from the Indigenous People. Duration of Minahang Bayan is until the Company is ready to start large scale mining.

The Company's **Surigao Coal Prospect** is in the process of securing the mandatory requirements for the renewal of Coal Operating Contract (COC) with the Department of Energy (DoE).

<u>Subsidiaries and Affiliates</u>

<u>Logistics</u>

Arrow Freight Corporation (AFC)
AFC, the logistic provider of the Company reported revenue of ₱2.8 million for the third quarter and ₱57.4 million for the nine months period of 2021, higher as compared to the revenues of ₱1.4 million and ₱16.3 million for the same periods in 2020. Net loss for the third quarter of 2021 amounted to ₱684 thousand against net income of ₱837 thousand for the same quarter of 2020. For the nine months period of 2021, AFC reported net income of ₱17.9 million, 359% higher than the net income of ₱3.9 million for the same period in 2020.

AFC has current operational hauling fleet of 9 units of dump truck. To improve its profitability, AFC plan to purchase backhoes and more dump trucks to handle the ore loading and hauling requirements of BNMI.

Keystone Port Logistics Management and Services Corporation (KPLMSC)
KPLMSC, the port and barging service provider of the Company, reported revenue of ₱52.5 million for the nine months period of 2021, higher than the revenue of ₱18.3 million for the same period of 2020. The increase is on account of higher tonnage of nickel ore exports handled during the nine months period this year to 798,768 tons from 265,255 tons for the same period in 2020. Net loss for the third quarter of 2021 amounted to ₱4.4 million, higher than ₱1.9 million net loss for the same period in 2020. For the nine months period of 2021, net income amounted to ₱22.5 million, higher compared to the net income of ₱7.7 million for the same period in 2020.

Real Estate

BMC Forestry Corporation (BFC)
BFC manages the lime kiln operation of Irisan Lime Project and various real estate projects. BFC continues to develop and sell subdivision lots in its real estate project in Rosario, La Union. The market of Woodspark Subdivision was affected by the COVID-19 pandemic. It reported break-even for the nine months period in 2021, against ₱310 thousand net loss for the same period in 2020. BFC continues to collect monthly amortizations and sell the remaining 5 lots in Woodspark with an aggregate area of 1,763 square meters.

Healthcare

Benguetcorp Laboratories, Inc. (BCLI)
BCLI generated total revenues for the third quarter of ₱13.2 million and ₱35.1 million for the nine months period in 2021, against ₱11.0 million and ₱24.9 million, for the same periods in 2020. The increase in revenues resulted to pre-tax income of ₱3.21 million for the third quarter in 2021, compared to ₱3.17 million for the same period in 2020. For the same reason, pre-tax income for the nine months period in 2021 amounted to ₱6.2 million, a turnaround against its pre-tax loss of ₱1.2 million for the same period in 2020. The positive variance is due to income from Annual Physical Examination (APE) services to clients, flu vaccination, continuing antigen swab testing and increase in number of walk-in patients despite the community quarantine imposed by the government.

BCLI continues to serve its core customers, HMO (health Maintenance Organization), Corporate clients in Baguio City, and government agencies. Its long-standing client, MOOG, signed a four-year contract with BCLI to provide full clinic management in its site effective May 1, 2021.

C. ENVIRONMENTAL PROTECTION AND COMMUNITY RELATIONS

Environmental protection and management continue to play a key role on our operations which are reflected on our Annual Environmental Protection and Enhancement Programs (AEPEP). For the quarter in review, the Company spent a total of ₱6.8 million in implementation of massive reforestation, progressive rehabilitation, maintenance of environment engineering structures, strict implementation of hazardous and solid waste management. Other activities carried-out are water and noise quality monitoring. These efforts are regularly monitored and validated by the Multipartite Monitoring Team (MMT) and Mine Rehabilitation Fund Committee (MRFC).

The Company continued to partner with its host communities and neighboring barangays in the implementation of its Social Development and Management Programs (SDMP). Such programs include educational support, assistance to Child Development Center, provision of medicines and provision of medical equipment, provision of agricultural supplies and equipment, provided assistance in infrastructure development and continuing support for various activities concerning Information Education

Communication Programs and Development of Mining Technology and Geosciences. The Company spent ₱8.7 million for these programs.

D. KNOWN TRENDS, EVENTS OR UNCERTAINTIES

The Company constantly observes precautionary measures in response to the COVID-19 pandemic to reduce risks, safeguard the health and safety of its employees and indigent families in the host and neighboring communities, and to ensure business continuity.

The Company does not foresee any cash flow or liquidity problems over the next twelve (12) months. BRMC continues to market saleable nickel ores, ILP continues to have steady market for quicklime products, while AGP is expected to improve gold production and provide positive financial results despite escalating price of commodities and exorbitant power charges that affect its operating cost. The Company and its subsidiaries continue to claim available tax refunds from the Bureau of Internal Revenue.

Within the next twelve months, the Company anticipates changes in the number of employees due to hiring of Project/Seasonal workers for the Pantingan project, BRMC, AFC and Keystone Port Logistics and Management Services Corporation (KPLMSC).

The known trends, demands, commitments, events or uncertainties that may have a material impact on net sales or revenues or income from continuing operations of the Company are the prices of nickel and gold in the world market, the dollar to peso exchange rate, changes in the DENR's rules and regulations, drastic change in fuel prices and the economic condition by the COVID-19 pandemic.

Except for the Company's outstanding bank loans, there are no material events that will trigger direct or contingent financial obligations to the Company. As of September 30, 2022, the consolidated total outstanding principal debt amounted to ₱85.06 million. Accordingly, efforts to reduce debt levels are continuing. The Company remains committed to a final and comprehensive settlement of all old debts or to arrange a suitable restructuring of the remaining obligations.

There are no material off-balance sheet transactions, arrangement, obligations, and other relationship of the Company with unconsolidated entities or other persons that the Company is aware of during the quarter.

The Company continues to fund the capital requirements of its Acupan mine expansion program and exploration and development of Pantingan Gold Project. The sales of gold, nickel ore and quicklime are the sources of funds for capital expenditures, or from borrowing under the available credit facilities. The increase in the sale of gold and shipment of nickel will have a favorable impact on the Company's net sales and income.

During the quarter in review, except for what has been noted in the preceding paragraph, there were no material events or uncertainties known to management that had material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company.

E. KEY PERFORMANCE INDICATORS

1.) *Working Capital* - Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of September 30, 2022, the Company current ratio is 4.01:1 versus 1.87:1 for the same period in 2021.

2.) *Metal Price* - The market price of gold in the Banko Sentral ng Pilipinas which is based on the world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. For the nine months period of 2022, the average market price for gold sold was at US$1,832.27 per ounce compared to US$1,807.29 per ounce for the same period in 2021. For the nine months period, nickel ore was sold at average price of US$47.80/ton versus US$45.39/ton for the same period in 2021. The favorable metal prices will also have a favorable impact on the Company's revenue.

3.) *Tons Mill and Ore Grade* - Tons milled and ore grade determine gold production and sales volume. The higher the tonnage and ore grade, the more gold are produced and sold. For the nine months period of 2022, tons milled were 37,823 tons of ore with average grade of 5.86 grams per ton gold versus 42,209 tons with an average mill head of 5.86 grams per ton for the same period in 2021. Gold sold to-date of 7,120.90 ounces is lower than the 7,947.89 ounces of gold sold for the same period last year. BRMC sold nickel ore with an aggregate volume of 851,208 tons ranging from 1.2% to 1.4% Ni grade for the nine months period versus 798,768 tons of nickel ore with 1.2% to 1.4% Ni grade for the same period in 2021.

4.) *Foreign Exchange Rate*. - The Company's sales proceeds are denominated mainly in U.S. dollars. A higher Philippine peso to U.S. dollar exchange rate means higher peso sales revenue, but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings up foreign exchange income on the loans. As of September 30, 2022, the peso to dollar exchange rate was at ₱58.625, compared to the ₱51.00 for the same period in 2021. The volatility in the foreign currency exchange rates will continue to affect the operations in the foreseeable future

5.) *Earnings Per Share* - The earnings per share reflect the Company's bottom line operating results expressed in amount per share of the Company's outstanding capital stock. Assuming a constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase. As of September 30, 2022, the Company's earnings per share is ₱1.52 per share versus ₱1.28 per share for the same period of 2021. The Company anticipates improvement in the earnings per share with the projected higher gold production of AGP and the continued marketing of saleable nickel ores stockpiles by BNMI and higher metal prices.

The Company's Key Performance Indicator Used for its subsidiaries is net income.

Benguet Management Corporation (BMC) and its subsidiaries reported consolidated net income of ₱36.44 million for the nine months period this year, as compared to consolidated net income of ₱10.20 million for the same period in 2021.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer........................**BENGUET CORPORATION**..

By:

Signature and Title: **MAX D. ARCEÑO**
Senior Vice President- Finance & Treasurer

Date: November 16, 2022

Signature and Title: **LINA G. FERNANDEZ**
President

Date: November 16, 2022

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

(Amounts in Thousands)

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱662,829**	₱603,248
Trade and other receivables	**360,419**	514,960
Inventories	**136,389**	142,059
Financial assets at fair value through profit or loss (FVPL)	**1,238,156**	674,977
Other current assets	**515,220**	481,690
Total Current Assets	**2,913,013**	2,416,934
Noncurrent Assets		
Property, plant and equipment	**2,519,259**	2,551,791
Financial assets measured at fair value through other comprehensive income (FVOCI)	**877**	877
Deferred mine exploration costs	**476,180**	455,397
Investment property	**2,910,663**	2,910,663
Deferred tax assets – net	**11,646**	11,646
Other noncurrent assets	**384,760**	402,045
Total Noncurrent Assets	**6,303,385**	6,332,419
TOTAL ASSETS	**₱9,216,398**	₱8,749,353
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	**₱337,035**	₱337,035
Trade and other payables	**339,195**	669,398
Current portion of liability for mine rehabilitation	**6,573**	6,573
Current portion of lease liability	**4,923**	9,181
Income tax payable	**38,800**	137,816
Total Current Liabilities	**726,526**	1,160,003
Noncurrent Liabilities		
Deferred income tax liabilities – net	**750,262**	748,578
Liability for mine rehabilitation	**54,174**	54,174
Pension liability	**68,352**	73,352
Noncurrent portion of lease liability	**11,913**	11,913
Other noncurrent liabilities	**244,917**	291,800
Total Noncurrent Liabilities	**1,129,618**	1,179,817
Total Liabilities	**1,856,144**	2,339,820
Equity		
Capital stock	**624,015**	624,015
Capital surplus	**409,929**	409,929
Cost of share-based payment	**9,198**	9,198
Other components of equity	**1,357,615**	1,352,561
Retained earnings	**4,967,513**	4,021,846
	7,368,270	6,417,549
Cost of 116,023 shares held in treasury, ₱69 per share	**(8,016)**	(8,016)
Total Equity	**7,360,254**	6,409,533
TOTAL LIABILITIES AND EQUITY	**₱9,216,398**	₱8,749,353

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(With Comparative Figures for the nine months ended September 30, 2021)
(Amounts in Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2022	2021	**2022**	2021
REVENUES	**₱236,360**	₱279,502	**₱2,961,155**	₱2,560,709
COSTS AND OPERATING EXPENSES				
Costs of mine products sold	**159,599**	199,910	**760,318**	811,417
Costs of merchandise sold and services	**13,181**	11,570	**55,114**	38,066
Selling and general	**117,046**	87,321	**711,805**	418,895
Taxes on revenue	**7,971**	9,984	**219,320**	185,806
	297,797	308,785	**1,746,557**	1,454,184
INCOME (LOSS) FROM OPERATIONS	**(61,437)**	(29,283)	**1,214,598**	1,106,525
BANK AND FINANCE CHARGES	**305**	408	**1,673**	2,212
OTHER INCOME (EXPENSE)				
Interest income	**2,345**	139	**3,185**	477
Foreign exchange gain (loss)	**21,411**	(6,327)	**41,270**	(11,788)
Miscellaneous – net	**2,144**	(7,473)	**3,094**	(37,989)
	25,900	(13,661)	**47,549**	(49,300)
INCOME (LOSS) BEFORE INCOME TAX	**(35,842)**	(43,352)	**1,260,580**	1,055,013
PROVISION FOR (BENEFIT FROM) INCOME TAX	**(7,403)**	(10,642)	**314,807**	266,033
NET INCOME (LOSS)	**(₱28,439)**	(₱32,710)	**₱945,667**	₱788,980
BASIC EARNINGS (LOSS) PER SHARE	**(₱0.05)**	(₱0.05)	**₱1.52**	₱1.28
DILUTED EARNINGS (LOSS) PER SHARE	**(₱0.05)**	(₱0.05)	**₱1.51**	₱1.26

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(With Comparative Figures for the nine months ended September 30, 2021)

(Amounts in Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2022	2021	**2022**	2021
NET INCOME (LOSS)	**(₱28,439)**	(₱32,710)	**₱945,667**	₱788,980
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified to profit or loss in subsequent periods:				
Translation adjustment on foreign subsidiaries	**1,678**	2,836	**5,054**	3,143
Items not to be reclassified to profit or loss in subsequent periods:				
Unrealized gain (loss) on equity instruments designated at FVOCI	**–**	18	**–**	26
OTHER COMPREHENSIVE INCOME (LOSS)	**1,678**	2,854	**5,054**	3,169
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱26,761)**	(₱29,856)	**₱950,721**	₱792,149

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(With Comparative Figures for the nine months ended September 30, 2021)

(Amounts in Thousands)

	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	December 31, 2021 (Audited)
CAPITAL STOCK	**₱624,015**	₱624,068	₱624,015
CAPITAL SURPLUS	**409,929**	391,688	409,929
REVALUATION INCREMENT	**1,305,820**	1,127,236	1,305,820
CUMULATIVE TRANSLATION ADJUSTMENT			
Balance at beginning of period	**36,208**	31,595	31,595
Translation adjustment	**5,054**	3,143	4,613
Balance at end of period	**41,262**	34,738	36,208
COST OF SHARE-BASED PAYMENT			
Balance at beginning of period	**9,198**	13,366	13,366
Stock options vested	**–**	–	13,778
Exercise of stock options	**–**	323	(12,726)
Cancellation of stock options	**–**	–	(5,220)
Balance at end of period	**9,198**	13,689	9,198
UNREALIZED GAIN ON FINANCIAL ASSETS AT FVOCI			
Balance at beginning of period	**(275)**	1,164	1,164
Transfer of fair value reserve on financial asset at fair value through other comprehensive income (OCI)	**–**	–	(1,454)
Other comprehensive income (loss)	**–**	26	15
Balance at end of period	**(275)**	1,190	(275)
REMEASUREMENT LOSS ON PENSION LIABILITY	**10,673**	9,590	10,673
UNREALIZED GAIN ON INTANGIBLE ASSET	**135**	135	135
RETAINED EARNINGS			
Balance at beginning of period	**4,021,846**	2,598,788	2,598,788
Transfer of fair value reserve on financial assets at FVOCI	**–**	–	1,454
Net income (loss) for the period	**945,667**	788,980	1,421,604
Balance at end of period	**4,967,513**	3,387,768	4,021,846
TREASURY SHARES	**(8,016)**	(8,016)	(8,016)
TOTAL EQUITY	**₱7,360,254**	₱5,582,086	₱6,409,533

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(With Comparative Figures for the nine months ended September 30, 2021)
(Amounts in Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2022	2021	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**(₱35,842)**	(₱43,352)	**₱1,260,474**	₱1,055,013
Adjustments for:				
Depreciation, depletion and amortization	**11,891**	11,254	**62,269**	60,617
Unrealized foreign exchange loss (gain)	**11,263**	2,496	**15,764**	3,143
Decrease (increase) in:				
Trade and other receivables	**(22,829)**	43,282	**13,321**	122,323
Inventories	**10,581**	(4,182)	**5,670**	(94,537)
Prepaid expenses and other current assets	**(156,857)**	(64,400)	**(447,353)**	(263,230)
Decrease in trade and other payables	**(32,563)**	(81,569)	**(188,983)**	(59,868)
Net cash from (used in) operating activities	**(214,356)**	(136,471)	**721,162**	823,461
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Property, plant and equipment	**(6,180)**	(5,994)	**(29,737)**	(28,089)
Deferred exploration costs	**(7,048)**	(8,346)	**(20,783)**	(4,749)
Other assets	**(65,460)**	(21,807)	**17,285**	(11,856)
Financial assets at FVPL	**(92,530)**	–	**(563,179)**	–
Available for sale investments	**–**	–	**–**	(200)
Net cash from (used in) investing activities	**(171,218)**	(36,147)	**(596,414)**	(44,894)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Loans payable	**–**	–	**–**	(185,000)
Lease liabilities	**(1,036)**	673	**(4,258)**	159
Pension liability	**–**	(10,000)	**(5,000)**	(10,000)
Exercise of stock options	**–**	1,633	**–**	9,895
Decrease in other noncurrent liabilities	**–**	117,618	**(55,909)**	(61,284)
Net cash used in financing activities	**(1,036)**	109,924	**(65,167)**	(246,230)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(386,610)**	(62,694)	**59,581**	532,337
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,049,439**	866,579	**603,248**	271,548
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱662,829**	₱803,885	**₱662,829**	₱803,885

BENGUET CORPORATION AND SUBSIDIARIES

EARNINGS PER SHARE COMPUTATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Amounts in Thousands, Except for the Number of Shares)

	September 30	
	2022	2021
Net income (loss)	**₱945,667**	₱788,980

Number of shares for computation of:

	September 30	
	2022	2021
Basic earnings per share		
Weighted average common shares issued	**623,132,094**	618,987,118
Less treasury stock	**348,069**	348,069
Weighted average common shares outstanding	**622,784,025**	618,639,049
Diluted earnings per share		
Weighted average common shares issued	**623,132,094**	618,987,118
Less treasury stock	**348,069**	348,069
	622,784,025	618,639,049
Conversion of preferred stock	**2,059,366**	2,059,366
Exercise of stock options	**3,137,502**	3,931,502
	627,980,893	624,629,917
Basic earnings (loss) per share	**₱1.52**	₱1.28
Diluted earnings (loss) per share	**₱1.51**	₱1.26

BENGUET CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	September 30	
	2022	2021
Profitability Ratio		
Return on asset	**0.11:1**	0.10:1
Return on equity	**0.13:1**	0.14:1
Gross profit margin	**0.72:1**	0.60:1
Operating profit margin	**0.41:1**	0.43:1
Net profit margin	**0.32:1**	0.31:1
Liquidity and Solvency Ratio		
Current ratio	**4.01:1**	1.87:1
Quick ratio	**1.41:1**	1.22:1
Solvency ratio	**4.97:1**	3.42:1
Financial Leverage Ratio		
Asset to equity ratio	**1.25:1**	1.41:1
Debt ratio	**0.20:1**	0.29:1
Debt to equity ratio	**0.25:1**	0.41:1
Interest coverage ratio	**-754.42:1**	-477.95:1

BENGUET CORPORATION AND SUBSIDIARIES

AGING OF RECEIVABLES

AS OF SEPTEMBER 30, 2022

(Amounts in Thousands)

TYPE OF RECEIVABLES	LESS THAN 30 DAYS	30 TO 60 DAYS	LESS THAN ONE YEAR	ONE TO TWO YEARS	THREE TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
Trade receivables	₱3,048	₱3,060	₱ 2,686	₱7,330	₱8,746	₱34,999	₱59,869
Allowance for doubtful accounts	–	–	–	–	(3,028)	(34,999)	(38,027)
Trade receivables – net	3,048	3,060	2,686	7,330	5,718	–	21,842
Nontrade receivables:							
Officers and employees	1,210	1,355	12,701	12,109	13,988	65,207	106,570
Others	–	–	138	10,649	10,711	285,918	307,416
Total	1,210	1,355	12,839	22,758	24,699	351,125	413,986
Allowance for doubtful accounts	–	–	–	–	–	(75,409)	(75,409)
Nontrade receivables - net	1,210	1,355	12,839	22,758	24,699	275,716	338,577
Trade and other receivables - net	₱4,258	₱4,415	₱15,525	₱30,088	₱30,417	₱275,716	₱360,419

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

1. Corporate Information

Benguet Corporation (the Ultimate Parent Company) was incorporated on August 12, 1903 was listed in the Philippine Stock Exchange (PSE) on January 4, 1950. On June 18, 1956 and June 19, 2006, the Philippines Securities and Exchange Commission (SEC) approved the extension of the Parent Company's corporate life for another 50 years.

The Parent Company is currently engaged in gold, nickel, and other metallic and nonmetallic mineral production, exploration, research and development and natural resource projects. The nature of business of the Parent Company's subsidiaries are summarized in Note 2 to the consolidated financial statements.

The Parent Company's registered office address is 7th Floor Universal Re Building, 106 Paseo de Roxas, 1226 Makati City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for land and artworks classified as property, plant and equipment, which have been measured at revalued amounts, financial assets at fair value through other comprehensive income (FVOCI), financial assets at fair value through profit or loss (FVPL), intangible asset under "other noncurrent assets" and investment properties, which have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, the Company's functional currency under Philippine Financial Reporting Standards (PFRS) and as adopted by the Philippine SEC. All amounts are rounded to the nearest thousands (₱000), except when otherwise indicated.

Statement of Compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements of Benguet Corporation (the Company) and its subsidiaries (the Group) do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2021.

Changes in Accounting Standards and Interpretation

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement
The subsequent measurement of financial assets depends on their classification as follows:

- *Financial assets at amortized cost (debt instruments)*
  Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses, advances to contractors under "other current assets" and loans receivable under "other noncurrent assets", respectively.

- *Financial assets at FVPL*
  This include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

  The Group's financial assets at FVPL includes its investments in unit investment trust fund.

- *Financial assets designated at FVOCI (equity instruments)*
  Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in the consolidated statement of comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

  The Group elected to classify irrevocably its quoted shares under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset in measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses publicly available ratings from (i.e. Standard and Poor's (S&P), Moody's and Fitch) to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, advances to contractors and deposits, the Group calculates ECLs at initial recognition by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECLs.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and accrued expenses under "trade and other payables", loans payable, lease liabilities, and equity of claim owners on contract operations under "other noncurrent liabilities".

Subsequent Measurement - *Financial liabilities at amortised cost (loans and borrowings)*

After initial measurement, interest-bearing loans, non-interest-bearing liabilities and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR. The EIR amortization is included as finance costs in the unaudited interim condensed consolidated statement of income.

This category generally applies to the Group's loans payable lease liabilities and non-interest bearing financial liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made following judgments, which have the most significant effect on the amounts recognized in the interim condensed consolidated financial statements.

Determining Functional Currency
The Parent Company, based on the relevant economic substance of the underlying circumstances, has determined the functional currency of each entity, except for foreign subsidiaries, under the Group to be the Philippine peso. It is the currency of the primary economic environment in which the Group primarily operates.

Assessing Provisions and Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Distinction between Investment Property and Owner-Occupied Property
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, not for sale in the ordinary course of business, but is held primarily to earn rental income or capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Principal versus Agent Considerations
The Group enters into contracts with customers wherein the Group charges the customers for the services rendered. The Group determined that it does not control the goods or services before they are transferred to customers, and it does not have the ability to direct the use of the services or obtain benefits from the services. The following factors indicate that the Group does not control the services before they are being transferred to customers. Therefore, the Group determined that it is an agent in these contracts.

- The Group is not primarily responsible for fulfilling the promise to provide the professional services.
- The Group has no discretion in establishing the price for the services provided. The Group's consideration in these contracts is only based on the difference between the Group and the customer.

The Group determined that it is an agent with respect to the professional fees of its tenant doctors. Meanwhile, the Group concluded that it is the principal in all its other revenue streams.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the interim condensed consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when these occur.

Provision for Expected Credit Losses on Trade and Other Receivables
The Group uses the simplified approach and general approach model in the assessment of the ECL for its trade and other receivables, respectively. An assessment of the ECL relating to these financial assets is undertaken upon initial recognition and each financial year and involves exercise of significant judgment. Key areas of judgment include defining default, determining assumptions to be used such as timing and amounts of expected net recoveries from defaulted accounts, determining debtor's capacity to pay, and incorporating forward looking information.

The carrying amount of trade and other receivables amounted to ₱360.42 million and ₱514.96 million as at September 30, 2022 and December 31, 2021, respectively.

Estimating Ore Reserves
Ore reserves estimates are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The Group also makes estimates and assumptions regarding a number of economic and technical factors affecting ore reserves estimates, such as production rates, grades, foreign exchange rates, production and transport costs, and commodity prices.

These geological, economic and technical estimates and assumptions may change in the future in ways, which can affect the quality and quantity of the ore reserves. The Group reviews and updates estimates as required to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. These estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel or gold prices or production costs, and other factors.

Assessing Recoverability of Deferred Mine Exploration Costs
The Group reviews the recoverability of deferred mine exploration costs when events or changes in circumstances indicate that the carrying amount of deferred mine exploration costs may exceed its estimated recoverable amount. The Group considers the following factors, among others, in its assessment:

- Status of each mine exploration project and plans on exploration and evaluation activities
- Validity of the licenses, permits and correspondences related to each mine exploration project
- Plans to abandon existing mine areas and plans to discontinue exploration activities
- Availability of information suggesting that the recovery of expenditure is unlikely

As at September 30, 2022 and December 31, 2021, deferred mine exploration costs amounted to ₱476.18 million and ₱455.40 million, respectively.

Estimating Recoverability of Property, Plant and Equipment
The Group assesses impairment on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results
- Significant changes in the manner of use of the acquired assets or the strategy for overall business, and
- Significant negative industry or economic trends

In determining the present value of estimated future cash flows expected to be generated from the continued use of the property, plant and equipment, the Group is required to make estimates and assumptions such as commodity prices, discount rates and foreign currency exchange rates, which can materially affect the consolidated financial statements. Commodity prices and foreign exchange rates are based on forecasts of various financial institutions while the discount rate is based on industry weighted average cost of capital.

An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, property, plant and equipment are grouped at the lowest levels for which there are separately identifiable cash flows. An impairment loss is recognized and charged to earnings if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows.

As at September 30, 2022 and December 31, 2021, property, plant and equipment (at cost) amounted to ₱815.86 million and ₱848.39 million, respectively.

Estimating Allowance for Inventory Obsolescence
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs. As at September 30, 2022 and December 31, 2021, the carrying value of inventories amounted to ₱136.39 million and ₱142.06 million, respectively.

Assessing Impairment of Advances to Contractors under Other Current Assets and Loans Receivable, Nontrade and Input VAT under Noncurrent Assets
The Group provides allowance for impairment losses on advances to contractors under other current assets and loans receivable, nontrade and input VAT under noncurrent assets when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for probable loss would increase recorded expenses and decrease other current and noncurrent assets.

The total carrying value of advances to contractors under other current assets and loans receivable, nontrade and input VAT under noncurrent assets amounted to ₱377.65 million as at September 30, 2022 and December 31, 2021, respectively.

Revaluation of property, plant and equipment and investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. In addition, it measures the land and artworks at revalued amounts, with changes in fair value being recognized in the consolidated statements of comprehensive income. The land, artworks and investment properties were valued using the sales comparison approach. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. As at September 30, 2022 and December 31, 2021, the appraised value of land and artworks, and investment properties amounted to ₱4,614.07 million.

Estimating Liability for Mine Rehabilitation
The Group estimates the costs of mine rehabilitation based on previous experience in rehabilitating fully mined areas in sections of the mine site. These costs are adjusted for inflation factor based on the average annual inflation rate as of adoption date or re-evaluation of the asset dismantlement, removal or restoration costs. Such adjusted costs are then measured at present value using the market interest rate for a comparable instrument adjusted for the Group's credit standing. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's liability for mine rehabilitation. Liability for mine rehabilitation amounted to ₱60.75 million as at September 30, 2022 and December 31, 2021.

Estimating Cost of Share-Based Payment
The Parent Company's Nonqualified Stock Option Plan grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The ESOIP recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the annual consolidated financial statements. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations. Cost of share-based payment amounted to ₱9.20 million as at September 30, 2022 and December 31, 2021.

Estimating Pension Benefits
The cost of defined benefit pension and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the Philippines.

Net pension liability of the Group amounted to ₱68.35 and ₱73.35 million as at September 30, 2022 and December 31, 2021, respectively.

Assessing Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group recognized net deferred tax assets amounting to ₱100.84 million as at September 30, 2022 and December 31, 2021. The Group has unused NOLCO, MCIT and deductible temporary differences for which deferred tax assets were not recognized as it is not probable that sufficient future taxable profits will be available against which the benefit of the deferred tax assets can be utilized.

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments pertain to unsecured and secured bank loans. The main purpose of these financial instruments is to fund the Group's operations. The Group has other financial instruments such as cash and cash equivalents, trade receivables, receivable from lessees of bunkhouses, loans receivable under trade and other receivables, advances under other noncurrent assets trade and accrued expenses under trade and other payables and obligations under finance lease, which arise directly from its operations. Other financial assets include FVOCI assets.

The significant risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The BOD reviews and agrees policies for managing each of these risks and these are summarized below.

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and availment of suppliers' credit. The long-term relationship of the Group to its suppliers gives it the advantage to negotiate the payment terms.

As part of its liquidity risk management, the Group has access to sufficient external funding (bank credit lines) and loans payable maturing within 12 months can be rolled over with existing lenders. It also continuously assesses conditions in the financial markets for opportunities to avail bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. As at September 30, 2022 and December 31, 2021, cash and cash equivalents may be withdrawn anytime while quoted FVPL may be converted to cash by selling them during the normal trading hours in any business day.

The tables below summarizes the maturity profile of the Group's financial liabilities as at September 30, 2022 and December 31, 2021, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Company's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

	September 30, 2022				
	On demand	**0-90 days**	**91-365 days**	**More than one year**	**Total**
Financial assets					
Cash and cash equivalents					
Cash on hand and in banks	**₱592,391**	**₱–**	**₱–**	**₱–**	**₱979,164**
Short-term deposits	**70,438**	**–**	**–**	**–**	**70,275**
Trade and other receivables					
Trade	**3,048**	**3,060**	**2,686**	**13,048**	**21,842**
Receivables from lessees of bunkhouses	**351**	**–**	**–**	**–**	**351**
Advances to contractors under "other current assets"	**–**	**–**	**–**	**54,638**	**54,638**
Loans receivable under "other noncurrent assets"	**–**	**–**	**–**	**211,324**	**211,324**
FVPL	**1,238,156**	**–**	**–**	**–**	**1,238,156**
FVOCI	**–**	**–**	**–**	**877**	**877**
	₱1,904,384	**₱3,060**	**₱2,686**	**₱279,887**	**₱2,190,017**
Financial liabilities					
Loans payable	**₱337,035**	**₱–**	**₱–**	**₱–**	**₱337,035**
Trade and other payables					
Trade	**–**	**183,867**	**–**	**–**	**183,867**
Nontrade*	**19,835**	**–**	**–**	**–**	**19,835**
Accrued expenses	**827**	**–**	**40,393**	**–**	**41,220**
Lease liabilities	**–**	**2,159**	**3,800**	**10,877**	**16,836**
Other noncurrent liabilities					
Equity of claimowner incontract operations	**–**	**–**	**–**	**49,136**	**49,136**
	₱357,697	**₱186,026**	**₱44,193**	**₱60,013**	**₱647,929**
Net financial assets (liabilities)	**₱1,546,687**	**(₱182,966)**	**(₱41,507)**	**₱219,874**	**₱1,542,088**

**Excluding statutory payables*

	December 31, 2021				
	On demand	**0-90 days**	**91-365 days**	**More than one year**	**Total**
Financial assets					
Cash and cash equivalents					
Cash on hand and in banks	**₱552,236**	**₱–**	**₱–**	**₱–**	**₱552,236**
Short-term deposits	**51,012**	**–**	**–**	**–**	**51,012**
Trade and other receivables					
Trade	**–**	**–**	**183,120**	**–**	**183,120**
Receivables from lessees of bunkhouses	**45**	**–**	**–**	**–**	**45**
Advances to contractors under "other current assets"	**–**	**–**	**–**	**54,638**	**54,638**
Loans receivable under "other noncurrent assets"	–	–	–	**211,324**	**211,324**
FVPL	**674,977**	**–**	**–**	**–**	**674,977**
FVOCI	**–**	**–**	**–**	**877**	**877**
	₱1,278,270	**₱–**	**₱183,120**	**₱266,839**	**₱1,728,229**
Financial liabilities					
Loans payable	**₱337,035**	**₱–**	**₱–**	**₱–**	**₱337,035**
Trade and other payables					
Trade	**–**	**343,727**	**–**	**–**	**343,727**
Nontrade*	**27,050**	**–**	**–**	**–**	**27,050**
Accrued expenses	**849**	**–**	**33,698**	**–**	**34,547**
Lease liabilities	**–**	**2,159**	**6,475**	**12,497**	**21,131**
Other noncurrent liabilities					
Equity of claimowner incontract operations	**–**	**–**	**–**	**49,136**	**49,136**
	₱364,934	**₱345,886**	**₱40,173**	**₱61,633**	**₱763,490**
Net financial assets (liabilities)	**₱913,336**	**(₱345,886)**	**₱142,947**	**(₱205,206)**	**₱915,603**

**Excluding statutory payables*

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations as these falls due. It is inherent to the business that potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses and loans receivable under trade and other receivables, advances under other noncurrent assets and FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognized third parties, there is no requirement for collateral. The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure is shown at each instrument's carrying amount, before the effect of mitigation through the use of master netting and collateral agreements.

	September 30, 2022	December 31, 2021
Cash and cash equivalents		
Cash in banks	**₱591,655**	₱551,465
Short-term deposits	**70,438**	51,012
Trade and other receivables		
Trade	**21,842**	183,120
Receivables from lessees of bunkhouses	**351**	45
Advances to contractors under “other current assets”	**54,638**	54,638
	₱738,924	₱840,280

Impairment of financial assets
The Group has financial assets consisting of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses, advances to contractors under “other current assets” and loans receivable under “other noncurrent assets” that are subjected to ECL model.

General Approach
Cash and cash equivalents
The ECL relating to the cash of the Group is minimal as these are deposited in reputable banks which have good credit rating, and are considered to have lower credit risk.

Lessees of bunkhouses, advances to contractors under “other current assets” and loan receivable under “other noncurrent assets”
The Group provided a allowance for ECLs for these financial assets amounted to ₱101.38 million in 2022 and 2021.

Simplified Approach
Trade receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of trade receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group establishes credit limits at the level of the individual borrower, corporate relationship and industry sector. It also provides for credit terms with the consideration for possible application of intercompany accounts between affiliated companies. Also, the Group transacts only with related parties and recognized third parties, hence, there is no requirement for collateral.

Below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

September 30, 2022

		Past due			**Specific**	
	Current	**30 days**	**60 days**	**>90 days**	**Identification**	**Total**
Expected credit loss rate	**3%**	**5%**	**19%**	**175%**	**200%**	
Estimated total gross carrying amount at default	**₱3,048**	**₱3,060**	**₱2,686**	**₱13,048**	**₱38,027**	**₱59,869**
	₱–	**₱–**	**₱–**	**₱–**	**₱38,027**	**₱38,027**

December 31, 2021

	Current	Past due 30 days	60 days	>90 days	Specific Identification	Total
Expected credit loss rate	3%	5%	19%	175%	200%	
Estimated total gross carrying amount at default	₱67,528	₱1,967	₱4,480	₱133,942	₱13,950	₱221,867
	₱697	₱17	₱65	₱24,018	₱13,950	₱38,747

Market Risks

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations with floating interest rates.

As at September 30, 2022 and December 31, 2021, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans. The Group regularly monitors its interest due to exposure from interest rates movements.

The Group's unsecured loans payable are both payable on demand. Nominal interest rates vary from floating rate of 91-day Philippine Php T-bill rate for peso loans and 3-month LIBOR foreign loans, plus a margin of 2.5% for unsecured loans.

September 30, 2022 and December 31, 2021	**Change in interest rates (in basis points)**	**Sensitivity of pretax Income**
	+100	**(₱3,370)**
	-100	**3,370**

Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial performance and cash flows.

The Group has transactional currency exposures. Such exposure arises from the sale of gold and nickel ore and the purchase of certain goods and services denominated in US$.

All sales of gold and nickel ore are denominated in US$. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.

The Group's policy is to maintain foreign currency exposure within acceptable limits. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is involved. The Group did not seek to hedge the exposure on the change in foreign exchange rates between the US$ and the Philippine peso. The Group believes that active currency hedging would not provide long-term benefits to stockholders.

The Group's foreign currency-denominated monetary assets and liabilities as at September 30, 2022 and December 31, 2021 follow:

	September 30, 2022		December 31, 2021	
	US$	**Peso equivalent**	US$	Peso equivalent
Financial Assets				
Cash in banks	**$6,498**	**₱380,945**	$5,476	₱279,221
Trade receivables under "trade and other receivables"	**238**	**13,953**	527	26,872
Total monetary assets	**$6,736**	**₱394,898**	$6,003	₱306,093

As at September 30, 2022 and December 31, 2021, the exchange rates of the Philippine peso to the US$ based on the Bankers Association of the Philippines are ₱58.625 and ₱50.99, respectively.

The sensitivity to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's income before income tax as at September 30, 2022 and December 31, 2021 is as follows:

September 30, 2022	**Change in foreign exchange rate**	**Income before income tax effect**
	Strengthens by-0.60%	**₱2,369**
	Weaken by -2.56%	**(10,109)**

December 31, 2021	Change in foreign exchange rate	Income before income tax effect
	Strengthens by-0.60%	₱1,852
	Weaken by -2.56%	(7,826)

Equity Price Risk

Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its quoted shares under financial assets at FVOCI.

The Group's policy is to maintain its risk to an acceptable level. Movement of share prices is monitored regularly to determine impact on the consolidated statement of financial position.

Management believes that its exposure to equity price risk is not material to the consolidated financial statements as a whole; thus, disclosure of equity price risk analysis was deemed unnecessary.

Capital Management

The Group maintains a capital base to cover risks inherent in the business. The primary objective of the Group's capital management is to optimize the use and earnings potential of the Group's resources, ensuring that the Group complies with externally imposed capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Group's activities.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2022 and 2021. The Group monitors capital using the parent company financial statements. As at September 30, 2022 and December 31, 2021, the Group has met its capital management objectives.

The following table summarizes the total capital considered by the Group:

	September 30, 2022	December 31, 2021
Capital stock	**₱624,015**	₱624,015
Capital surplus	**409,929**	409,929
Retained earnings	**4,967,513**	4,021,846
Other components of equity	**1,366,813**	1,361,759
Treasury shares	**(8,016)**	(8,016)
	₱7,360,254	₱6,409,533

Further, the Group monitors capital using debt to equity ratio, which is total liabilities divided by total equity. Debt to equity ratios of the Group as at September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
Total liabilities (a)	**₱1,856,144**	₱2,339,820
Total equity (b)	**7,360,254**	6,409,533
Debt-to-equity ratio (a/b)	**0.25:1**	0.37:1

5. Seasonality and Cyclicality of Interim Operation

There are no significant seasonality or cyclicality in its business operation that would have material effect on the Group's financial condition or results of operations.
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6. Events After End of Reporting Period

There are no significant event after end of reporting period.

ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY
(For the Third Quarter Ended September 30, 2022)

i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2020 financial statements. Additional disclosures on the significant changes of accounts and subsequent events are presented in the Management Discussion and Analysis.

ii.) During the Third Quarter of 2022, there were no seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, and no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows.

iii.) Issuances, Repurchases, Repayments of Debt and Equity Securities – During the Third Quarter of 2022, there were no securities sold by the Company which were not registered under the Securities Regulation Code (SRC) including the sales of reacquired securities, new issues, securities issued in exchange of property, services or other securities and new securities resulting from the modification of outstanding securities.

iv.) Dividends – Pursuant to the restrictions provided for in the Company's loan agreement with creditor banks, no cash dividends were declared during the Third Quarter 2022.

v.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as of September 30, 2022 mainly rose from sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱693.9 million and nickel ores amounting to ₱2.15 billion.

vi.) Subsequent Material Events - There were no material events subsequent to the end of the quarter that have been reflected in the financial statements for the period.

vii.) There were no changes in the composition of the Company, business combinations, acquisition or disposal of subsidiaries and long-term investments and no substantial changes in contingent liabilities and contingent assets from 2021.