BenguetCorp

SEC Reg. Code No. 11341

11 November 2010

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills,
Mandaluyong City

Attention : ATTY. JUSTINA F. CALLANGAN
Director, Corporation Finance Department

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

Attention : Ms. JANET A. ENCARNACION
Head – Disclosure Department

Gentlemen:

In compliance with the reportorial requirements of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), we submit herewith Benguet Corporation's 2010 Third Quarter Report under SEC Form 17-Q.

We hope that you will find everything in order.

Very truly yours,

BENGUET CORPORATION
By:

REYNALDO P. MENDOZA
Assistant Corporate Secretary

Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City Philippines
MCPO Box 3488 • Phone: +632.812.1380 • Fax: +632.752.0717

COVER SHEET

1 1 3 4 1
SEC Registration Number

B E N G U E T   C O R P O R A T I O N

(Group's Full Name)

7 t h   F l O o r ,   U n i v e r s a l   R e   B u i l D i n g ,
1 0 6   P a s e o   d e   R o x a s ,   M a k a t i   C i t y

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

Mr. Reynaldo P. Mendoza
(Contact Person)

812-1380
(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

17,180
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, 2010**

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

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) 812-1380 / 751-9137**
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	100,700,845 shares*
Common Class B Stock	61,473,467 shares*
Total amount of principal loan as of September 30, 2010	₱1.5 billion

(*) – Include issued shares to RYM Business Management consisting of 6,617,640 class A common shares and 4,411,770 class B common shares pursuant to the private placement transaction between the Company and RYM Business Management Corporation. The Company's application for listing of said shares is still under evaluation by PSE.

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) except the shares issued to RYM Business Management Corporation consisting of 6,617,640 class A common shares and 4,411,770 class B common shares which application for listing of the Company is still under evaluation by PSE.

12. 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 “B” which is incorporated herein as part of this report (SEC Form 17-Q), on pages 14 to 24 which contained the following:

1. THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF BENGUET CORPORATION AND SUBSIDIARIES FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2010 (WITH AUDITED COMPARATIVE DATA FOR 2009) WERE PREPARED IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE PHILIPPINES AND REFLECT AMOUNTS THAT ARE BASED ON BEST ESTIMATES AND INFORMED JUDGMENT OF MANAGEMENT WITH AN APPROPRIATE CONSIDERATION TO MATERIALITY;
2. AGING OF ACCOUNTS RECEIVABLE AS OF SEPTEMBER 30, 2010; AND
3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

2010 Third Quarter versus 2009 Third Quarter

The Company’s consolidated operating revenues this quarter and for the nine months period significantly increased to P140.6 million and P274.9 million, respectively, from the P42.6 million and P108.9 million for the same periods last year. The increased in revenue was derived from the receipts in Nickel mining operation in Sta. Cruz, Zambales which started to operate this year thru an off-take contract agreement with DMCI Mining Corporation and the improve gold production in Acupan Contract Mining Project.

The significant increased in revenues generated consolidated net income of P30 million this quarter, a turn-around from the net losses of P43 million for the same period in 2009. For the same reasons, the losses for the nine months period declined to P58 million from P149 million in 2009.

Operating costs and expenses this quarter of P142.1 million is higher than P58.6 million for the same quarter last year mainly due to higher selling and general expenses this year. For the same reasons, the operating costs and expenses for nine months period this year is also higher by P120.1 million to P291.1 million from P171.0 million for the same period in 2009.

For the quarter this year, other income amounted P62.5 million compared to other expense of P19.1 million for the same quarter last year. Higher foreign exchange gain of P104 million vs P28 million for the same period last year contributed to the positive variance. For the same reason, other expense for the nine months period is lower by P74 million to P15 million from P89 million last year.

The provision for income tax for the third quarter and nine months period this year, amounted to P31 million and P27 million, respectively, higher compared with the provision for income tax of P8 million for the third quarter in 2009 and benefit from income tax of P1 million for the nine months period last year.

For more detailed discussion on the Company's results of operations and plan of operation, please refer to the Company's President Report for Third Quarter 2010 which form as integral part of this report and marked as Annex "A" on pages 10 to 13.

2009 Third Quarter versus 2008 Third Quarter

In the third quarter of 2009, the Acupan Contract Mining Project (ACMP) and the Irisian Lime Project (ILP) continues to improve their profitability. BMC Forestry Corporation (BFC) and the Benguet Laboratories (BL) also reported positive performance for the quarter. The Company signed two (2) off-take/contractor agreements to undertake mining activities in the Santa Cruz Nickel Project (SCNP) and assure ready markets for the project's high and low grade nickel and high grade iron ores. In line with its objective to spin off its mining projects into independent business units, the Company created wholly owned subsidiaries BenguetCorp Nickel Mines, Inc. (BNMI) and Balatoc Gold Resources Corporation (BGRC) to undertake the activities for SCNP and the Balatoc Tailings Project (BTP), respectively. An exclusive financial advisor has been engaged for each project. The Company obtained an Environmental Compliance Certificate (ECC) for the Surigao Coal Project and continued to discuss with Nationwide Development Corporation (NADECOR) for an amicable settlement of the pending dispute over the Kingking Copper Gold Project.

Consolidated net loss for the third quarter of 2009 amounted to P42.7 million, 62% lower than the loss of P112.8 million for the same quarter in 2008. For the nine-month period in 2009, the consolidated net loss of P149.4 million is likewise lower than the P324.9 million for the same period in 2008. The decline was partly from the P47 million gain on sale of the Catitipan property and foreign exchange gain of P8.3 million this year versus foreign exchange loss of P218.7 million in 2008.

The losses for the nine-month period in 2009 include non-cash accrued interest expenses of P140.2 million and depreciation of P18.7 million partly offset by foreign exchange gain of P8.3 million.

Operating revenues decreased to P43 million from P71 million for the same quarter in 2008. For the nine months period in 2009, operating revenues also decreased to P109 million from P207 million for the same period in 2008 mainly due to lower sales of chrome fines and expiration of Arrow Freight Corporation contracts with major clients, this year.

Operating costs and expenses of P58 million is slightly lower than P63 million for the same quarter in 2008 mainly due to lower cost of merchandise and services in 2009. For the nine months period in 2009, operating costs and expenses is also lower by P21 million to P171 million from P192 million for the same period in 2008.

In the third quarter of 2009, other expenses amounted P19 million lower compared to other expenses of P142 million for the same quarter in 2008. For the nine months period in 2009, other expenses of P89 million is also lower by 79% versus other expenses of P415 million for the same period in 2008. The positive variance was partly due to the P47 million gain on sale Catitipan property and FX gain this quarter of P8 million as against FX loss of P218 million for the same period in 2008.

In the fourth quarter of 2009, the Company prepared the necessary requirements for the fund-raising activities and possible public listing with the PSE in 2010 of BNMI (SCNP) and development of BGRC (BTP). Under its off-take/contractor agreements, it will resume mining and further exploration activities in SCNP and the marketing of its nickel and iron ores. ACMP will continue to strive for higher production levels towards its target of 300 tons per day capacity by 2010. Likewise the Company will commence activities toward the development of the Surigao Coal Project based on its approved ECC. The Company will move forward on the Kingking project and will make every effort to resolve the ongoing dispute with NADECOR.

The Company is committed to finally settle the old debt issue with its creditor banks. The Company submitted specific and firm proposals for payment. With these initiatives in place, the Company is well positioned to strengthen its financial condition and move its many projects towards development and commercial operation as the world economy begins to recover.

FINANCIAL POSITION

2010 Third Quarter versus 2009 Third Quarter.

The Company ended the third quarter of 2010 with consolidated assets of P3.720 billion, higher than end-December 2009 level of P3.580 billion. Cash and cash equivalents improved to P71 million from P30 million in 2009 mainly from the P150 million initial subscription of RYM Business Management Corporation (RBMA) and cash receipts in nickel mining operation.

Accounts receivables increased to P179 million from P131 million mainly from the sale of nickel ore not yet collected this quarter. Prepaid and other current assets is almost the same as in 2009.

Deferred charges and other assets increased to P592 million from P528 million in 2009 mainly due to expenses incurred in Balatoc Tailings Project and Acupan Small Scale Mining Project expansion program to increase its milling capacity to 150 tons/day.

Accounts payable and accrued expenses slightly decreased to P578 million from P595 million in 2009.

The outstanding bank loans (inclusive of interest and penalties as of September 30, 2010 increased to P3.709 billion from P3.694 billion in 2009, mainly due to accrued interest booked this quarter. The Company has an outstanding settlement proposal to its secured creditors, thru Philippine National Bank (PNB) as the mortgage trustee and to its other creditors/holders of BC debt papers. There is continuing effort by the Company to settle its bank debts at 70% discount or to restructure its obligation. Negotiations are ongoing.

Capital stock increased to P487 million as of the end of this quarter from P453 million end of 2009. The increased was mainly from the P150 million initial subscription of RYM Business Management Corporation. For the same reason, Capital surplus improved to P1.151 billion this quarter from P1.033 billion in 2009.

Capital deficiency as of September 30, 2010 slightly decreased to P1.712 billion from P1.796 billion in 2009 attributed mainly to the P150 million initial subscription of RYM Business Management Corporation partly offset by the net losses for the nine months period of 2010.

The Company's current liability still exceeded its current assets by P3,981 million in September 2010 and P4,073 million in 2009.

Among the plans and activities that the company will undertake in the next twelve months to bring its negative equity to positive equity are as follows:

1. The Company plan to expand ACMP's capacity from 70 tons per day to 300 tons per day;
2. Operate its Nickel Project in Sta. Cruz, Zambales Province;
3. Operate its Gold Tailings Reprocessing Project in Itogon Province; and
4. Buy-back or debt restructuring of debt papers as discussed above

These projects will generate significant cash flow and income to bring its negative equity to positive equity.

The Company has incorporated the Special Purpose Vehicle namely, Benguetcorp Nickel Mines, Inc. (BNMI) and Balatoc Gold Resources Corporation (BGRC) to undertake the activities of its nickel project in Zambales and gold tailings reprocessing project in Itogon, respectively. BNMI and BGRC will be responsible for the financing, development and operation of the projects.

On October 7, 2009, BNMI signed a mining contractorship and off-take agreement with DMCI Mining Corporation. The agreement calls for the mining and sale of high grade nickel ore with 2% nickel cut-off grade for 200,000 tons per year for the next three years.

On October 28, 2009, BNMI signed a three years Agreement with Sino Phil (Surigao) Group Limited and Ryanyx CGS Corporation to operate a specific area. The agreement calls for the mining and sale of low grade nickel and high grade iron ores.

In October 2009, the Company appointed First Metro Investment Corporation to be the Financial Advisor, Issue Manager and Lead Underwriter for its nickel project and ATR Kim Eng Capital Partners, Inc. to be its financial advisor to raise funds for its Balatoc Tailings Project.

For more detailed discussion on the Company's financial position, results/plan of operations, please refer to the Company's President Report for Third Quarter 2010 which form as integral part of this report and marked as Annex "A" on pages 10 to 13.

2009 Third Quarter versus 2008 Third Quarter

In the last nine months period in 2009, the Company has sufficient cash to fund its operating cash requirement. The Company foresees improvement in its cash flow for the next twelve months, as the Company's ACMP continued to improved its gold production coupled with the steady price of gold at $900/oz level. In addition, the Company's wholly owned subsidiary Benguetcorp Nickel Mines, Inc. signed an off-take/contractor agreement in October 2009 with DMCI Mining Corporation and Sino Phil (Surigao) Group Limited and Ryanyx CGS Corporation for a portion of its Nickel Project in Zambales. The agreement calls for the mining and sale of high grade nickel ore 2.0% Ni cut-off grade and low grade nickel and high grade iron ores for the next three years. The Company, however, will continue to dispose its non-performing assets, chromite sand, lime and improve its production volume of gold to generate cash to fund its other exploration prospect.

As of September 30, 2009, the Company's consolidated total assets stood at P3,592 million compared with P3,628 million in 2008. Cash and cash equivalents decreased to P88 million from P128 million in 2008 mainly from cash used by operating activities and mine exploration and development of the Company's Nickel Project in Sta. Cruz, Zambales, Kingking Project in Compostella Valley in Davao Del Norte and Balatoc Tailings Project in Itogon.

Accounts receivable slightly decreased to P121 million from P132 million. Prepaid and other current assets also decreased to P33 million from P45 million mainly due to amortization of prepaid insurance and deferred high valued materials and supplies.

Accounts payable and accrued expenses slightly decreased to P576 million to P575 million as of year-end 2008.

The outstanding bank loans (inclusive of interest and penalties as of September 30, 2009) increased to P3,706 million from P3,578 million in 2008, mainly due to accrued interest booked this quarter. The Company continues to discuss with the creditors its business recovery plan and debt payment/restructuring. Among the plan to service its debt is the monetization of its interest in the Kingking Copper Gold Porphyry.

Capital deficiency as of September 30, 2009 increased to P1,763 million from P1,612 million in 2008 mainly due to net losses for the nine-month period. The Company's current liability still exceeded its current assets by P4,004 million in September 2009 and P3,827 million in 2008.

Among the plans and activities that the company will undertake in the next twelve months to bring its negative equity to positive equity are: a) to expand ACMP's capacity from 70 tons per day to 300 tons per day, b) operate its Nickel Project in Sta. Cruz, Zambales Province and c) operate its Gold Tailings Reprocessing Project in Itogon Province. These projects will generate significant cash flow and income to bring its negative equity to positive equity.

The Company incorporated the Special Purpose Vehicle namely, Benguetcorp Nickel Mines, Inc. (BNMI) and Balatoc Gold Resources Corporation (BGRC) to undertake the activities of its nickel project in Zambales and gold tailings reprocessing project in Itogon, respectively. BNMI and BGRC will be responsible for the financing, development and operation of the projects.

A comprehensive review of the Company's asset base has revealed an array of vastly undervalued holdings, which if recognized at their proper worth will indicate a brighter prospect for the Company's future. These assets are essentially mining properties whose true significance, estimated at ₱6 billion, is excluded from the Company books under generally accepted accounting principles. These assets include the King-king, Acupan and Ampucao prospects, and several major pieces of mill and mine equipment among others.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

The Company foresees improvement in its cash flow as the Company's ACMP continues to improve its gold production, steady market of quicklime from ILP and assured market for nickel ores of Sta. Cruz Nickel Project due to the signing of off-take agreement with DMCI Mining Corporation. The agreements assured the Company of a market for high and low grade nickel and high grade iron ores for the next three (3) years.

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, 2010, the Parent Company's principal loans subject to the repayment plan amounted to ₱1.5 billion. The Company has an outstanding settlement proposal to its secured creditors, thru Philippine National Bank (PNB) as the mortgage trustee and to its other creditors/holders of BC debt papers. Negotiations are ongoing.

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.

For the quarter in review, the Company continues to fund the capital requirement of its nickel and gold tailings projects in Zambales and Benguet Provinces, respectively. The anticipated increase production of gold at ACMP, higher quicklime sales from ILP and shipment of nickel ores from its Sta. Cruz Nickel Project coupled with favorable metal prices will have a favorable impact on the Company's net sales and income.

As of September 30, 2010, except for what has been noted in the preceding, there are 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:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;

- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- 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.

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. The Company's current liabilities exceeded its current assets by ₱3.981 billion as of September 30, 2010 and ₱4.073 billion as of December 31, 2009. The Company plans in regard to these matters will focus on the exploration and development of its mineral properties such as the Sta. Cruz Nickel Project, the Surigao Coal project, Balatoc Tailings Project and Acupan gold mine. The activities being undertaken during the quarter were discussed in the Company's President's Report for Third Quarter 2010, marked as Annex "A".

2.) Metal Price - The market price of gold in the Banko Sentral ng Pilipinas which is based from the world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. This quarter, the average market prices for gold sold were at US$1,228 per ounce compared to US$975 per ounce for the same quarter in 2009. The steady increase in gold and nickel price will have a favorable impact on the Company's revenue.

3.) Tonnes Mill and Ore Grade - Tonnes milled and ore grade determine gold production and sales volume. The higher the tonnage and ore grade, the more gold are produced and sold. This quarter, tonnes milled were 3,287 tons of shared ore grading 9.96 grams per tonne gold. Gold sold were 846.52 ounces. For the same quarter in 2009, tonnes milled were 2,266 tons of shared ore grading 7.8 grams per tonne gold. Gold sold were 510 ounces.

4.) Foreign Exchange Rate - As the Company's sales proceeds are mainly in U.S. dollars, a higher Philippine peso to U.S. dollar exchange rate means higher peso sales 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 foreign exchange income on the loans. As of September 30, 2010, the Parent Company had outstanding foreign currency borrowings amounting to about US$18 million. The significant depreciation of the peso will substantially increase the outstanding balances of the Company's US dollar-denominated borrowings in terms of pesos resulting in substantial net foreign exchange losses. The volatility in the foreign currency exchange rates will continue to affect the operations in the foreseeable future. As of September 30, 2010, the peso to dollar exchange rate was at ₱43.896, lower than the ₱47.592 for the same period in 2009.

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 a Company's earnings increase, the earnings per share correspondingly increase. This quarter, the Company's earnings per share is ₱0.19 a turn-around from the loss per share of ₱0.28 for the same period in 2009. With the ongoing expansion program of ACMP to increase gold production coupled with the prevailing favorable metal price and the ongoing development of the Company's Sta. Cruz Nickel Project which has assured market for its nickel ores, the Company anticipates improvement in the earnings per share.

The Company's key performance indicator used for its subsidiaries is Net Income.

Benguet Management Corporation (BMC) and its subsidiaries reported a consolidated net loss of ₱0.792 million, significantly lower compared with last year's net loss of ₱2.030 million. BMC maintains a 280-hectare mango plantation in Iba, Zambales which is currently being offered for sale to interested parties.

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: **REYNALDO P. MENDOZA** – SVP, Legal/Asst. Corporate Secretary

Principal Financial/Accounting Officer/Controller:

Signature and Title: **RENATO A. CLARAVALL** – SVP, Chief Finance Officer

Annex “A”

2010
THIRD QUARTER REPORT
BENGUET CORPORATION
AND SUBSIDIARIES

The third quarter of 2010 showed a dramatic increase in your Company’s revenues and a positive turn-around on its profit picture. This was achieved by your Company taking advantage of favorable metal prices with the expansion of capacity of the Acupan Contract Mining Project (ACMP) and stable receipts from the Santa Cruz Nickel Project (SCNP). For the long term, your Company continues to develop and source funds for the Balatoc Tailings, Santa Cruz Nickel, and Surigao Coal projects, as well as initiated new directions and activities on the Ampucao, BOLCO, and FTAA prospects in the North.

The significance of this quarter was enhanced by the signing of your Company on July 22, 2010, of a Heads of Terms with St. Augustine Mining Ltd. providing for the terms and conditions that will lead to the eventual transfer of its interest in the Kingking Project. The proceeds of this transaction would subsequently enable your Company to retire most if not all of your Company’s old debt, and gain the needed flexibility to develop long-term projects at a much faster pace.

CONSOLIDATED RESULTS

Consolidated net earnings for the third quarter of 2010 amounted to ₱30,000,000 (US$684,000) or ₱0.19 (US$0.004) per share, a turn-around from the ₱42,700,000 (US$897,000) or ₱0.28 (US$0.006) per share net loss incurred for the same quarter in 2009. For the nine-month period, the consolidated net loss amounting to ₱58,300,000 (US$1,327,000) or ₱0.36 (US$0.008) per share, is 61% lower than the net loss of ₱149,000,000 (US$3,140,000) or ₱0.99 (US$0.021) per share for the same period in 2009. The increase in gold production in ACMP and receipts from the nickel mining operation in SCNP resulted to the turn-around in this quarter’s operating results. The loss for the nine-month period this year is mainly attributable to non-cash accrued interest expense of ₱121,258,000.

Operating revenues for this quarter totaled ₱140,600,000 (US$3,203,000), 230% higher than the operating revenues of ₱42,600,000 (US$895,000) for the same period in 2009. Operating revenues for the nine-month period also increased to ₱274,900,000 (US$6,262,000), from ₱108,900,000 (US$2,287,000) for the same period in 2009. The increase was due to higher metal prices and volume sold, and receipts from SCNP.

MINING OPERATIONS

Your ACMP generated net earnings of ₱25,842,000 (US$589,000) this quarter, 214% higher compared to the net earnings of ₱8,217,000 (US$173,000) for the same period last year. The favorable performance is mainly due to higher gold production coupled with higher gold price averaging US$1,228 per ounce, and revenue generated from CIP/CIL services. Gold sold this quarter totaled 846.52 ounces, 66% higher than the 510.17ounces sold for the same quarter last year at average price of US$975 per ounce. For the nine-month period, ACMP reported a net income of ₱56,735,000 (US$1,292,000), 185% higher than the ₱19,883,000 (US$418,000) net income reported for the same period last year. This was due to increased gold sales of

2,169 ounces compared to last year's 1,493 ounces, and favorable gold price averaging US$1,186 per ounce versus last year's average of US$938 per ounce.

ACMP milled 3,287 tons of shared ore with average mill head of 9.96 grams per ton for the quarter, and 9,349 tons with mill head of 8.53 grams per ton for the nine-month period. Milling rate for this quarter averaged 93 tons per day (tpd), 33% higher than 70 tpd for the same period last year. ACMP is targeting to further increase mill capacity to 300 tpd by 2011.

Your Company's Irisan Lime Project (ILP) generated net earnings of ₱2,895,000 (US$66,000) this quarter, lower compared to the net earnings of ₱3,331,000 (US$70,000) for the same quarter in 2009. Net earnings for the nine-month period is also lower at ₱9,616,000 (US$219,000) than the net earnings of ₱12,788,000 (US$124,000) generated during the same period last year. The decrease in earnings was mainly attributable to lower sales volume of quicklime, coupled with higher cost of fuel oil. Sales volume this quarter totaled 1,829 tons against 2,169 tons, and for the nine-month period 5,779 tons versus 5,865 tons, for the same periods last year, respectively.

EXPLORATION, RESEARCH AND DEVELOPMENT

For the Kingking Project, your Company signed on July 22, 2010 a Heads of Terms with St. Augustine Mining Ltd. (SAML), an affiliated company of the US-based Russell Mining & Minerals Inc. (RMMI), which sets out terms for the transfer of your Company's interest in, and withdrawal from the Kingking Project, subject to due diligence, entry into definitive transactional documents and full payment of the acquisition price. The first part of the transaction was completed on October 22, 2010. SAML made an initial payment of US$8 million to your Company out of the total acquisition price of US$25 million, with the balance to be paid over a period of seven years. Until there is full payment of the price, or SAML gives an acceptable security within two years after the first payment, the assignment of your Company's interest in, and its withdrawal from, the project does not become effective. In the meantime, your Company shall continue to remain as co-contractor with Nationwide Development Corporation (NADECOR) in the Kingking MPSA. Your Company and NADECOR have also agreed to suspend all pending legal proceedings between them in order that the preparation of the mining feasibility study can proceed without delay. The Kingking Project is a copper and gold property located in Pantukan, Compostela Valley Province in Southeastern Mindanao.

Your Company's SCNP through its mining contractors shipped 193,138 tons of ore for this quarter which brought up the total shipment volume in the last nine-month period to 746,447 tons of nickel ore ranging from 1.8% to 2.1% grade.

Benguetcorp Nickel Mines, Inc. (BNMI), SCNP's operator, continues exploration activities consisting of sampling, topographic survey, collation of exploration data and drilling exploration, with the objective to upgrade the current resource of the property. It completed 52 additional density holes this quarter (rainy season) for comparison with holes drilled during the first quarter (dry season). As required under the Philippine Mineral Reporting Code (PMRC), BNMI engaged an external Competent Person to review and prepare the report on updated resource based on the additional drilling. The CP report will be available by November 2010.

In September 2010, your Company signed a Deed of Assignment transferring the Mineral Processing Permit (MPP No. 13-2010-CAR) of its Balatoc Tailings Project (BTP) to its wholly owned subsidiary, Balatoc Gold Resources Corporation (BGRC). The MPP allows BTP to reprocess the impounded mill tailings from Acupan mines for recovery of the residual gold.

BGRC is currently updating estimates for critical mine/mill and ancillary equipment/facilities as part of CAPEX review.

A drilling program was designed for the Ampucao Copper Gold Porphyry Prospect using existing and accessible underground openings from Acupan Mine Level 2000. This is in conjunction with the planned exploratory drilling for the extension of 300, 400 and 500 vein systems on the southwest edge of Acupan Mine. The Ampucao prospect is nearby and exploration could be done simultaneous to current rehabilitation works in 108 X-cut that leads to the target exploration areas. The drilling program initially proposed 4 to 6 holes with a total length of 2,140 meters to be completed in 4 months.

Pre-development activities in Surigao Coal Project during the quarter included preparing a concept/pre-feasibility study of constructing and operating a coal-fired mine mouth power plant of 70MW-140MW capacity in the property. Your Company is likewise reviewing the capability of the Hubo River in the same property to support a hydropower plant that would complement the coal plant. In relation to this, your Company has sought the advice of the Department of Energy on the standard procedures to register both projects, and the proper timing and assistance the DOE could provide to fast-track implementation.

For your Company's FTAA applications in Ilocos Norte, a 2-year exploration program has been prepared starting with regional (Phase 1) exploration followed by more detailed exploration (Phase 2) as more prospective areas are identified. For the Apayao FTAA application, your Company submitted the proposed Exploration Work Program and the Environmental Work Program to MGB-CAR. The application has been publicized through broadcast and print media as required by mining law.

HEALTH CARE SERVICES

Your Benguet Laboratories (BL) generated net earnings of ₱1,692,000 (US$39,000) this quarter, 58% higher than the ₱1,073,000 (US$23,000) net earnings generated for the same quarter in 2009. BL's net earnings for the nine-month period of ₱4,367,000 (US$99,000) is 79% higher than the earnings of ₱2,438,000 (US$51,000) reported last year. The improved performance is on account of increased sales to corporate accounts notably LGU-LTB, MOOG Controls Phils, TI-Phils Baguio and Clark, UC, and SITEL. BL is in partnership with 65 medical practitioners of various disciplines and expertise.

SUBSIDIARIES

Benguet Management Corporation (BMC), a 100% owned subsidiary, and its subsidiaries, reported a consolidated net loss of ₱792,000 (US$18,000) this quarter and ₱5,326,000 (US$121,000) for the nine-month period this year, compared to the loss of ₱2,030,000 (US$43,000) and ₱8,308,000 (US$175,000) for the respective periods in 2009. The positive variance was mainly due to contribution margin on sale of foundry products, partly offset by the negative performance of its subsidiaries. Benguetrade, Inc. (BTI), which incurred a net loss of ₱106,000 this quarter, much lower compared to the loss of ₱628,000 during the same period in 2009. Arrow Freight Corporation (AFC), on the other hand, incurred a net loss of ₱839,000 this quarter, lower than the ₱1,457,000 net loss incurred for the same period last year.

BMC Forestry Corporation (BFC) reported net earnings of ₱129,000 (US$3,000) this quarter, lower compared to the net earnings of ₱539,000 (US$11,000) for the same period last year. Net earnings for the nine-month period of 2010 is ₱637,000 (US$15,000), higher compared to the net earnings of ₱266,000 (US$6,000) for the same period last year. BFC continues to develop Woodspark Rosario Subdivision Project in La Union. Cash collection for the quarter amounted to ₱1.403 million which brought up the total cash collection to-date to ₱34.516 million. Total lot sales and reservations to-date stands at 158 lots with an aggregate area of 24,410 square meters.

BenguetCorp International Limited (BIL), your Company's Hongkong-based and 100% owned subsidiary for international operations, still remains largely inactive. BIL's wholly-owned subsidiaries, BenguetCorp Canada Limited (BCL) in Vancouver, B.C. and BenguetCorp USA Limited (BUSA) in Nevada, U.S.A. continue to hold interests in mining properties in Royston Hills, Nevada, which are currently being offered for sale to interested parties.

DEBT STATUS

Your Company remains committed to a comprehensive solution of its outstanding debt issue. In October 2010, your Company was able to retire 79.5% of its secured debt and repurchased a further 16% of its unsecured debt. Negotiations are ongoing to settle all of its bank debt at prevailing market prices or arrange for a suitable restructuring of its remaining obligations.

OUTLOOK

The full resolution of the debt issue will enable your Company to focus on maximizing the revenue potentials of its core products in view of the current high level of metal prices. We expect to sustain the current strong performance of ACMP and project that gold sales for 2010 will reflect an 80% increase year on year. Strong revenues are likewise expected from nickel sales which are projected to reach at least ₱180 million for 2010.

As a result of the foregoing, your Company expects to end 2010 with a positive net income performance. Today, your Company is already looking at the future with optimism, determined to develop a sustainable revenue base for the benefit of its stakeholders.

BENJAMIN PHILIP G. ROMUALDEZ
Chairman, President & Chief Executive Officer

BenguetCorp

ANNEX "B"

CERTIFICATION

This is to certify that the accompanying consolidated financial statements of Benguet Corporation and Subsidiaries for the 3rd quarter ended September 30, 2010 (with comparative data for 2009) were prepared in conformity with accounting principles generally accepted in the Philippines and reflect amounts that are based on best estimates and informed judgment of management with an appropriate consideration to materiality.

M. L. O. CALUB
ACCTG. MANAGER

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BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2010 AND DECEMBER 31, 2009
(In Thousands)

	2010	AUDITED 2009
CURRENT ASSETS		
Cash and cash equivalents	P 71,175	P 29,883
Accounts receivable - net	179,113	131,345
Inventories - net	25,767	26,581
Prepaid expenses and other current assets	29,247	29,136
Total Current Assets	305,302	216,945
Available for Sale Investments	13,495	16,860
Property, plant and equipment - net	2,481,725	2,489,630
Mining exploration and project development costs	160,911	161,747
Investment Property	166,693	166,693
Deferred charges and other assets	591,673	528,087
TOTAL ASSETS	P3,719,799	P3,579,962
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	P577,685	P595,695
Current portion of long-term debt	3,246,838	3,233,013
Bank loans	462,130	461,162
Total Current Liabilities	4,286,653	4,289,870
NONCURRENT LIABILITIES		
Liablility for Mine Rehabilitation	12,318	12,318
Accrued Retirement Liability	15,486	15,413
Equity of Claimowners & Others	81,323	49,696
Deferred Tax Liabilities	1,035,197	1,008,083
Bank Loans - Net of current portion	380	380
Total NonCurrent Liabilities	1,144,703	1,085,890
TOTAL LIABILITIES	5,431,356	5,375,760
STOCKHOLDERS' EQUITY		
Convertible Preferred Class A - P3.44 par value Authorized - 19,652,912 shares Issued - 217,061 shares in 2010 and 2009	P 745	P 745
Common Class A - P3.00 par value Authorized - 120,000,000 shares, Issued - 100,700,845 shares in 2010 & 93,865,185 shares in 2009	302,103	281,596
Common Class B - P3.00 par value Authorized - 80,000,000 shares, Issued 61,473,467 shares in 2010 & 57,061,697 shares in 2009	184,420	171,005
Capital Surplus	1,151,582	1,032,817
Revaluation Increment	1,612,988	1,612,988
Cumulative Translation Adjustment	32,309	42,022
Cost of Share-based Payment	42,494	43,148
Unrealized Gain on AFS Investment	2,275	2,085
Retained earnings (deficit)	(5,032,459)	(4,974,188)
Total capital and retained earnings	(1,703,542)	(1,787,782)
Less cost of treasury stock - 116,023 shares in 2010 and 2009	8,016	8,016
STOCKHOLDERS' EQUITY	(1,711,558)	(1,795,798)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	3,719,799	3,579,962

ALB/LOC

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 (WITH COMPARATIVE DATA FOR 2009)

(In Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2010	2009	2010	2009
OPERATING REVENUE				
Sales of mine products	P 44,780	30,408	130,494	74,638
Sales of merchandise and services	26,154	12,190	60,322	34,214
Royalty Income	69,680	-	84,060	-
	140,614	42,597	274,876	108,852
OPERATING COSTS AND EXPENSES				
Cost of mine products sold	10,421	9,893	30,658	32,678
Cost of merchandise and services sold	22,648	7,381	46,704	21,402
Selling and general	108,041	40,784	210,960	115,369
Taxes on revenues	1,034	566	2,784	1,601
	142,144	58,624	291,107	171,050
INCOME FROM OPERATIONS	(1,529)	(16,026)	(16,230)	(62,198)
OTHER INCOME (EXPENSES)				
Interest income	146	21	186	150
Foreign exchange gain (loss)	104,282	28,121	101,646	8,342
Interest expense	(41,751)	(43,861)	(121,258)	(140,184)
Miscellaneous - net	(138)	(3,407)	4,860	43,057
	62,539	(19,126)	(14,565)	(88,634)
INCOME (LOSS) BEFORE INCOME TAX	61,010	(35,152)	(30,796)	(150,832)
PROVISION FOR INCOME TAX	30,986	7,553	27,476	(1,393)
NET INCOME (LOSS)	30,024	(42,705)	(58,271)	(149,439)
RET. EARNINGS (DEFICIT) AT BEG OF PERIOD	(5,062,483)	(4,895,625)	(4,974,188)	(4,788,891)
RET. EARNINGS (DEFICIT) AT END OF PERIOD	(P 5,032,459)	(4,938,330)	(P 5,032,459)	(P 4,938,330)
EARNINGS (LOSS) PER SHARE	P 0.19	(P 0.28)	(P 0.36)	(P 0.99)

ALB/LOC

BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 (WITH COMPARATIVE DATA FOR 2009)
(In Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	P 30,023	(P 42,705)	(P 58,271)	(P 149,440)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation, depletion and amortization	6,953	5,926	20,699	18,728
Unrealized deferred foreign exchange (gain) loss	(104,282)	(28,121)	(101,646)	(8,342)
Provision for (benefit from) deferred income tax	30,986	7,554	27,476	(1,393)
Changes in Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable - net	72,936	19,018	(47,768)	10,942
Inventories - net	(4,241)	3,426	814	(6,080)
Prepaid expenses and other current assets	(2,457)	1,514	(111)	12,085
Increase (decrease) in accounts payable and accrued expenses	(28,343)	135,341	(18,010)	121,916
Net Cash Provided by (Used in) Operating Activities	1,576	101,952	(176,818)	(1,584)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment - net	(8,182)	568	26,251	59,996
Mining exploration and development costs	(1,306)	(1,983)	(3,768)	(8,020)
Investments in Stocks	-	-	-	-
Increase in deferred charges and other assets	48,907	(101,165)	45,840	(87,868)
Net Cash Provided By (Used in) Investing Activities	39,418	(102,579)	68,323	(35,892)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net availments (repayments) of long-term debt and bank loans	(53)	(2,248)	(213)	(2,248)
Proceeds from issuance of common stocks	-	-	150,000	-
Increase (decrease) in deferred credit and others	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	(53)	(2,248)	149,787	(2,248)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,941	(2,876)	41,292	(39,724)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	30,234	91,136	29,883	127,983
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 71,175	P 88,259	P 71,175	P 88,259

BENGUET CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (CAPITAL DEFICIENCY)
(Amounts in Millions, Except Number of Shares)

	Unaudited September 30, 2010	Unaudited September 30, 2009	Audited 2009
CAPITAL STOCK	P487	P453	P453
SUBSCRIPTION RECEIVABLE			-
CAPITAL SURPLUS	1,151	1,033	1,033
	1,638	1,486	1,486
REVALUATION INCREMENT IN LAND			
Balance at beginning of year	1,613	1,613	1,613
Increase (decrease) in revaluation increment	0	-	
Balance - End	1,613	1,613	1,613
ACCUMULATED TRANSLATION ADJUSTMENT			
Balance at beginning of year	42	43	43
Increase (decrease) in translation adjustment	(10)	(2)	(1)
Balance - End	32	41	42
COST OF SHARE BASED PAYMENT			
Balance at beginning of year	43	43	43
Cost of share-based payment	(1)	-	
Balance - End	42	43	43
UNREALIZED GAIN ON AFS INVESTMENTS			
Balance at beginning of year	2		-
Unrealized gain (loss) on AFS investments	-		2
Balance - End	2	-	2
DEFICIT			
Balance at beginning of year	(4,974)	(4,789)	(4,789)
Net loss	(58)	(149)	(185)
Balance - End	(5,032)	(4,938)	(4,974)
TREASURY STOCKS - 116,023 shares	(8)	(8)	(8)
TOTAL CAPITAL DEFICIENCY	(1,713)	(1,763)	(1,796)

BENGUET CORPORATION
LOSS PER SHARE COMPUTATION

	Nine Months Ended September 30	
	2010	2009
Net Loss ('000)	Php 58,000	Php 149,000
Number of shares for computation of		
Basic loss per share		
Weighted average common shares Issued	162,174,312	150,926,882
Less Treasury Stock	116,023	116,023
Weighted average common shares outstanding	162,058,289	150,810,859
Dilutive loss per share		
Weighted average common shares Issued	162,174,312	150,926,882
Less Treasury Stock	116,023	116,023
Weighted average common shares Outstanding	162,058,289	150,810,859
Exercise of Stock Option	-	-
Conversion of Preferred Stock	-	-
	162,058,289	150,810,859
Basic loss per share	Php 0.36	Php 0.99

Dilutive loss per share is antidilutive as a result of the net loss, therefore, the basic EPS & diluted EPS are the same

BENGUET CORPORATION & SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
AS OF SEPTEMBER 30, 2010

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	1 MONTH	2 - 3 MONTHS	4 - 6 MONTHS	7 MONTHS TO 1 YEAR	1 - 2 YEARS	3 - 5 YEARS	5 YEARS - ABOVE	PAST DUE ACCTS & ITEMS IN LITGN
a) Trade Receivables:									
1) Chrome Shipments (Export/Local)	50,359,332	-	-	-	6,981,636	31,450,900	11,926,796	-	-
2) Lime Deliveries	13,556,861	5,911,576	4,381,696	3,139,046	-	-	34,478	90,065	-
3) Merchandise & Services	56,530,888	1,932,507	2,485,158	2,739,487	828,798	1,727,554	11,461,507	35,355,877	-
Sub-total	120,447,080	7,844,083	6,866,854	5,878,533	7,810,434	33,178,454	23,422,781	35,445,942	-
Less: Allowance for Doubtful Acct.	19,340,603	-	-	-	-	395,408	6,769,155	12,176,040	-
Net Trade Receivable	101,106,477	7,844,083	6,866,854	5,878,533	7,810,434	32,783,046	16,653,626	23,269,902	-
b) Non-Trade Receivables									
1) Officers & Employees	25,940,406	768,150	951,942	940,547	3,419,082	10,626,835	8,791,365	442,486	-
2) Due from Subsidiaries	108,720,184	3,236,252	3,964,929	3,195,685	6,216,247	10,154,391	54,183,213	27,769,466	-
3) Others	140,099,001	6,371,848	3,903,917	1,717,611	10,577,599	24,319,312	11,832,777	81,375,937	-
Sub-total	274,759,591	10,376,250	8,820,788	5,853,842	20,212,928	45,100,537	74,807,355	109,587,890	-
Less: Allowance for Doubtful Acct.	196,752,985	-	-	15,000	-	33,265,666	57,735,114	105,737,205	-
Net Non-trade Receivable	78,006,606	10,376,250	8,820,788	5,838,842	20,212,928	11,834,872	17,072,242	3,850,685	-
Net Receivables (a + b)	179,113,083								

Note: The non-trade receivables - others include receivables under the Employee Stock Ownership Incentive Plan amounting to P58.5M.

ALB:LOC:ROB 10.23.10

ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY
(FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2010)

i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2009 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 2010, 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.

iii.) There were no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows in the third quarter of 2010.

iv.) Issuances, Repurchases, Repayments of Debt and Equity Securities – For the third quarter of 2010, there were no securities sold by the Company which were not registered under the Revised Securities Act (now 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.

v.) Dividends - Because of operating deficits and debt service requirements, and pursuant to the restrictions provided for in the Company's loan agreement with creditor banks, no dividends were declared.

vi.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as of September 30, 2010 mainly consist sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱116 million.

vii.) 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.

viii.) 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 2009.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and its subsidiaries (Group) principal financial instruments comprise of unsecured and secured bank loans. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has financial instruments such as cash and cash equivalents, trade and other receivables and trade and other payables, which arise directly from its operations. Other financial instruments includes Available For Sale (AFS) investments.

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

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. The Group's objective is to maintain a balance between continuity of funding in order to continuously operate and support its exploration activities. The Group considers its available funds and its liquidity in managing its immediate financial requirements.

Summarized below is the Company's financial liabilities as of September 30, 2010:

Amounts in Million	On Demand	Within Two Months	Total
Bank Loans:			
Unsecured	₱462	₱-	₱462
Secured	1,174	-	1,174
Accrued interest and penalties	2,073	-	2,073
Trade and other payables:	-	578	578
Total	₱3,709	₱578	₱4,287

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as 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. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

With respect to credit risk from the other financial assets of the Group, which comprise of cash and cash equivalent and AFS investments, 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 shows the maximum exposure to credit risk for the component of the balance sheet.

Amounts in Million	As of September 30, 2010	As of December 31, 2009
Cash and cash equivalents		
Cash with banks	₱62	₱19
Short-term investment	9	10
Trade and other receivables		
Trade	101	60
Others	78	71
AFS investments		
Quoted	9	12
Unquoted	5	5
Total credit risk exposure	₱264	₱177

The table below shows the credit quality by class of the financial assets based on the Group's rating:

September 2010	Neither Past Due Nor Impaired				
Amounts in Million	High Grade	Standard Grade	Past Due but not Impaired	Impaired	Total
Cash & cash equivalents					
Cash with banks	₱62	₱ -	₱ -	₱-	₱62
Short-term investments	9	-	-	-	9
Trade and other receivables					
Trade	8	7	14	72	101
Employee stock ownership plan	-	-	-	58	58
Others	10	9	26	33	78
Total credit risk exposure	₱89	₱16	₱40	₱163	₱308

2009	Neither Past Due Nor Impaired				
Amounts in Million	High Grade	Standard Grade	Past Due but not Impaired	Impaired	Total
Cash & cash equivalents					
Cash with banks	₱19	₱ -	₱ -	₱-	₱19
Short-term investments	10	-	-	-	10
Trade and other receivables					
Trade	1	11	78	34	125
Employee stock ownership plan	-	-	-	58	58
Others	1	32	8	48	89
Total credit risk exposure	₱31	₱43	₱86	₱141	₱301

The Group has assessed the credit quality of the following financial assets.

1. Cash and cash equivalents are assessed as high grade since there are deposited in reputable banks, which have a low probability of insolvency.
2. Trade receivables, which pertain mainly to receivables from sale of chromite sand, were assessed as standard grade. These were assessed based on past collection experience and the debtor's ability to pay the receivables. Other than receivables which were fully provided with allowance, there were no history of default on the outstanding receivables as of September 30, 2010 and December 31, 2009.

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its secure bank loans and unsecured bank loans with floating interest rates. As of September 30, 2010 and December 31, 2009, the Company bank loans are based on the floating rates. The Group regularly monitors their interest due to exposure from interest rates movements.

The Groups secure and unsecured bank loans are both payable on demand. Nominal interest rate vary from floating rate of 91-day Philippine Treasury Bill (Php T-Bill) rate for peso loans and 3-month London Interbank Offered Rate (LIBOR) foreign loans, plus a margin of 2.5% for unsecured loans and 3.5 % for secured loans.

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 statements and cash flows. The Group has transactional currency exposures. Such exposure arises from the sale of gold and beneficiated chrome ore and the purchase of certain goods and services denominated in US Dollar. All sales of gold are denominated in US Dollar. 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 Dollar and the Philippine peso. The Group does not generally believe that active currency hedging would provide long-term benefits to stockholders.

The Group's foreign currency-denominated monetary assets and liabilities as follows:

Amounts in Million	As of September 30, 2010 US Dollar	As of September 30, 2010 Peso Equivalent	December 31, 2009 US Dollar	December 31, 2009 Peso Equivalent
Asset				
Cash	$0.003	₱0.13	$0.1	₱5
Liabilities				
Trade and other payable	15.1	662	21.8	1,005
Secured Bank Loans	$18.2	₱799	$18.2	₱840

As of September 30, 2010 and December 31, 2009, the exchange rates of the Philippine peso to the US Dollar are ₱43.896 and ₱46.356, respectively.