BenguetCorp

SEC Reg. No. 11341

May 20, 2011

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

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

PHILIPPINE STOCK EXCHANGE
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), attached hereto is Benguet Corporation's 2011 First Quarter Report ended March 31, 2011.

Please note that on May 13, 2011, we requested for extension of deadline to submit the said report under SEC Form 17-L for SEC and written request for PSE.

We hope that you will find everything in order.

Very truly yours,

BENGUET CORPORATION
By:

REYNALDO P. MENDOZA
Asst. Corporate Secretary

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

C O V E R   S H E E T

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

17,143

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 ....MARCH 31, 2011.....................................

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding (as of March 31, 2011)
Convertible Preferred Class A*	217,061 shares
Common Class A Stock *	101,076,027 shares
Common Class B Stock *	61,461,042 shares

(*) Net of treasury shares

Total consolidated outstanding principal debt as of March 31, 2011- ₱348 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 and B shares are listed in the Philippine Stock Exchange (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 12 to 20 which contained the following:

1. THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF BENGUET CORPORATION AND SUBSIDIARIES FOR THE FIRST QUARTER ENDED MARCH 31, 2011 (WITH AUDITED COMPARATIVE DATA FOR 2010) 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 MARCH 31, 2011; AND

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

2011 versus 2010

Consolidated net income for the first quarter of 2011 amounted to ₱458.1 million, a turnaround from the loss of ₱16.5 million for the same quarter last year. The net operating income of ₱33 million before the non-cash financing charges of ₱11 million from the Nickel Project in Sta. Cruz, Zambales and Gold Project in Itogon, Benguet and the extraordinary gain of ₱436 million from the debt settlement contributed to the turnaround this quarter.

The Company's operating revenues this quarter significantly increased to ₱182.9 million from ₱48.4 million for the same quarter last year. The increased is mainly due to improved gold production to 1,063 ounces from 633 ounces for the same period last year and the ₱89 million revenue contributed by the Sta. Cruz Nickel Project.

Operating costs and expenses this quarter of ₱141 million is higher than ₱64 million for the same quarter last year mainly due to higher selling and general expenses and cost of mine products sold during the quarter.

For the quarter this year, other income amounted ₱423 million substantially higher than the other income of ₱10 million for the same quarter last year. The positive variance was partly due to the gain on debt settlement of ₱436 million versus nil for the same period last year.

The Company ended the first quarter of 2011 with consolidated assets of ₱4.397 billion, higher than end-December 2010 level of ₱4.070 billion. Cash and cash equivalent substantially increased to ₱677 million from ₱292 million in 2010 partly from the collection of BNMI trade receivables and the partial drawdown of ₱47 million by a subsidiary from the ₱150 million loan granted by PhilExim.

Receivables increased to ₱299 million from ₱270 million, attributed mainly from nickel shipment not yet collected. Loans receivable decreased to ₱46.2 million from ₱54.7 million in 2010 mainly due to partial collection this quarter.

Property, plant and equipment went down to ₱2,727 million from ₱2,750 million last year mainly due to depreciation and amortization booked during the quarter.

Accounts payable and accrued expenses increased to ₱958 million, mainly due to BNMI advances from DMCI Mining Corp. chargeable against future share and payable to suppliers and contractors. The outstanding bank loans inclusive of interest and penalties as of March 31, 2011 decreased to ₱1.094 billion from ₱1.491 billion in 2010, mainly due to settlement of some debt this quarter.

Income tax payable this quarter pertains mainly to the ₱8.1 million income tax payable of BNMI Sta. Cruz Nickel Project.

The Company's deficit as of March 31, 2011 decreased to ₱2.117 billion from ₱2.575 billion in 2010 mainly due to the net income for the first quarter in 2011. For the same reason, stockholders equity increased to ₱1.213 billion from ₱0.755 billion last year.

The Company's current liability still exceeded its current assets by ₱1.1 billion as of March 31, 2011 and ₱1.6 billion as of December 31, 2010.

> Other discussions on result/plan of operations of the Company is presented in the President Report for First Quarter 2011 on pages 9 to 11 which form part of this report (Annex "A").

2010 versus 2009

The Company's consolidated net loss in 2010 first quarter was ₱16.5 million, substantially lower than the loss of ₱88.8 million for the same quarter in 2009. The decline was partly from foreign exchange gain of ₱43.1 million versus foreign exchange loss of ₱29.4 million in the same period in 2009. The losses in 2010 first quarter includes non-cash accrued interest expense of ₱39.3 million and depreciation expense of ₱6.8 million partly offset by foreign exchange gain of ₱43.1 million.

The operating revenues was increased to ₱48 million from ₱32 million in the same period in 2009 mainly due to higher sales of gold from ACMP.

Operating costs and expenses of ₱64 million is slightly higher than ₱55 million in the same quarter in 2009 mainly due to higher selling and general expenses. Other income amounted to ₱10 million as compared to other expenses of ₱76 million for the same quarter in 2009. The positive variance was partly due to the foreign exchange gain of ₱43.1 as against foreign exchange loss of ₱29.4 million for the same period in 2009.

The Company ended the first quarter of 2010 with consolidated assets of ₱3.563 billion, slightly lower than end-December 2009 level of ₱3.580 billion. Cash and cash equivalent slightly increased to ₱32 million from ₱30 million in 2009 mainly from cash used by operating activities and mine exploration and development of mining projects of the Company.

Account receivables dropped to ₱107 million from ₱131 million, attributed mainly from collection of trade receivables and reclassification of intercompany receivables. Prepaid and other current assets also slightly decreased to ₱26 million from ₱29 million. Account payable and accrued expenses decreased by ₱63 million to ₱533 million, attributed largely to payment of Benguet Gold Operation long outstanding trade payables.

The outstanding bank loans (inclusive of interest and penalties as of March 31, 2010) increased to ₱3.716 billion from ₱3.694 billion in 2009, mainly due to accrued interest booked this quarter. The Company offered to settle its obligations under current market conditions and especially as they relate to the Special Purpose Vehicle (SPV) Law and existing jurisprudence.

Capital deficiency as of March 31, 2010 slightly increased to ₱1.816 billion from ₱1.796 billion in 2009 attributed mainly to the net losses for the first quarter of 2010. The Company's current liability still exceeded its current assets by ₱4,060 million in March 2010 and ₱4,0713 million in 2009.

The Company continues to have dependable cash flow to fund its operating cash requirement in the 2010 first quarter and succeeding quarters for the year, as the Company's ACMP is on expansion program to bring its milling rate production to 150 tons per day within this year and by 2011, to achieve its target of 300 tons per day. ACMP's milling rate was 79 tons per day average compared to 62 tons per day for the same period of 2009. In addition, ILP has continuous orders of quicklime from local buyers and Sta. Cruz Nickel Project has assured market for nickel ores due to the signing of off-take agreements with DMCI Mining Corporation and Sino Phil (Surigao) Group Limited. The agreements assured the Company of a market for high and low grade nickel and high iron ores for the next three years.

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, Ampucao, Sta. Cruz prospects, Balatoc Tailings Project, and several major pieces of mill and mine equipment among others.

The Company faces the balance of 2010 with guarded optimism. Its core revenue sources are buoyed by the current levels of market prices for gold and nickel. If sustained, this augurs well for the Company. Further, the Company expect more positive results from the on-going expansion of ACMP. More importantly, the prospective spin-offs of BNMI and BTP would enable the Company to again access capital from both the equity and debt markets to fund further expansion. Lastly, with a stronger financial base, the Company is confident that it can achieve the resolution of old debt obligations.

<u>KNOWN TRENDS, EVENTS OR UNCERTAINTIES</u>

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 off-take agreement with DMCI Mining Corporation. The agreement assured the Company of a market for high and low grade nickel and high grade iron ores.

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 March 31, 2011, the Company's consolidated principal loan subject to the repayment plan amounted to ₱348 million. The Company continues to explore ways to finally settle its remaining debt and remain positive that an ultimate settlement will be achieved within the year.

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.

During the quarter, the Company started funding the capital requirement of its nickel and gold tailings projects in Zambales and Benguet Provinces, respectively. The Company anticipates increased production of gold at ACMP, higher quicklime sales from ILP and shipment of nickel ores from its Sta. Cruz Nickel Project will have a favorable impact on the Company's net sales and income.

As of March 31, 2011, 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 ₱1.1 billion as of March 31, 2011 and ₱1.6 billion as of December 31, 2010.

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$1,388 per ounce compared to US$1,139 per ounce for the same quarter in 2010. The steady increase in gold and nickel price will 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. This quarter, tons milled were 4,494 of shared ore grading 8.77 grams per ton gold. Gold sold were 1,063 ounces. For the same quarter in 2010, tons milled were 3,051 of shared ore grading 7.46 grams per ton gold. Gold sold were 633 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 March 31, 2011, the Parent Company had outstanding foreign currency borrowings amounting to about US$3.8 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 March 31, 2011, the peso to dollar exchange rate was at ₱43.432, lower than the ₱45.220 for the same period in 2010.

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 has net earnings per share of ₱2.82 which is a turnaround from the net loss per share of ₱0.11 in the same period last year. With the projected higher gold production of ACMP and assured market of nickel ores of SCNP coupled with the prevailing favorable metal prices, the Company anticipates improvement in the earnings per share.

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
Date : May 20, 2011

Principal Financial/Accounting Officer/Controller:

Renat C. Claravall

Signature and Title: RENATO A. CLARAVALL – SVP, Chief Finance Officer
Date : May 20, 2011

Annex "A"

2011
FIRST QUARTER REPORT
BENGUET CORPORATION
AND SUBSIDIARIES

In the first quarter of 2011, Benguet Corporation sustained its momentum of profitable operations. The Santa Cruz Nickel Project (SCNP) continued to generate steady receipts. Increased production and milling rate of the Acupan Contract Mining Project (ACMP) as well as high gold price resulted in almost double its income compared to the same period in 2010. The Irisan Lime Project (ILP) reported modest but stable income.

During this quarter, your Company retired a sizeable percentage of its secured and unsecured obligations and reported a gain on debt settlement. With this renewed financial strength and restoration of its credit standing, your Company is now well positioned to expand its operations and embark on new projects.

Consolidated Results

Consolidated net earnings for the quarter amounted to ₱458,118,000 (US$10,548,000) or ₱2.82 (US$0.065) per share, a reversal from the loss of ₱16,505,000 (US$365,000) or ₱0.11 (US$0.002) per share for the same quarter in 2010. The net operating income of ₱33 million before non-cash financing charges of ₱11 million generated by the SCNP and ACMP and the extraordinary gain of ₱436 million from the debt settlement contributed to the turnaround this quarter.

Operating revenues for the quarter amounted to ₱182,897,000 (US$4,211,000), higher than the ₱48,426,000 (US$1,071,000) for the same quarter in 2010. SCNP generated ₱89,075,000 and ACMP contributed ₱74,770,000 in revenues.

Mining

The Acupan Contract Mining Project (ACMP) is on an expansion program to bring production to 150 tons per day within this year and to 300 tons per day by the third quarter of 2012. It generated net earnings of ₱23,811,000 (US$548,000) for the quarter, significantly higher than the net earnings of ₱13,305,000 (US$294,000) posted in the same period last year. ACMP milled 4,494 tons of shared ore, a 47% increase from 3,051 tons for the same period last year. Gold production for the quarter totaled 1,063 ounces, higher than the 633 ounces of gold produced last year. The grade of ore milled of 8.77 grams of gold per ton during the quarter was higher compared to 7.46 grams of gold per ton for the same period last year. Milling rate increased by 42% to 112 tons per day compared to average of 79 tons per day in the same period last year.

Benguetcorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary, reported net earnings of ₱19,015,000 million (US$438,000) for the quarter. The earnings are due to the sale of 53,917 tons of nickel ore from Area 1 under a contract mining and off-take agreement with DMCI Mining Corporation (DMCI). BNMI plans to operate the remaining areas of SCNP within the year. During the quarter, the BNMI crew drilled a total of 84 holes in Area 2 aggregating 1,560.50 meters, and collected 1,500 core samples from 77 holes. This is part of BNMI's 25 x 25 grid drilling program to ensure grade control in the mining operation.

The Irisan Lime Project (ILP) generated net earnings of ₱3,046,000 (US$70,000) for the quarter, slightly lower than the net earnings of ₱3,702,000 (US$82,000) posted for the same period in 2010. This was due to the lower sales volume of 2,183 tons for the quarter as compared to 2,284 tons sold for the same period last year, and increase in price of regular fuel oil.

Exploration, Research & Development

St. Augustine Mining Ltd. (SAML) is continuing with its exploration activities on the Kingking Project, pursuant to the Heads of Terms signed with your Company last July 22, 2010. Under the agreement, the transfer of your Company's interest in Kingking to SAML would only take effect upon payment by SAML of the full acquisition price, or providing an acceptable security within two years from October 22, 2010. In the meantime, your Company shall continue to remain as co-contractor with Nationwide Development Corporation (NADECOR) in the Kingking MPSA. SAML is an affiliated company of US-based Russell Mining & Minerals Inc. (RMMI).

Balatoc Gold Resources Corporation (BGRC), a wholly owned subsidiary of your Company and operator of the Balatoc Tailings Project (BTP), is currently updating cost estimates for critical BTP mine/mill and ancillary equipment/facilities as part of CAPEX review. Most of the required government permits have been secured and BGRC sees financial closing within the year.

With the improvement in the prices of copper and gold, your Company has designed a diamond drilling exploration program for a more exhaustive study of the Ampucao Copper Gold Porphyry Prospect. This program will coincide with the drilling program of nearby SW Acupan Project targeting the 300-400 Vein series of the Acupan Mine vein system.

Land Development

For the Woodspark Rosario Subdivision, cash collection amounted to ₱1.666 million for the quarter and ₱37.891 million to-date from reservation deposits, down payment, and monthly amortizations. Total lot sales/reservation for the quarter was 17 lots with an aggregate area of 1,592 square meters valued at ₱2.692 million. This brings total lot sales/reservation and dacion to-date to 178 lots with an aggregate area of 26,506 square meters valued at ₱45.830 million. The main activities for the period were concreting of roads, alleys and water distribution system along Phase 3, and rehabilitation of the administration building and landscaping of open space.

Healthcare Services

The Benguet Laboratories (BL) generated net earnings of ₱939,000 (US$22,000) for the quarter, lower than the net earnings of ₱1,295,000 (US$29,000) for the same period last year, mainly due to lower revenues from corporate accounts. BL continues to serve various Health Management Organizations catering to corporate and institutional clients, both from the private and government sectors located in Northern Luzon. BL envisions being the leading healthcare provider in the Baguio-Benguet area including the Cordilleras, and hopes to expand its coverage to Regions 1, 2 and 3.

Subsidiaries & Affiliates

BEREC Land Resources, Inc. (BLRI), a wholly owned subsidiary of your Company, reported net earnings of ₱5,174,000 (US$119,000) for the quarter, largely from management fees from ACMP. In December 2010, your Company formalized a management agreement in favor of BLRI for the management and operation of ACMP. Under the management contract, BLRI will provide the necessary technical and financial assistance to expand the production capacity of ACMP to 300 tons per day. In this regard, BLRI has obtained approval from the Philippine Export-Import Credit Agency (PhilEXIM) for a 5-year loan facility of up to ₱150 Million to finance the expansion project. The loan will be secured by real estate and other properties owned by BLRI and other subsidiaries of your Company. As project manager, BLRI will manage the fund, operate the project and ensure proper debt service.

Benguet Management Corporation (BMC), a wholly owned subsidiary of your Company, and its subsidiaries, reported a consolidated net loss of ₱1,606,000 (US$37,000) for the quarter, slightly lower compared to the loss of ₱2,341,000 (US$52,000) for the same period last year. The loss was mainly due to negative performance of BMC parent and its subsidiaries. Benguetrade, Inc. (BTI), incurred a net loss of ₱406,000, for the quarter, higher compared to the loss of ₱121,000 incurred during the same period in

2010. Arrow Freight Corporation (AFC), on the other hand, incurred a net loss of ₱738,000 for the quarter, lower than the ₱1,198,000 net loss incurred for the same period last year.

BenguetCorp International Limited (BIL), your Company's Hongkong-based and 100% owned subsidiary for international operations, 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

In March 2011, the Philippine National Bank (PNB) as mortgage trustee of the consortium of creditor banks officially informed your Company that it is withdrawing the notice of default it earlier issued, since the majority creditors have indicated their retraction of their previous instruction to PNB on the default declaration. To date, your Company has been able to retire 80.42% of its secured debt and 95.12% of its unsecured bank debt. Your Company will continue to settle, or propose to restructure the remaining principal obligations, amounting to ₱348 million or US$8.0 million.

Outlook

The result for the first quarter substantiates the guarded optimism of your Company.

Operating revenues from the Acupan gold mine of P183 million for the first quarter grew by almost 300% year on year on the back of increased production and the higher market price of gold. Nickel contributed an additional P19 million compared to nil for the same period in 2010. Your Company has now developed two major revenues streams that are buoyed by the current high level of commodity prices.

Your Company is currently in negotiations with financial institutions regarding the funding requirements of the expanded nickel operation under Benguetcorp Nickel Mines Inc. (BNMI), and the start of its gold processing project under Balatoc Gold Resources Corporation (BGRC). Both are stand-alone business units managed by your Company.

Your Company continues to explore means to finally settle the remaining "old debt" and it remains positive that a complete settlement is attainable within the year.

Benjamin Philip G. Romualdez
Chairman, President & Chief Executive Officer

BENGUET CORPORATION AND SUBSIDIARIES **Annex "B"**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011 and DECEMBER 31, 2010
(In Thousands)

	2011	AUDITED 2010
CURRENT ASSETS		
Cash and cash equivalents	**₱676,876**	₱292,457
Accounts receivable – net	**299,310**	270,103
Loans Receivable	**46,253**	54,657
Inventories – net	**23,715**	25,477
Prepaid expenses and other current assets	**34,704**	36,429
Total Current Assets	**1,080,857**	679,123
Available for Sale Investments	**15,053**	15,365
Property, plant and equipment – net	**2,726,767**	2,749,501
Mining exploration and project development costs	**314,097**	354,332
Investment Property	**166,693**	166,693
Deferred charges and other assets	**93,184**	105,030
TOTAL ASSETS	**₱4,396,652**	₱4,070,044
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**₱958,205**	₱670,716
Current portion of Bank Loans	**1,094,392**	1,491,428
Income Tax Payable	**85,044**	75,274
Total Current Liabilities	**2,137,641**	2,237,418
NONCURRENT LIABILITIES		
Accrued Retirement Liability	**21,054**	20,993
Liability for Mine Rehabilitation	**23,758**	23,759
Deferred Income Tax Liabilities	**916,527**	944,548
Equity of Claimowners & Others	**55,941**	55,941
Other Non-Current Liabilities	**28,375**	32,844
Total Non-Current Liabilities	**1,045,656**	1,078,085
TOTAL LIABILITIES	**₱3,183,297**	₱3,315,503
STOCKHOLDERS' EQUITY		
Convertible Preferred Class A - P3.44 par value		
Authorized – 19,652,912 shares		
Issued - 217,061 shares in 2011 and 2010	**₱745**	₱745
Common Class A – P3.00 par value		
Authorized – 120,000,000 shares, Issued – 101,179,625		
in 2011 and 100,935,625 shares in 2010	**303,540**	302,627
Common Class B – P3.00 par value		
Authorized – 80,000,000 shares		
Issued – 61,473,467 shares in 2011 and 2010	**184,420**	184,420
Capital surplus	**1,155,565**	1,153,578
Other Components of Equity		
Revaluation Increment	**1,612,988**	1,612,988
Cumulative translation adjustments	**37,723**	39,286
Cost of share-based payment	**41,144**	41,790
Unrealized Gain on AFS Investment	**2,143**	2,139
Retained earnings (deficit)	**(2,116,898)**	(2,575,016)
Total capital and retained earnings	**1,221,371**	762,557
Less cost of treasury stock-116,023 shares in 2011 & 2010	**8,016**	8,016
STOCKHOLDERS' EQUITY	**1,213,355**	754,541
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**₱4,396,652**	₱4,070,044

BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 (WITH COMPARATIVE DATA FOR 2010)
(Amounts in Thousands, Except Loss Per Share)

	2011	2010
OPERATING REVENUE		
Sales of mine products	**₱159,691**	₱32,617
Sales of merchandise and services	**23,205**	15,809
	182,897	48,426
OPERATING COSTS AND EXPENSES		
Cost of mine products sold	**31,187**	10,758
Cost of merchandise and services sold	**13,789**	10,752
Selling and general expenses	**94,834**	41,708
Taxes on revenues	**1,382**	652
	141,192	63,870
INCOME FROM OPERATIONS	**41,705**	(15,444)
OTHER INCOME (EXPENSES)		
Interest income	**6,552**	21
Foreign exchange gain (loss)	**3,555**	43,068
Interest expense	**(15,217)**	(39,344)
Miscellaneous - net	**427,713**	6,693
	422,603	10,438
INCOME (LOSS) BEFORE INCOME TAX	**464,308**	(5,006)
PROVISION FOR INCOME TAX	**6,190**	11,499
NET INCOME (LOSS)	**₱458,118**	(₱16,505)
RETAINED EARNINGS (DEFICIT) AT BEG OF PERIOD	**(₱2,575,016)**	(₱4,974,188)
RETAINED EARNINGS (DEFICIT) AT END OF PERIOD	**(₱2,116,898)**	(₱4,990,693)
EARNINGS (LOSS) PER SHARE	**₱2.82**	(₱ 0.11)

BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 (WITH COMPARATIVE DATA FOR 2010)
(Amounts in Thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	**₱458,117**	(₱16,505)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	**32,552**	6,780
Unrealized foreign exchange (gain) loss	**(3,555)**	(43,068)
Gain on settlement of liabilities	**(419,565)**	-
Provision for (benefit from) deferred income tax	**(2,163)**	11,499
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Accounts receivable – net	**(29,207)**	24,843
Inventories – net	**1,762**	1,544
Prepaid expenses and other current assets	**1,725**	3,434
Increase (decrease) in accounts payable and accrued expenses	**287,734**	(62,610)
Net Cash Provided by (Used in) Operating Activities	**327,400**	(74,083)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment – net	**(2,293)**	(2,234)
Mining exploration and development costs	**(31,946)**	(542)
Investments in Stocks	**-**	-
Increase in deferred charges and other assets	**91,637**	79,139
Net Cash Provided By (Used in) Investing Activities	**57,398**	76,363
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (repayments) of long-term debt and bank loans	**(380)**	(89)
Proceeds from issuance of common stocks	**-**	-
Increase (decrease) in deferred credit and others	**-**	-
Net Cash Provided by (Used in) Financing Activities	**(380)**	(89)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**384,419**	2,190
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**292,457**	29,883
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱676,876**	₱32,073

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

	Unaudited March 31, 2011	Unaudited March 31, 2010	Audited 2009
CAPITAL STOCK	**₱489**	₱454	₱487
Subscription receivable			-
Capital Surplus	**1,155**	1,033	1,154
	1,644	1,487	1,641
REVALUATION INCREMENT IN LAND			
Balance at beginning of Year	**1,613**	1,613	1,613
Increase (decrease) in revaluation increment	**-**	-	-
Balance – End	**1,613**	1,613	1,613
ACCUMULATED TRANSLATION ADJUSTMENT			
Balance at beginning of Year	**39**	42	42
Increase (Decrease) in translation adjustment	**(1)**	(4)	(3)
Balance – End	**38**	38	39
COST OF SHARE BASED PAYMENT			
Balance at beginning of Year	**42**	43	43
Cost of share-based payment	**(1)**	-	(1)
Balance – End	**41**	43	42
UNREALIZED LOSS ON AFS INVESTMENTS			
Balance at beginning of Year	**2**	2	2
Unrealized gain (loss) on AFS investments	**-**	-	-
Balance – End	**2**	2	2
DEFICIT			
Balance at beginning of year	**(2,575)**	(4,974)	(4,974)
Net Loss	**458**	(17)	2,399
Balance – End	**(2,117)**	(4,991)	(2,575)
TREASURY STOCKS – 116,023 shares	**(8)**	(8)	(8)
TOTAL CAPITAL DEFICIENCY	**₱1,213**	(₱1,816)	₱754

BENGUET CORPORATION		
LOSS PER SHARE COMPUTATION		
	Three Months Ended March 31	
	2011	**2010**
Net Loss ('000)	**₱458,118**	(₱16,505)
Number of shares for computation of :		
Basic loss per share		
Weighted average common shares		
Issued	**162,409,092**	150,926,882
Less Treasury Stock	**116,023**	116,023
Weighted Average Common Shares		
Outstanding	**162,293,069**	150,810,859
Dilutive loss per share		
Weighted average common shares		
Issued	**162,409,092**	150,926,882
Less Treasury Stock	**116,023**	116,023
Weighted Average Common Shares		
Outstanding	**162,293,069**	150,810,859
Exercise of Stock Option	**244,000**	-
Conversion of Preferred Stocks	**-**	-
	162,537,069	150,810,859
Basic Earnings (Loss) per share	**₱2.82**	(₱0.11)
Diluted Earnings (Loss) per share	**₱2.82**	(₱0.11)

In the first quarter 2010, dilutive loss per share is antidilutive as a result of the net loss, therefore, the basic EPS and diluted EPS are the same.

BENGUET CORPORATION AND SUBSIDIARIES
Aging of Accounts Receivable as of March 31, 2011

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) Nickel/Chrome Sales (Export/Local)	₱172,577,204	₱93,071,565	₱29,278,654	₱ -	₱ -	₱11,926,796	₱38,300,189	₱ -	
2) Lime Deliveries	10,607,401	8,244,892	2,237,966	-	-	-	124,543	-	
3) Merchandise & Services	49,565,591	3,056,910	1,789,232	748,558	1,228,207	2,391,046	11,412,725	28,938,913	
Sub-Total	232,750,196	104,373,386	33,305,852	748,558	1,228,207	14,317,842	49,837,457	28,938,913	
Less: Allowance for Doubtful Account	20,192,039	-	-	-	-	*	8,064,109	12,127,929	
Net Trade Receivable	212,558,157	104,373,386	33,305,852	748,558	1,228,207	14,317,842	41,773,348	16,810,984	
b) Non-Trade Receivable									
1) Officers & Employees	21,769,686	1,115,041	1,352,143	698,864	1,397,526	3,021,313	13,474,714	710,064	
2) Due from Subsidiaries	109,725,349	16,177,038	19,964,087	7,450,661	5,390,564	36,485,602	15,378,556	8,878,841	
3) Others	164,616,281	503,458	8,560,289	1,929,019	1,425,628	15,505,248	27,833,975	108,858,864	
Sub-Total	296,111,297	17,795,537	29,876,519	10,078,544	8,213,718	55,012,164	56,687,245	118,447,570	
Less: Allowance for Doubtful Account	209,358,764	-	-	15,000	-	51,030,835	52,527,614	105,785,316	
Net Non-Trade Receivable	96,752,533	17,795,537	29,876,519	10,063,544	8,213,718	3,981,329	4,159,631	12,662,254	
Net Receivables (a + b)	₱299,310,690								

Note: The non-trade receivables – others include receivables under the Employee Stock Ownership Incentive Plan amounting to ₱58.5M.

ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY
(FOR THE FIRST QUARTER ENDED MARCH 31, 2011)

i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2010 financial statements. Additional disclosures on the significant changes of accounts and subsequent events are presented in the Management Discussion and Analysis.

ii.) During the first quarter of 2011, 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 – For the first quarter of 2011, 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.

iv.) 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.

v.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as March 31, 2011 mainly consist sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱64 million and nickel ores amounting to ₱89 million.

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 2010.

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 March 31, 2011:

Amounts in Million	On Demand	Within Two Months	Total
Bank Loans:			
Unsecured	₱119	₱-	₱119
Secured	276	-	279
Accrued interest and penalties	699	-	699
Accrued expenses and other payables:			
Accrued expenses and others	-	958	958
Total	₱1,094	₱958	₱2,052

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 March 31, 2011	As of December 31, 2010
Cash and cash equivalents		
Cash with banks	₱667	₱272
Cash and cash equivalents	10	20
Trade and other receivables		
Trade	213	184
Others	87	86
Loans Receivable	46	55
AFS investments		
Quoted	10	10
Unquoted	5	5
Total credit risk exposure	₱1,038	₱633

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

March 2011	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	₱667	₱ -	₱ -	₱-	₱667
Short-term investments	10	-	-	-	10
Trade and other receivables					
Trade	104	33	2	15	154
Employee stock ownership plan	-	-	-	58	58

Others	18	30	18	21	87
AFS Investments	-	15	-	-	15
Total credit risk exposure	₱799	₱78	₱20	₱94	₱991

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	₱272	₱ -	₱ -	₱-	₱272
Short-term investments	20	-	-	-	20
Trade and other receivables					
Trade	2	23	159	34	218
Employee stock ownership plan	-	-	-	58	58
Others	2	69	15	61	147
Loans Receivable	-	55	-	-	55
AFS Investments	-	15	-	-	15
Total credit risk exposure	₱296	₱162	₱174	₱154	₱785

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 March 31, 2011 and December 31, 2010.

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 March 31, 2011 and December 31, 2010, 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:

	As of March 31, 2011		December 31, 2010	
Amounts in Million	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Asset Cash	$5.6	₱243	$5.8	₱254
Liabilities Trade and other payable Secured Bank Loans	 2.8 $3.8	 123 ₱164	 2.8 $3.8	 123 ₱165

As of March 31, 2011 and December 31, 2010, the exchange rates of the Philippine peso to the US Dollar are ₱43.408 and ₱43.84, respectively.