BenguetCorp

SEC Reg. No. 11341

November 17, 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 Third Quarter Report 2011 ended September 30, 2011 under SEC Form 17-Q.

Please note that on November 11, 2011, we requested for extension of deadline to submit the said report with the SEC under SEC Form 17-L and a written request for extension to submit with the PSE.

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

11341
SEC Registration Number

BENGUET CORPORATION

(Group's Full Name)

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

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

Mr. Reynaldo P. Mendoza
(Contact Person)

812-1380
(Group Telephone Number)

12 **31**
Month *Day*
(Calendar Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

17,091
Total No. of Stockholders

Total Amount of Borrowings
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, 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.

	Number of shares of common stock outstanding and amount of debt outstanding
Convertible Preferred Class A	217,061 shares
Common Class A Stock	102,238,665 shares
Common Class B Stock	61,473,467 shares
Total consolidated outstanding principal debt as of September 30, 2011 -	₱470 Million

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

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

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

Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [ ] No [X]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

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

PLEASE REFER TO ANNEX "B" which is incorporated herein as part of this report (SEC Form 17-Q), on pages 13 to 22 which contained the following:

1. THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF BENGUET CORPORATION AND SUBSIDIARIES FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 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 SEPTEMBER 30, 2011; 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

2011 Third Quarter versus 2010 Third Quarter

Consolidated net income for the third quarter and nine months period this year amounted to ₱595.9 million and ₱1,176.0 million, respectively, substantially higher than the net income of ₱30.0 million in the third quarter and a turnaround from the net losses of ₱58.3 million for the nine months period last year. The net operating income of ₱44 million from the Sta. Cruz Nickel Project (SCNP) and Acupan Contract Mining Project (ACMP) and the extraordinary gain of ₱423 million from the Kingking transaction contributed to the turnaround this quarter.

Consolidated operating revenues this quarter and nine months period significantly increased to ₱283.5 million and ₱657.5 million, respectively from ₱140.6 million and ₱274.9 million for the same periods last year. The mining operations contributed ₱255 million in revenues mainly from SCNP (₱166 million) and ACMP (₱89 million).

Operating costs and expenses this quarter of ₱239.6 million is higher than the ₱142.1 million for the same quarter last year mainly due to higher selling and general expenses and cost of mine products sold this quarter. For the same reasons, the operating costs and expenses for nine months period this year is also higher by ₱261.6 million to ₱552.7 million from ₱291.1 million for the same period in 2010.

Other net income this quarter amounted ₱498.5 million, higher than ₱62.5 million for the same quarter of 2010. The ₱423 million gain from the Kingking transaction contributed to the positive variance this quarter. For the nine months period this year, other net income amounted to ₱1,024.8 million, a turnaround from the other net expenses of ₱14.6 million for the same period last year. The turnaround is mainly from the reversal of interest and discount on debt settlement and gain from the Kingking transaction.

The provision for income tax for the third quarter and nine months period this year, amounted to ₱53 million and ₱46 million, respectively, compared with the benefit from income tax of ₱31 million and ₱27 million for the same periods 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 2011 which form as integral part of this report and marked as Annex "A" on pages 9 to 12.

<u>2010 Third Quarter versus 2009 Third Quarter</u>

The Company's consolidated operating revenues in the third quarter and for the nine months period of 2010 significantly increased to ₱140.6 million and ₱274.9 million, respectively, from the ₱42.6 million and ₱108.9 million for the same periods of 2009. The increased in revenue was derived from the receipts in Nickel mining operation in Sta. Cruz, Zambales which started to operate thru an off-take contract with DMCI Mining Corporation and the improved gold production of Acupan Contract Mining Project.

The significant increased in revenues generated consolidated net income of ₱30 million in the third quarter of 2010, is a turnaround from the net losses of ₱43 million for the same period of 2009. For the same reasons, the losses for the nine months period declined to ₱58 million from ₱149 million in 2009.

Operating costs and expenses in the third quarter of 2010 is ₱142.1 million, which is higher than ₱58.6 million for the same quarter of 2009 mainly due to higher selling and general expenses in 2010. For the same reasons, the operating costs and expenses for nine months period of 2010 is also higher by ₱120.1 million to ₱291.1 million from ₱171.0 million for the same period of 2009.

For third quarter of 2010, other income amounted ₱62.5 million compared to other expense of ₱19.1 million for the same quarter of 2009. Higher foreign exchange gain of ₱104 million versus ₱28 million for the same period of 2009 contributed to the positive variance. For the same reason, other expense for the nine months period of 2010 is lower by ₱74 million to ₱15 million from ₱89 million in 2009.

The provision for income tax for the third quarter and nine months period of 2010, amounted to ₱31 million and ₱27 million, respectively, higher compared with the provision for income tax of ₱8 million for the third quarter of 2009 and benefit from income tax of ₱1 million for the nine months period of 2009.

The 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 the 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 the 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 the Company's interest in, and its withdrawal from, the project does not become effective. The 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 proceeds of this transaction would subsequently enable the Company to retire most if not all of the Company's old debt, and gain the needed flexibility to develop long-term projects at a much faster pace.

The Company remains committed to a comprehensive solution of its outstanding debt issue. In October 2010, the 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. The full resolution of the debt issue will enable the Company to focus on maximizing the revenue potentials of its core products in view of the current high level of metal prices. It 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. As a result of the foregoing, the Company expects to end 2010 with a positive net income performance. The Company is already looking at the future with optimism, determined to develop a sustainable revenue base for the benefit of its stakeholders.

FINANCIAL POSITION

2011 Third Quarter versus 2010 Third Quarter.

The Company ended the third quarter of 2011 with consolidated assets of ₱4.89 billion, higher than end December 2010 level of ₱4.07 billion. Cash and cash equivalents increased to ₱1.106 billion from ₱0.292 billion in 2010. The increased is mainly from the sale of Kingking project and advances from Bright Mining & Resource Company Ltd. chargeable against the delivery of 1.8 million tons of nickel ore from the SCNP.

Receivables increased to ₱312 million from ₱270 million, mainly attributed from nickel shipment which is not yet collected. Loans receivable decreased to ₱46.2 million from ₱54.7 million in 2010 mainly due to partial collection this nine months.

Prepaid expenses and other current assets increased to ₱100.6 million from ₱36.4 million in 2010 mainly due to input taxes from purchases of goods and services and purchases of goods which are still in transit and recorded as other assets. The materials in transit account will be reclassified to proper account upon receipt of the materials receiving report.

Property, plant and equipment increased to ₱2,782 million from ₱2,750 million last year mainly due to acquisition of equipment needed for the ACMP expansion project.

Mining exploration and project development costs decreased to ₱219 million from ₱354 million last year mainly from the write-off of Kingking exploration costs.

Accounts payable and accrued expenses increased to ₱984 million, partly from the advances from Bright Mining & Resource Company Ltd. chargeable against the delivery of 1.8 million tons of nickel ore.

The outstanding bank loans (inclusive of interest and penalties as of September 30, 2011 decreased to ₱1.081 billion from ₱1.491 billion in 2010, mainly due to settlement of some debt this nine months period.

Income tax payable decreased to ₱25.0 million from ₱75.3 million last year mainly from the payment of the Company's minimum corporate income tax and Benguetcorp Nickel Mines, Inc., a wholly owned subsidiary income tax payable for 2010.

Deficit as of September 30, 2011 decreased to ₱1.399 billion from ₱2.575 billion in 2010 mainly due to the net income for the nine months of 2011. For the same reason, stockholders equity increased to ₱1.942 billion from ₱0.755 billion last year.

The Company's current liability still exceeded its current assets by ₱0.4 billion as of September 30, 2011 and ₱1.6 billion as of December 31, 2010.

2010 Third Quarter versus 2009 Third Quarter.

The Company ended the third quarter of 2010 with consolidated assets of ₱3.720 billion, higher than end-December 2009 level of ₱3.580 billion. Cash and cash equivalents improved to ₱71 million from ₱30 million in 2009 mainly from the ₱150 million initial subscription of RYM Business Management Corporation (RBMA) and cash receipts in nickel mining operation.

Accounts receivables increased to ₱179 million from ₱131 million mainly from the sale of nickel ore not yet collected in the third quarter of 2010. Prepaid and other current assets is almost the same as in 2009.

Deferred charges and other assets increased to ₱592 million from ₱528 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 ₱578 million in 2010 from ₱595 million in 2009.

The outstanding bank loans (inclusive of interest and penalties as of September 30, 2010 increased to ₱3.709 billion from ₱3.694 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 ₱487 million as of the end of this quarter from ₱453 million end of 2009. The increased was mainly from the ₱150 million initial subscription of RYM Business Management Corporation. For the same reason, Capital surplus improved to ₱1.151 billion this quarter from ₱1.033 billion in 2009.

Capital deficiency as of September 30, 2010 slightly decreased to ₱1.712 billion from ₱1.796 billion in 2009 attributed mainly to the ₱150 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 ₱3,981 million in September 2010 and ₱4,073 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: 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.

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 agreements with DMCI Mining Corporation, Bright Mining & Resource Company and Minecore Resource Inc. The agreements assured the Company of a market for high and low grade nickel 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, 2011, the Parent Company's principal loans subject to the repayment plan amounted to ₱349 million.

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 requirements of its Acupan mine expansion program, 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, 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 ₱394 million as of September 30, 2011 and ₱1.6 billion as of December 31, 2010. 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 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 2011, 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$1,673 per ounce compared to US$1,228 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.) Tonnes 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 5,185 tons of ore grading 8.17 grams per ton gold. Gold sold were 1,206 ounces. For the same quarter in 2010, tons milled were 3,287 tons of shared ore grading 9.96 grams per tonne gold. Gold sold were 846.52 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, 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 September 30, 2011, the peso to dollar exchange rate was at ₱43.636, lower than the ₱43.896 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's earnings per share is ₱3.64 versus ₱0.19 per share for the same period of 2010. 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 ₱0.430 million, significantly lower compared with last year's net loss of ₱0.792 million.

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:

Renat C. Claravall 11/15

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

Annex "A"

2011
THIRD QUARTER REPORT
BENGUET CORPORATION
AND SUBSIDIARIES

Benguet Corporation continued its forward momentum during the third quarter of 2011 and recorded significant increases in production and revenues. Furthermore, the accelerated payment of Kingking interest contributed to extraordinary gain.

CONSOLIDATED RESULTS

Consolidated net earnings in the third quarter 2011 reached ₽595.9 million (US$13.6 million) or ₽3.64 (US$0.083) per share, compared to net earnings of ₽30.0 million (US$0.684 million) or ₽0.19 (US$0.004) per share for the same period of 2010. For the nine-month period, consolidated net earnings increased to ₽1.176 billion (US$26.9 million) or ₽7.18 (US$0.165) per share, a turnaround from the net loss of ₽58.3 million (US$1.3 million) or ₽0.36 (US$0.008) per share for the same period last year. The substantial portion of income this quarter was attributed to a ₽423 million gain from the Kingking transaction.

Operating revenues for this quarter and the nine-month period increased by 102% to ₽283.5 million (US$6.5 million) from ₽140.6 million (US$3.2 million), and by 139% to ₽657.5 million (US$15.1 million) from ₽274.9 million (US$6.3 million) for the same periods of 2010, respectively. During the quarter, mining operations contributed ₽265.8 million or 94% of operating revenues. The Sta. Cruz Nickel Project accounted for ₽166.4 million, while the Acupan gold operation contributed ₽99.4 million.

MINING OPERATIONS

ACMP generated net earnings of ₽27,018,000 (US$619,000) for this quarter, 5% higher compared to the net earnings of ₽25,842,000 (US$589,000) for the same period of 2010. The positive performance is due to improved gold production of 1,206 ounces, 42% higher than the 846.52 ounces for the same period of 2010, with favorable gold price averaging US$1,673 per ounce versus US$1,228 per ounce for the same period last year. For the nine-month period, net earnings of ₽72,773,000 (US$1,668,000) is also higher than the ₽56,735,000 (US$1,292,000) net earnings reported for the same period last year. This is primarily due to higher gold production of 3,257 ounces compared to last year's of 2,169 ounces, and higher average realized gold price of US$1,546 per ounce versus last year's US$1,186 per ounce.

ACMP milled 5,185 tons of ore with average mill head of 8.17 grams per ton for this quarter, and 14,043 tons with average mill head of 8.35 grams per ton for the nine-month period. Milling rate for this quarter averaged 117 tons per day (tpd), 26% higher than 93 tpd for the same period of 2010. ACMP is targeting to further increase mill capacity to 300 tpd by 2012.

Benguetcorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary of your Company, generated net earnings of ₽54,900,000 (US$1,259,000) this quarter from nickel ore shipments from its Sta. Cruz Nickel Project (SCNP), and ₽83,100,000 (US$1,904,000) during the nine-month period, as against nil in the same periods of 2010.

On August 8, 2011, your Company signed a five-year Marketing Agreement to be the exclusive marketing agent of BNMI for its nickel ore production. Through this arrangement, BNMI signed on August 24, 2011 an off-take agreement with Bright Mining & Resource Company Ltd., a major Chinese trading company, for the sale and delivery of 1.8 million tons of nickel ore grading at least 1.8% over the next three years. Likewise, BNMI signed an agreement for a three-year off-take contract last October 5, 2011 with Minecore Resources Inc., a subsidiary of Dunfeng Holding, Inc. of China, for 1.8 million metric tons of nickel ore grading 1.8% and above and 200,000 metric tons of 1.6% nickel.

BNMI is currently conducting research and feasibility studies on the applicable processing technology for its nickel ore output. In this connection, it signed last July 27, 2011 a general cooperation agreement with Beijing Shenwu Thermal Energy Technology Corporation, Inc., a reputable and pioneering Chinese institute engaged in research, design and development of thermal energy technology.

Your Company's Irisan Lime Project (ILP) generated net earnings of ₱2,812,000 (US$64,000) this quarter, and ₱7,901.000 net earnings for the nine-month period, lower compared to ₱2,895,000 (US$66,000) and ₱9,616,000 (US$219,000) generated during the same periods of 2010, respectively. The decrease in earnings was mainly due to higher cost of fuel oil despite higher sales volume of 2,273 tons this quarter against 1,720 tons, and for the nine-month period 6,312 tons versus 5,838 tons for the same periods of 2010, respectively.

EXPLORATION, RESEARCH AND DEVELOPMENT

The Mineral Processing Permit (MPP) and other government permits have been issued to put into operation the Balatoc Tailings Project (BTP), potentially the country's first large scale gold recovery project from mill tailings. BTP will be operated through its wholly owned subsidiary, Balatoc Gold Resources Corporation (BGRC). Presently, your Company has signed several contracts for the infra structures required for the processing plant such as, the construction of the water pumping station in Ambalanga river, the raising of the existing dam crests of all the tailings ponds and the construction of the silt trap at Gold Creek.

A diamond drilling exploration program was designed for a more exhaustive study of your Company's Ampucao Copper Gold Porphyry Prospect. Previously drilled, the Ampucao property indicated a potential gold rich-copper porphyry system. The program will coincide with the drilling program of nearby SW Acupan Project, targeting the still open extensions of the 300-400 vein series of the Acupan Mine system. The drilling program will commence as soon as the underground drill stations have been prepared in the old underground openings which share a common access route with the SW Acupan prospect.

HEALTH CARE SERVICES

Your Benguet Laboratories (BL) generated net earnings of ₱1,191,000 (US$27,000) this quarter, lower than the ₱1,692,000 (US$39,000) net earnings reported in the same quarter of 2010. BL's net earnings for the nine-month period of ₱3,266,000 (US$75,000) is also lower than the earnings of ₱4,367,000 (US$99,000) reported last year. The decrease in earnings is on account of lower sales to corporate accounts. BL is in partnership with sixty five 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 ₱430,000 (US$10,000) this quarter and ₱2,577,000 (US$59,000) for the nine-month period this year, lower than the loss of ₱792,000 (US$18,000) and ₱5,326,000 (US$121,000) for the respective periods in 2010. The positive variance was mainly due to the trading of foundry products, partly offset by the negative performance of its subsidiary, Benguetrade, Inc. (BTI), which incurred a net loss of ₱253,000 this quarter, higher compared to the loss of ₱106,000 during the same period in 2010. Arrow Freight Corporation (AFC), on the other hand, reported net earnings of ₱50,000 this quarter, a turnaround from the ₱839,000 net loss incurred for the same period last year.

BMC Forestry Corporation (BFC) reported net earnings of ₱109,000 (US$2,000) this quarter, lower compared to the net earnings of ₱129,000 (US$3,000) for the same period last year. Net earnings for the nine-month period of 2011 is ₱852,000 (US$20,000), higher compared to the net earnings of ₱637,000 (US$15,000) for the same period last year. BFC continues to develop the Woodspark Rosario Subdivision Project in La Union. Total lot sales and reservations to-date stand at 185 lots with an aggregate area of 27,248 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 for gold/silver in Royston Hills, Nevada, which are currently being offered for sale to interested parties.

COMMUNITY RELATIONS/SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAMS

Your Company continues to fulfill its social development obligations through implementation of various Social Development and Management Programs (SDMP) for BGO and BNMI in coordination with the Local Government Units and the host communities. The SDMP has directly benefited residents within your Company's areas of operations as well as neighboring communities.

BGO extends SDMP for Barangays Virac, Poblacion and Ucab. Community service areas include human resource development, health, education, socio-cultural, information education campaign, and mining technology and geosciences. The scholarship program benefits deserving students for high school. A supplemental feeding program for school year 2011-2012 is being implemented in day care centers in Barangays Virac and Poblacion. Your Company funded the construction of a mushroom house in Virac timberyard, in line with the establishment of a livelihood program for the IMGA-Itogon Mushroom Growers Association.

In BNMI, a meat processing and fruit preservation training program was conducted in Barangay Guisguis. Financial assistance is extended for various community sports activities and celebrations, construction materials for schools, and road repair and maintenance activities in different barangays. A de-worming program was conducted as part of the ongoing nutritional feeding program. Scholarship programs continue to benefit deserving students in different barangays.

OTHER CORPORATE DEVELOPMENTS

On September 13, 2011, St. Augustine Mining Ltd (SAML), an affiliated company of Russel Mining & Minerals Inc. (RMMI), complied with the transactional conditions to render effective the transfer of BC's interest in the Kingking project and adjacent properties. On August 31, 2011, your Company agreed with SAML to amend the Head of Terms dated July 22, 2010 to accelerate the payment of the acquisition price of Kingking interest and related claims through discounted payment of the balance, which in the original agreement had to be paid over a period of seven years. The Head of Terms provides a total consideration of US$25 million.

On September 27, 2011, your Company's Board of Directors approved management's proposed quasi reorganization / equity restructuring plan to reverse your Company's negative retained earnings. The plan called for the use of the revaluation increments in its landholdings and capital surplus to wipe out the negative retained earnings and to show substantial positive retained earnings by end of the year. The plan will be implemented by management as soon as approval from the Securities and Exchange Commission (SEC) is obtained.

On October 25, 2011, your Company signed a twenty-year power supply contract with Aboitiz Power Corporation through its wholly owned subsidiary Therma Luzon, Inc. (TLI), to supply reliable power to your Company's current and future mining operations in Itogon, Benguet Province.

DEBT STATUS

As of September 30, 2011, your Parent Company's outstanding principal debt subject to the repayment plan amounted to ₱249 million or US$5.7 million, down from ₱477 million or US$10.9 million as of December 31, 2010. To date, your Company's outstanding principal debt subject to the 1992 Restructuring Agreement has been reduced to ₱235 million or only 20.02% of the original principal. Negotiations are continuing to settle all old bank debt at prevailing market prices, or arrange for a suitable restructuring of the remaining obligations.

OUTLOOK

Your Company continued to grow with its positive operating income performance this quarter, recording P104.8 million for the first nine months of 2011. While substantial gain was again realized from non-traditional sources, your Company has sustained its capacity for generating recurring income. Both the gold mining and the nickel mining operations have proven to be two sustainable sources of such income

As we end the year, Benguet looks forward to expanding its mining operations and increase its recurring operating income.

BENJAMIN PHILIP G. ROMUALDEZ
President & Chief Executive Officer

BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(In Thousands)

ANNEX "B"

	2011	AUDITED 2010
CURRENT ASSETS		
Cash and cash equivalents	P 1,106,667	P 292,457
Accounts receivable - net	312,185	270,103
Loans Receivable	46,253	54,657
Inventories - net	27,717	25,477
Prepaid expenses and other current assets	100,568	36,429
Total Current Assets	1,593,390	679,123
Available for Sale Investments	15,244	15,365
Property, plant and equipment - net	2,781,628	2,749,501
Mining exploration and project development costs	218,985	354,332
Investment Property	166,693	166,693
Deferred charges and other assets	118,385	105,030
TOTAL ASSETS	P4,894,326	P4,070,044
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	P880,907	P670,716
Current portion of Bank Loans	1,081,198	1,491,428
Income Tax Payable	25,014	75,274
Total Current Liabilities	1,987,119	2,237,418
NONCURRENT LIABILITIES		
Accrued Retirement Liability	21,142	20,993
Liablility for Mine Rehabilitation	23,759	23,759
Deferred Income Tax Liabilities	835,849	944,548
Equity of Claimowners & Others	55,941	55,941
Other non-current Laibilities	28,720	32,844
Total NonCurrent Liabilities	965,412	1,078,085
TOTAL LIABILITIES	P2,952,531	P3,315,503
STOCKHOLDERS' EQUITY		
Convertible Preferred Class A - P3.44 par value		
Authorized - 19,652,912 shares		
Issued - 217,061 shares in 2011 and 2010	P745	P745
Common Class A - P3.00 par value		
Authorized - 120,000,000 shares, Issued - 102,238,665 shares in 2011 & 100,935,625 .in 2010	306,716	302,627
Common Class B - P3.00 par value		
Authorized - 80,000,000 shares, Issued 61,473,467 shares in 2011 & 2010	184,420	184,420
Capital surplus	1,171,159	1,153,578
Subscription Receivable	0	0
Other Components of Equity		
Revaluation Increment	1,612,989	1,612,988
Cumulative Translation Adjustment	39,238	39,286
Cost of Share-based Payment	31,376	41,790
Unrealized Gain on AFS Investment	2,205	2,139
Retained earnings (deficit)	(1,399,038)	(2,575,016)
Total capital and retained earnings	1,949,811	762,557
Less cost of treasury stock - 116,023 shares in 2011 and 2010	8,016	8,016
STOCKHOLDERS' EQUITY	1,941,795	754,541
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P4,894,326	P4,070,044

ALB/LOC

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (WITH COMPARATIVE DATA FOR 2010)

(In Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2011	2010	2011	2010
OPERATING REVENUE				
Sales of mine products	P 254,647	P 44,780	P 564,030	P 130,494
Sales of merchandise and services	28,870	26,154	93,486	60,322
Royalty Income		69,679		84,060
	283,517	140,614	657,516	274,876
OPERATING COSTS AND EXPENSES				
Cost of mine products sold	49,812	10,421	116,850	30,658
Cost of merchandise and services sold	14,845	22,648	49,964	46,704
Selling and general	169,879	108,041	374,792	210,960
Taxes on revenues	5,034	1,034	11,106	2,784
	239,570	142,144	552,712	291,107
INCOME (LOSS) FROM OPERATIONS	43,947	(1,530)	104,804	(16,230)
OTHER INCOME (EXPENSES)				
Interest income	6,632	145	19,739	186
Foreign exchange gain (loss)	(3,243)	104,283	740	101,646
Claimowners' compensation	-	0	-	-
Interest expense	(12,756)	(41,751)	(39,790)	(121,258)
Miscellaneous - net	507,831	(138)	1,044,118	4,860
	498,464	62,539	1,024,807	(14,565)
INCOME (LOSS) BEFORE INCOME TAX	542,411	61,010	1,129,611	(30,796)
PROVISION FOR INCOME TAX	(53,457)	30,986	(46,367)	27,476
NET INCOME (LOSS)	595,868	30,024	1,175,978	(58,271)
RET. EARNINGS (DEFICIT) AT BEG OF PERIOD	(1,994,906)	(5,062,483)	(2,575,016)	(4,974,188)
RET. EARNINGS (DEFICIT) AT END OF PERIOD	(P 1,399,038)	(P 5,032,459)	(P 1,399,038)	(P 5,032,459)
EARNINGS (LOSS) PER SHARE	P 3.64	P 0.19	P 7.18	(P 0.36)

ALB/LOC

BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (WITH COMPARATIVE DATA FOR 2010)
(In Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2011	**2010**	**2011**	**2010**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	P 595,868	P 30,023	P 1,175,978	(P 58,271)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation, depletion and amortization	33,838	6,953	105,921	20,699
Unrealized deferred foreign exchange (gain) loss	3,243	(104,282)	(740)	(101,646)
Gain on Settlement of Loans Payable	-		(548,651)	
Provision for (benefit from) deferred income tax	(53,457)	30,986	(46,367)	27,476
Changes in Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable - net	134,724	72,936	(42,082)	(47,768)
Inventories - net	(5,987)	(4,241)	(2,240)	814
Prepaid expenses and other current assets	(60,976)	(2,457)	(64,139)	(111)
Increase (decrease) in accounts payable and accrued expenses	277,635	(28,343)	210,191	(18,010)
Net Cash Provided by (Used in) Operating Activities	924,888	1,576	787,871	(176,818)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment - net	2,900	(8,182)	(78,119)	26,251
Mining exploration and development costs	108,083	(1,306)	135,347	(3,768)
Increase in deferred charges and other assets	(89,291)	48,907	(29,802)	45,840
Net Cash Provided By (Used in) Investing Activities	21,692	39,418	27,426	68,323
CASH FLOWS FROM FINANCING ACTIVITIES				
Net availments (repayments) of long-term debt and bank loans	(380)	(53)	(4,996)	(213)
Proceeds from issuance of common stocks	1,731	-	3,909	150,000
Net Cash Provided by (Used in) Financing Activities	1,351	(53)	(1,087)	149,787
NET INCREASE IN CASH AND CASH EQUIVALENTS	947,931	40,941	814,210	41,292
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	158,737	30,234	292,457	29,883
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 1,106,667	P 71,175	P 1,106,667	P 71,175

ALB/LOC

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

	Unaudited Sept. 30, 2011	Unaudited Sept. 30, 2010	Audited 2010
CAPITAL STOCK	P492	P487	P487
SUBSCRIPTION RECEIVABLE			-
CAPITAL SURPLUS	1,171	1,151	1,154
	1,663	1,638	1,641
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	39	42	42
Increase (decrease) in translation adjustment	-	(10)	(3)
Balance - End	39	32	39
COST OF SHARE BASED PAYMENT			
Balance at beginning of year	42	43	43
Cost of share-based payment	(11)	(1)	(1)
Balance - End	31	42	42
UNREALIZED GAIN 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 income (loss)	1,176	(58)	2,399
Balance - End	(1,399)	(5,032)	(2,575)
TREASURY STOCKS - 116,023 shares	(8)	(8)	(8)
TOTAL EQUITY (CAPITAL DEFICIENCY)	1,941	(1,713)	754

BENGUET CORPORATION
EARNINGS (LOSS) PER SHARE COMPUTATION

	Nine Months Ended September			
		2011		2010
Net Income (Loss) ('000)	Php	1,176,000	Php	(58,000)
Number of shares for computation of:				
<u>Basic earnings (loss) per share</u>				
Weighted average common shares issued		163,712,132		162,174,312
Less Treasury Stock		116,023		116,023
Weighted average common shares outstanding		163,596,109		162,058,289
Diluted earnings (loss) per share				
Weighted average common shares issued		163,712,132		162,174,312
Less treasury stock		116,023		116,023
Weighted average common shares outstanding		163,596,109		162,058,289
Basic earnings (loss) per share	Php	7.18	Php	(0.36)

Diluted loss per share is antidilutive as a result of net loss in 2010, therefore, the basic EPS & diluted EPS are the same.

BENGUET CORPORATION & SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
AS OF SEPTEMBE 30, 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 Sale (Export/Local)	53,748,410	386,375	-	-	-	11,926,796	41,435,240	-	-
2) Lime Deliveries	5,622,964	2,817,711	-	-	-	-	2,715,188	90,065	-
3) Merchandise & Services	51,949,718	3,516,331	3,468,741	448,572	72,793	1,051,088	12,188,870	31,203,325	-
Sub-total	111,321,093	6,720,417	3,468,741	448,572	72,793	12,977,884	56,339,297	31,293,390	-
Less: Allowance for Doubtful Acct.	20,433,607	-	-	-	-	-	8,064,109	12,369,498	-
Net Trade Receivable	90,887,486	6,720,417	3,468,741	448,572	72,793	12,977,884	48,275,188	18,923,892	-
b) Non-Trade Receivables									
1) Officers & Employees	25,571,053	1,378,110	972,661	2,136,841	2,410,407	4,828,024	7,916,642	5,928,369	-
2) Due from Subsidiaries	221,233,609	34,462,282	(2,935,576)	22,749,007	48,513,934	35,394,590	13,838,031	69,211,342	-
3) Others	180,644,751	13,792,904	1,501,760	1,570,596	4,424,291	20,194,939	36,865,629	102,294,632	-
Sub-total	427,449,413	49,633,295	(461,155)	26,456,444	55,348,632	60,417,553	58,620,301	177,434,343	-
Less: Allowance for Doubtful Acct.	206,152,313	-	-	15,000	-	49,443,014	52,527,614	104,166,686	-
Net Non-trade Receivable	221,297,099	49,633,295	(461,155)	26,441,444	55,348,632	10,974,539	6,092,688	73,267,657	-
Net Receivables (a + b)	312,184,585								

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

ALB:LOC:ROB 11.02.11

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

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 2011.

iv.) Issuances, Repurchases, Repayments of Debt and Equity Securities – For the third 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.

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, 2011 mainly consist sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱218 million and ₱340 million sales of nickel ore to China.

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 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 September 30, 2011:

Amounts in Million	On Demand	Within Two Months	Total
Bank Loans:			
Unsecured	₱91	₱-	₱91
Secured	379	-	379
Accrued interest and penalties	611	*	611
Accrued expenses and other			
Accrued expenses and others	25	881	906
Total	₱1,106	₱881	₱1,987

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, 2011	As of December 31, 2010
Cash and cash equivalents		
Cash with banks	₱1,097	₱272
Short-term investment	10	20
Trade and other receivables		
Trade	91	218
Employee Stock Ownership Plan	58	58
Others	163	147
Loans receivable	46	55
AFS investments		
Quoted	10	10
Unquoted	5	5
Total credit risk exposure	₱1,480	₱785

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

September 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	₱1,097	₱ -	₱ -	₱-	₱1,097
Short-term investments	10	-	-	-	10
Trade and other receivables					
Trade	7	3	14	67	91

Employee stock ownership plan	-	-	-	58	58
Others	47	25	53	38	163
Loans receivable	-	46	-	-	46
AFS investment	-	15	-	-	15
Total credit risk exposure	₱1,161	₱89	₱67	₱163	₱1,480

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 lime and nickel, 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, 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 September 30, 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 September 30, 2011		December 31, 2010	
Amounts in Million	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Asset				
Cash	$22.2	₱972	$5.8	₱254
Liabilities				
Trade and other payable	0.30	13	2.8	123
Secured Bank Loans	$3.8	₱165	$3.8	₱165

As of September 30, 2011 and December 31, 2010, the exchange rates of the Philippine peso to the US Dollar are ₱43.636 and ₱43.84, respectively.