COVER SHEET

1	1	3	4	1					

SEC Registration Number

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

(Group's Full Name)

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 / 751-9137
(Group Telephone Number)

1	2		3	1

Month *Day*
(Calendar Year)

1	7	-	A	

(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

16,952
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.

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SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended ....**DECEMBER 31, 2013**.................................

2. SEC Identification Number ....**11341**............ 3. BIR Tax Identification No. ...**000-051-037**....

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

5. ....**PHILIPPINES**................................
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

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

8. .... **(632) 751-9137 / 812-1380** ....
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 SRC, or Sec. 4 and 8 of the RSA

Title of Each Class		Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2013)
Convertible Preferred Class A,	**₱3.44 par value**	**217,061 shares**
Common Class A Stock,	**₱3.00 par value**	**110,259,787 shares***
Common Class B Stock,	**₱3.00 par value**	**66,783,397 shares***

(*) – Net of Treasury Shares

Total consolidated outstanding principal debt as of December 31, 2013 – ₱1.6 Billion

11. Are any or all of these securities listed on a Stock Exchange.

Yes [**X**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Convertible Preferred Class A, Common Class A and Common Class B shares of the Company are listed in the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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**]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Not Applicable.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;
(b) Any information statement filed pursuant to SRC Rule 20;
(c) Any prospectus filed pursuant to SRC Rule 8.1.

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

1. BUSINESS DEVELOPMENT

CORPORATE PROFILE

Benguet Corporation (the "Company", "Benguet") is the oldest mining company in the Philippines and is the country's recognized pioneer of modern mining. Established on August 12, 1903 as Benguet Consolidated Mining Company, the Company's 110 years of existence is a testament of its adaptability and resiliency in the face of changes brought about by global events, natural calamities, economic conditions and industry trends.

Benguet was reorganized and registered with the Securities and Exchange Commission (SEC) on June 18, 1956 under the name Benguet Consolidated, Inc. to engage primarily in mining, fabricating, manufacturing and dealing in and with minerals, metals, ores, petroleum gas, products of earth and soil, timber and the products and by-products thereof. It operated some of the richest mineral prospects using up-to-date and cutting-edge technology and has contributed significantly to the country's export earnings.

In the 1980's, following its name change to the now "Benguet Corporation", the Company's stature peaked as it simultaneously operated its five major mines: Benguet Gold Operations (BGO), Benguet Antamok Gold Operation (BAGO), Dizon Copper-Gold Operation (DCO), Masinloc Chromite Operation (MCO), and Paracale Gold Operation (PGO).

In the 1990s, as the Philippine mining industry went through a difficult period, the Company likewise suffered a decline. Its operations were gravely affected by natural calamities such as the Baguio earthquake in 1990 and the Mount Pinatubo eruption in 1991, countless typhoons, and other external factors such as low metal prices and the 1997 Asian currency and economic crisis. All these led to the suspension of operations of the Company's BGO in 1992, PGO in 1993, BAGO in 1998; and the Company's decision to sell its remaining interest in DCO in 1997. The Company also turned over MCO to the claim owner in July 2007 due to the expiration of the operating contract.

In 2003, it reopened BGO on a limited scale through the Acupan Contract Mining Project now renamed as the Acupan Gold Project (AGP), developed Sta. Cruz Nickel Project (SCNP) in 2007, and continued to review and package its various mineral properties for future development or sale. In 2010, the Company resolved a long standing issue with the claimowner of the Kingking Project. It invested in the development of the Sta. Cruz Nickel, Balatoc Tailings, and Surigao Coal projects, and the expansion of AGP. It likewise settled a majority of its debt, and continued to hold interest in the Acupan Gold, Ampucao Gold Copper, Pantingan Gold, Benguet Oreline Contract Operation (BOLCO), and the Ilocos Norte and the Kalinga Financial or Technical Assistance Agreement (FTAA) prospects.

Aside from mining and mineral exploration, the Company ventured into various projects through several wholly owned subsidiaries. It is engaged in healthcare and diagnostics services through its expanding BenguetCorp Laboratories, Inc., mining logistics through Arrow Freight Corporation, trading of industrial equipment and supplies through Benguetrade, Inc., port services through Keystone Port Logistics and Management Services Corporation, shipping services through Calhorr 1 Marine Services Corporation and Calhorr 2 Marine Services, Inc., and real estate development and lime kiln operation through BMC Forestry Corporation.

Benguet is now on its third fifty-year corporate life, the extension having been approved by the SEC on June 18, 2006. Having been listed in the Philippine Stock Exchange since January 4, 1950, it is one of the most widely held public companies in the country with 16,952 stockholders of record, with

20.31% of its outstanding shares owned by foreign nationals and institutions, as of December 31, 2013.

For the past three years, the Company has not been into any bankruptcy, receivership or similar proceeding and is not in any material reclassification, merger, consolidation, or purchase or sale of significant amount of assets not in the ordinary course of business.

ON MINING OPERATIONS

- **Acupan Gold Project (AGP) in Benguet Gold Operation (BGO) in Itogon, Benguet Province:** AGP [formerly Acupan Contract Mining Project (ACMP)] has gold production in 2013 that totaled 11,967 ounces, lower as compared to 12,468 ounces in 2012. The average grade of ore milled was 4.88 grams gold per ton in 2013 and 6.89 grams gold per ton in 2012. AGP ended the year 2013 with an average milling rate of 243 tons per day, higher as compared to average milling rate of 149 tons per day in 2012 and 128 tons per day in 2011. The increase of milling tonnage was due to the commissioning of a 300 tpd continuous process will on the second half of 2013. The continued implementation of efficiency enhancing programs and the change in mining method from conventional vein mining to a combination of vein and trackless cut and fill panel mining/room and pillar stoping method is expected to further improve AGP's gold production.

  Drilling works for the expansion program of the Acupan gold operations continued with the aim of converting the reported resource potential into Indicated and Measured Mineral Resource category. Overall, 43 boreholes with an aggregate length of 4,972.66m was drilled from the surface and underground targeting different ore bodies. Detailed core logging, sampling and assaying are ongoing. Likewise, the company already prepared a total of 22 surface drill pads as part of the preparation for the Greater Acupan Drilling Project. The Greater Acupan Drilling Project was designed to probe the GG breccia mineralization within Acupan Mines and to validate the extent of the Company's gold resources. This is apart from the vein-type mineralization the Company is currently mining.

- **Sta. Cruz Nickel Project (SCNP) in Sta. Cruz, Zambales Province:** The Sta. Cruz Nickel Project (SCNP) is a surface mining operation of Benguetcorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary of the Company. BNMI exported a total of 1,007 million tons of nickel ore ranging from 1.71% to 1.88% Ni grade as compared to 1.488 million tons of nickel ore ranging from 1.5% to 1.82% Ni grade in 2012 and 1.441 million tons of nickel ore ranging from 1.75% to 2.06% Ni grade in 2011. BNMI has an agreement for a three-year off-take contract with Bright Mining & Resource Company Ltd. for the sale of 1.8 million tons of nickel ore and with Minecore Resources Inc., for the sale of 2.0 million tons of nickel ore and with LS Networks Co., Ltd., for the sale of 500,000 of nickel ore.

  BNMI continues exploration and development program to develop the total potential entry into nickel processing. It continues to evaluate and study other nickel processing technologies suitable to its ore characteristics and environment. BNMI team visited and observed several nickel processing plants in China during the year. It is also looking at acquisitions or tie-ups with other nickel properties to increase volume in anticipation of the Indonesian direct-ore-shipment ban in January 2014.

  In June 2013, an independent competent person completed the Mineral Resource Report covering the entire SCNP with the following PMRC-compliant information at 0.5% cut off grade of ore:

Measured	:	40.59 million tons (68% of total)
Indicated	:	8.67 million tons (14% of total)
Inferred	:	10.71 million tons (18% of total)
Total	:	59.97 million tons at a weighted average grade of 1.1% nickel

The above information is based on 66,716 meters of drilling. The remaining resource after three years of mining at the same cut-off grade of 0.5% is 34.12 million tons with an average grade of 1.33% nickel. At 1% cut-off, the property's global resource is 35.32 million wet metric tons averaging 1.4% nickel. This updated resource is 155% higher than previously declared resource in 2011 of 22.82 million wet metric tons at the same 1.0% cut off grade, with lower nickel grade of 1.3%. The previous resource was based on 15,664 meters of drilling.

From start of BNMI mining operation in 2010, it continues to adhere to ECC mandated regulatory standards for environmental protection. Following best mining practices, it constructed the necessary engineering structure at the mine site for water, sediment and erosion control consisting of 47 silt ponds, 3 sabo dams, and about 9 kilometers of drainage canals feeding to the silt ponds.

- **Irisan Lime Project (ILP) in Baguio City**: ILP produced 9,102 tons of quicklime in 2013, higher as compared to 8,626 tons in 2012 and 8,172 tons produced in 2011. In 2012, ILP obtained a renewal of its lime plant mineral processing permit for another five years or up to 2016.

EXPLORATION, RESEARCH AND DEVELOPMENT

- **Balatoc Tailings Project (BTP) in Itogon, Benguet Province:** Balatoc Gold Resources Corporation (BGRC), a wholly owned subsidiary of the Company and the operator of BTP, expects completion of the engineering and design of the BTP processing plant parallel to the closing of the fund raising efforts the Company is undertaking for this project. The construction of processing plant and equipment installation will likewise commence bidding upon financial close. BGRC was granted by the Board of Investment (BOI) a Certificate of Registration as pioneer enterprise for BTP. The Mineral Processing Permit (MPP) and other government permits have been issued to put BTP into operation.

- **AntamokTailings Project (ATP) in Itogon, Benguet Province:** The Antamok Tailings is of lower gold grade than BTP and there is ongoing feasibility study. It plays a strategic role however as the tailings and the tailings dam are part of the old BAGO where the company has to perform or comply with the ECC's FMRDP. BAGO's former open pit was found viable as a water reservoir and with a proposed water treatment plant, the Company won the bidding for a Bulk Water Project (BWP) in Baguio City. BWP was accepted as a compliance to the FMRDP. Delayed by a court case for almost a decade, the BWP has lately been moved by the city government with several big players interested.

- **Ampucao Copper-Gold Prospect in Itogon, Benguet Province:** The Ampucao prospect is located inside the Hartwell claims within the southern part of Benguet's Acupan gold mine. The initial exploration work conducted by the Company geologists indicates a porphyry copper-gold mineralization hosted in the diorite below the 2000 level. Two test holes have been programmed to be drilled within the area, but have been put on-hold pending the resolution of the Application for Production Sharing Agreement (APSA).

- **Pantingan Gold Prospect in Bagac, Bataan Province:** The Pantingan epithermal gold prospect consists of 1,410 hectares covered by MPSA No. 154-2000-111. The property is under a Royalty Agreement with Option to Purchase with Balanga-Bataan Mineral Corporation signed in March 1996. Surface mineralization consists of quartz and clay veins ranging from 0.70 meters to 10 meters wide with values as much as 1.0 gram gold and 9.60 gram silver. The prospect needs exploratory drilling to probe the behavior of the veins and tenor of the postulated gold mineralization at depth. To pursue this, the Company, has been trying to secure clearance from DENR because of a watershed application surrounding the claim area. The DENR has yet to act on the Company's request for clearance.

- **Zamboanga Gold Prospect (BOLCO) in R.T. Lim Zamboanga del Sur:** The Zamboanga gold prospect consists of 335.36 hectares. The claims are under an operating agreement with Oreline Mining Company, the owner of the property. A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of the Application for Processing Sharing Agreement (APSA).

- **Surigao Coal Project in Lianga, Surigao del Sur:** Pre-development activities for the Surigao Coal Project was put on hold in 2011 due to a Department of Environment and Natural Resources (DENR) Circular EO 23 which declares a moratorium on cutting of timber in natural and residual forests. The CENRO of Lianga Municipality denied the Company's request for a tree inventory preparatory to application for a Cutting Permit, but reversed the decision last January 2012 after the issuance of a Memorandum from the Executive Secretary which exempted exploration and mining activities from EO 23. The Company is in the process of completing the requirements to secure permits for mine development of the project.

- **Financial Technical Assistance Agreement:** The Company and its subsidiary, Sagittarius Alpha Realty Corporation (SARC) have two pending Financial Technical Assistance Agreement (FTAA) applications consisting of a total of 72,806.291 hectares. The FTAA application within the province of Ilocos Norte (AFTA No. 003) is undergoing FPIC process under the NCIP Regional Office while the FTAA application within Apayao (AFTA No. 033) is pending with the MGB-Cordillera Administrative Region. Exploration work within the two areas will be undertaken as soon as the applications will be approved by the government.

SUBSIDIARIES AND AFFILIATES

- Benguet Management Corporation (BMC, a wholly-owned subsidiary of the Company and incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) in 1980 was established to manage and conduct the non-mining businesses of the Company. Following are BMC's subsidiaries:

  1. Arrow Freight Corporation (AFC) is BMC's logistics company that provides mining, earthmoving, road construction and maintenance, and hauling equipment services. Currently, AFC is the general contractor for BenguetCorp's Santa Cruz Nickel Project where it has deployed various equipment: excavators, bulldozers, graders, compactors, loaders, water trucks, and dump trucks. AFC is also capable of providing warehouse management services, product distribution, cargo storage and freight services.

  2. BMC Forestry Corporation (BFC) manages the Irisan Lime Plant and develops the Company's real estate assets in Northern Luzon. One of real estate project which is the Woodspark Subdivision where BFC has obtained a Certificate of Completion (COC) from the Housing and Land Use Regulatory Board (HLURB) and approval by the Rosario LGU for the Deed of Donation of the completed subdivision road lots, alleys, open spaces and common areas. Woodspark Rosario Homeowners Association has also accepted the full turn-over for the administration and maintenance of the subdivision amenities and facilities.

  3. Benguetrade, Inc. (BTI) is BMC's trading arm primarily dealing with industrial and environmental equipment and supplies requirements of both mining and non-mining companies. BTI is expanding its marketing product mix to offer lines and services to outside clients and to increase its market scope and coverage. It is likewise taking major role in promoting BenguetCorp's various products and services and disposable idle assets.

  4. Keystone Port Logistics Management & Services Corporation (KPLMSC) was organized to deal with port operations and cargo, and to handle the export shipment of BNMI's nickel ore through Calhorr 1 Marine Services Corporation and Calhorr 2 Marine Services, Inc. KPLMSC handles the port operations of BNMI port in Candelaria, Zambales

  BMC undertook a quasi reorganization and capital restructuring which was approved by the Securities and Exchange Commission in December 2012. This restored its positive retained earnings and primed the company toward its role as logistics provider. BMC also continues to maintain the mango plantation in Iba, Zambales.

- In 1988, the Company acquired BenguetCorp International Limited (BIL), a Hongkong-based and 100% owned subsidiary for international operations, which 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 interest as the claimowner of about 259 hectares of mineral property for gold/silver at Royston Hills, Nevada, U.S.A., which is currently being offered for joint venture or sale to interested parties.

- Benguetcorp Laboratories, Inc. (BCLI), a wholly owned subsidiary of the Company and registered with the SEC began as a modest medical facility that aims to address the various health concerns of the Company's employees and their families. With the growing demand for reliable and high quality healthcare services in Baguio City, the Company has expanded its operations to become a full-fledged tertiary multi-specialty facilities: two clinics in Baguio City under the trade name Benguet Laboratories and the new MedCentral, which was opened in December 2012 in San Fernando, Pampanga. BCLI is set to open another MedCentral diagnostic clinic in SM Taytay Rizal by January 2014 and the new Oncology Center located in the commercial business district of Makati is expected to be operational by mid-April 2014.

2. BUSINESS OF ISSUER

Products or Services/Sales - The Company explores for mines, currently produces and markets gold, nickel laterite ore, and limestone; and through its subsidiaries, provides trucking and warehousing, port and shipping services, healthcare services; sells industrial equipment and supplies, develops water resources and real estate projects.

The Company sells its gold to the Banko Sentral ng Pilipinas. For its nickel ore, the Company's wholly owned subsidiary and operator, Benguetcorp Nickel Mines, Inc. (BNMI) has an agreement for a three-year off-take contract with Bright Mining & Resource Company Ltd. for the sale of 1.8 million tons of nickel ore and with Minecore Resources Inc., for the sale of 2.0 million tons of nickel ore and with LS Networks Co., Ltd., for the sale of 500,000 of nickel ore. The quicklime products are mainly sold to local customers.

The Company's sales/revenue of product/services which contributed ten percent (10%) or more to sales/revenues for the last three years are as follows:

	2013 (% to total revenue)			2012 (% to total revenue)			2011 (% to total revenue)		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Gold	31%	-	31%	25%	-	25%	32%	-	32%
Lime	3%	-	3%	4%	-	4%	7%	-	7%
Chromite	-	-	-	-	-	-	1%	-	1%
Nickel	-	56%	56%	-	63%	63%	-	50%	50%
Trucking & Ware-housing & others	10%	-	10%	8%	-	8%	10%	-	10%

The Company has no new products or service introduced in 2013 whether prototypes exist or in planning stage.

In gold, there is no competition among mining companies. One can produce as much gold and the gold can be sold without any problem. The Company principally competes in selling its nickel outside the Philippines. The method of competition is basically in price. However, the Company believes it can effectively compete in price with other companies due to lower operating cost and proximity of the mine to major buyers/users in Asia and China. Prices of the company's products are dictated by the world market.

Competition from local mines is non-existent since no local mine can affect international metal prices except for competition on claims over deposits and manpower. In both instances, competition also comes from foreign mining companies, both local and abroad.

Sources of Raw Materials and Supplies - The ore, as raw material extracted, comes from the Company's mineral properties in Acupan Gold Project, Sta. Cruz Nickel Project and Irisan Lime Project.

Operating supplies, equipment and spare parts, which are generally available, are obtained on competitive basis from sources both locally and abroad. Energy is currently sourced from Aboitiz Power Corporation through its wholly owned subsidiary Therma Luzon, Inc. (TLI) under a 20-year contract to supply reliable power to the Company's current and future mining operations in Itogon, Benguet Province. The contract will expire in 2031.

Transactions with and/or Dependence on Related Parties - In the normal course of business, the Company has transactions with its subsidiaries which principally include: (a) Purchase of materials and supplies and services needed in its mining operations which are consummated at competitive prices, (b) Sales of mine products, (c) Rental of office space and certain machinery and equipment, and (d) Other transactions comprising of non-interest bearing cash advances for working capital requirements.

The Company has a five-year Marketing Agreement as the exclusive marketing agent of its wholly owned subsidiary, Benguetcorp Nickel Mines, Inc. (BNMI), for its nickel ore production. The agreement was signed on August 8, 2011 and through this arrangement, BNMI signed an agreement for a three-year off-take contract with Bright Mining & Resource Company Ltd. on August 24, 2011, for the sale and delivery of 1.8 million tons of nickel ore and with Minecore Resources Inc., for the sale and delivery of 2 million metric tons of nickel ore and with LS Networks Co., Ltd., for the sale of 500K of nickel ore.

On December 6, 2010, the Company and its wholly owned subsidiary, Berec Land Resources, Inc. (BLRI) signed an agreement for the management of the operation of Acupan Gold Project (AGP). Under the management contract, BLRI will provide the necessary technical and financial assistance to expand the production capacity of AGP to 300 tons per day in exchange for a management fee based on the net operating profit of AGP. BLRI also leases its equipments to the AGP mining operations.

Terms and Expiration Dates of Royalty Contracts –The Company does not own or possess patents, trademarks or franchises on products and processes, but the Company has Operating Agreement with the claimowners, Balanga Bataan Minerals Corporation (BBMC) for its Pantingan Gold Prospect in Bagac, Bataan and Oreline Mining Corporation (OMC) for its Zamboanga Gold Prospect (BOLCO) in R.T. Lim, Zamboanga del Sur. Duration is up to end of mine life.

Government Regulations and Approval – The Company's Application for Production Sharing Agreement (APSA) for its Ampucao Copper-Gold Prospect in Itogon, Benguet and Zamboanga Gold Prospect (BOLCO) in R.T. Lim Zamboanga del Sur are still under evaluation and pending resolution by the Department of Environment and Natural Resources-Mines Geosciences Bureau (DENR-MGB). The Foreign Technical Assistance Agreements (FTAA) in Ilocos Norte (AFTAA- 003) is undergoing FPIC process under the NCIP Regional Office while the Apayao (AFTAA-033) is pending with the MGB-Cordillera Administrative Region.

Effect of Existing or Probable Governmental Regulations - The effect on the Company's operation of existing governmental regulations are mainly on their corresponding costs of compliance to the Company. The effect on the Company of any probable government regulation could not be determined until its specific provisions are known. Other than the usual business licenses or permits, there are no government approvals needed on the Company's principal products.

Research/Developmental Expenses – The Company's total expenses for exploration and development activities for the last three (3) years as follows:

	Amount in Millions	% to Total Revenue
2013	₱237	10%
2012	319	18%
2011	47	5%

Costs and Effects of Compliance with Environmental Laws - The Company is committed to the protection and enhancement of the environment by ensuring that its mining operations are compliant with the strict regulations of the DENR-MGB (Mines and Geosciences Bureau) and other government agencies. Its mining activities are monitored by a Multipartite Monitoring Team (MMT) and the Mine Rehabilitation Fund Committee (MRFC) composed of MGB, EMB, LGUs , NGOs and members of the communities, among others to ensure that the Company's mining activities complies with rules and regulations set forth by the DENR, concerns agencies and institutions. As part of its compliance to government requirements, the Company allocated funds on annual basis for the implementation of various environmental activities indicated in the Environmental Protection Enhancement Program (EPEP), aside from the government mandated environmental trust funds (MTF; RCF and FMRDF).

A total of P20.862 million was spent for 2013 versus P17.319 million spent in 2012, for environmental programs of the Company's Benguet District Operation in Itogon, Benguet. The costs and expenses include among others: repair/rehabilitation of diversion tunnels and tailings pond penstock, enhancement of tailings ponds stopper boards , replacement of tailings pipe and pump, enhancement of drainage system, water , air and noise quality monitoring, reforestation and agro-forestry program, implementation of risk management and safety measures and waste management.

The Company's Benguetcorp Nickel Mines, Inc. (BNMI), in Zambales likewise spent a total of P14.862 million in 2013 against P14.435 million in 2012 for the implementation of environment-related activities indicated in the EPEP. These include construction, rehabilitation and maintenance of environmental structures e.g. settling ponds, sabo dams and drainage canals; progressive rehabilitation of mined-out areas; implementation of risk management and safety measures; reforestation, national greening program and bio-diversity enhancement and researches; conduct of regular water, air and noise quality monitoring, regulatory visits and inspections, participation in environment-related activities e.g. coastal clean-up; and solid waste management. The Company also provided assistance to farmers in the desilting and cleaning of irrigation canals, dams and major river systems-Cabaluan and Pamalabauan Rivers. BNMI also conducted desilting and scraping of silted farmlands in Brgys. Lomboy, Guisguis, Tubo-Tubo North and South as a result of river system overflows from major typhoons. Its reforestration activities as of December 2013 cover 41.4 hectares in areas surrounding its MPSA under the DENR's National Greening Project (NGP).

The costs and effects of compliance with environmental laws are numerous. The costs are mainly on the compliance and non-compliance on the part of the Company. It is good business to have an environmentally compliant operation as it enhances the image of the Company as good corporate citizen, promotes goodwill with community where it operates and set good track record with regulators for future projects.

Employees – As of December 31, 2013, the Company has 1,227 employees, of whom 247 are administrative, 74 clerical, 552 involved in exploration and operation and 344 are outsourced staff e.g. laborers, security guards, janitors & retainers/consultants. The employees are not covered by any Collective Bargaining Agreement (CBA). The terms and conditions of employment, benefits and termination are governed by the provisions of the Company's Personnel Policy Manual. Among the benefits provided by the Company are medicine allowance, retirement pay, insurance, transportation allowance, vacation/paternity/sick leaves with pay, free protective equipment & housing facilities to its mine based employees.

Within the ensuing twelve months, the Company anticipates changes in the number of employees due to reduction of manpower in drilling activities of its Acupan Gold Project in Itogon, Benguet and

Sta. Cruz Nickel Project in Zambales. The total projected manpower is 1,168 employees, of whom 248 are administrative, 80 clerical, 410 involved in exploration and operation, and 430 are outsourced staff e.g. laborers, security guards, janitors and retainers/consultants.

Major Business Risks – The Company established a Risk Management Office (RMO) to oversee the risks that affect the welfare of the Company. Its goal is to integrate the work of designated risk management office of the Company's different business units which shall systematically identify, evaluate, analyze and document their unit's exposure to risk and thereafter undertake corrective/remedial measures to mitigate, if not altogether eliminate, their exposure and liability associated with the risk.

The Company is exposed to a range of potential risks from its mining business activities such as:

a. The Company's mining operations are subject to environmental laws and regulations which should be adhered to. Non-compliance or failure to comply may delay mining operations or could result in suspension of operation or substantial fines and penalties. In ensuring compliance, the Company is obliged to allot a considerable amount from its operational funds for reforestation and other environmental protection projects in the areas of operations. While the Company believes it is in substantial compliance with all material environmental regulations, it can give no assurance that changes in these regulations will not occur in the future which may impede the Company's current and future business activities and negatively impact the profitability of operations.

b. The Company's exploration for, development and exploitation of, mineral properties entail significant operating risks. There is no certainty that the activities of the Company, which by the character of its business involve substantial expenditures and capital investments, in the exploration and development of its resource properties will result in the discovery of mineralized materials in commercial quantities and thereafter in a viable commercial operation. The Company tries to temper its exposure to these risks by prudent management and the use of up-to-date technology.

c. A decline in metal prices will also affect future operations and recoverability of the Company's investment in the mining business. The Company has experienced, and expects to continue to experience, significant fluctuations in operating results due to a variety of factors, including among others peso-to-dollar exchange rate, ore grades, and mineable ore reserves. Fluctuations in metal prices affect the Company's reserve estimates, the ability to obtain financing and its financial condition as well as requiring reassessments of feasibility and operational requirements of a project. The Company principally competes in selling its nickel outside the Philippines. The method of competition is basically in price. However, the Company believes it can effectively compete in price with other companies due to lower operating cost and proximity of the mine to major buyers/users in Asia and China.

d. The Company faces competition from large metal producers who have greater financial and technical resources (resulting to lower production cost) thereby flooding the market with cheaper metal produce. This competitive pressure could result not only in sustained price reductions, but also in a decline in sales volume, which would have a material adverse effect on the Company's business, operating results and financial condition. In gold, there is no competition among mining companies. One can produce as much gold and the gold can be sold without any problem.

Additional Requirements as to Certain Issues or Issuers - Below is a table with information describing the areas covered, status of the application and work performed on the mining claims of the Company:

MINING OPERATION/PROJECT	AREA (Has.)	STATUS OF THE APPLICATION / AGREEMENT & WORK PERFORMED
Sta. Cruz Nickel Project	1,406.74	MPSA No. 226-2005-III with BC as the contractor. The MPSA was transferred/ assigned

		to Benguetcorp Nickel Mines, Inc. (BNMI) a wholly owned subsidiary of BC, which became the operator of the project pursuant to the Order dated January 13, 2012 the DENR. The project is in development and operating stage.
Benguet Gold Operation, Antamok Gold Operation, Ampucao Copper-Gold Project	2,660.3018	MPSA Application denominated as Application for Processing Sharing Agreement (APSA) No. 009 CAR. BC is the applicant. BC's Appeal on the denial of the MPSA application is undergoing evaluation by the MGB Central Office.
Pantingan Copper Gold Project	1,410.25	MPSA No. 154-2000-III. BC is under a Royalty Agreement with Option to Purchase with the MPSA Contractor, Balanga Bataan Minerals Corporation (BBMC). The prospect needs exploratory drilling to probe the behavior of the veins and tenor of the postulated gold mineralization at depth. To pursue this, BC has been trying to secure clearance from DENR because of a watershed application surrounding the claim area. The DENR has yet to act on BC's request for clearance. BC application for renewal of the Exploration Period of the MPSA is undergoing evaluation by the MGB Central Office.
Zamboanga Gold Prospect	335.36	MPSA application denominated as APSA No. IX-015. BC holds an operating agreement with the MPSA applicant, Oreline Mining Corporation. A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of the Application for Processing Sharing Agreement (APSA). BC's Appeal on the denial of the MPSA application is undergoing evaluation by the MGB Central Office.
Surigao Coal Project	12,000	BC holds a coal operating agreement with the Department of Energy. BC is in the process of completing the requirements to secure permits for mine development of the project.
Ilocos Norte Prospect	21,603.1037	Financial or Technical Assistance Agreement application denominated as AFTA-000003-1. BC is applicant. The application is under evaluation by MGB Central Office. Exploration work will be undertaken as soon as the application will be approved by the government.

The conditions of the mining operations/projects of the Company are discussed in Item 1 under title "Business Development" of this report and also discussed in Note 1 of the Notes to Audited Consolidated Financial Statements under "Significant Developments in the Group's Operations".

ITEM 2. PROPERTIES

Parent Company: - The Company owns about 606.27 hectares of patented mining claims in Itogon, Benguet Province where its milling, support and mining facilities for its gold operations are located and a claimowner of about 259 hectares of mineral property for gold/silver at Royston Hills, Nevada, U.S.A., which is currently being offered for joint venture or sale to interested parties.

Among the plant and equipment for its mining operations, it owned mill plants located in Antamok and Balatoc, Itogon, Benguet and various mill and mining equipment such as among others: 4 units Air Compressor; ST2D Scooptram “Atlas Copco”; 11 units Rockdrill Machine; 7 units Closed Circuit Breathing Apparatus; I unit Locomotive; 17 units Mine Cars; 3 units Gondola Mine Car; 200 Track Rails, 4.5lbs; 7x10 Ball Mill; Jaw Crusher 24”x36” w/75kw motor; Dust Scrabber; 3 units Slurry Pump; 4 units cyclone Feed Pump; Electric Hoist 5 Ton Cable Type; Lime and Cyanide Tank; and 3’x6’ Screen w/Wire Cloth. It also owned various service vehicles for its mining operations and corporate office in Makati City, as follows: 1 unit Chopper; 12 units Mitsubishi Strada; 8 units Mitsubishi L300 Multi Cab; 4 unit Toyota Corolla XE; 1 unit Vios 1.3E Metallic; 2 units Mitsubishi Montero Sports; 1 unit Mitsubishi Pajero GLS 2.8L; 2 units Honda Civic; 2 units Nissan Pathfinder P/Up; 2 units Honda City, 1.5 EL AT; 1 unit Nissan Patrol, 5.6L 4x4; 3 units Isuzu Elf; 1 unit Hino Fire Truck; 1 unit Hino Truck; 1 unit Mini Dump Truck; 1 unit Toyota Coaster; 1 unit Isuzu Owner Type Jeep and 1 unit Weapons Carrier. The Company continues to lease two (2) units at the Universal ReBuilding, 106 Paseo de Roxas, Makati City where its Corporate Head Office is situated. The leased of the two (2) units is ₱323,937.00 per month for a period of one (1) year and renewable yearly.

The mining properties and assets of the Company’s Benguet Antamok Gold Operation and Benguet Gold Operation are covered by Mortgage Trust Indentures (MTI). Information regarding MTI encumbrances is shown in Note 14 under Loans Payable titled “Secured Bank Loans” of the Notes to Consolidated Financial Statements.

Subsidiaries: - The Company’s wholly owned subsidiary, Benguet Management Corporation (BMC) owns 19 lots in Barangay Sta. Fe, San Marcelino, Zambales containing an aggregate area of about 276.854 hectares. The property was formerly identified as Citrus Plantation, however, after the Mt. Pinatubo eruption in 1991, the property was abandoned. The property is for agricultural purposes, most of the lands are still submerged to lahar.

Berec Land Resources, Inc. (BLRI), a wholly owned subsidiary of the Company, owns a land located in Cabuyao, Laguna with an area of about 47,626.705 square meters. The land is currently mortgaged to Philexim as part of the collateral for the ACMP 300 tons per day expansion project being managed by BLRI. It also owned the following vehicles: 1 unit Nissan X-Trail; 1 unit Toyota Innova 2.5E DSL; 2 units Mitsubishi Canter; 1 unit Isuzu Multicab and 1 unit Mitsubishi Strada Gls 2.5. Please refer to Note 11 under Investment Properties of the Notes to Audited Consolidated Financial Statements.

Benguetcorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary of the Company owns the following vehicles for its operation: 2 units Mitsubishi Canter; 1 unit Nissan Patrol; 1 unit Toyota Hilux, 3.0L G 4x4; 1 unit Mitsubishi Montero Sports; 1 unit Hyundai Tucson Theta II; 1 unit Mitsubishi L300; 1 unit 1987 Mitsubishi; 1 unit Toyota Corolla Altis 1.6V A; 1 unit 1991 Fuso; 7 units Mitsubishi Strada and 1 unit Boomtruck. BNMI continues to lease at P60K per month for its office occupancy in Sta. Cruz, Zambales, renewable yearly.

BenguetCorp Laboratories, Inc. (BCLI), a wholly owned subsidiary of the Company owns various medical instruments, Medical furniture/fixtures/appliances, office equipment and laboratory equipment such as among others: 14 units Computer; Ultrasound machine; 1 unit Ambulance; 1 unit mobile x-ray van; 1 unit GE 300mA X-ray machine; 4 units ECG machine with standard accessories; Chemistry Analyzer RA 50; 4 units microscope; 1 unit Incubator 30 liters; 1 unit Hot Oven Sterilizer 30 liters. BCLI continues to lease for its business operations in SM Baguio City at P214K per month; in Central Mall, Baguio City at P80K per month; in SM San Fernando, Pampanga at P460K per month and in Taytay, Rizal at P178K per month, renewable yearly.

Benguetrade, Inc. (BTI), a subsidiary of BMC, owns 2 residential lots where its 3 storey residential building was erected with a floor area of 283 square meters. The lots is containing an aggregate area of about 708 square meters and located at Monterrazas Village, Barangay Tuding, Itogon, Benguet.

BMC Forestry Corporation (BFC), a subsidiary of BMC, owns 2 office condominium units (Unit 304 with a floor area of 138.27 square meters and Unit 305 with a floor area of 186.20 square meters) located at 3rd

Floor of One Corporate Plaza Condominium, Benavidez Street, Legaspi Village, Makati City. BFC also manages the development of the Woodspark Rosario Subdivision Project in Rosario, La Union. It owns 1 unit 1988 Mitsubishi L300 and 1999 Toyota Hi-Lux.

Arrow Freight Corporation (AFC), a subsidiary of BMC, owns five (5) contiguous lots in Brgy. San Antonio, San Pedro, Laguna containing an aggregate area of about 3,211 square meters. The property is located in an area where land development is for mixed commercial and residential purposes. AFC owns a land with an area of about 13,386 square meters where its office and facilities are located in Valenzuela, Bulacan. It also owned various vehicles for its operation such as 3 units Isuzu Elf; 4 units Isuzu Dump Truck; 2 units Isuzu Cargo Truck; 1 unit Ford Ranger; 1 unit Mitsubishi Space Gear; 1 unit Toyota Corolla; 1 unit Nissan Frontier; 1 unit Toyota Innova; 1 unit Mitsubishi Strada and 1 unit Mitsubishi L300.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2013, the Company and its subsidiaries have no pending legal proceedings where claims exceed ten percent (10%) of total assets on a consolidated basis. The Company and its subsidiaries are involved in litigation on a number of cases and are subject to certain claims which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on each of the Company's operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the annual stockholders' meeting of the Company held on May 30, 2013, there are no other matters submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

As of March 31, 2014, the issued, treasury and outstanding shares of the Company are as follows:

	Issued Shares	Treasury Shares	Outstanding Shares
Convertible Preferred Class "A"	217,061	0	217,061
Common Class "A"	117,532,388	103,598	117,428,790
Common Class "B"	77,626,819	12,425	77,614,394
Total---------	195,376,268	116,023	195,260,245

The public float of the Company as of March 31, 2014 is 53.507%.

The equity ownership of foreign stockholders of the Company as of March 31, 2014 is 35,998,207 Class "B" shares or 18.44% of the total outstanding shares. The Company has three classes of share, two of which (the Common Class A and Convertible Preferred Class A shares) can be owned only by Philippine nationals and the other class of the Company's share is its Common Class B which may be owned by anyone regardless of nationality. The shares are listed in the Philippine Stock Exchange (PSE).

As of March 28, 2014, the closing price of Common Class A is ₱7.79 per share, ₱7.19 per share for Common Class B as of March 28, 2014 and ₱22.65 per share for Convertible Preferred Class A as of the last trading day on November 5, 2012.

a) The high and low prices of the Company's shares in the PSE for the first quarter 2014 are as follows:

	High Price	Low Price
Common Class A	₱8.90	₱6.70
Common Class B	8.95	7.00
Convertible Preferred Class A	No trading	

b) The high and low prices of the Company's shares for each quarter of 2013 and 2012 are as follows:

	1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER	
	2013	2012	2013	2012	2013	2012	2013	2012
CONVERTIBLE PREFERRED CLASS A*								
Highest Price Per Share	₱ -	₱51.15	₱ -	₱52.00	₱ -	₱30.20	₱ -	₱22.65
Lowest Price Per Share	-	31.00	-	30.00	-	30.05	-	22.65
COMMON CLASS A								
Highest Price Per Share	19.50	29.00	18.00	28.50	10.00	25.10	8.90	24.50
Lowest Price Per Share	17.60	25.60	10.00	22.00	7.90	22.50	6.20	18.80
COMMON CLASS B								
Highest Price Per Share	19.94	34.00	18.50	30.50	9.50	25.00	9.48	24.00
Lowest Price Per Share	17.00	25.50	10.00	21.80	8.00	22.15	6.00	18.80

(*) There were no transactions in 2013. The last trading day of the share is November 5, 2012 at a closing price of ₱22.65 per share.

For the Company's U.S. registered Class "B" shares – In view of the Company's voluntary deregistration of its Class "B" shares in the United States Securities & Exchange Commission (U.S. SEC) in 2008, trading of its U.S. registered class "B" shares (BENGF) in the Over-The-Counter (OTC) Pink Sheets was suspended. To address the concerns of its U.S. stockholders for lack of trading venue in the U.S., the Company continuously taking steps to have its U.S. registered Class "B" shares converted into Philippine registry. In its June 29, 2011 and May 29, 2012 Stockholders' Meetings, the Company sent out notices along with the annual report and proxy materials to its U.S. stockholders, informing them of the option to convert their shares to Philippine registry so they can transact in the Philippine Stock Exchange (PSE) in Manila. By converting the U.S. registered Class "B" shares into Philippine registered Class "B" shares, it is possible for the U.S. shareholders to trade their shares in the PSE. The Company's Class "B" shares are listed and traded in the PSE under the trading symbol of "BCB".

Holders - As of March 31, 2014, the Company's approximate number of shareholders is 16,952 and the list of top 20 stockholders for Common Class "A", Common Class "B" and Convertible Preferred Class "A" shares are as follows:

A. Common Class "A" Share

Name	Number of Shares Held	Percent to Total Issued Per Class
PCD Nominee Corporation (Filipino)	51,936,788	44.19%
Palm Avenue Holding Company, Inc.	21,874,909	18.61%
Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation	21,306,830	18.13%
Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation	10,278,125	08.74%
House of Investment, Inc.	2,848,637	02.42%
FEBTC TA 4113-000204-5 (ESPP)	1,700,000	01.45%
FEBTC TA 4113-00204-5	908,533	00.77%
Cynthia Manalili Manalang	500,000	00.43%
Henry Sy	373,535	00.32%
RP Land Development Corporation	320,000	00.27%
Henry Sy, Sr.	307,346	00.26%
Sysmart Corporation	289,652	00.25%
Pan Malayan Management and Investment Corporation	143,948	00.12%
RCBC TA #74-034-9	121,043	00.10%
Sun Hung Kai Sec. A/C# YUO34	118,875	00.10%
Marilex Realty Development Corporation	110,400	00.09%

FEBTC TA 4113-00204-5	97,008	00.09%
Enrique T. Yuchengco, Inc.	85,792	00.08%
Luis Juan L. Virata	78,001	00.07%
Franciso M. Vargas	73,000	00.06%

B. Common Class "B" Share

Name	Number of Shares Held	Percent to Total Issued Per Class
PCD Nominee (Filipino)	25,114,278	43.00%
Palm Avenue Realty and Development Co.	14,560,000	24.93%
PCD Nominee (Non-Filipino)	13,695,068	23.45%
David L. Sherman	926,859	01.59%
Michael Vozar TOD Sharon K. Vozar Sub To Sta Tod Rules	245,420	00.42%
National Financial Services	168,011	00.29%
Fairmount Real Estate, Inc.	161,419	00.28%
Independent Realty Corporation	161,147	00.28%
Richard Soltis & Veronica T. Soltis JT Ten	132,000	00.23%
Arthur H. Runk TTEE of Arthur H. Runk Liv Tr U/A dtd 08/17/1990	118,000	00.20%
Edmund S. Pomon	100,000	00.17%
William David Courtright	100,000	00.17%
William T. Coleman	100,000	00.17%
Garry A. Gil TTEE FBO Arthur Weir Gill Rev Tr	100,000	00.17%
Henry Sy	97,175	00.17%
Sanford E. Halperin	83,788	00.14%
Vince S. Chiaramonte & Mary W. Chiaramonte JTTen	72,200	00.12%
Nick Floros	70,000	00.12%
Orald L. Stewart TTE for the Orald Stewart TR dtd U/A 10/23/08	70,000	00.12%
Henry Sy Sr.	62,498	00.11%

C. Convertible Preferred Class "A" Share

Name	Number of Shares Held	Percent to Total Issued Per Class
PCD Nominee Corporation (Filipino)	59,933	27.61%
Fairmount Real Estate	59,262	27.30%
Jose Concepcion, Jr.	5,000	02.30%
Jalemont Realty Inc.	2,902	01.34%
Reginaldo Amizola	1,737	00.80%
Evengeline Alave	1,720	00.79%
Maverick Marketing Corporation	1,720	00.79%
Jayme Jalandoni	1,380	00.64%
Rosendo U. Alanzo	1,376	00.63%
Romelda E. Asturias	1,376	00.63%
Rosalina O. Ariacho	1,324	00.61%
CMS Stock Brokerage Inc.	1,324	00.61%
Luisa Lim	1,238	00.57%
Delfin GDN Jalandoni	1,118	00.52%
Ventura O. Ducat	1,032	00.48%
Conchita Arms	1,000	00.46%
Equitiworld Securities, Inc.	1,000	00.46%
Benito V. Jalbuena	1,000	00.46%
Remedios Rufino	1,000	00.46%
Carlos W. Ylanan	1,000	00.46%

Dividends – The Company has not declared any dividends in the two (2) most recent fiscal years 2013 and 2012 due to restrictions provided for in the Company's loan agreements with creditor banks. The dividend rights and restrictions of the Company's Convertible Preferred, Common Class A and Common Class B stocks is contained in the Amended Articles of Incorporation of the Company, to wit:

"For a period of ten years after issuance, the holders of each shares of Convertible Preferred Stock shall be entitled to receive out of surplus profits of the Corporation earned after issuance of such Stock, when and as declared by the Board of Directors, cash dividends equal to the peso amount of and payable at the same time as that declared on each share of Common Class A or Common Class B Stock. The total cash dividends payable at any given time on Common Class A, Common Class B and Convertible Preferred Stock shall not exceed seventy-five percentum (75%) of the total after-tax earnings for any current fiscal year of the Corporation from all sources.

Immediately upon the expiration of ten years from issuance, the holders of shares of Convertible Preferred Stock still outstanding shall be entitled to receive out of surplus profits of the Corporation, when and as declared by the Board of Directors, cash dividends at the fixed annual rate of eight percentum (8%) of the par value of such Stock before any cash dividends shall be declared or set apart for holders of Common Class A and Common Class B Stock. The balance of the net profits of the Corporation available for cash dividends shall be distributable exclusively to holders of Common Class A and Common Class B Stock. Dividends accrued and unpaid, if any, on the Convertible Preferred Stock at the end of any given fiscal year of the Corporation shall be cumulated, provided and to the extent that the net profits of the Corporation earned during such fiscal year are at least equal to the amount of such accrued and unpaid dividends; no cash dividends shall be declared and paid to holders of Common Class A and Common Class B Stock until after such accumulated, accrued and unpaid dividends on the Convertible Preferred Stock shall have been paid or provision for payment thereof made.

Holders of Convertible Preferred Stock shall not be entitled to any part of stock dividends declared and issued on outstanding Common Class A and Common Class B and no stock dividends may be declared and issued on Convertible Preferred Stock."

Recent Sales of Unregistered or Exempt Securities – Below are the transactions of sold stocks of the Company in the past three years.

a. Under the present implementation of the Company's Amended Stock Option Plan (the "Plan"), as of March 31, 2014, a total of 2,134,800 shares common class "A" at option price of ₱8.50 per share and 19,200 shares common class "B" at option price of ₱29.07 per share were exercised by the optionees in the April 6, 2006 stock option awards and 42,600 shares common class "A" at option price of ₱16.50 per share and 28,285 shares common class "B" at option price of ₱17.50 per share were exercised by the optionees in the May 3, 2011 stock option awards. The shares granted under the Plan are exempted from registration under SEC Resolution No. 084 dated March 31, 2008 and the listing of the shares was approved by the PSE.

b. Pursuant to the Memorandum of Agreement (MOA) on Private Placement dated April 7, 2010 between the Company and RBMC, the Company sold to RBMC 14,558,880 common class "A" shares at ₱12.00 per share and 9,705,840 common class "B" shares at ₱16.00 per share for a total value of ₱330 million. The placement was divided into two (2) transactions. The first transaction was completed on April 23, 2010 upon full payment of ₱150 million by RBMC to the Company for which RBMC subscribed 6,617,640 class "A" common shares and 4,411,770 class "B" common shares and the listing of the shares was approved by the Philippine Stock Exchange (PSE). The second transaction was completed on May 31, 2012 upon full payment of ₱180 million by RBMC to the Company for which RBMC subscribed 7,941,240 common class "A" shares and 5,294,070 class "B" common shares and the listing of the shares was approved by the PSE. The securities sold came entirely from the unissued capital stock of the Company which have been previously registered with the Securities and Exchange Commission (SEC) on September 20, 1989 per SEC-BED Order No. 748, Series of 1989. The sales are also exempted from the registration requirements under SEC Memorandum Circular No. 9, Series of 2008.

c. On August 23, 2013, the Company's Board of Directors approved the private placement of RYM Business Management Corporation (RBMC) where RBMC to infuse additional capital of up to ₱250 Million in exchange for equivalent number of shares (27,777,777 common shares) of the Company at the mutually agreed price of ₱9.00 for both Class A and Class B shares. The subscription or placement is divided into two transactions. The first part of the transaction was fully paid by RBMC the amount of ₱162 Million on September 20, 2013 upon execution of the Stock Subscription Agreement, where RBMC to acquire 18,000,000 common shares (consisting of 7,169,003 Class A and 10,830,997 Class B common shares). The securities sold will come entirely from the unissued capital stock of the Company which have been previously registered with the Securities and Exchange Commission (SEC) on September 20, 1989 per SEC-BED Order No. 748, Series of 1989. The sales are exempted from the registration requirements under SEC Memorandum Circular No. 9, Series of 2008.

In the first transaction, the Company has 14 months from date of full payment to issue and deliver to RBMC the equivalent class A and class B shares and within the same period, the Company shall cause the registration of the shares with the SEC and the listing of the shares at the PSE. As of this time, the Company's listing application is under review and evaluation by the PSE. The second transaction shall be in the form of an option for RBMC to subscribe to 9,777,777 common shares out of the new capital increase and to be effective when the Company obtained approval of the increase of its Authorized Capital Stock in the next stockholders' meeting on May 27, 2014 or its resetting date as the case may be. As additional feature, RBMC is entitled to a warrant to subscribe to additional shares at the ratio of one share for every two shares subscribed under the Second Transaction of up to a maximum of 4,888,888 shares, at the price of ₱9.50 per share. The Company has 12 months from date of full payment to issue and deliver to RBMC the equivalent common shares and within the same period, the Company shall cause the approval of the increase of its Authorized Capital Stock and registration of the shares with the SEC and the listing of the shares at the PSE. The parties may agree in writing to extend the foregoing periods in both transactions to allow the capital increase to be approved and the shares to be registered and listed.

The Company did not sell or issue securities within the past three years which are not registered under the SRC including the sales of reacquired securities, securities issued in exchange of property, services, or other securities, and new securities resulting from the modification of outstanding securities.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

THE MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AS OF AND FOR THE PERIOD ENDED DECEMBER 31, 2013 WHICH IS INCORPORATED HERETO BY REFERENCE. ALL NECESSARY ADJUSTMENTS TO PRESENT FAIRLY THE CONSOLIDATED FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS OF THE COMPANY AS OF DECEMBER 31, 2013, AND FOR ALL THE OTHER PERIODS PRESENTED, HAVE BEEN MADE.

A. FOR THE YEARS ENDED DECEMBER 31, 2013 VERSUS. 2012

During the year ended December 31, 2013, BC generated consolidated revenues of ₱2.3 billion made up of 20 shipments of nickel ore and 11,967 ounces of gold, as compared to ₱1.8 billion consolidated revenues realized in 2012 representing 15 shipments of nickel ore and 12,468 ounces of gold. Despite the increase in sales volume, the Company generated only a modest earnings of ₱7.7 million this year, lower compared to 2012 principally due to the softening of gold price which averaged US$1,409 per ounce in 2013 as against US$1,671 per ounce in 2012; lower average nickel price of US$30.35 per ton as against US$33.77 per ton in 2012; lower gold production volume and higher cost of mine products sold as a result of increased in volume of nickel ore sold.

Operating costs and expenses increased to ₱2.4 billion in 2013 from ₱1.6 billion in 2012 mainly due to increase in cost of mine products sold and services as a result of increase in volume of nickel ore sales.

Interest expense amounted to ₱126 million, higher compared to the ₱84 million in 2012. The increased was mainly due to the interest on additional loan obtained this year.

Other net income in 2013 amounted to ₱216.7 million, mainly from the reversal of impairment loss on the Kelly-Ampucao Project and reversal of accrual interest on the loan from Lazard. The other income of ₱395.8 million in 2012 includes ₱387 million non-recurring gain from debt settlement. Benefit from income tax in 2013 amounted to ₱9.8 million compared with ₱90.8 million income tax in 2012.

The Company's consolidated total assets amounted to ₱7.2 billion, up by 8% than 2012. The increased is primarily due to higher production resulting in higher ending nickel inventory, and revaluation increment of the Company's parcel of land amounting to ₱122 million

Cash and cash equivalents decreased to ₱358 million in 2013 from ₱508 million in 2012 mainly cash used by operating activities, equipment purchases for expansion of the Acupan Gold Project, exploration of Sta. Cruz Nickel Project Areas 2, 3 and 4, Greater Acupan Project (GAP) and repayment of loan amortization.

Trade and other receivables slightly declined to ₱706 million in 2013 from ₱721 million in 2012 mainly from collection of nickel ore shipment.

Inventories increased primarily due to higher production resulting in higher ending nickel inventory. Other current assets increased to ₱557 million from ₱258 million in 2012. The increased pertains mainly to the unapplied input VAT and creditable withholding tax. In 2013, short-term investment has been reclassified to commercial notes and was there after pre-terminated.

Property, plant and equipment increased to ₱3.7 billion in 2013 from ₱3.4 billion in 2012. The increase is attributable to the revaluation increment of the Company's parcels of lands and equipment purchases for the expansion of AGP, GAP and nickel project in Zambales.

Deferred mine exploration cost went up to ₱840 million in 2013 from ₱594 million in 2012. The increased pertains to the expenses incurred in the AGP's expansion program to increase its milling capacity, Nickel Expansion Project, Balatoc and Antamok Tailings Project.

Other non-current assets increased to ₱583 million from ₱539 million. The increased was mainly due to the increased in the Mine Rehabilitation Fund (MRF) and RYM Business Management Corporation RYM Business Management Corporation prepayments to various contractors and suppliers regarding various exploration projects.

Loans payable declined to ₱1.6 billion from ₱1.9 billion last year mainly due to the repayment of debt amortization this year.

Trade and other payables increased to ₱1,017 million in 2013 from ₱490 million in 2012 mainly from the purchases of various supplies for AGP and Arrow Freight Corporation (AFC) sub-contractors hauling services for BNMI not yet paid in 2013.

Deferred income tax liabilities slightly decreased to ₱792 million compared to ₱813 million last year. Accrued pension liability amounted to ₱93 million compared to ₱71 million in 2012. The increase in manpower and salary in 2013 accounted for the increased.

Obligations under finance lease decreased on account of the repayment made during the year. Increased in noncurrent liabilities to ₱140 million from ₱67 million in 2012 pertains to advance payments received from nickel customers. The advances from nickel customers will be applied against future receivables.

Capital Stock increased to ₱532 million from ₱492 million in 2012 due to the additional investment made by RYM Business Management Corporation (RBMC). For the same reason, capital surplus increased to ₱161 million from ₱21 million last year.

Other components of equity increased to ₱1,087 million from ₱1,024 million in 2012 primarily due to the revaluation increment of the Company's parcel of land amounting to ₱122 million

The modest income during the year resulted to a slight increased in retained earnings.

Increased in Stockholders Equity to ₱3.4 billion from ₱3.1 billion in 2012 is attributed to the private placement of RBMC pursuant to the Memorandum of Agreement on April 7, 2010 between the Company and RBMC and Stocks Subscription Agreement dated May 4, 2012.

Other information on Management Discussion and Analysis of Financial Position and Results of Operations is also discussed on pages 44 to 49 in the PRESIDENT'S REPORT incorporated hereto by reference (Annex "A").

Key Performance Indicators

Working Capital- Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of December 31, 2013, the Company's current ratio is 0.88:1 versus 1.25:1 in 2012.

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. The average market prices for gold sold were at US$1,409 per ounce in 2013 and US$1,671 per ounce in 2012.

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. Tons milled in 2013 were 88,755 with average grade of 4.96 grams per ton gold. Gold sold in 2013 were 11,967 ounces. In 2012, tons milled were 54,962 with average grade of 8.11 grams per ton gold. Gold sold in 2012 were 12,468 ounces.

Foreign Exchange Rate- 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 December 31, 2013, the peso to dollar exchange rate was at ₱44.40 higher as compared to ₱41.05 in 2012.

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. The Company earnings per share in 2013 is ₱0.04 compared to earnings per share of ₱3.91 in 2012. With the anticipated shipments of nickel ores in the Sta. Cruz Nickel Project and projected improvement in gold production of ACMP compounded with the prevailing favorable metal price, the Company anticipates an improvement in its earnings per share in 2014.

Known Trends, Events or Uncertainties

The Company does not foresee within the next twelve months any cash flow or liquidity problems. AGP continues increase gold production due to ongoing exploration and drilling programs to upgrade its capacity. ILP maintains steady market of quicklime and SCNP has assured market for high and low grade nickel ores to signing of off-take agreements with Minecore Resources Inc., Bright Mining & Resource Company Ltd., and LS Networks Company, Ltd. In addition, the Company's Board of Directors approved on August 23, 2013 the private placement transaction between the Company and RYM Business Management Corporation (RBMC). RBMC will infuse additional capital of up to ₱250 Million in exchange for equivalent number of shares based on average market price plus premium of

₱9.00 per share for Class “A” and “B” shares. The first part of the transaction was done on September 20, 2013 upon execution of the Stock Subscription Agreement and full payment by RBMC of ₱162 Million where RBMC to subscribe 18,000,000 common shares (consisting of 7,169,003 Class A and 10,830,997 Class B common shares), which are the remaining unissued shares of the Company. The second transaction shall be in the form of an option for RBMC to subscribe to 9,777,777 common shares out of the new capital increase and to be effective when the Company obtained approval of the increase of its Authorized Capital Stock in the next stockholders’ meeting on May 27, 2014 or its resetting date as the case may be. As additional feature, RBMC is entitled to a warrant to subscribe to additional shares at the ratio of one share for every two shares subscribed under the Second Transaction of up to a maximum of 4,888,888 shares, at the price of ₱9.50 per share.

Within the ensuing twelve months, the Company anticipates changes in the number of employees due to reduction of manpower in drilling activities of its Acupan Gold Project in Itogon, Benguet and Sta. Cruz Nickel Project in Zambales.

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked although, the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business which are not presently determinable. The Parent Company’s outstanding principal debt subject to the 1992 Restructuring Agreement was reduced to ₱117 million or only 10% of the original principal. The Company remains committed to a final and comprehensive settlement of all the old debt or to arrange a suitable restructuring of the remaining obligations.

There is 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 reporting period.

Other than what have been discussed in their respective sections above, 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 from the year ended December 31, 2013 to December 31, 2012.

B. FOR THE YEARS ENDED DECEMBER 31, 2012 VERSUS 2011

The Company’s operating revenues amounted to ₱1.8 billion, significantly higher than last year. The increased was attributed to the mining business which contributed 89% of the consolidated revenues. The Acupan Gold Project (AGP) and Benguet Nickel Mines (BNMI) Sta. Cruz Nickel Project contributed ₱439 million and ₱1.1 billion, respectively. AGP gold production continues to improved to 6,238 ozs from 4,625 ozs last year. BNMI shipped 735,190 tons in its first year of operation. The total volume shipped including those from its mining contractor in Area 1 increased to 1.488 million tons in 2012 from 1.441 million tons in 2011.

Consolidated net earnings amounted to ₱637 million for 2012, inclusive of ₱387 million non-recurring gain from debt settlement. In 2011, consolidated earnings amounted to ₱1.4 billion, inclusive of a non-recurring gain of ₱797 million from debt settlement and a ₱411 million gain from the sale of Kingking interest.

Consolidated earnings declined as a result of lower non-recurring gains but operating income is almost at the same level as in previous year. Despite the increase in sales revenue, the operating income was maintained at the same level as last year because the increase in revenues was partly offset by the increased in gold production cost and ramp up expenses.

The mining operations as a group contributed ₱549 million inclusive of ₱387 million non-recurring gain from debt settlement. Benguet Management Corporation, a wholly owned subsidiary and its subsidiaries added ₱88 million mainly from the logistics services provided to BNMI.

Operating costs and expenses went up to ₱1,577 million in 2012 from ₱734 million in 2011 mainly due to increase in cost of mine products and services sold and selling and general expenses.

Interest expense amounted to ₱84 million primarily from the interest on loans and advances obtained in 2012. The interest expense in 2011 decreased by ₱43 million mainly due to the settlement of restructured bank loans and reduced interest on the remaining dollar denominated loans due to the appreciation of peso against the US Dollar.

Other net income in 2012 amounted to ₱396 million lower than the other income of ₱1.3 billion in 2011. The decrease versus the previous year is mainly due to the lower non-recurring gain of ₱387 million from debt settlement in 2012 versus ₱797 million gain from debt settlement and ₱411 million income from sale of Kingking interest in 2011.

In 2012, benefit from income tax amounted to ₱92 million compared with the provision for income tax of ₱96 million in 2011. The ₱45 million provision for income tax liability of the Sta. Cruz Nickel Project this year was offset by the ₱137 million increased in deferred tax assets.

The Company's consolidated total assets amounted to ₱6.6 billion, up by 25% than 2011. The increased is basically due from the US$20 million Pre-Export Financing Facility obtained from Amsterdam Trade Bank N.V and Maybank Philippines, Inc. and the ₱180 million Private Placement with RYM Business Management Corp.

Cash and short-term investments decreased to ₱0.7 billion in 2012 from ₱1.3 billion in 2011 mainly cash used by operating activities, equipment purchases for expansion of the Acupan Gold Project , exploration of Sta. Cruz Nickel Project Areas 2, 3 and 4, Greater Acupan Project (GAP) and debt settlement.

Trade and other receivables increased to ₱721 million in 2012 from ₱140 million in 2011 mainly from nickel ore shipment not yet collected.

Inventories increased to ₱175 million from ₱37 million last year. The increased pertains to the nickel ore inventory booked this year and increased in purchases of materials and supplies for AGP.
Other current assets increased to ₱258 million from ₱117 million in 2011 partly due to the increased in input tax on various purchases of goods and services for Acupan Gold Project and Nickel Project expansion.

Property, plant and equipment increased to ₱3.3 billion in 2012 from ₱3.0 billion in 2011 due to equipment purchases for the expansion of AGP, GAP and nickel project in Zambales.

Deferred mining exploration costs went up to ₱747 million in 2012 from ₱408 million in 2011. The increased pertains to the expenses incurred in the AGP's expansion program to increase its milling capacity, Nickel Expansion Project, Balatoc and Antamok Tailings Project and GAP.

Other non-current assets increased to ₱536 million from ₱134 million. The increased was mainly due to the investible funds of the parent company under the management of an investment banking corporation and additional Mine Rehabilitation Fund deposited with a local bank in compliance with the requirements of DENR Administrative Order (DAO) No. 96-40.

The current portion of loans payable declined to ₱966 million from ₱1,004 million last year mainly due to the debt settlement this year.

Trade and other payables increased to ₱490 million in 2012 from ₱243 million in 2011 mainly from the purchases of various supplies for AGP and Arrow Freight Corporation (AFC) sub-contractors hauling services for BNMI not yet paid in 2012.

The regular corporate income tax due from the Sta. Cruz Nickel Project accounted for the income tax payable this year.

The non-current portion of loan payable of ₱931 million increased from ₱563 million in 2011 mainly from the US$20 million Pre-Export Facility obtained from ATB and Maybank Philippines. The loan was obtained to fund its capital expenditure and working capital requirements.

Deferred income tax liabilities decreased to ₱817 million from ₱980 million last year. The decreased pertain to the reduction in excess of accelerated deduction of mining exploration write-off and excess of accelerated depreciation over normal depreciation.

Accrued pension liability amounted to ₱57 million compared to ₱30 million in 2011. The increase in manpower and salary in 2012 accounted for the increased.

Obligations under finance lease pertains to transport equipment acquired by Parent Company.

Other non-current liabilities slightly decreased to ₱67 million from ₱74 million in 2011.

In December 2012, the Philippine SEC approved the Benguet Management Corporation, wholly owned subsidiary application for quasi reorganization to wipe out its deficit as of December 31, 2011, setting it off against its capital surplus and revaluation increment. The quasi-reorganization and the income this year resulted to a positive retained earnings of ₱1,614 million compared to ₱975 million in 2011. For the same reason, the Stockholders Equity increased to ₱3.1 billion from ₱2.3 billion last year.

Key Performance Indicators

Working Capital- Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of December 31, 2012, the Company's current ratio is 1:1.25 versus 1:1.18 in 2011.

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. The average market prices for gold sold were at US$1,673 per ounce in 2012 and US$1,589 per ounce in 2011.

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. Tons milled in 2012 were 32,790 with average grade of 6.89 grams per ton gold. Gold sold in 2012 were 6,238 ounces. In 2011, tons milled were 21,121 with average grade of 7.92 grams per ton gold. Gold sold in 2011 were 4,625 ounces.

Foreign Exchange Rate- 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 December 31, 2012, the peso to dollar exchange rate was at ₱41.05 lower as compared to ₱43.919 in 2011.

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. The Company earnings per share in 2012 is ₱3.89 compared to earnings per share of ₱8.50 in 2011. With the anticipated shipments of nickel ores in the Sta. Cruz Nickel Project and projected improvement in gold production of ACMP compounded with the prevailing favorable metal price, the Company anticipates an improvement in its earnings per share in 2013.

Known Trends, Events or Uncertainties

The Company does not foresee any cash flow problems over the next twelve months due to continuing improvement of its gold production compounded with the prevailing favorable metal price and assured market of the nickel ores due to existing off-take agreements. Through the off-take arrangement, BNMI signed an agreement for a three-year off-take contract with Bright Mining & Resource Company Ltd., on August 24, 2011, for the sale and delivery of 1.8 million metric tons of nickel ore grading at least 1.8% and with Minecore Resources Inc., on October 5, 2011, for 1.8 million metric tons of nickel ore grading 1.8% and above and 200,000 metric tons of 1.6% nickel. Within the ensuing twelve months, the Company anticipates changes in the number of employees due to expansion of its gold and nickel operations.

In May 2012, the Company sold 13,235,310 common shares consisting of 7,941,240 shares of Class "A" and 5,294,070 shares of Class "B" for a total consideration of ₱180 million pursuant to a Private Placement with RYM Business Management Corporation (RBMC). The transaction is the second private transaction under the terms and conditions of the Memorandum of Agreement (MOA) dated April 7, 2010, Addendum to the MOA dated September 17, 2010 and Stock Subscription Agreement dated May 4, 2012 between the Company and RBMC, with the first transaction having been completed in April 2010. The funds will be utilized for general corporate purposes, and to fund in part the development of various mining projects of the Company, including the BTP and AGP. In turn, the income generated from these projects will be used to advance the other mineral properties of the Company and to acquire or enter into joint venture arrangement for promising properties and/or projects.

In July 2012, the Company signed a US$20 million Pre-Export Financing Facility Agreement with Amsterdam Trade Bank N.V. and Maybank Philippines Inc., to be used for working capital and capital expenditure requirements.

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked although, the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business which are not presently determinable. The Parent Company's outstanding principal debt subject to the 1992 Restructuring Agreement was reduced to ₱117 million or only 10% of the original principal. The Company remains committed to a final and comprehensive settlement of all the old debt or to arrange a suitable restructuring of the remaining obligations.

There is 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 reporting period.

Other than what have been discussed in their respective sections above, 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 from the year ended December 31, 2012 to December 31, 2011.

ITEM 7. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the period ended December 31, 2013, schedules listed in the accompanying index to exhibits and index to supplementary schedules are incorporated herein by reference and as part of this report (SEC Form 17-A).

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company's independent public accountants, Sycip Gorres Velayo and Company (SGV) was re-appointed by the Board of Directors and approved/ratified by the stockholders of the Company on May 29, 2012 and May 30, 2013, respectively. Audit services of SGV for the calendar year ended December 31, 2013 included the examination of the parent and consolidated financial statements of the Company, assistance in the preparation of annual income tax return and other services related to filing of reports made with the Securities and Exchange Commission (SEC).

The Company is in compliant with SRC Rule 68, paragraph (3)(b)(iv) requiring the rotation of external auditors or engagement partners who have been engaged by the Company for a period of five (5) consecutive years. The engagement partner who conducted the audit for Calendar Years 2012 and 2013 is Mr. Jaime F. Del Rosario, an SEC accredited auditing partner of SGV. This is Mr. Del Rosario's second year as engagement partner for the Company. There has been no event occurred where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedures.

For the last two fiscal years, the aggregate audit fees inclusive of VAT and out-of-pocket expenses billed by SGV & Company are ₱4.7 million for 2013 and ₱4.5 million for 2012. For year 2013, the Company engaged the services of SGV in handling the BIR tax investigation of the Company for taxable year 2009. The fees for this engagement is ₱1.8 million exclusive of VAT. There are no other services rendered by the external auditor other than the usual audit services as mentioned above.

Prior to the commencement of audit work, the external auditor presented their program and schedule to the Company which included discussion of issues and concerns regarding the audit work to be done. The external auditor presented to the Audit Committee the audited financial statements of the Company for the year for approval and endorsed to the full Board for final approval prior to release/issuance by the external auditor.

Representatives of SGV are expected to be present at the stockholders' meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

The Audit Committee of the Company is composed of four directors chaired by an independent director, Mr. Bernardo M. Villegas and the members are: Messrs. Andres G. Gatmaitan, Isidro C. Alcantara, Jr., and Rogelio C. Salazar.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

A. Directors – In the May 30, 2013 Annual Stockholders' Meeting, no election was held because the Temporary Restraining Order (TRO) enjoining the holding of election of directors remained in force. Thus, the present set of directors of the Company continued to remain in office on hold-over capacity until their successors are elected and qualified.

The Company's independent directors are Messrs. Bernardo M. Villegas and Alberto C. Agra. They possess all the qualifications and none of the disqualifications provided for in the Company's Manual on Corporate Governance/By-Laws and Securities Regulation Code (SRC) and its Implementing Rules & Regulations. The Company defines an independent director as a person other than an officer or employee of the Company, its parents or subsidiaries, or any other individual having a relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

Below is the composition of Board of Directors with their corresponding ages, citizenship, brief descriptions of the business experience for the past five years and positions and offices held in the Company.

DIRECTORS REPRESENTING HOLDERS OF CONVERTIBLE PREFERRED CLASS A AND COMMON CLASS A STOCKS:

DANIEL ANDREW G. ROMUALDEZ, 54 years old, Filipino, is the Chairman of the Board of Directors since July 21, 2011 to present. He first became a Director of the Company by appointment on October 22, 2002 and has served as Vice Chairman of the Board of Directors (January 9, 2009-July 20, 2011). He is also the Chairman of the Property Development Committee of the Company, Trustee of Doña Remedios Trinidad Romualdez Medical Foundation Inc., and Dr. V. Orestes Romualdez (DVOR) Educational Foundation Inc. Formerly, he worked with The Office of Thierry Despont (September 1986-December 1986), Dimitri Dalamotis Associates (January 1987-March 1988) and Robert Stern Architects in New York, New York (March 1988-May 1993). Mr. Romualdez is a Registered Architect and Principal of Daniel Romualdez Architects, P.C. (August 1993-present).

ROGELIO C. SALAZAR, 78 years old, Filipino, has been a Director of the Company since August 25, 2010 to present. He is a Member of the Audit Committee, Risk Management Committee and Stock Option Committee of the Company. He also holds, among others, the following positions: Concurrently President and Chief Executive Officer of Kamahalan Publishing Corporation and Kagitingan Printing Press, Inc. (1998-present) His experience in operations and management in Mining extends over 21 years with Atlas Consolidated Mining and Development Corporation (ACMDC) in various capacities in the operations as Foundry Superintendent (1966-1969), Metallurgical Division Manager (1969-1974), Asst. Vice President for Metallurgy (1969-1974), Asst. Vice President for Administration and Services (1977-1979), and in top management as President & Chief Executive Officer and as Board of Director (1989 – 1997). Formerly, he was President (1990-1992) and Director (1989-1997) of the Chamber of Mines of the Philippines; President/Chief Operating Officer and Director, International Container Terminal Services Inc. (February 1997-April 1998); President/Chief Executive Officer and Director (1983-1989), Executive Vice President (1981-1983) and Vice President (1979-1981) of Paper Industries Corporation of the Philippines (PICOP) and concurrent positions in the A. Soriano Corporation (ANSCOR) Group of Companies such as Executive Vice President and Director, A. Soriano Corporation; Chairman of the Board, Ansor International Ltd.; President and CEO, ACMDC Ventures, Inc., President, Sgma Cee Mining Corporation; Executive Vice President, Southern Cross Cement Corporation; and various directorship, during the period 1989–1997; General Manager-Steel Foundry Division, Engineering Equipment, Inc. (1963-1996); Production Superintendent-Porcelain Enameling Plant, and concurrent Head of Quality Control, Manufacturing Division, Inter-Island Gas Service, Inc. (April 1962-September 1963).

ALBERTO C. AGRA, 51 years old, Filipino, has been an Independent Director of the Company since August 25, 2010 to present. He is Chairman of Risk Management Committee, Member of the Executive Committee, Property Development Property Committee and Nomination Committee of the Company. He also holds, among others, the following positions: Independent Director of Balatoc Gold Resources Corporation (2012 to present) and Benguetcorp Nickel Mines, Inc. (2012 to present), President of Forensic Law and Policy Strategies, Inc. or Forensic Solutions (August 2010-present); Professor of Laws, College of Law, Ateneo de Manila University (November 1993-present [on leave, AY 2010-2011]); Ex-Officio Trustee, Board of Trustees of MWSS (March 2007-present). Formerly, he was Acting Secretary, Department of Justice (March 2010-June 2010); Acting Solicitor General, Office of the Solicitor General (January 2010-June 2010); Government Corporate Counsel, Office of the Government Corporate Counsel, Department of Justice (March 2007-March 2010); and Chief Regulator, Officer-In-Charge, Regulatory Office of MWSS.

MARIA REMEDIOS R. POMPIDOU, 47 years old, Filipino, has been a Director of the Company since October 25, 2000 to present. She is the Chairman of BenguetCorp Laboratories, Inc., a wholly owned subsidiary of the Company (2013 to present) and member of Investment Committee of the Company. She also holds, among others, the following positions: Director of Redpalm Tree Realty & Development Corporation, Director of Perea Realty & Development Corporation; Chairperson of Sequioa Business Management Corporation; Trustee of Doña Remedios Trinidad Romualdez Medical Foundation Inc., Dr. V. Orestes Romualdez (DVOR) Educational Foundation Inc., and RTR Foundation for Scientific Research and Development Inc.; President/Chief Executive Officer of MRP New York Inc., and Management & Consulting Firm; Publisher of Visionaire Publishing LLC; Managing Director, Sumitomo Consulting Group; Senior Vice President, Katsoba Management Consulting; and Associate of Dream Studio.

LUIS JUAN L. VIRATA, 60 years old, Filipino, has been a Director of the Company since August 8, 1995 to present. He is a Member of the Investment Committee of the Company. He also holds, among others, the following positions: Chairman/Chief Executive Officer of CLSA Exchange Capital Incorporated; Chairman/President, Exchange Properties Resources Corporation (owner of Caylabne Bay Resort); President/Chief Executive Officer, Coastal Road Corporation; Director, Huntsman Foundation (Wharton School of the University of Pennsylvania, USA), Group 4 Securitas; Founder/Trustee, Asia Society; Board of Trustees, De la Salle University of Dasmariñas, Cavite. Formerly, he was President & Acting CEO of Philippine Airlines; Chairman/CEO, Jardine Fleming Exchange Capital Group, Inc.; President & Director, NSC Properties, Inc.; Director, National Steel Corporation; Deputy Country Manager, Crocker National Bank; Member, Philippine Stock Exchange and Makati Stock Exchange; Founder-Trustee, Metropolitan Museum of the Philippines.

CESAR C. ZALAMEA, 84 years old, Filipino, has been a Director of the Company since October 9, 2013 in replacement of Mr. Dennis R. Belmonte, who resigned as Director effective October 8, 2013. Mr. Zalamea was a former Director of the Company and became Chairman of Benguet Corporation from 1984 to 1986. Currently, he is Chairman of Focus Range International Limited, a Hongkong based company. He is also special envoy to China.

DIRECTORS REPRESENTING HOLDERS OF COMMON CLASS B STOCK:

BENJAMIN PHILIP G. ROMUALDEZ, 52 years old, Filipino, is the Vice Chairman since July 21, 2011 and President/Chief Executive Officer of the Company since June 25, 1998. He first became a Director of the Company on May 26, 1992 and elected to the Board as Chairman (August 8, 1995-October 22, 2002) / (January 9, 2009-July 20, 2011). He is the Chairman of the Executive Committee, Investment Committee, Nomination Committee and a Member of the Property Development Committee and Salary (Compensation) Committee of the Company. He is also the Chairman/CEO of

Benguet Management Corporation (2009 to present); Chairman of Benguetcorp Nickel Mines, Inc. (2011 to present), Benguet Pantukan Gold Corporation (2011 to present); BenguetCorp International Limited (Hongkong) (1998 to present); and Vice Chairman of BenguetCorp Laboratories, Inc.(2012 to present) and Acupan Gold Mines, Inc. (2012 to present), the wholly owned subsidiaries of the Company. He also holds, among others, the following positions: President, Chamber of Mines of the Philippines (2004-present); Director of Philippine Chamber of Commerce & Industry (PCCI) (Dec. 4, 2009-present), PCCI Vice President-Industry (Jan. 2010-present), Chairman of PCCI Mining Committee (Feb. 2014-present), Oxford University and Cambridge University Club of the Philippines (Jan. 2006-present), and Philippine Mine Safety and Environment Association (2004-present); Trustee, Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1984-present) and Philippine-Australia Business Council (PABC) (2004-present); Trustee/Chairman and Vice President, Dr. Vicente Orestes Romualdez (DVOR) Educational Foundation, Inc. (1995-present); and Trustee/Treasurer, RTR Foundation for Scientific Research and Development Inc.

ANDRES G. GATMAITAN, 73 years old, Filipino, has been a Director of the Company since February 10, 1987 to present. He is also the Chairman of Salary (Compensation) Committee and Stock Option Committee and a Member of the Executive Committee, Audit Committee and Corporate Governance Committee of the Company. He also holds, among others, the following positions: Senior Counsel of SyCip Salazar Hernandez & Gatmaitan Law Office which is the outside counsel of the Company; Chairman, Convergy Services Philippines Corporation and JVS Asia, Inc.; President, United Holdings and Development, Inc., and St. Agen Holding, Inc.; Director, Benguetcorp Nickel Mines, Inc. (2011 to present) the wholly owned subsidiary of the Company, Supralex Asia Ventures Corporation, Colgate Palmolive Philippines, Inc., Triumph International (Philippines) Inc., Maybank Philippines, Inc., JVS Worldwide, Inc., Star Performance Philippines, Inc., Unicharm Philippines, Inc., AMI Philippines, Inc.; and Holcim Cement Corporation.

BERNARDO M. VILLEGAS, 75 years old, Filipino, was designated Independent Director of the Company since 2002, although he has been a Director since June 25, 1998 prior to the issuance of SEC Circular No. 16 dated November 29, 2002. He is also the Chairman of the Audit Committee and Corporate Governance Committee and a Member of the Salary (Compensation) Committee, Stock Option Committee, Investment Committee, Property Development Committee and Nomination Committee of the Company. He also holds, among others, the following positions: Independent Director of Benguetcorp Nickel Mines, Inc. (2012 to present), a wholly owned subsidiary of the Company; Director and Consultant, Insular Life, Transnational Diversified, Inc. (1998 to present); Member of the Boards of Dualtech Foundation (1998 to present); Director and Consultant of Alaska (1999 to present); and Columnist, Manila Bulletin (1964 to present). Formerly, he was Director of Makati Business Club (1981-2010); Director, Phinma Foundation (1995-2001); Director, Pilipinas Shell Foundation (1995-2001); Senior Vice President, University of Asia and the Pacific (2004-2006); Chairman, Center for Research and Communication (1995); President, Philippine Economic Society (1972-1974); Chairman, Department of Economics-De La Salle University Manila (1964-1969), Committee on the National Economy & Patrimony (1986); Director, Economic Research Bureau and Graduate School of Business-De La Salle University Manila (1967-1968); Project Director, Philippine Economic History under the National Historical Commission (1969-1972); Member, Preparatory Commission for Constitutional Reforms and Constitutional Commission (1999); Consultant, Productivity Development Center-National Economic Council and Program Implementation Agency (1968-1969).

ISIDRO C. ALCANTARA, Jr., 60 years old, Filipino, has been a Director of the Company since November 14, 2008 to present. He is also a Member of the Executive Committee, Audit Committee, Risk Management Committee, Investment Committee, Property Development Committee and Corporate Governance Committee of the Company. He also holds, among others, the following positions: Director of the following subsidiaries of the Company: Benguetcorp Nickel Mines, Inc. (2012 to present); Benguet Management Corporation (2012 to present) and Balatoc Gold Resources Corporation (2009 to present); and President of Financial Risk Resolution Advisory, Inc. (2006 to present). Formerly, he was Sr. Vice President & Head of Corporate & Institutional Banking of Hongkong and Shanghai Corporation (HSBC), Manila, Philippines (2005); President & Chief

Executive Officer of Philippine Bank of Communications (PBCom), Manila, Philippines (2000-2004); Executive Vice President, Corporate Banking Group of Equitable PCI Bank (EPCIB), Manila, Philippines (1981-2000); Director, Bankers Association of the Philippines (2000-2003). He previously worked with Bancom Finance Corporation, PCI Bank & Insular Bank of Asia & America- Bank of America Affiliate (1975 to 1981).

B. **Executive Officers -** The following persons are the executive officers for 2013-2014 with their corresponding positions and offices held in the Company and its subsidiaries and/or affiliates. The executive officers are elected annually to a one-year term (subject to removal) by the Board of Directors immediately following the Annual Stockholders' Meeting.

DANIEL ANDREW G. ROMUALDEZ, 54 years old, is the Chairman of the Board of Directors of the Company since July 21, 2011.

BENJAMIN PHILIP G. ROMUALDEZ, 52 years old, is the President & Chief Executive Officer of the Company since June 25, 1998 and he is also Vice Chairman of the Company since July 21, 2011.

BIENVENIDO M. ARAW II, 67 years old, Filipino, is the Senior Vice President-Project & Organization Development Officer of the Company since March 17, 2010. He also holds various positions and directorship to the following subsidiaries of the Company: Chairman/President of Berec Land Resources, Inc.; President & Chief Operation Officer of Balatoc Gold Resources Corporation; Vice Chairman of Benguetrade, Inc.; Director of Benguet Management Corporation, Acupan Gold Mines, Inc., Calhorr 1 Marine Services Corporation, Calhorr 2 Marine Services Inc., and Ex-Officio Member of Benguetcorp Nickel Mines, Inc. He also holds, among others, the following positions: Rehabilitation Receiver, Our Lady of Pilar Montessori Center (2003-present) and Philippine Appliance Corporation (2002-present). His previous employments include: Project Director-Medical Center Parañaque, Inc. (2002-2005); Senior Consultant, ZMG Ward Hawell (2008-2010); Chief Executive Officer-Davies Energy System Inc. (2007-2008); President and CEO-JP Latex Technology, Inc. (2004-2007); Management Consultant of Seachamp Int'l Export Corp Sedgewich Trader's Corp (2002-2004) and Sankyo Selki (Phils) Manufacturing Corporation (2002-2004); Executive member-Uniwide Holdings Inc. Interim Rehabilitation Committee (1999-2002); President-Uniwide Sales Realty and Resources Corporation (1997-2002); Director-Asian Amalgamated Corporation (1998-2002); Director-Filipinas Synthetic Fiber Corporation (Filsyn)/Lakeview Industrial Corporation (1991-2000); President-Lakeview Industrial Corporation (1991-1997); Director-Capital Garment Corporation (1985-1997); Senior Vice President-Filsyn (1984-1997); Vice President for Marketing-Filsyn (1977-1984); Vice President for Operations-Filsyn (1976); and Sales Engineer-Usiphil, Inc. (1969-1971).

MARCELO A. BOLAÑO, 65 years old, Filipino, is the Senior Vice President, Engineering, Research & Project Development since February 17, 2012. Prior to his present position, he was Senior Vice President for Mining and Technical Services (June 1998-February 2012). He also holds various positions and directorship to the following subsidiaries of the Company: President/COO of Pillar of Exemplary Consultants Inc. (1999- present); Chairman/President of Sagittarius Alpha Realty Corp. (1997-present); President of BC Property Management, Inc. (2011-present); Director/President of Benguet Pantukan Gold Corporation (2011-present); Director of Benguetcorp Nickel Mines, Inc. (2011-present), Balatoc Gold Resources Corp. (1998-present), Ifaratoc Mineral Resources Corp. (2009-present), Batong Buhay Mineral Resources Corporation (2011-present), Calhorr 1 Marine Services Corporation (2012-present), Calhorr 2 Marine Services Inc. (2012-present) and Benguetrade, Inc.. Formerly, he was Chairman/President, Benguetcorp Nickel Mines Inc. (2009-2011); President, Benguet Management Corporation; Director Kingking Copper-Gold Corp. (2009-2011); Vice President for Operations and General Manager of Dizon Copper-Gold and Masinloc Chromite Operations and at the same time Technical Assistant to the President (1993-1994); Assistant General Manager of Dizon Copper-Gold (Feb.1993-Apr. 1993), Masinloc Chromite Operations (Feb. 1991-June 1991) & Kingking Copper-Gold Project (May 1993-June 1993); and Acting General Manager of Baguio Gold Operation (1992-1993). Before joining Benguet Corporation, he was a Planning & Development Engineer of Ledesco Development Corporation & Alta Tiera Resources, Inc. (1973-1975); Office Engineer, E.R. Bacon Philippines (1973); Senior Office Engineer, Honiron Philippines, Inc. (1971-1973).

RENATO A. CLARAVALL, 62 years old, Filipino, is the Senior Vice President-Chief Finance Officer of the Company since March 16, 2010. He also holds various positions and directorships to the following subsidiaries of the Company: Chairman of Benguetrade, Inc.; Vice Chairman of Benguet Management Corporation (2012 to present); Director/Vice President & Treasurer of Keystone Port Logistics and Management Services Corporation (2013 to present) and Saguittarius Alpha Realty Corporation (2012 to present); Director/Treasurer of Benguet Pantukan Gold Operation, Acupan Gold Mines, Inc. (2012 to present); Ex-Officio Member & Treasurer of Benguetcorp Nickel Mines, Inc.; Director of Balatoc Gold Resources Corporation (2011-present), Berec Land Resources, Inc., (2011-present), BMC Forestry Corporation (2011-present), and Benguetcorp Laboratories, Inc. (2012-present). Mr. Claravall is a Senior Executive with a multi-faceted 39-year work experience primarily in financial services: Banking (commercial and investment) and Insurance. His previous employments include: Chief Financial Officer-Creative Hotel Concepts Group (2009-2010), President-MRC Allied Industries, Inc. (2008), General Manager-Value Gen Financial Insurance Company, Inc./BancLife Insurance Company, Inc. (2002-2008), Senior Vice President/Consultant – Export and Industry Bank (2001-2002), Officer-in-Charge – Urbancorp Investments, Inc. (2000-2002), Treasurer and Senior Vice President – Urban Bank, Inc. (1997-2000),Deputy General Manager – Bank of Boston, Manila Offshore Branch (1984-1997), Senior Manager – Union Bank of the Philippines (1979-1984).

REYNALDO P. MENDOZA, 57 years old, Filipino, is the Senior Vice President for Legal of the Company since August 25, 2006 to present and Assistant Corporate Secretary (2002 to present). He is also Corporate Secretary of the following subsidiaries of the Company: Arrow Freight Corporation, BMC Forestry Corporation, Benguetrade, Inc., Sagittarius Alpha Realty Corporation, Benguet Pantukan Gold Corp., (1997 to present), Pillars of Exemplary Consultants Inc. (1996-present), Benguetcorp Nickel Mines, Inc. (2009-present), Balatoc Gold Resources Corp.(1998-present), Ifaratoc Mineral Resources Corp. (2009-present), Berec Land Resources, Inc. (2000- present), Benguet Management Corporation, Aqua de Oro Ventures Corporation, BC Property Management, Inc., Batong Buhay Mineral Resources Corporation, Keystone Port Logistics and Management Services Corporation. Formerly, he was Director of Jaime V. Ongpin Foundation (1996-2007). Before joining Benguet Corporation, he was Staff Lawyer of PDCP (1987-1988) and Malayan Insurance Company (1986-1987); Associate Lawyer, Castro, Villamor & Associate (1985-1986); Legal Assistant/Apprentice Lawyer, Gono Law Office (1985).

LINA G. FERNANDEZ, 49 years old, Filipino, is the Vice President for Corporate Planning, Chief of Staff & Assistant Treasurer of the Company since August 25, 2006. She is also Risk Management Officer (March 2011-present) and Chief of Staff and Assistant Treasurer (May 30, 2013-present) of the Company. She also holds various positions and directorship to the following subsidiaries of the Company: Concurrent Acting President of Benguetcorp Nickel Mines, Inc. (2012-present); Director/Treasurer of Benguet Management Corporation; Director/Asst. Treasurer of Berec Land Resources, Inc., and Saguittarius Alpha Realty Corporation; Director of BC Property Management, Inc., Benguet Pantukan Gold Corporation, Batong Buhay Mineral Resources Corporation, and Keystone Port Logistics and Management Services Corporation (2013 to present); Treasurer of Benguetrade Inc., Arrow Freight Corporation, BMC Forestry Corporation, Aqua de Oro Ventures Corporation, and Balatoc Gold Resources Corporation. Formerly, she is Director of Benguetcorp Nickel Mines Inc. (2009-2011) and Kingking Copper-Gold Corp. (2008-2011).

LEOPOLDO S. SISON III, 55 years old, Filipino, is the Vice President for Logistics Management of the Company since February 17, 2012. Prior to his present position, he was Vice President for Project Planning & Business Development (2002-2012). He also holds various positions and directorship to the following subsidiaries of the Company: Concurrent President and Chief Operating Officer of Benguet Management Corporation; President of Benguetrade, Inc.; Chairman, Arrow Freight Corporation (1998-present); Director of Berec Land Resources Inc. (2005-present), Pillars of Exemplary Consultants Inc. (1999-present), BMC Forestry Corporation (1995-present), Calhorr 1 Marine Services Corporation (2012-present), Calhorr 2 Marine Services Inc. (2012-present). Formerly, he was Director, Benguetcorp Nickel Mines Inc. (2009-2011); President/Gen. Manager of BMC Forestry Corp. (1995-1998) and Arrow Freight Corporation (1992-1995); President, Capitol Security and Allied Services, Inc. (1984-1985); Production Supervisor, CDCP-Systemas (1980-1983).

ROLAND P. DE JESUS, 66 years old, Filipino, is the Vice President for HR and Administration of the Company since October 22, 2002. He is also Compliance Officer of the Company; President of Aqua de Oro Ventures Corporation; Director, Ifaratoc Mineral Resources Corporation, Arrow Forwarding Corporation, and Ebarra Benguet Inc. Formerly, he was Chairman/Director of Benguet Ebara Real Estate Corporation and BEREC Land Inc.; Director, Personnel Evaluation Research & Testing; Assistant to the Vice President-Administration, Delta Motors Corporation; Seconded as Vice President-Administration, Air Manila International; and Senior Consultant of ABKJ Training Consultants, Inc.

CHUCHI C. DEL PRADO, 53 years old, Filipino, is the Vice President for Human Resource and Administration, effective 01 April 2014. She will replace Mr. Roland P. de Jesus, Vice President-HR & Administration, whose retirement will take effect on August 31, 2014. Ms. Del Prado graduated with a degree in BS Business Administration from the University of Sto. Tomas (1982) with additional MBA on HR/Talent Management, Post Baccalaureate Program in HR Management from De la Salle – College of St. Benilde. She has been certified as Chartered Business Administrator (C.B.A.), a graduate-level professional certification granted by premier professional body based in Canada. Her previous work experiences include: Senior Project Consultant for HR and Organizational Development for Victorias Milling Company (VMC); Regional HR Manager and Compliance Officer for Asia, for Schweitzer-Mauduit International Inc. (2011-2013), Senior Manager for Learning Development and HR Services for Metro Drug Inc. (2009-2011); Senior Manager for HR and Business Development for Value Management Options, Inc – a private consultancy firm (2004-2009); Department Head, HR and Administration for Tupperware Philippines, Inc.; Corporate Manager for HR, Administration and Special Projects for Luen Thai International Group (Philippines, Hongkong, China and USA).

MA. MIGNON D. DE LEON, 55 years old, Filipino, is the Vice President for Community Relations of the Company since May 29, 2012. Prior to her present position, she was Vice President for Benguet District Administration and Property Management (October 22, 2002 – May 28, 2012). She is also Director of the following subsidiaries of the Company: BC Property Management, Inc. Aqua de Ore Ventures Corporation, BMC Forestry Corporation and BenguetCorp. Laboratories, Inc., Benguetrade, Inc., and Irisan Lime Operations, Inc. Formerly, she was Board Member (Management Representative) to the Regional Tripartite Wages and Productivity Board – Cordillera Administrative Region (1995-2006); Board Member representing the Women's Sector to the Peoples Law Enforcement Board of the Municipality of Itogon, Province of Benguet (2005 – 2010); Past Chairman (1984-1995) and Current Adviser (1996 – present) to the Regional Mining Industry Training Board – Technical Working Group of the Cordillera Administrative Region; Past President (1989-1993) and Current Adviser (1994-present) to the People Management Association of the Philippines , Baguio-Benguet Chapter; Board Member, Benguet Province Visitor's Bureau (2008-2009); Past President of the Benguet Provincial Tourism Council (2001-2006); and Past Chairman of the Cordillera Tourism Council (2006-2008). At present, she is the Large Scale Mining Representative appointed by the Chamber of Mines to the Provincial Mining Regulatory Board of the Province of Benguet.

PABLO GABRIEL R. MALVAR, 47 years old, Filipino, is the Vice President for Business Development of the Company since February 20, 2012. He is also a Director of the following subsidiaries of the Company: Benguet Management Corporation and Benguetcorp Laboratories, Inc. Mr. Malvar has a BA in Economics from Ateneo de Manila University (1990) and finished MS in Industrial Economics at the University of Asia and the Pacific (1992). He was awarded the Chartered Financial Analyst (CFA) distinction by the Association for Investment Management and Research, based in Chariottesville, Virginia (2000). He attended the "E-valuation: Maximizing the Value of Internet Ventures" Executive Education Program of Columbia Business School (2000). His previous work experiences include: Forecast Manager/ Marketing and Customer Finance Manager/Senior Accountant/Internal Control Steward, The Procter & Gamble Manufacturing Company in Australia, July 2006–October 2009; Global Bundle Finance Manager, The Procter & Gamble Manufacturing Company in U.S.A.; Senior Investment Analyst, Clarion Capital in Thailand, January 1997-November 1998; Research Manager, Kim Eng. Securities, Philippines, May 1994-December 1996; and Research Manager/Economist, Center for Research and Communication, Philippines, December 1992-May 1994.

NILO THADDEUS P. RODRIGUEZ, 46 years old, Filipino, is the Vice President for Systems and Audit of the Company since July 1, 2012. He is also a Director of Keystone Port Logistics and Management Services Corporation, a wholly owned subsidiary of the Company. Mr. Rodriguez is a Certified Public Accountant. He graduated with a degree in Business Administration and Accountancy from the University of the Philippines- Diliman (1990) and also holds a Master's Degree in Business Management from the Asian Institute of Management (1996). His previous work experiences include: Global Service Delivery Lead-Project Matterhorn and Cluster Site Lead for F&A projects located at Eastwood (Accenture Philippines, June 2011-June 2012); Regional Manager-Finance, Asia-Pacific (Delta Airlines, February 1999-April 2011); Executive, Corporate Finance (SGV & Co., December 1996-January 1999); Chief Finance Officer (Cornerstone Builders, Inc., November 1992-June 1994).

MAX D. ARCEÑO, 52 years old, Filipino, is the Vice President for Accounting and Treasurer of the Company since March 1, 2013. He was formerly Assistant Vice President for Treasury (July 2011-February 2013) prior to his promotion on March 1, 2013. He is also concurrent Treasurer of Benguetcorp Laboratories, Inc. (Feb. 2013 to present) and a member of the board of directors of Saguittarius Alpha Realty Corporation. Mr. Arceño graduated from the University of the East (Batch 1983) with a degree in BSBA-Accounting and passed the board examination for Certified Public Accountant in 1984. He joined the Company in 1985 as Accounting Staff I, where he rose from the ranks.

ANA MARGARITA N. HONTIVEROS, 46 years old, Filipino, is the Vice President for Special Projects of the Company and concurrently President of Benguetcorp Laboratories, Inc., since January 16, 2013. She graduated with a degree in BS Legal Management from the Ateneo De Manila University (1988). Her previous work experiences include: Senior Assistant Vice President, Marketing (Republic Surety and Insurance Co., Inc., March 2010-January 2013); Consultant (Lapanday Group of Companies, 2005-2007: Manager (Bvlgari Philippines, Jan. 2000-2005); Chief Operating Officer (World Partners Finance Corporation/World Partners Insurance Brokerage Corporation, Sept. 1997-1998); Vice President (Macondray Finance Corp. (MFC) (Lapanday Group), Oct. 1991-1996); President (People's Credit Network Inc. (Subsidiary of MFC), Oct. 1991-1996); Senior Manager (First Active Capital Corporation, 1990-1991); Senior Officer (First Active Capital Corporation, 1990-1991); and Marketing Officer (Urban Bank, April 1988-1990).

VALERIANO B. BONGALOS, JR., 64 years old, Filipino, is the Vice President and General Manager of Benguet District Operation of the Company since July 16, 2013. He is also a member of the board of directors of Saguittarius Alpha Realty Corporation and Benguet Pantukan Gold Operation, both subsidiaries of the Company. His previous work experiences include: He worked with Benguet Corporation in 1978-1980 and in 1984-1992 as Mine Manager of Benguet Gold Operation; Vice President for Operations and Resident Manager, Apex Mining Co., Inc. (May 2010-July 2011); Mine Manager, Phuoc Son Gold Company, Ltd., Quang Nam, Vietnam (November 2006-July 2009); Mine Planning Manager, Ban Phuc Nickel Mines in Hanoi, Vietnam (March to June 2006); Mine Superintendent, Lepanto Consolidated Mining Company (1999-2001); Tunnel Superintendent, San Roque Multipurpose Dam (1998); Mine Manager, Base Metal Mineral Res.Corp. (1996-1997); Project Manager, Ground Specialist, Inc.-Contractor (1994-1995); Drilling & Blasting Engineer, Al Dhary International Group in Tabuk, Saudi Arabia (1993-1994); Senior Assistant Mining Engineer, Zambia Consolidated Copper Mines (Underground Copper Mine) in Zambia, Africa (1980-1983); Project Engineer, Argonaut Mineral Exploration (1975-1978); and Shift Foreman, Long Beach Mining Corporation (1974). Mr. Bongalos is a BS Mining Engineering graduate of Mapua Institute of Technology (1973). He obtained his Mining Engineering license in 1974. He completed the Management Development Program at AIM in 1987.

PAMELA M. GENDRANO, 47 years old, Filipino, is the Assistant Vice President for Environmental Compliance since February 20, 2012. Ms. Gendrano is a graduate of MS in Environmental Studies and Community Development from the University of the Philippines at Los Baños (1992). She is also a graduate of BS in Forestry (1988) from the same university. Her previous work experiences include: Freelance Environment Consultant (2008-2011); Technical Operations Manager/Senior Environment Management Specialist (GEOSPHERE Technologies, Inc., (2005-2008); Technical Operations

Manager (Geographic Management Services Company (2002-2004); Senior Project Officer (BOI, JICA Study in Environmental Management w/ Public and Private Ownership (2002); Environment Management Specialist (Tetra Tech. Environmental Management, Inc. (1999-2001); EIA/IEE Consultant (1999); Project/Program Evaluator, Philippine-Canada Development Fund (1999); Section Chief, Strategic Coordination and Special Projects Section, DENR/EMB (1994-1999); Project Officer, Institute of Environment Science and Management-CIDA/Research Associate, UPLB-College of Forestry-JICA (1991-1995); Research Forester, DENR-Policy Planning Division (1987).

MARY JEAN G. ALGER, 43 years old, Filipino, is the Assistant Vice President, Deputy Chief Finance Officer since January 16, 2013. She is also the Assistant Treasurer of BenguetCorp Laboratories, Inc., a wholly owned subsidiary of the Company. Ms. Alger is a graduate of BC Business Economics from the University of the Philippines (1991). Her previous work experiences include: Assistant Vice President-Corporate Planning (Basic Energy Corporation, July 2007-January 2013); Investment Officer (ValueGen Financial Insurance Company, Inc. & Banclife Insurance Corporation, October 2002 to July 2007); Held position on consultant basis and concurrently Assistant Vice President (Corporate Financial Advisors, Inc., March 2001 to November 2004); Deal Manager (New Millennium Investment Corporation, March 1999 to January 2001); Financial Analyst-Credit Department (Petron Corporation, November 1991 to December 1996).

MA. ANNA G. VICEDO-MONTES, 36 years old, Filipino, is the Assistant Vice President, Deputy Head- Business Development since February 18, 2013. She is a graduate of BS Business Economics from the University of the Philippines (Batch 1999). Her previous work experiences include: Corporate Planning Manager, (ABS-CBN Corporation, 2007-2012); Strategic Planner, Manager-Sales and Product Application, Trade Promotions and Relations Manager-Food Service Marketing, (San Miguel Pure Foods Company, Inc., 2003-2007); Account Manager, (Central, Hongkong); Senior Team Leader, (The Thomson [Philippines] Corporation – Banking and Brokerage, 1999-2003).

HERMOGENE H. REAL, 58 years old, Filipino, is the Corporate Secretary of the Company since October 25, 2000. She is also Director of Philippine Collectivemedia Corporation (2008 to present); Corporate Secretary of Universal Re Condominium Corporation (1997 to 2009, 2010 to present); Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present), Benguetcorp Nickel Mines, Inc. (2009 to present), and Bright Kindle Resources and Investment Inc. [formerly Bankard Inc.] (present); and Practicing Lawyer, D.S. Tantuico and Associates (1998 to present). She previously held the following positions: Chairman of the Board and President, Philippine Collectivemedia Corporation (2008 to 2010); Corporate Secretary, Trans Middle East Phils. Equities, Inc. (1996 to 2006); and Assistant Corporate Secretary, Equitable PCI Bank, Inc. (2005-2006).

Resignation / Demise of Officer – The following officer and director of the Company cited personal reasons for their resignation: Mr. Randolph B. Afidchao, Vice President-Benguet District Operation resigned effective April 1, 2013 and Mr. Dennis R. Belmonte, Director resigned on October 8, 2013 but remained as Senior Consultant to Management. Demise of Mr. Salvador P. Pabalan, Senior Vice President-Audit on January 3, 2013.

Significant Employees - Other than the executive officers, other employees are expected by the Company to make significant contribution to the business.

Family Relationship – Except with respect to Benjamin Philip G. Romualdez, Daniel Andrew G. Romualdez and Maria Remedios R. Pompidou, who are siblings, no other relationship within the third degree of consanguinity or affinity exists between and among the executive officers and directors of the Company.

Involvement in Certain Legal Proceedings – The Company is not aware of any bankruptcy proceeding against any of its directors and officers during the past five (5) years. Neither is the Company aware of any conviction by final judgment in any criminal proceeding, or the involvement, of any of its directors or officers, in any case where such officer or director has been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, including those connected with securities trading, investments, insurance or banking activities.

ITEM 10. EXECUTIVE COMPENSATION

Summary Compensation Table - The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and four other most highly compensated executive officers of the Company are as follows:

	Name		Principal Position
1.	Benjamin Philip G. Romualdez	-	President & Chief Executive Officer
2.	Renato A. Claravall	-	Sr. Vice President, Chief Finance Officer
3.	Bienvenido M. Araw	-	Sr. Vice President, Project & Organization Development Officer
4.	Pablo Gabriel R. Malvar	-	Vice President, Business Development
5.	Reynaldo P. Mendoza	-	Sr. Vice President, Legal Services

	Year	Salary (In-Million)	Bonus (In-Million)	Other Annual Compensation
All above-named officers as a group	2014*	₱40.3	₱5.0	₱0.7
	2013**	40.0	7.8	0.7
	2012**	35.0	7.9	0.2
All other directors and officers as a group unnamed	2014*	49.6	6.2	3.1
	2013**	50.6	6.4	3.1
	2012**	41.1	7.6	1.1

(*) - Estimate (**) – Actual

There are no arrangements with any officer or director for payment of any amount or bonus other than the regular salary or per diem for attendance of board meetings. Neither was there any compensatory plan or arrangement concerning or resulting from the resignation, termination of employment of any officer or from a change-in-control in the Company and no amount exceeding ₱2,500,000 is involved, which is paid periodically or installments. The provisions of the Company's Personnel Policy Manual govern the terms and conditions of employment, benefits and termination.

Compensation of Directors - Directors receive per diems of ₱15,000.00 (gross) for attendance in meetings of the board or its committees but do not receive other compensation from the Company for other services rendered. There are no standard arrangements or other arrangements which compensate directors directly or indirectly, for any services provided to the Company either as director or as committee member or both or for any other special assignment, during the Company's last completed fiscal year and the ensuing year.

Incentive Bonus Plan

Since 1980, the Company maintained an Incentive Bonus Plan. The purposes of the Plan are: (1) to attract, employ and retain management personnel of outstanding competence, and (2) to motivate its management personnel to deliver superior performance in pursuing the goals and business interests of the Company. The Plan provides for a bonus award, calculated on the basis of net income, to top operating executives, managers and members of the Board of Director. Bonus awards are either paid in full directly to the awardees or are transferred to a trust fund and are payable to the awardees in three installments generally over a period of two years. Bonus awards for any year shall be paid in cash, or in common stock. Either Common Class A or Common Class B shares may be issued under the Plan subject to the legal limitations on ownership of Common Class A shares which can be owned only by Philippine citizens. From 1995 to 2012, there was no amount set aside for payment of bonuses in accordance with the Plan.

Retirement Plan

The Company maintained a qualified, noncontributory trusted pension plan covering substantially all of its executive officers and employees. Normal retirement age under the plan is age 60, except for non-supervisory underground mine workers who have the option to retire at age 55. An employee shall also be entitled to a benefit equal to 50% of his monthly basic salary or the normal benefit, whichever is higher, if his employment is terminated for reasons beyond his control, such as death, disability or government policy.

Warrants and Options Outstanding - Since 1975, the Company has a Stock Option Plan (the "Plan") for its selected staff employees, directors and consultants and its subsidiaries. The purpose in granting options are: (1) to encourage stock ownership in the Company, and thereby generate an interest in the Company and its subsidiaries, (2) to promote its affairs, and (3) to encourage its staff employees, directors and consultants to remain in the employ of the Company. The Plan had been amended several times. The latest amendment was approved by the Board of Directors on March 23, 2012 and by the stockholders of the Company on May 29, 2012, extending the termination date of granting stock options for another five (5) years or until May 31, 2018.

In the current implementation of the Plan, the Company granted the following stock options:

a. On April 6, 2006, under the Plan, the Company granted a stock option of 7,004,000 common shares (consisting of 4,202,400 class "A" common shares at an exercise price of ₱8.50 per share and 2,801,600 class "B" common shares at an exercise price of ₱29.07 per share) to qualified participants. These shares are exempted from registration under SEC's Resolution No. 084 dated March 31, 2008 and the listing was approved by the PSE. As of April 6, 2010, 100% of the stock option is exercisable by the optionees. The 7,004,00 shares granted to optionees came from the remaining reserved shares of 7,926,454 under the Plan, leaving a balance of 922,454 shares available for grant of options in the future.

   As of March 31, 2014, the number of options granted to, exercised, and unexercised by the following officers, directors, consultants and managers is set forth in the following tables:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Due to resignation, retirement, death and retrenchment)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
BPG Romualdez, Pres/CEO	120,000	80,000	₱8.50	₱29.07	-	-	120,000	80,000	-	-
Four Highest Paid Named Executive Officers:										
RA Claravall	-	-	-	-	-	-	-	-	-	-
BM Araw	-	-	-	-	-	-	-	-	-	-
PGR Malvar	-	-	-	-	-	-	-	-	-	-
RP Mendoza	79,200	52,800	₱8.50	₱29.07	39,600	-	39,600	52,800	-	-
All Executive Officers & Directors as a Group Unnamed	1,065,600	710,400	₱8.50	₱29.07	614,920	19,200	289,400	484,800	161,280	148.800
All Consultants and Managers as a Group Unnamed	2,937,600	1,958,400	₱8.50	₱29.07	1,480,280	-	87,880	921,600	1,369,440	1,036,800
Total	4,202,400	2,801,600			2,134,800	19,200	536,880	1,539,200	1,530,720	1,243,200
Less: Options Awarded on May 3, 2011									1,320,199	880,133
Total Options Cancelled-Net									210,521	363,067

The options are non-transferable and are exercisable to the extent of 20% after one year from the date of the grant, 40% after two years from the date of the grant, 60% after three years from the date of the grant, and 100% after four years from the date of the grant. Shares included in each installment may be exercised in whole at any time, or in part from time to time, until the expiration of the option. All shares purchased shall be paid in full, in cash, at the time of the exercise of the option. No option is exercisable after ten years from the date of the grant.

b. On May 3, 2011, under the Plan, the Company granted stock option to officers, directors, managers and consultants of the Company. The option grants of 2,200,332 common shares (consisting of 1,320,199 class “A” common shares at an exercise price of ₱16.50 per share and 880,133 class “B” common shares an exercise price of ₱17.50 per share) came entirely from the unissued/cancelled stock options of 2,404,320 common shares of optionees who have been separated from the Company under the previous implementation of the Plan. These unissued/cancelled shares came from the option grants of 7,004,000 common shares granted on April 6, 2006 stock option award, which shares are exempted from registration under SRC rules and the listing was approved by the PSE.

As of March 31, 2014, the number of options granted to, exercised, and unexercised by the following officers, directors, consultants and managers is set forth in the following tables:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		OptionsCancelled (Due to resignation, retirement, death & retrenchment)	
	Class A	Class B	ClassA	Class B	Class A	Class B	Class A	Class B	Class A	Class B
BPG Romualdez Pres/CEO	No Options Granted									
Four Highest Paid Named Exe. Officers:										
RA Claravall	36,000	24,000	₱16.50	₱17.50	-	-	36,000	24,000	-	-
BM Araw	36,000	24,000	16.50	17.50	-	-	36,000	24,000	-	-
PGR Malvar	-	-	-	-	-	-	-	-	-	-
RP Mendoza	36,000	24,000	16.50	17.50	-	-	36,000	24,000	-	-
All Officers & Directors as a Group Unnamed	453,200	302,133	₱16.50	₱17.50	12,600	8,400	380,600	253,733	60,000	40,000
All Consultants and Managers as a Group Unnamed	758,999	506,333	₱16.50	₱17.50	30,000	19,885	689,999	460,115	39,000	26,000
Total	1,320,199	880,133			42,600	28,285	1,178,599	785,848	99,000	66,000
Add: Total Net Cancelled awarded on April 6, 2006									210,521	363,067
Grand Total Cancelled									309,521	429,067

The options are non-transferable and are exercisable to the extent of 20% after one year from the date of the grant, 40% after two years from the date of the grant, 60% after three years from the date of the grant, and 100% after four years from the date of the grant. Shares included in each installment may be exercised in whole at any time, or in part from time to time, until the expiration of the option. All shares purchased shall be paid in full, in cash, at the time of the exercise of the option. No option is exercisable after ten years from the date of the grant.

c. On September 7, 2012, under the amended Plan, the Company granted stock option to officers, directors/members of the stock option committee and independent directors. The option grants of 828,000 common shares (consisting of 496,800 class “A” common shares at an exercise price of ₱17.96 per share and 331,200 class “B” common shares an exercise price of ₱17.63 per share). The stock option grants will be sourced from future and current balance of unissued / cancelled stock options under the present implementation of the Plan.

The total unissued/cancelled stock options of optionees as of July 31, 2013 totaled to 624,988 common shares exempted from registration under SEC Resolution No. 084 dated March 31, 2008 and the listing was likewise approved by the Philippine Stock Exchange (PSE). Out of the unissued / cancelled 624,988 common shares, 624,000 common shares (consisting of 374,400 class “A” and 249,600 class “B” shares) was allocated to officers, directors/members of the stock option committee and independent directors and the balance to be sourced from future issuance of shares under the Plan.

As of March 31, 2014, the number of options granted to, exercised, and unexercised by the following officers, directors, consultants and managers is set forth in the following tables:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		OptionsCancelled (Due to resignation, retirement, death & retrenchment)	
	Class A	Class B	ClassA	ClassB	Class A	Class B	Class A	Class B	Class A	Class B
BPG Romualdez Pres/CEO	180,000	120,000	₱17.96	₱17.63	-	-	180,000	120,000	-	-
Four Highest Paid Named Exe. Officers:										
BM Araw	-	-	-	-	-	-	-	-	-	-
RA Claravall	-	-	-	-	-	-	-	-	-	-
PGR Malvar	-	-	-	-	-	-	-	-	-	-
RP Mendoza	-	-	-	-	-	-	-	-	-	-
All Officers & Directors as a Group Unnamed	194,400	129,600	₱17.96	₱17.63	-	-	194.400	129,600	-	-
All Consultants and Managers as a Group Unnamed	-	-	-	-	-	-	-	-	-	-
Total	374,400	249,600	₱17.96	₱17.63	-	-	374,400	249,600	-	-

Under the amended Plan, options are non-transferable and are exercisable to the extent of 30% after one year from the grant, 60% after two years from the grant, and 100% after three years from the grant. Shares included in each installment may be exercised in whole at any time, or in part from time to time, until the expiration of the option. No option is exercisable after ten years from the date of the grant. Payment may be made in full and in cash or installment over three years, at the time of the exercise of the option, provided that the stock certificate shall be issued only upon full payment of the option price.

As of March 31, 2013, 1,037,042 common shares are available for grant of options in the future. These shares came entirely from the remaining reserved common shares of 922,454 and 114,588 common shares of optionees who have been separated from the Company under the previous implementation of the Plan.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners - The following table sets forth certain information about persons (or "groups" of persons) known by the Company to be the directly or indirectly the record or beneficial owner of more than five percent (5%) of any class of the Company's outstanding stocks as of March 31, 2014.

Title of Class	Name, Address of Record Owner And Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
	PCD Nominee Corporation (Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note[1])	Filipino	51,936,788	44.19%
	Palm Ave. Holding Company, Inc. 3F Universal Re-Building, 106 Paseo de	(see note[2])	Filipino	21,874,909	18.61%

[1] *PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares, instead the participants have the power to decide how the PCD shares in Benguet Corporation are to be voted.*

[2] *The Company is not aware of who is/are the direct or indirect beneficial owner/s of the stocks issued to Palm Avenue Holdings Company, Inc. and Palm Avenue Realty and Development Corporation (the "Palm Companies).The nominee of Palm Companies in the Board of Director is*

Class A Common	Roxas, Makati City (Stockholder)				
	Palm Avenue Holdings Company and/ or Palm Avenue Realty Corporation, Metro Manila, Phil. Sequestered by the Republic of the Philippines, Presidential Commission on Good Government under Executive Order Nos. 1 & 2 c/o PCGG, IRC Bldg., #82 EDSA, Mandaluyong City. (Stockholder)	(see note[2])	Filipino	21,306,830	18.13%
	Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation, Metro Manila, Philippines. Sequestered by the Republic of the Philippines thru PCGG under E.O. Nos. 1 & 2 and reverted to Palm Avenue as sequestered shares per Supreme Court Entry of Judgment dated March 15, 1993 in G.R. No. 90667 entitled Republic of the Philippines vs. Sandiganbayan, Palm Avenue Realty Development Corp. and Palm Avenue Holdings Company c/o PCGG, IRC Bldg., #82 EDSA Mandaluyong City. (Stockholder)	(see note[2])	Filipino	10,278,125	08.74%
Class A Convertible Preferred	PCD Nominee Corporation (Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note[1])	Filipino	59,933	27.61%
	Fairmount Real Estate c/o PCGG 6th Floor, PhilComcen Bldg., Ortigas Avenue cor. San Miguel Avenue, Pasig City (Stockholder)	(see note[3])	Filipino	59,262	27.30%
Class B Common	PCD Nominee Corporation (Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note[1])	Filipino	25,114,278	43.00%
	Palm Avenue Realty & Development Corporation, 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note[2])	Filipino	14,560,000	24.93%
	PCD Nominee Corporation (Non-Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note[1])	American	13,695,068	23.45%

Please note that: (a) Palm Avenue Holding Company, Inc. and Palm Avenue Holdings Company are one and the same corporation, and (b) Palm Avenue Realty and Development Corporation and Palm Avenue Realty Corporation are one and the same corporation.

The following are PCD's participants who hold more than five percent (5%) of any class of the Company's outstanding capital stocks as of March 31, 2014:

Title of Class	Name of PCD's Participants	Number of Shares Held	Percent of Class
Class A Common	Lucky Securities, Inc.	15,328,145	13.05%
	Maybank ATR Kim Eng Securities, Inc.	5,652,373	5.00%
Class A Convertible Preferred	Abacus Securities Corporation	39,758	18.32%
Class B Common	Lucky Securities, Inc.	16,196,667	20.87%
	Citibank N.A.	8,524,473	10.98%
	Maybank ATR Kim Eng Securities, Inc.	4,426,012	5.70%

Mr. Benjamin Philip G. Romualdez, Vice Chairman, President/CEO. On May 30, 2013 Annual Stockholders' Meeting of the Company, the Palm Companies issued a proxy in favor of its legal counsels, Attys. Otilia Dimayuga-Molo/Andrea Rigonan-Dela Cueva, to vote in all matters to be taken up in the stockholders' meeting.

3 *Sequestered shares which is presently in trust by PCGG and the record owner of which is Fairmount Real Estate. The Company is not aware of who is/are the director or indirect beneficial owner/s of the stocks issued to Fairmount Real Estate.*

Security Ownership of Management - The following table sets forth certain information as of March 31, 2014, as to each class of the Company's securities owned by the Company's directors and officers. The Company is not aware of any indirect beneficial ownership of Directors and Executive Officers of the Company.

Title of Class	Name of Beneficial Owner	Citizenship	Amount and nature of beneficial ownership	Percent of Class
A	Benjamin Philip G. Romualdez	Filipino	23	0.000%
B			551	0.000%
A	Andres G. Gatmaitan	Filipino	152	0.000%
B			1	0.000%
A	Rogelio C. Salazar	Filipino	100	0.000%
B			100	0.000%
B	Isidro C. Alcantara, Jr.	Filipino	1	0.000%
A	Alberto C. Agra	Filipino	1	0.000%
A	Luis Juan L. Virata	Filipino	78,001	0.070%
B			23,200	0.030%
A	Daniel Andrew G. Romualdez	Filipino	7	0.000%
A	Maria Remedios R. Pompidou	Filipino	5	0.000%
B	Bernardo M. Villegas	Filipino	1	0.000%
A	Cesar C. Zalamea	Filipino	1	0.000%
A	Marcelo A. Bolaño	Filipino	19,163	0.016%
A	Roland P. de Jesus	Filipino	7,263	0.006%
A	Reynaldo P. Mendoza	Filipino	41,222	0.035%
A	Leopoldo S. Sison III	Filipino	31,702	0.027%
A	Ma. Mignon D. De Leon	Filipino	10,000	0.008%
A	Lina G. Fernandez	Filipino	38,022	0.032%
A	Max D. Arceño	Filipino	511	0.000%
A	Hermogene H. Real	Filipino	17,700	0.015%
B			100	0.000%

Voting Trust Holders of 5% or More - There are no voting trust holders of 5% or more.

Changes in Control of the Registrant- There had been no changes in control of the Company that had occurred since the beginning of the last fiscal year. Furthermore, management is not aware of any arrangement, which may result changes in control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

a) The Company declares that during the last two years, to its knowledge, there are no other transactions in which the Company and any directors, executive officers, any nominee for election as director, any security holder, or member of their immediate families, are a party and the amount of which exceeds ₱500,000.00.

b) Benguet Corporation has no parent company and there were no transactions with promoters since the Company was organized far beyond the five (5) years period requirement.

PART IV – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The directors, officers and employees substantially complying with the leading practices and principles on good corporate governance as embodied in the Revised Manual on Corporate Governance of the Company and related Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) Circulars. The Board of Directors (the "Board") oversees the Company's corporate governance and continuously strives to create value for and enhance the long term interests of its stakeholders. The

Board approved the Revised Manual on Corporate Governance in compliance with SEC's Revised Code of Corporate Governance. It approved the Audit Committee Charter which set out Audit Committee membership and qualifications, duties and responsibilities, reporting process and evaluation. Pursuant to the mandate of SEC's Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange, performance of the Committee shall be regularly reviewed. To aid in compliance with the principles of good corporate governance, the Board constituted nine committees which directly report to the Board in accordance with duly approved procedures, as follows: the Executive Committee, the Salary (Compensation) Committee, the Stock Option Committee, the Investment Committee, the Audit Committee, the Property Development Committee, the Nomination Committee, the Corporate Governance Committee, and the Risk Management Committee. The Board has independent directors in compliance with the minimum requirement of the SEC.

The Company continues to improve systems and processes to enhance adherence to principles and practices of good corporate governance. It undertake to consistently review and update its existing policies and practices to achieve an improved state of corporate governance. It shall also continue to adopt code of corporate governance promulgated by the SEC and PSE. A Corporate Governance Guidelines Disclosure Report is submitted by the Company every year to the PSE and the Company also submitted its Annual Corporate Governance Report 2013 to the SEC. The Company continues to regularly posts corporate disclosures and reports on its website for transparency and easy access and reference of stakeholders.

No deviation from the Company's Manual on Corporate Governance has been noted by the Company.

PART V – EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

A) Exhibits and Schedules - See accompanying index to financial statements and supplementary schedules.

- Statement of Management's Responsibility for Financial Statements
- Independent Auditors' Report
- Audited Consolidated Financial Statements and Notes for the year ended December 31, 2013.
- Independent Auditors' Report on Supplementary Schedules
- Schedules
- Other Schedules
- Benguet Corporation (Parent) Audited Financial Statements for year ended December 31, 2013.

B) State whether any reports on SEC Form 17-C, as amended were filed during the last six month period covered by this report, listing the items reported, any financial statements fled and the date of such.

Date of SEC Form 17-C	Description of Disclosure
05.30.13	Results of Annual Stockholders' Meeting & Organizational Meeting Press Release entitled “Benguet Growth Momentum Continues”.
07.12.13	Appointment of new officer, Mr. Valeriano B. Bongalos, Jr., Vice President and General Manager of Benguet District Operation effective July 16, 2013.
07.16.13	Board confirmation on the appointment of Mr. Valeriano B. Bongalos, Jr., effective July 16, 2013.

07.19.13	2013 Mineral Resource Report of the Sta. Cruz Nickel Project.
10.08.13	Resignation of a Director, Mr. Dennis R. Belmone.
10.08.13	Board approval on the appointment of Director, Mr. Cesar C. Zalamea replacing Mr. Dennis R. Belmonte.
11.13.13	Leave of absence of an officer, Mr. Benjamin Philip G. Romualdez.
01.16.14	Board's approval on reconstitution of Board Committees – Executive Committee, Audit Committee and Risk Management Committee.
01.27.14	Extended leave of absence of the President & CEO, Mr. BPG Romualdez.
03.28.14	MGB's certification on the status of mining properties/tenements of the Company.
03.28.14	Board approval on setting of Annual Stockholders' Meeting on May 28, 2014 with record date of April 16, 2014.
03.28.14	Board approval of the following: 1. Increase in authorized capital stock of the Company and corresponding amendment of Article Seventh of the amended Articles of Incorporation and Article I, Section 1 of the amended By-Laws of the Company; 2. Change of principal office of the Company from Metro Manila to 7th Floor, Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City, Philippines; 3. Audited Consolidated Financial Statement (ACFS) of the Company as of year ended December 31, 2013 and authorized the issuance of the Company's 2013 ACFS as audited by Sycip Gorres Velayo and Company; 4. Extension of the appointment of Mr. Renato A. Claravall, SVP-CFO as Officer-In-Charge 5. Hiring/Appointment of Ms. Chuchi C. Del Prado, C.B.A. as Vice President – Human Resource and Administration effective April 1, 2014. She will replace Mr. Roland P. de Jesus, Vice President-HR & Administration whose retirement will take effect on August 31, 2014. 6. The Board noted the hiring/appointment of Mr. Abelardo P. Magpili as Vice President-Chief Operating Officer of Benguetcorp Nickel Mines, Inc., a wholly owned subsidiary of the Company.
04.02.14	Creation of a transitory Management Advisory Board of the Company and designation of Isidro C. Alcantara, Jr., as interim Executive Director.

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ~~Makati~~ MANDALUYONG CITY on ~~April 1, 2014~~ APR 2 1 2014.

BENGUET CORPORATION
(Issuer)

By:

BENGUET CORPORATION
(Issuer)

By:

BENJAMIN PHILIP G. ROMUALDEZ
President & Chief Executive Officer (on leave)
Principal Executive Officer

BIENVENIDO M. ARAW II
Senior Vice President, Project & Organization Development Officer
Principal Operating Officer

RENATO A. CLARAVALL
Senior Vice President, Chief Finance Officer
Principal Financial/Comptroller/Acctng Officer

HERMOGENE H. REAL
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
~~MAKATI CITY~~ MANDALUYONG CITY : S.S.
x - x

SUBSCRIBED AND SWORN to before me this APR 2 1 2014 day of ~~April, 2014 at Makati City~~ MANDALUYONG CITY. Affiants exhibited to me their identifications to wit: Mr. Benjamin Philip G. Romualdez with Social Security System No. 33-5830866-8, Mr. Renato A. Claravall with Social Security System No. 03-2890762-3, Atty. Hermogene H. Real with Social Security System No. 03-3865936-9 and Bienvenido M. Araw II with Social Security System No. 03-1991438-2 all are issued by the Office of the Social Security System, Philippines.

LINA G. FERNANDEZ
NOTARY PUBLIC UNTIL DEC. 31, 2014
COMMISSION No. 0268-13
65 SIKAP ST., MANDALUYONG CITY
ROLL OF ATTORNEYS No. 52122
IBP No. 952484/JAN. 7, 2014/RSM
PTR No. 1945179/JAN. 7, 2014/MANDALUYONG
MCLE No. IV-0003091, OCT. 17, 2011

Doc. No. 426
Page No. 87
Book No. I
Series of 2014.

Annex “A”

PRESIDENT’S STATEMENT

2013 was a challenging year for Benguet Corporation. Market forces, with prices of our two main product lines, nickel and gold, dropping substantially on average for the year, delayed our timetable to achieve our goal of consistent profitability and sustainable growth.

We are however, committed to attain our long term goals. Hence, despite the challenges, we went out and expanded our customer base for our nickel ore; pushed for higher operating efficiencies in our nickel production; pursued the ramp up of our gold milling operation and implemented operating efficiency programs; advanced the development of our new projects; and sought equity investments to partly fund these efforts.

CONSOLIDATED RESULTS

Your Company was able to increase its consolidated revenues from ₱1.8 billion in 2012 to ₱2.3 billion (US$52.1 million) at the close of 2013. This ₱501.7 million (US$11.3 million) or 27.7% increase was mainly driven by the increase in the production and sales volume of your Company’s nickel business, albeit considerably offset by the drop in prices. Prices of its two main revenue drivers dropped on average by 13.6% (1.8% nickel ore) and by 24.5% (1.6% nickel ore) for nickel and 15.7% for gold in 2013 from the 2012 average prices.

The drop in metal prices and lower gains from debt settlement resulted in the contraction of your Company’s bottom line. Consolidated net income fell by ₱629.8 million (US$14.2 million) or 98.8% to close at ₱7.7 million (US$ 0.2 million) in 2013 from the 2012 level of ₱637.5 million.

Consolidated assets meanwhile closed at ₱7.2 billion (US$161.8 million) at the end of 2013, ₱578.4 million (US$13.0 million) higher than the 2012 balance of ₱6.6 billion. Total equity settled at ₱3.4 billion (US$76.3 million) at the close of 2013, up by ₱251.2 million (US$5.6 million) or 8.0% from the 2012 balance of ₱3.1 billion.

MINING

Gold Operations

In 2013, your Company’s gold operations in Acupan started to build their capability with the change in mining method, boosting its continuous mill capacity utilization by as much as 200% with the volume of ore milled jumping from 19,535 tons in 2012 to 59,998 tons at the close of 2013. Total tonnage milled in 2013 including the production of your Company’s Acupan Gold Project (AGP) reached 88,756 tons, up by 61.5% from the prior year’s 54,962 tons.

Revenues from gold operations in 2013 amounted to ₱708.6 million (US$16.0 million) from the sale of 11,967 ounces. This represents an approximately 18.7% drop from the prior year’s ₱874.4 million revenue, on a gross basis. The decline is traceable mainly to the over 15.0% slide in gold prices. Your Company’s gold sale price averaged at US$1,671 per ounce in 2012 while it only averaged at US$1,409 per ounce in 2013. In view of the substantial decrease in price,bottom line decreased from an income of ₱44.4 million in 2012 to a loss of ₱8.6 million (US$0.2 million) in 2013. The ramp up is vital to the building of the gold operations production capabilities in preparation for eventual expansion. Operational improvements and cost control measures were introduced by mid-2013 that are aimed to tighten operating costs, the full impact of which is expected to reflect in the succeeding year’s operating and financial results.

Drilling works for the expansion program is expected to convert the reported resource potential into Indicated and Measured Mineral Resource category with 43 boreholes aggregating nearly 5,000 meters drilled from the surface and underground.

Nickel Operations
Your Company's nickel business under its wholly owned subsidiary, Benguetcorp Nickel Mines, Inc. (BNMI), operating the Sta. Cruz nickel mines, shipped 1,006,784 tons of ore ranging in grades from 1.65% to 1.88% in 2013. This volume is equivalent to 20 boatloads, 36.9% higher than last year's 735,190 tons equivalent to 14 boatloads.

Revenue generated in 2013 amounted to ₱1.3 billion (US$29.0 million), 16.2% higher than the previous year's ₱1.1 billion. Nickel prices dipped further in 2013, averaging at US$33.6 per ton with a low of US$29.00 per ton in June 2013 for the 1.8% ore. The 2013 average price for 1.80% ore was 13.6% lower compared to the US$38.81 per ton average price in 2012 for the same grade of ore. 1.5% to 1.6% ore prices also fell by an average of 24%. Oversupply of ore brought about by record exports of Indonesia to China in anticipation of the Indonesian direct ore shipment ban starting January 2014 brought down prices in 2013.

The contraction of margins due to the further drop in nickel prices in 2013 impacted BNMI's bottom line resulting in a net loss of ₱84.4 million (US$1.9 million) versus a ₱38.6 million income in 2012. The nickel operations however continue to be the revenue source for the logistics and port operations subsidiaries of your Company and a major revenue contributor to your Company itself.

In June 2013, an independent competent person completed the Mineral Resource Report covering the entire Sta. Cruz Nickel property with the following information compliant with the Philippine Mineral Reporting Code at 0.5% cut off grade of ore and weighted average grade of 1.1% Ni:

Measured	40.59 million ton
Indicated	8.67 million tons
Inferred	10.71 million tons
Total	**59.97 million tons**

The above is based on 66,716 meters of drilling. The remaining resource after three years of mining at the same cut-off grade of 0.5% is 34.12 million tons with an average grade of 1.33% nickel.

At 1% cut-off, the property's global resource is 35.32 million wet metric tons averaging 1.4% nickel. This updated resource is 155% higher than previously declared resource in 2011 of 22.82 million wet metric tons at the same 1.0% cut off grade, with lower nickel grade of 1.3%. The previous resource was based on 15,664 meters of drilling.

As BNMI ramped up production in its second year of operation in anticipation of better market conditions, its learning curve continue to improve with the adjustments it implemented in its system of operations.

BNMI expanded its market base during the year with the signing of another off-take agreement covering 500,000 tons of 1.8% nickel ore.

BNMI also continues to study and evaluate varying nickel processing technologies suitable to its ore characteristics and environment. Corollary to its expansion plans, BNMI has been studying acquisition prospects in various parts of the Philippines.

Lime Operations
Your Company's Irisan Lime Project (ILP) generated net earnings of ₱8.6 million (US$0.2 million) in 2013, 12.7% or ₱1.2 million lower compared to the same period in 2012 of ₱9.8 million. Sales volume improved by 336 metric tons or 4% to 9,274 metric tons from 8,938 metric tons due to increase in lime consumption of our various customers. Production volume improved by 476 metric tons or 6% from 8,626 metric tons to 9,102 metric tons.

EXPLORATION RESEARCH AND DEVELOPMENT

Balatoc Tailings Project (BTP). Balatoc Gold Resources Corporation (BGRC), wholly owned subsidiary and operator of BTP, is completing the detailed engineering design of the mill and a shortlist of possible Construction Managers has been drawn up. The repair and reinforcement of the ponds are ongoing and other pre-construction works will be accelerated upon financial close. Fund raising efforts have commenced in the latter part of 2013.

Antamok in Itogon, Benguet Province. Your Company has revived and accelerated the development plan of its Bulk Water Project (BWP). Your Company has an open pit in Antamok (Antamok Open Pit 440) which can be converted to a natural water reservoir with major potential water sources via the watershed of the Antamok River and a claim area, which are very close to Baguio City, in addition to other rivers and catchments that can augment the main water source. Your Company has water permits within these catchments and already has existing facilities including road systems. The Company is seeking a strategic partner to complete the development of the project.

Ampucao Copper Gold Prospect in Itogon, Benguet. The Ampucao prospect is within the southern part of your Acupan's Acupan gold mine, indicating a porphyry copper-gold mineralization. This prospect is among the various properties that are being prioritized for further development by the Company and a preliminary drilling program is presently being prepared.

SUBSIDIARIES AND AFFILIATES

Benguetcorp Laboratories Inc. (BCLI), the healthcare provider subsidiary of your Company, completed its first full year of operation in 2013 as a spun off business. The first two clinics in Baguio City were originally under your Company until it was spun off in September 2012 as BCLI. In its first year, it was able to generate revenues of ₱28.4 million (US$0.6 million) and net loss of ₱5.7 million (US$0.1 million), ₱4.3 million higher than the loss of ₱1.4 million in 2012. The loss is attributed mainly to the hike in costs and expenses as BCLI geared up for the anticipated expansion. It operated three clinics at the start of the year, the third one located in San Fernando, Pampanga and it opened its fourth branch in mid-December 2013 in Taytay, Rizal. BCLI's clinics are located in popular shopping malls for easy access to its customers. BCLI is expecting to expand its customer base in its various operating locations. It is targeting to open an oncology center in the second quarter of 2014. Other primary care as well as specialized clinics are in the planning stages.

Consolidated net earnings from Benguet Management Corporation (BMC), another wholly owned subsidiary of the Company, and its subsidiaries, amounted to ₱16.8 million (US$0.4 million), a decline of ₱71.2 million or 81% from the 2012 level of ₱88.0 million. The 2012 income comprised mostly of gains from debt settlement. Meanwhile, income from operations dropped from ₱29.4 million in 2012 to ₱14.0 million (US$0.3 million) at the close of 2013. BMC's subsidiary, Arrow Freight Corporation (AFC) is a major contractor of BNMI providing all mining equipment and hauling services. AFC registered a net income of ₱19.2 million(US$0.4) in 2013, a 27% or ₱4.1 million hike from the prior year's ₱15.1 million, attributable mainly to gains from sale of asset. Its margin, however was reduced as a consequence of BNMI's across-the-board cost cutting program following the weakening ofnickel prices.

Benguet Trade Inc. (BTI) meanwhile registered net earnings of ₱1.1 million (US$0.02 million) in its first full year of operation since it was reorganized in December 2012. BTI, as the Group's trading arm, provides the major materials and supplies of the other operating segments. It has assisted the Acupan gold operations in lowering its costs by facilitating bulk purchases and expanding the network of suppliers.

Keystone Port Logistics and Management Services (Keystone), on the other hand, registered a P366 thousand (US$0.008 million) loss in 2013, a negative turnaround from its P7.6 million income in 2012. Keystone beefed up its organization in 2013, accounting for the increase in overhead, to address increased port activity as BNMI's operations expanded. Its margins were likewise reduced following the cost-cutting measures implemented by BNMI following the softening of nickel prices.

BMC Forestry Corporation (BFC), a wholly owned subsidiary of BMC registered a net loss of ₱1.1 million (US$0.02 million) in 2013 from an income of ₱0.9 million in 2012. It is the developer of Woodspark Rosario Subdivision, which has been completed following the obtainment of all necessary clearances and acceptance by the homeowners' association of the full turnover of the management and maintenance of the subdivision facilities.

As with the previous year, Benguetcorp International Limited (BIL), Benguet's Hongkong-based and wholly owned subsidiary for international operations had no activity for the year. BIL's 100% owned subsidiaries, BenguetCorp Canada Limited (BCL) in Vancouver, B.C. and BenguetCorp USA Limited (BUSA) in Nevada, USA still hold interest in gold/silver mining properties located in Royston Hills, Nevada, USA.

ENVIRONMENTAL PROTECTION

Your Company is committed to the protection and enhancement of the environment by ensuring that its mining operations are compliant with the strict regulations of the Department of Environment and Natural Resources – Mines and Geosciences Bureau (DENR-MGB) and other government agencies. It continues to implement various activities based on its approved Annual Environmental Protection and Enhancement Program (AEPEP) in close coordination with the Mine Rehabilitation Fund Committee (MRFC) and regularly monitored by the Multi-Partite Monitoring Team (MMT), composed of representatives from DENR, MGB, the Environmental Management Bureau (EMB), the community, the Local Government Units (LGU) and representatives from your Company. It spent for the progressive rehabilitation and maintenance of environmental structures such as the tailings disposal system, settling ponds, sabo dams, drainage tunnels and canals, mine waste dumps, silt dams and domestic waste disposal. It also allocated resources for environmental parameters monitoring, implementation of waste management programs, risk management and safety programs, regulatory agencies' monitoring activities and other environmental related activities. Your Company's expenditure on all these programs amounted to approximately ₱50.3 million (US$1.1 million).

Continuous nursery maintenance and rehabilitation are being carried out in the Acupan gold operations and nickel operations to expand seedling production for its massive reforestation program and community-based agro-forestry program. In support of the National Greening Program (NGP) of the government, a total of 167,850 seedlings were planted in your Company's mining areas. Your Company remains committed to environmental protection, management and sustainable development.

COMMUNITY RELATIONS

As a continuing commitment and manifestation of your Company's Corporate Social Responsibility and for the successful implementation of its Social Development and Management Programs, your Company has addressed the various needs of its hosts and neighboring communities in all its areas of operation in the following:

1. On Human Resource Development and Institutional Building, Your Company provided assistance in capacity building through the sponsorship of Good Governance and Leadership Skills Enhancement trainings for Barangay-level LGUs and Disaster Management Training for High School students. We also initiated skills training on micro-enterprise programs such as Meat and Fish Processing and Preservation, Hand Knitting and Technological Training on Organic Fertilizer Production. Barangay Peacekeeping Action Team, Day Care Workers, Barangay Health Workers and Barangay Nutrition Scholars and Philippine National Police were given skills training and incentives to improve and strengthen the services they are providing to their respective communities.

2. On Enterprise Development and Networking, Your Company continued to promote economic development by supporting various livelihood projects such as goat and pig raising and dispersal, community-based organic fertilizer production, cattle raising, mushroom production, meat and fish processing and preservation and community-based nursery establishment.

3. On Infrastructure Development and Support Services, Your Company provided assistance in the rehabilitation and maintenance of structures and facilities such as water systems, foot bridges, basketball courts, Day Care Centers, community centers, school buildings and school grounds, Barangay Health Centers and Barangay Halls. Other projects included construction of farm-to-market road, construction of school pavements, installation of water tanks, and maintenance of eco-trails in support to the tourism program of the government.

4. On Education and Educational Support Programs, Your Company has installed the Chamber of Mines' Adopt-A-School Program covering seven (7) Elementary Schools in its areas of operation by providing assistance in the maintenance of school grounds, school buildings, and provision of various cleaning materials and instructional materials and equipment. It also supported the Department of Education's Alternative Learning System (ALS) benefitting 105 Out-of-School Youths. High School, Vocational Tech and College Scholarship Programs continue to benefit 154 students from the various host communities.

5. On Health Services, Health Facilities and Health Professionals, Your Company has conducted several Medical Outreach Programs to various host communities providing free medical consultations, free medicines, free eyewear, medical diagnostics, dental services, massage therapy and ophthalmology services. In support to various government health programs, the Company continues to implement the Philhealth Private Sponsorship Program for indigent families and sponsorship of various disease-preventing and nutrition-enhancing activities. Incentives are likewise provided to Barangay Health Workers to assist them in reaching far flung areas in the performance of their duties. Further, your Company allows the use of its services and facilities such as Company clinics and ambulance for emergency medical needs of members of the host and neighboring communities.

6. On Socio Cultural Activities and Education. Your Company also sponsored various socio-cultural activities and the promotion of public awareness and education of community members on mining activities and technology. Your Company has sponsored 13 scholars to study mining related courses.

Total expenditure for your Company's programs and projects for the communities amounted to approximately ₱11.6 million (US$0.3 million).

Community Services

Your Company and its subsidiaries as socially responsible entities, always provide assistance not only to the communities they operate in but other calamity stricken areas as well. Your Company, its gold and nickel operating groups and its logistics support units conducted relief operations in the aftermath of various typhoons and severe effects of continuous inclement weather.

In response to the monumental devastation of Typhoon Yolanda (Haiyan) on the 8th of November 2013, Your Company and its subsidiaries extended significant assistance in the relief efforts in the affected areas in Leyte.

Led by BenguetCorp Laboratories, Inc. (BCLI), Your Company's medical services subsidiary, "Mission Tacloban" was organized, tasked to provide relief and medical missions from Manila to Tacloban targeting municipalities (over 330 barangays) across Leyte. The effort was done with the help of local and international volunteers, distributing donations of food, clothing and medicines. Your Company's logistics subsidiary, AFC, made available its resources and transport to ensure donations reached the victims safely and promptly.

To date, BCLI continues to lead your Company's involvement in mission operations in Leyte through long term projects focused on rehabilitation, recovery and rebuilding.

OUTLOOK

2014 and the coming years are expected to be better years for industrial metals such as nickel, iron and others. It is an opportune time for us to accelerate the development of projects that would enable your Company to produce higher value products, expand our resource base through jumpstarting the development of relevant properties that we already own and acquisition of promising properties. Opportunities similarly abound in all the industries in your Company's value chain, which we have already started to tap and would want to expand in, like drilling services, logistics, port services and trading. In the healthcare industry, the prospects for growth of our healthcare line are bright not only of the basic service line but also for offshoot businesses such as specialized clinics, wellness centers and the likes.

All these would require substantial investments and your Company, with a healthy balance sheet and improving operating capability, is poised to undertake fund raising efforts from all types of debt financing and equity raising modes. Your Company is ready to welcome strategic and financial partners to bring all its projects, in the mining, mining-allied and non-mining fronts, into fruition.

We are grateful to your Company's committed and capable management team, competent employees and our Board of Directors whose insightful guidance has led us to the right course. We are most of all thankful to our shareholders who have been patient with, supportive of, and hopeful for your Company to finally be back in a profitable and sustainable track. We look forward to a better, bigger Benguet Corporation.

BENJAMIN PHILIP G. ROMUALDEZ
President & Chief Executive Officer (on leave)

BENGUET CORPORATION

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

* These schedules, which are required by RSA Rule 68.1, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's financial statements or the notes to financial statements.

BenguetCorp

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

The management of Benguet Corporation (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2013, 2012 and 2011, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submit the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

DANIEL G. ROMUALDEZ
Chairman, Board of Directors

BENJAMIN PHILIP G. ROMUALDEZ
President & Chief Executive Officer (on leave)

RENATO A. CLARAVALL
Senior Vice President
Chief Finance Officer

Signed this 14 day of April, 2014.

SUBSCRIBED AND SWORN to before me this 14th day of April, 2014 at Makati City, affiants exhibited to me their identification, to wit: Mr. Benjamin Philip G. Romualdez with SSS No. 33-5820866-8 and Mr. Renato A. Claravall with SSS No. 03-2890762-2, both issued by the Office of the Social Security System, Philippines.

ANDREW CASINO
Notary Public, State of New York
No. 02CA6073675
Qualified in Queens County
Commission Expires April 9, 2018

Doc. No. ____
Page No. ____
Book No. ____
Series of 2014.

BenguetCorp

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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The Board of Directors reviews and approves the consolidated financial statements and submit the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

DANIEL G. ROMUALDEZ
Chairman, Board of Directors

BENJAMIN PHILIP G. ROMUALDEZ
President & Chief Executive Officer (on leave)

RENATO A. CLARAVALL
Senior Vice President
Chief Finance Officer

Signed this 14th day of April, 2014.

SUBSCRIBED AND SWORN to before me this APR 14 2014 th day ~~of April, 2014 at Makati City~~ MANDALUYONG CITY, affiants exhibited to me their identification, to wit: Mr. Benjamin Philip G. Romualdez with SSS No. 33-5820866-8 and Mr. Renato A. Claravall with SSS No. 03-2890762-2, both issued by the Office of the Social Security System, Philippines.

Doc. No. 422
Page No. 86
Book No. 1
Series of 2014.

LINA G. FERNANDEZ
NOTARY PUBLIC UNTIL DEC. 31, 2014
COMMISSION No. 0268-13
65 SIKAP ST., MANDALUYONG CITY
ROLL OF ATTORNEYS No. 52122
IBP No. 952484/JAN. 7, 2014/RSM
PTR No. 1945179/JAN. 7, 2014/MANDALUYONG
MCLE No. IV-0003091, OCT. 17, 2011

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

COVER SHEET

1 1 3 4 1

SEC Registration Number

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

(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. Renato A. Claravall

(Contact Person)

(02) 812-1380

(Group Telephone Number)

1 2 3 1

Month *Day*

(Calendar Year)

A A C F S

(Form Type)

0 5 2 8

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

CRM

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total Amount of Borrowings

16,952

Total No. of Stockholders

₱688.4 million

Domestic

$21.3 million

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Benguet Corporation
7th Floor, Universal Re Building
106 Paseo de Roxas, Makati City

We have audited the accompanying consolidated financial statements of Benguet Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SGV
Building a better
working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Benguet Corporation and its subsidiaries as at December 31, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-3 (Group A),
March 21, 2013, valid until March 20, 2016
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-72-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225164, January 2, 2014, Makati City

March 28, 2014

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Number of Shares)

	December 31 2013	December 31, 2012 (As restated, see Note 2)	January 1, 2012 (As restated, see Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Note 4)	**₱358,415**	₱507,669	₱1,257,364
Short-term investment (Note 5)	–	206,092	–
Trade and other receivables (Note 6)	**706,253**	721,314	139,771
Inventories (Note 7)	**296,024**	174,680	37,266
Other current assets (Note 8)	**556,613**	258,114	116,861
Total Current Assets	**1,917,305**	1,867,869	1,551,262
Noncurrent Assets			
Property, plant and equipment (Note 10)			
At revalued amounts - land	**2,679,772**	2,543,759	2,524,618
At cost	**983,869**	878,971	542,787
Available-for-sale (AFS) investments (Note 9)	**14,043**	15,786	14,462
Investment property (Note 11)	**166,817**	167,515	168,213
Deferred mine exploration costs (Note 12)	**839,754**	593,962	368,928
Other noncurrent assets (Note 13)	**583,450**	538,706	134,156
Total Noncurrent Assets	**5,267,705**	4,738,699	3,753,164
TOTAL ASSETS	**₱7,185,010**	₱6,606,568	₱5,304,426
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable (Note 14)	**₱1,129,387**	₱965,739	₱1,004,193
Trade and other payables (Note 15)	**1,016,978**	489,558	243,977
Obligations under finance lease (Note 34)	**11,395**	10,361	–
Income tax payable	**19,010**	26,482	62,928
Total Current Liabilities	**2,176,770**	1,492,140	1,311,098
Noncurrent Liabilities			
Loans payable - net of current portion (Note 14)	**505,494**	931,183	563,310
Deferred income tax liabilities - net (Note 30)	**792,458**	812,620	953,654
Liability for mine rehabilitation (Note 16)	**59,930**	55,228	34,060
Pension liability (Note 29)	**93,134**	70,563	118,386
Obligations under finance lease - net of current portion (Note 34)	**28,742**	40,137	–
Other noncurrent liabilities (Note 17)	**139,848**	67,249	74,699
Total Noncurrent Liabilities	**1,619,606**	1,976,980	1,744,109
Total Liabilities	**3,796,376**	3,469,120	3,055,207
Equity			
Capital stock (Note 18)	**532,222**	492,454	492,220
Capital surplus	**161,844**	21,131	18,895
Other components of equity (Note 18)	**1,086,767**	1,023,731	778,120
Retained earnings	**1,615,817**	1,608,148	968,000
	3,396,650	3,145,464	2,257,235
Cost of 116,023 shares held in treasury, ₱69 per share	**(8,016)**	(8,016)	(8,016)
Total Equity	**3,388,634**	3,137,448	2,249,219
TOTAL LIABILITIES AND EQUITY	**₱7,185,010**	₱6,606,568	₱5,304,426

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share)

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
REVENUES (Note 34)			
Sale of mine products	**₱2,073,551**	₱1,629,695	₱894,080
Sale of services	**211,787**	94,788	70,777
Trucking and warehousing services	**13,044**	34,197	22,984
Rental income and others (Note 11)	**14,675**	52,690	6,233
	2,313,057	1,811,370	994,074
COSTS AND OPERATING EXPENSES			
Costs of mine products sold (Note 20)	**1,406,546**	685,872	326,737
Costs of services (Note 21)	**276,995**	192,685	128,204
Selling and general (Note 22)	**617,773**	608,393	272,053
Taxes on revenue	**104,412**	86,471	6,259
	2,405,726	1,573,421	733,253
INTEREST EXPENSE (Notes 14 and 33)	**(126,115)**	(84,406)	(43,048)
OTHER INCOME - Net (Note 25)	**216,698**	395,821	1,263,887
INCOME (LOSS) BEFORE INCOME TAX	**(2,086)**	549,364	1,481,660
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 30)	**9,755**	90,784	(95,941)
NET INCOME	**₱7,669**	₱640,148	₱1,385,719
BASIC EARNINGS PER SHARE (Note 31)	**₱0.04**	₱3.91	₱8.50
DILUTED EARNINGS PER SHARE (Note 31)	**₱0.04**	₱3.52	₱8.25

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	2013	2012 (As restated, see Note 2)	2011 (As restated, see Note 2)
NET INCOME	**₱7,669**	₱640,148	₱1,385,719
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Translation adjustments of foreign subsidiaries	**(4,906)**	5,869	1,109
Unrealized gain (loss) on AFS investments - net of deferred income tax (Note 9)	**251**	583	(1,088)
Realized gain on disposal of AFS investments - net of deferred income tax (Note 9)	**(346)**	(659)	(131)
Revaluation of land - net of deferred income tax	**85,900**	–	–
	80,899	5,793	(110)
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans - net of deferred income tax (Note 29)	**(6,430)**	49,574	(55,345)
TOTAL OTHER COMPREHENSIVE INCOME	**74,469**	55,367	(55,455)
TOTAL COMPREHENSIVE INCOME	**₱82,138**	₱695,515	₱1,330,264

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

(Amounts in Thousands)

			Other Components of Equity							
	Capital Stock (Note 18)	Capital Surplus	Revaluation Increment	Cost of Share-Based Payment (Note 19)	Cumulative Translation Adjustment of Foreign Subsidiaries	Remeasurement Loss on Pension Liability (Note 29)	Unrealized Gain (Loss) on AFS Investments (Note 9)	Retained Earnings (Deficit)	Treasury Shares (Note 18)	Total
Balances at January 1, 2011 (As previously presented)	**₱487,792**	**₱1,153,579**	**₱1,612,988**	**₱41,790**	**₱39,285**	**₱–**	**₱2,139**	**(₱2,575,016)**	**(₱8,016)**	**₱754,541**
Effect of change in accounting for employee benefits, net of tax (Note 2)	–	–	–	–	–	–	–	(7,130)	–	(7,130)
Balances at January 1, 2011 (As restated)	487,792	1,153,579	1,612,988	41,790	39,285	–	2,139	(2,582,146)	(8,016)	747,411
Effect of quasi-reorganization (Note 2)	–	(1,153,579)	(1,010,848)	–	–	–	–	2,164,427	–	–
Revaluation increment transferred retained earnings	–	–	148,639	–	–	–	–	–	–	148,639
Employees' exercise of stock options (Note 19)	4,428	18,895	–	(11,108)	–	–	–	–	–	12,215
Stock options vested during the year (Note 19)	–	–	–	10,690	–	–	–	–	–	10,690
Net income for the year	–	–	–	–	–	–	–	1,385,719	–	1,385,719
Other comprehensive income (loss)	–	–	–	–	1,109	(55,345)	(1,219)	–	–	(55,455)
Total comprehensive income (loss) for the year	–	–	–	–	1,109	(55,345)	(1,219)	1,385,719	–	1,330,264
Balances at December 31, 2011 (As restated)	**₱492,220**	**₱18,895**	**₱750,779**	**₱41,372**	**₱40,394**	**(₱55,345)**	**₱920**	**₱968,000**	**(₱8,016)**	**₱2,249,219**

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

(Amounts in Thousands)

			Other Components of Equity								
	Capital Stock (Note 18)	Capital Surplus	Revaluation Increment	Deposits for Future Stock Subscription (Note 18)	Cost of Share-Based Payment (Note 19)	Cumulative Translation Adjustment of Foreign Subsidiaries	Remeasurement Gain (Loss) on Pension Liability (Note 29)	Unrealized Gain (Loss) on AFS Investments (Note 9)	Retained Earnings	Treasury Shares (Note 18)	Total
Balances at January 1, 2012 (As previously presented)	₱492,220	₱18,895	₱750,779	₱–	₱41,372	₱40,394	₱–	₱920	₱974,735	(₱8,016)	₱2,311,299
Effect of change in accounting for employee benefits, net of tax (Note 2)	–	–	–	–	–	–	(55,345)	–	(6,735)	–	(62,080)
Balances at January 1, 2012 (As restated)	492,220	18,895	750,779	–	41,372	40,394	(55,345)	920	968,000	(8,016)	2,249,219
Deposits for future stock subscriptions during the year (Note 18)	–	–	–	180,000	–	–	–	–	–	–	180,000
Employees' exercise of stock options (Note 19)	234	2,236	–	–	(1,211)	–	–	–	–	–	1,259
Stock options vested during the year (Note 19)	–	–	–	–	11,455	–	–	–	–	–	11,455
Net income for the year	–	–	–	–	–	–	–	–	640,148	–	640,148
Other comprehensive income (loss)	–	–	–	–	–	5,869	49,574	(76)	–	–	55,367
Total comprehensive income (loss) for the year	–	–	–	–	–	5,869	49,574	(76)	640,148	–	695,515
Balances at December 31, 2012 (As restated)	₱492,454	₱21,131	₱750,779	₱180,000	₱51,616	₱46,263	(₱5,771)	₱844	₱1,608,148	(₱8,016)	₱3,137,448

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

(Amounts in Thousands)

			Other Components of Equity								
	Capital Stock (Note 18)	Capital Surplus	Revaluation Increment	Deposits for Future Stock Subscription (Note 18)	Cost of Share-Based Payment (Note 19)	Cumulative Translation Adjustment of Foreign Subsidiaries	Remeasurement Gain (Loss) on Pension Liability (Note 29)	Unrealized Gain (Loss) on AFS Investments (Note 9)	Retained Earnings	Treasury Shares (Note 18)	Total
Balances at January 1, 2013 (As previously presented)	₱492,454	₱21,131	₱750,779	₱180,000	₱51,616	₱46,263	₱–	₱844	₱1,612,206	(₱8,016)	₱3,147,277
Effect of change in accounting for employee benefits, net of tax (Note 2)	–	–	–	–	–	–	(5,771)	–	(4,058)	–	(9,829)
Balances at January 1, 2013 (As restated)	492,454	21,131	750,779	180,000	51,616	46,263	(5,771)	844	1,608,148	(8,016)	3,137,448
Issuance of stock during the year	39,706	140,294	–	(180,000)	–	–	–	–	–	–	–
Deposits for future stock subscriptions during the year (Note 18)	–	–	–	162,000	–	–	–	–	–	–	162,000
Employees' exercise of stock options (Note 19)	62	419	–	–	(304)	–	–	–	–	–	177
Stock options vested during the year (Note 19)	–	–	–	–	6,871	–	–	–	–	–	6,871
Net income for the year	–	–	–	–	–	–	–	–	7,669	–	7,669
Other comprehensive income (loss)	–	–	85,900	–	–	(4,906)	(6,430)	(95)	–	–	74,469
Total comprehensive income (loss) for the year	–	–	85,900	–	–	(4,906)	(6,430)	(95)	7,669	–	82,138
Balances at December 31, 2013	₱532,222	₱161,844	₱836,679	₱162,000	₱58,183	₱41,357	(₱12,201)	₱749	₱1,615,817	(₱8,016)	₱3,388,634

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2013	2012 (As restated)	2011 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(₱2,086)	₱549,364	₱1,481,660
Adjustments for:			
Interest expense (Note 14)	126,115	84,406	43,048
Depreciation, depletion and amortization (Note 24)	121,308	122,746	88,052
Gain on settlement of loans and other liabilities (Notes 14 and 25)	(104,812)	(387,007)	(797,258)
Unrealized foreign exchange losses (gains)	52,397	(32,040)	5,349
Movements in pension liability	13,384	22,996	8,144
Income from investment in fund (Notes 13 and 25)	(8,142)	(5,903)	–
Interest income (Note 25)	(7,463)	(5,718)	(7,464)
Gain on disposal of property, plant and equipment	(7,152)	–	–
Cost of share-based payment (Note 19)	6,871	11,455	10,690
Reversal of impairment on property, plant and equipment (Note 10)	(2,295)	(745)	–
Accretion expense (Notes 16 and 25)	2,222	2,197	3,220
Gain on disposal of AFS investments (Note 9)	(346)	(659)	(131)
Recovery of allowance for impairment losses	–	(9,925)	(17,351)
Income from sale of Kingking rights (Notes 12 and 25)	–	–	(411,208)
Operating income before working capital changes	190,001	351,167	406,751
Decrease (increase) in:			
Short-term investments	206,092	(206,092)	–
Trade and other receivables	20,772	(572,018)	205,515
Inventories	(121,344)	(137,414)	(11,789)
Other current assets	(298,365)	(148,418)	(80,432)
Increase (decrease) on trade and other payables	483,557	290,027	(269,876)
Cash flows generated from (used in) operations	480,713	(422,748)	250,169
Interest received	7,466	6,116	3,489
Income taxes paid	(51,958)	(100,653)	(136,586)
Interest expense paid	(87,913)	(89,305)	(4,222)
Net cash flows from (used in) operating activities	348,308	(606,590)	112,850
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of:			
AFS investments (Note 9)	4,401	206,309	1,396
Property, plant and equipment (Note 10)	7,950	–	–
Investment in fund	14,420	(275,000)	–
Additions to:			
Property, plant and equipment (Note 10)	(244,018)	(367,075)	(245,870)
Deferred mine exploration costs (Note 12)	(236,603)	(319,014)	(46,834)
AFS investments (Note 9)	(2,687)	(207,172)	(1,450)
Other noncurrent assets	(51,022)	(120,947)	(28,326)
Proceeds from sale of Kingking rights	–	–	501,262
Net cash flows from (used in) investing activities	(507,559)	(1,082,899)	180,178
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans payable and obligations under finance lease	(520,741)	(185,356)	(36,267)
Proceeds from:			
Availment of loans (Note 14)	275,000	951,341	712,112
Deposits for future stock subscription (Note 18)	162,000	180,000	–
Employees' exercise of stock options	177	1,259	12,215
Increase (decrease) in other noncurrent liabilities	72,599	(7,450)	(7,281)
Net cash flows from financing activities	(10,965)	939,794	680,779
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(170,216)	(749,695)	973,807
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	20,962	–	(8,900)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	507,669	1,257,364	292,457
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱358,415	₱507,669	₱1,257,364

See accompanying Notes to Consolidated Financial Statements.

(Amounts in Thousands, except number of shares, per share data and when indicated)

1. Corporate Information, Business Operations and Authorization for Issue of the Financial Statements

Corporate Information

Benguet Corporation (BC; the Parent Company) was incorporated in the Philippines on August 12, 1903.

On June 18, 1956 and June 19, 2006, the Philippine Securities and Exchange Commission (SEC) approved the extension of its corporate life for another 50 years. BC is engaged in chromite, gold, and other metallic and nonmetallic mineral production, exploration, research and development and natural resource projects. The respective nature of business of the Company's subsidiaries is summarized in Note 2 to the consolidated financial statements.

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

Status of Business Operations

Quasi-reorganization

On December 5, 2011, the Philippine SEC approved the Parent Company's application for quasi-reorganization to wipe out its deficit as at December 31, 2010, setting it off against its capital surplus and revaluation increment as follows:

	Prior to Quasi-reorganization	Effect of Quasi-reorganization	After Quasi-reorganization
Capital surplus	₱1,153,579	(₱1,153,579)	₱–
Revaluation increment	1,612,988	(1,010,848)	602,140
Deficit	(2,164,427)	2,164,427	–

For the purpose of dividend declaration, the retained earnings of the Parent Company shall be restricted to the extent of the deficit wiped out by the revaluation increment, amounting to ₱1,010,848, until the asset to which the revaluation increment relates is disposed.

On December 11, 2012, the Philippine SEC approved the application of Benguet Management Corporation (BMC), a subsidiary, for quasi-reorganization to wipe out its deficit as of December 31, 2011 against its revaluation increment and capital surplus as follows:

	Prior to Quasi-reorganization	Effect of Quasi-reorganization	After Quasi-reorganization
Capital surplus	₱300,000	(₱300,000)	₱–
Deposit for future stock subscription	40,000	–	40,000
Revaluation increment	12,019	(12,019)	–
Deficit	(364,830)	312,019	(52,811)

The par value of shares of stock of BMC decreased from ₱10 to ₱2.5 per share while its authorized capital stock increased from 40,000,000 shares to 160,000,000 shares. The capital surplus from the decrease in par value of shares and revaluation increment amounting to ₱300.0 million and ₱12.0 million, respectively, were applied against deficit resulting to a balance of ₱52.8 million.

After the quasi-reorganization, the Parent Company made additional deposit for future stock subscription amounting to ₱160.0 million. The total deposit for future stock subscription amounting to ₱200.0 million was issued with shares of stocks resulting to capital stock of ₱300.0 million as of December 31, 2012.

Significant developments in the Group's operations follow:

a. Mining Projects

Acupan Gold Project (AGP)
AGP [formerly Acupan Contract Mining Project (ACMP)] was initially conceived as a community based underground mining operation which started commercial operations in January 2003.

The Parent Company is currently working on exploration and drilling programs to upgrade AGP's capacity. The exploration and geology group completed the design for the surface and underground diamond drilling program for the Phase 1 of the Greater Acupan Project (GAP).

Sta. Cruz Nickel Project (SCNP)
SCNP is a surface mining operation. The mine is covered by Mineral Production Sharing Agreement (MPSA) No. 226-2005-III. The nickel laterite mine has a total lot area of 1,406.74 hectares. Based on results of the previous exploration campaigns since the 1970s, the nickel laterite resource in the property is estimated to be roughly 16.2 million tons averaging 1.56% nickel and 0.05% cobalt.

On October 22, 2009, the Parent Company entered into an agreement with Benguetcorp Nickel Mines Inc. (BNMI) to undertake the operation and further exploration, including complete research and feasibility studies on pelletizing and tank leaching technologies, of the Sta. Cruz nickel mine.

On December 10, 2010, the Parent Company signed a Deed of Exchange with BNMI to transfer, subject to approval by the Department of Energy and Natural Resources (DENR), the MPSA No. 226-2005-III covering the SCNP. The transfer was approved by the DENR on January 16, 2012.

On February 28, 2011, the Philippine SEC approved BNMI's application for increase in authorized capital stock from 10.0 million shares to 2.0 billion shares.

On August 8, 2011, the Parent 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 a major Chinese trading company for the sale and delivery of 1.8 million metric tons of nickel ore grading at least 1.8% over the next three years (see Note 14).

On October 5, 2011, BNMI signed another off-take agreement with another Chinese trading company for 1.8 million metric tons of nickel ore grading 1.8% and above and 0.2 million metric tons of 1.6% nickel ore (see Note 14).

In addition to mining and direct ore shipment, BNMI is tasked to undertake further exploration of the property as well as complete the research and feasibility studies on pelletizing and tank leaching technologies to add value to the mine products.

BNMI is presently studying different processes using its low and medium grade ore to produce a higher value material for export. In relation to this, BNMI signed a general cooperation agreement with a reputable Chinese institute engaged in research, design and development of thermal energy technology on July 27, 2011.

In 2012, BNMI declared and paid cash dividends amounting to ₱150 million or ₱0.12 per share. This is the second round that it declared cash dividends since it commenced operations in 2009.

On September 18, 2013, BNMI entered into a new off-take agreement with a Korean trading company, for the sale of nickel ore. In accordance with the agreement, the Korean trading company extended advances of US $2.0 million to the Company in exchange for 10 future shipments

Benguet Gold Operations (BGO)
The Parent Company's BGO in Itogon, Benguet Province, consisting of the Acupan and Kelly underground mines, have been suspended since 1992 following the 1991 earthquake which flooded the said mines. In 2004, BGO resumed operations of the AGP. The BGO property also included three tailings ponds with an estimated tailings resource of 16.7 million metric tons with an average of 0.69 grams gold per ton and estimated to contain some 371.0 thousand ounces of gold.

Irisan Lime Project (ILP)
ILP produced 9,070 tons, 9,140 tons and 8,172 tons of quicklime in 2013, 2012 and 2011, respectively. ILP obtained the renewal of its lime plant Mineral Processing Permit (MPP) for another five years until 2016.

Benguet Antamok Gold Operation (BAGO)
The Parent Company's BAGO in Itogon, Benguet Province has been suspended since August 1998. BAGO has an estimated resource of about 12.4 million tons averaging 3.45 grams gold per ton at the end of 1999.

Masinloc Chromite Operation (MCO)
From 1934 to 2007, the Parent Company managed the MCO under an operating agreement with claimowner, Consolidated Mines, Inc. (CMI). With the expiration of the operating contract last July 8, 2007, the Parent Company and CMI are in discussion for the transfer to the latter of the MPSA and liquidation of assets of MCO.

b. Exploration, Research and Development Projects

Balatoc Tailings Project (BTP)
The Group's Board of Directors (BOD) has approved an initial ₱10.0 million research and development fund for the BTP to study the feasibility of reprocessing 16.7 million tons of tailings resource with an average of 0.69 grams gold per ton and is estimated to contain 371,000 ounces of gold. A core research and development team, together with the Beijing Geological Research Institute of Mining and Metallurgy, has done the analysis toward the preparation and completion of the bankable feasibility study.

On October 21, 2009, the Group appointed ATR Kim Eng Capital Partners, Inc. as financial advisor to raise additional development capital for the BTP. The project involves the reprocessing of mine tailings to recover residual gold. The BTP involves a second phase of roasting of pyrite concentrate to improve gold recovery.

On the same date, the Parent Company entered into a processing agreement with Balatoc Gold Resources Corporation (BGRC) to implement the BTP. The Parent Company has completed the bankable feasibility study of the BTP and engaged external Competent Persons to prepare and review reports as required under the Philippine Mineral Reporting Code as modeled after the Joint Ore Reserve Committee of Australia. The confirmed tailings resource of 16.7 million tons, with an average grade of 0.69 gram of gold per ton, are deposited in three tailing ponds. The Group obtained the BTP's Environmental Compliance Certificate on June 11, 2009 and the MPP on May 31, 2010.

On September 2010, the Parent Company signed a Deed of Assignment with BGRC to transfer, subject to approval by the DENR, the MPP No. 13-2010-Cordillera Administrative Region (CAR) of the BTP. The MPP allows the BTP to reprocess the impounded mill tailings from Acupan mines for recovery of residual gold. In November 2011, the transfer of the MPP was approved by the DENR- Mines and Geosciences Bureau (MGB).

BGRC signed contracts for detailed engineering of the project, rehabilitation of the tailings ponds and reinforcement of the silt dam.

BGRC continues the activities on expansion and rehabilitation of its penstocks at Tailings Pond Nos. 2 and 3 and earthmoving works, the silt dam at Gold Creek, the Ambalanga River pumping station and the ridge enhancement works on Tailings Ponds Nos. 2 and 3. The excavated materials from its expansion and rehabilitation activities will be used for the raising of the embankment of Tailings Ponds Nos. 2 and 3 to the level in which BTP will be able to operate a processing plant in Balatoc.

In 2013 and 2012, BGRC acquired a land where the mill for BTP will be constructed amounting to ₱12.1 million and ₱19.1 million, respectively.

Antamok Tailings Project (ATP)
The ATP which targeted the BAGO mill tailings pond was conceived as a possible additional resource that could be developed similar to BTP. The BAGO tailings pond located a few hundred meters downstream from the BAGO open pit contains some 7.64 million tons of tailings produced from the BAGO milling operation. In addition, a considerable tonnage of extraneous materials estimated at about 1.95 million tons washed from the BAGO pit over the years as well as from the Otek marginal grade material dump and from the numerous illegal miners' workings, found their way into the pond and is now resting on top of the tailings deposit. A preliminary sampling of these extraneous materials showed it can be considered

for exploitation together with the original tailings in the pond. More core drilling, however, may be required to firm up the resource estimate of these impounded materials.

The Group has approved an initial ₱7.5 million research fund for the ATP to study the feasibility of reprocessing. The Group is conducting a study of the feasibility of reprocessing the tailings from its former BAGO that are impounded in the tailings pond downstream from the old BAGO mill. The BAGO tailings pond contains 7.6 million tons including 1.95 million tons of materials washed out from the old mine pit. The initial drilling conducted to test the impounded materials indicates a grade of 4.0 grams gold per ton.

Surigao Coal Prospect
Pre-development activities for the Surigao Coal Project were put on hold in 2011 due to DENR Circular EO 23 which declares a moratorium on cutting of timber in natural and residual forests. The Community Environment and Natural Resources Office (CENRO) of Lianga Municipality denied the Group's request for a tree inventory preparatory to application for a Cutting Permit, but reversed the decision last January 2012 after the issuance of a Memorandum from the Executive Secretary which exempted exploration and mining activities from EO 23. The Group is in the process of completing the requirements to secure permits for mine development of the project. A preliminary hydrology study was done at the nearby Hubo River's water source to assess if the volume capacity of the river system can support a Hydro plant which will complement the Coal Power Plant Study. In 2012, the Company also participated in the bidding of the Philippine Energy Contracting Round (PECR) 4 for Coal to possibly secure other prospective coal areas. The result of the bidding is awaiting the decision of the Department of Energy.

Ampucao Copper-Gold Prospect
The Ampucao prospect is located inside the Pugo Mining Company claims within the southern part of Benguet's Acupan gold mine. The initial exploration work conducted by the Group's geologists indicates a porphyry copper-gold mineralization hosted in diorire below the 2000 level. Two test holes have been programmed to be drilled within the area, but have been put on-hold pending the resolution of the Application for Mineral Production Sharing Agreement (APSA).

Pantingan Gold Prospect
The Pantingan Gold Prospect in Bagac, Bataan Province consists of 1,410 hectares covered by MPSA No. 154-2000-111. The property is under a Royalty Agreement with Option to Purchase with Balanga-Bataan Mineral Corporation signed in March 1996. Surface mineralization consists of quartz and clay veins ranging from 0.70 meters to 10 meters wide with values as much as 1.0 gram-gold and 9.60 gram-silver. The prospect needs exploratory drilling to probe the behavior of the veins and tenor of the postulated gold mineralization at depth. To pursue this, the Group, has been trying to secure clearance from DENR because of a watershed application surrounding the claim area. The DENR is yet to act on the Group's request for clearance.

Zamboanga Gold Prospect (BOLCO)
The Zamboanga gold prospect in R.T. Lim, Zamboanga del Sur, consists of 399.3 hectares. The claims are under an operating agreement with Oreline Mining Company, the owner of the property. A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of the APSA.

Financial or Technical Assistance Agreement (FTAA) Application
The Company and its subsidiary, Sagittarius Alpha Realty Corporation (SARC) have two pending FTAA applications consisting a total of 72,806,291 hectares. The FTAA application within the province of Ilocos Norte (AFTA No. 003) is undergoing Free, Prior and Informed Consent requirement through the Regional National Commission of Indigenous People office while the FTAA application within Apayao (AFTA No.033) is pending with the MGB-CAR. Exploration work within the two areas will be undertaken as soon as the applications will be approved by the government.

c. Water Projects

Baguio City Bulk Water Supply Project
On August 16, 2005, the Board of Directors of the Baguio Water District (BWD) issued to the Group a Notice of Award of the Bulk Water Supply Project. The Company's proposal is to convert its mined-out 440 Vein Open Pit into a water reservoir with the capability to supply at least 50,000 cubic meters of potable water per day to Baguio City.

On September 7, 2007, the BWD issued Board Resolution Number 30-2007 which resolved to terminate the bulk water supply contract negotiation and to scrap the project. The resolution sited grounds such as the irreconcilable differences of the parties on the contract provisions of parametric formula and rate rebasing, among others. On these issues, the BWD is concerned with the affordability and acceptability of the water tariff to the end-consumers. On the other hand, the Group points to the delay in implementation and its effect on the viability of the project as justification for the contract provisions. The Group has likewise requested the BWD to conduct a public hearing on these issues, which the BWD has deemed premature. The Group filed a Request for Reconsideration on September 13, 2007.

On November 29, 2007, the BWD issued Board Resolution denying the Group's Request for Reconsideration. The Group has filed a case against BWD, which case is now pending at the Regional Trial Court of Baguio City.

Virac Water System (VWS)
The ongoing expansion of mining operation in Itogon increases the population in the area. Hence, the demand for potable water also increases. The Group's VWS supplies water in the Balatoc area. With the increase in demand, the Group is planning to expand the water system to supply the entire Balatoc and nearby areas and use Agua de Oro Ventures Corporation (ADOVC) to implement the project.

ADOVC, a wholly-owned subsidiary of BMC, is engaged in the business of selling treated and untreated water in Baguio City and Itogon areas.

d. Land Development Projects

Kelly Special Economic Zone (KSEZ)
The Group has approved an initial ₱4.9 million budget for the real estate project to study the feasibility of KSEZ and the potential of other real estate properties of the Group. The Group plans to transfer these properties to BC Property Management, Inc. (BCPM), a wholly-owned subsidiary, to implement the real estate project. The projected capital expenditure will then be used as additional equity in BCPM.

e. Logistics Services

In 2013, Keystone Port Logistics Management Services Corporation (KPLMSC), formerly Kingking Copper-Gold Corporation, implemented an expansion program in the Candelaria Port in Zambales to accommodate six barges at any given time, for the shipping of nickel ore.

f. Health Care Services

The Group spun off the Parent Company's Benguet Laboratories (BL) Division and created a wholly owned subsidiary, Benguetcorp Laboratories, Inc. (BLI) to undertake the expansion of BL into a distinct operating unit that can raise the necessary development funds and create value for the Group. BLI operates two full-fledged tertiary multi-specialty facilities in Baguio under the trade name Benguet Laboratories. BLI opened Med Central in San Fernando City, Pampanga and which started its operations on December 16, 2012.

In 2013, BLI opened a branch in Taytay, Rizal which became fully operational by the end of the year.

g. Other changes within the Group

On November 4, 2010, the Philippine SEC approved the amended articles of incorporation of Berec Land Resources, Inc. (BLRI). The amendment includes the change in name and the change in business purpose from real estate holding to exploration and development.

On February 28, 2011, the Philippine SEC approved the amended articles of incorporation of BNMI covering the increase in authorized capital stock from ₱10.0 million to ₱2.0 billion at ₱1 par value, increase in number of directors from five to seven, and denying the pre-emptive right of stockholders.

The articles of incorporation of Acupan Gold Mines, Inc (AGMI), Calhorr 1 Marine Services Corporation (CMSC) and Calhorr 2 Marine Services, Inc. (CMSI), and BLI were approved by the Philippine SEC on February 19, 2012, April 17, 2012 and September 19, 2012, respectively.

In 2013, Kingking Copper-Gold Corporation has secured approval from SEC to change its name to "Keystone Port Logistics and Management Services Corporation" (KPLMSC). KPLMSC's Articles of Incorporation was amended in May 2013, particularly Articles I and II.

Executive Order (EO) 79

On July 12, 2012, EO 79 was released to lay out the framework for the implementation of mining reforms in the Philippines. The policy highlights several issues that includes area of coverage of mining, small-scale mining, creation of council, transparency and accountability and reconciling the roles of the national government and local government units. Management believes that EO 79 has no major impact on its current mining operations since the mine is covered by an existing MPSA with the government. Section 1 of EO 79, provides that mining contracts approved before effectivity of the EO shall continue to be valid, binding and enforceable so long as they strictly comply with existing laws, rules and regulations and the terms and conditions of the grant. The EO could, however, delay or adversely affect the conversion of the Company's mineral properties covered by Exploration Permits (EPs) or Exploration Permit Application (EPAs) or APSAs given the provision of EO on the moratorium on the granting of new mineral agreements by the government until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect.

On March 7, 2013, the MGB has recommended with the DENR the lifting of DENR Memorandum Order No. 2011-01 on the suspension of the acceptance of all types of mining applications. Effective March 18, 2013, MGB has started accepting mining applications for EPs and FTAA pursuant to DENR Administrative Order (DAO) No. 2013-11.

Authorization for Issue of the Consolidated Financial Statements
The accompanying consolidated financial statements of the Parent Company and its subsidiaries, collectively referred to as the Group, as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 were authorized for issue by the BOD on March 28, 2014.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land, AFS investments and investment property that have been measured at fair value. The consolidated financial statements are presented in Philippine peso, the Parent Company's functional currency under Philippine Financial Reporting Standards (PFRS) and as adopted by the Philippine SEC. All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at January 1, 2012 is presented in these consolidated financial statements due to retrospective application of certain accounting policies.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with PFRS as issued by the Financial Reporting Standards Council (FRSC).

Basis of Consolidation
As at December 31, 2013 and 2012, the consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

	Nature of Business	Country of Incorporation	Effective Percentage of Ownership
Berec Land Resources Inc. (BLRI)	Exploration and development	Philippines	100.00
Keystone Port Logistics Management Services Corporation (KPLMSC)	Logistics	Philippines	100.00
KPLMSC Subsidiaries:			
Callhorr 1 Marine Services Corporation (CMSC)*	Logistics	Philippines	100.00
Callhorr 2 Marine Services Inc. (CMSI)*	Logistics	Philippines	100.00
BNMI	Exploration and development	Philippines	100.00
Benguet Management Corporation (BMC)	Foundry	Philippines	100.00
BMC Subsidiaries:			
Arrow Freight Corporation (AFC)	Logistics	Philippines	100.00
Benguetrade, Inc. (BTI)	Trading	Philippines	100.00
BMC Forestry Corporation (BFC)	Real estate	Philippines	100.00
ADOVC	Selling of treated and untreated Water	Philippines	100.00
Benguet-Pantukan Gold Corporation (BPGC)	Exploration and development	Philippines	100.00
BC Property Management, Inc. (BCPM)*	Management services	Philippines	100.00
Media Management Corporation (MMC)**	Management services	Philippines	100.00
BenguetCorp International Limited (BIL)**	Holding company	Hong Kong	100.00
BIL Subsidiaries:			
Benguet USA, Inc.**	Exploration and development	United States of America	100.00
Benguet Canada Limited**	Exploration and development	Canada	100.00
Pillars of Exemplary Consultants, Inc. (PECI)	Professional services	Philippines	100.00
SARC	Real estate holding	Philippines	100.00
SARC Subsidiary:			
BGRC	Exploration and development	Philippines	100.00
Batong Buhay Mineral Resources Corporation (BBMRC)*	Exploration and development	Philippines	100.00
Ifaratoc Mineral Resources Corporation (Ifaratoc)*	Exploration and development	Philippines	100.00
Acupan Gold Mines, Inc (AGMI)*	Exploration and development	Philippines	100.00
BLI	Health services	Philippines	100.00

* *Preoperating*
** *Nonoperating*

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same accounting period as the Parent Company using uniform accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Changes in Accounting Policies and Disclosures
The Group applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include PFRS 10, *Consolidated Financial Statements*, PAS 19, *Employee Benefits* (Revised 2011), PFRS 13, *Fair Value Measurement* and amendments to PAS 1, *Presentation of Financial Statements*. In addition, the application of PFRS 12, *Disclosure of Interests in Other Entities*, resulted in additional disclosures in the consolidated financial statements.

Several other amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group.

The nature and the impact of each new standard and amendment are described below:

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*
  The Group adopted PFRS 10 in the current year. PFRS 10 replaced the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addressed the accounting for consolidated financial statements. It also included the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 established a single control model that applied to all entities including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The adoption of this standard did not have a significant impact on the Group's financial position or performance.

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaced PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The adoption of this standard did not have a significant impact on the Group's financial position or performance.

- PFRS 12, *Disclosure of Interests in Other Entities*
  PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. The Group has no unconsolidated entities. The adoption of this standard did not have a significant impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

As a result of the guidance in PFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Group has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)
  The amendments to PAS 1 introduced a grouping of items presented in OCI. Items that will be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance.

- PAS 19, *Employee Benefits (Revised)*
  On 1 January 2013, the Group adopted the Revised PAS 19, *Employee Benefits.*

  For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

  Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised PAS 19, the Group changed its accounting policy to recognize all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

  The Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

  The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

  Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any impact to the Group's financial position and financial performance. The remeasurement gains (losses) recognized in OCI after the initial adoption of PAS 19 will be presented separately from items that will never be recycled.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the financial statements are as follows:

	As at December 31, 2013	As at December 31, 2012	As at January 1, 2012
Increase (decrease) in:			
Consolidated statements of financial position			
Pension liability	**₱23,152**	₱14,041	₱88,686
Deferred income tax assets	**6,946**	4,212	26,606
Retained earnings	**4,005**	3,058	(6,735)
Other comprehensive income	**(12,201)**	(5,771)	(55,345)
Consolidated statements of income			
Net pension expense	**(₱77)**	(₱3,825)	(₱562)
Provision for income tax	**23**	1,148	169
Net income	**₱54**	₱2,677	₱393
Consolidated statements of comprehensive income			
Remeasurement gain (loss) of pension liability	**(₱9,186)**	₱70,820	(₱79,064)
Provision for income tax	**2,756**	(21,246)	23,719
Other comprehensive income	**(6,430)**	49,574	(55,345)
Total comprehensive income	**(₱6,376)**	₱52,251	(₱54,952)

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  The adoption of the amended PAS 27 did not have a significant impact on the separate financial statements of the entities in the Group.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  This revised standard is not relevant to the Group as it currently has no investment in associates and joint ventures.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
  This new interpretation is not relevant to the Group.

- PFRS 1, First-time Adoption of International Financial Reporting Standards – *Government Loans* (Amendments)
  These amendments are not relevant to the Group.

Annual Improvements to PFRSs (2009-2011 cycle)
The *Annual Improvements to PFRSs* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The Group adopted these amendments for the current year.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
  The amendment does not apply to the Group as it is not a first-time adopter of PFRS.

- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*
These amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at January 1, 2012. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*
The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment does not have any significant impact on the Group's financial position or performance.

- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
The amendment does not have any significant impact on the Group's financial position or performance.

- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*
The amendment affects disclosures only and has no impact on the Group's financial position or performance.

Future Changes in Accounting Policies
The Group will adopt the standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations [based on the International Financial Reporting Interpretations Committee (IFRIC)] to have significant impact on its consolidated financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

Effective in 2014

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendment)
The amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment to PAS 32 is to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
  These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). The amendments are not relevant to the Group.

- Philippine Interpretation IFRIC 21, *Levies*
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The amendments are not relevant to the Group.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendments are not relevant to the Group.

- PFRS 9, *Financial Instruments*
  PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities, and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For liabilities designated as at FVPL using the FVO, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment is not relevant to the Group as the grant date is before July 1, 2014.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective for annual periods beginning on or after July 1, 2014. The Group will consider the amendment in future financial statements.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment will have an impact on the Group's financial position and disclosures.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard. The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of "Effective PFRSs"*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment is not relevant to the Group.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no impact on the Group's financial position or performance.

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

The Group does not expect any significant impact in the financial statements when it adopts the above standards and interpretations. The revised, amended and additional disclosures or accounting changes provided by the standards and interpretations will be included in the financial statements in the year of adoption, if applicable.

Summary of Significant Accounting Policies

Presentation of Consolidated Financial Statements
The Group has elected to present all items of recognized income and expense in two statements: a consolidated statement of income and a consolidated statement of comprehensive income.

Cash and Cash Equivalents
Cash consists of cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value.

Short-term Investment
Short-term highly liquid investments that are readily convertible to known amount of cash with original maturities of more than three months are classified as "Short-term investment".

Financial Instruments
Initial recognition of Financial Instruments
Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

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

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs. Financial assets under PAS 39 are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and AFS investments. The Group's financial assets are of the nature of loans and receivables and AFS investments. As of December 31, 2013 and 2012, the Group has no financial assets at FVPL and HTM investments. Also under PAS 39, financial liabilities are classified at FVPL or loans and borrowings. The Group's financial liabilities are in the nature of loans and borrowings. As of December 31, 2013 and 2012, the Group has no financial liabilities at FVPL.

Loans and Receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, designated as AFS investments or designated as at FVPL. This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Short-term investments", "Trade and other receivables".

Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, receivables are measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization, if any, is included in the "Other income - net" caption in the consolidated statement of income. The losses arising from impairment of receivables, if any, are recognized as "Provision for impairment losses" under "Selling and general expenses" in the consolidated statement of income. The level of allowance for impairment losses is evaluated by management on the basis of factors that affect the collectibility of accounts (see accounting policy on Impairment of Financial Assets).

Loans and receivables are classified as current assets when they are expected to be realized within 12 months after the reporting date or within the normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

AFS Investments
AFS investments are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. AFS investments are those purchased and held indefinitely and may be sold as the need arises. They are included in noncurrent assets unless management intends to dispose of the investment within 12 months from the reporting date. Included in this category are equity investments in publicly listed and private companies other than subsidiaries and associates. These are shown as a separate line item in the consolidated statement of financial position.

After initial measurement, AFS investments are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported as "Unrealized gain (loss) on AFS investments" under other components of equity in the equity section of the consolidated statement of financial position. They are also reported as OCI in the consolidated statement of comprehensive income.

AFS investments whose fair value cannot be reliably established are carried at cost less any allowance for any possible impairment. This is normally applied to equity investments that are unquoted and whose cash flows cannot be reasonably and reliably determined.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated statement of income. Where the Group holds more than one investment in the same security, the disposal is deemed on a first-in first-out basis. Any interest earned on holding AFS investments is reported as interest income using the EIR method. Any dividend earned on holding AFS investments is recognized in the consolidated statement of income when the right of payment has been established. Any loss arising from impairment of such investments is recognized in the consolidated statement of income.

Loans and borrowings
Issued financial instruments or their components, which are not designated as at FVPL are classified as loans and borrowings, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Loans and borrowings are initially recorded at fair value, less directly attributable transaction cost. After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities, if any, are recognized in the "Foreign currency exchange gains (losses)" under "Other income - net" in the consolidated statement of income.

This accounting policy relates to the Group's "Loans payable", "Trade and other payables", "Obligations under finance lease" and "Other noncurrent liabilities".

Loans and borrowings are classified as current liabilities when they are expected to be settled within twelve months from the financial position date or the Group has an unconditional right to defer settlement for at least twelve months from financial position date. Otherwise, they are classified as noncurrent liabilities.

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

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

The Group's valuation committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation. The valuation committee comprises of the head of the investment properties segment, heads of the Group's internal mergers and acquisition team, the head of the risk management department, chief finance officers and the managers of each property.

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the valuation committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the valuation committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The valuation committee, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the valuation committee and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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

Derecognition of Financial Instruments

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or assumed is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each reporting date whether an asset or a group of assets is impaired.

Assets Carried at Amortized Cost

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The amount of the loss shall be recognized in consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

AFS Investments
For AFS investments, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity investments classified as AFS, this would include a significant or prolonged decline in the fair value of the investments below its cost. The Group treats "significant" generally as 30% or more of the original cost of investment, and "prolonged" as greater than 12 months. If an AFS investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in consolidated statement of income, is transferred from equity to the consolidated statement of income as part of the "Provision for impairment losses" account. Reversals in respect of equity instruments classified as AFS are not recognized in consolidated statement of income.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle the liability simultaneously.

Inventories
Inventories are valued at the lower of cost or net realizable value (NRV). Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

Materials and supplies	-	at purchase cost on a moving-average method;
Subdivision lots	-	at cost, which includes land costs, amounts paid to contractors for the costs incurred for development and improvement of the properties (planning and design costs, cost of site preparation, professional fees, property taxes, construction overheads and other related costs); and
Beneficiated nickel ore	-	at cost on a moving average production cost during the year exceeding a determined cut-off grade.

NRV for materials and supplies represents the current replacement cost. NRV for subdivision lots for sale is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale. NRV of beneficiated nickel ore is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Other Current Assets
Other current assets include various prepayments and excess input Value-Added Tax (VAT). These are classified as current since the Group expects to realize or consume the assets within 12 months after the end of the reporting date.

Input VAT
Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

Input VAT is recognized as an asset and will be offset against the Group's VAT liabilities. Input VAT is stated at its estimated Net Realizable Value (NRV).

Property, Plant and Equipment
Property, plant and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, depletion and amortization and accumulated impairment in value. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred if the recognition criteria are met. Land is carried at revalued amount less any impairment in value.

Construction in-progress is recorded at cost and the related depreciation starts upon transfer to the appropriate account of the completed project.

The increment resulting from the revaluation of land owned by the Group is credited to other components of equity account, net of deferred income tax liability, which is included in the equity section in the consolidated statement of financial position. Any increase in the land's valuation is credited to the "other components of equity" account, unless and only to the extent it reverses a revaluation decrease of the land previously recognized as expense in which case it is recognized as income. Any decrease is first offset against an increase on earlier valuation in land and is thereafter recognized as expense. Upon derecognition of the revalued property, the relevant portion of the revaluation increment realized in respect of previous valuation is released from the revaluation increment directly to retained earnings.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Number of Years
Land improvements	10-35
Buildings	10-25
Machinery, tools and equipment	2-25

Depletion of mining properties and mine development costs is calculated using the units-of-production method based on estimated recoverable reserves.

Depreciation, depletion or amortization of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the matter intended by management. Depreciation, depletion and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5 and the date the asset is derecognized.

The estimated recoverable reserves, useful lives and depreciation, depletion and amortization methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depreciation and depletion are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The residual values, if any, are reviewed and adjusted, if appropriate, at each reporting date.

Property, plant and equipment also include the estimated costs of rehabilitation, for which the Group is constructively liable. These costs, included under mining properties and mine development costs, are amortized using the units-of-production method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

The carrying values of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

When each major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

Investment Property
Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are recognized in the consolidated statement of income in the year in which they arise.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property and owner occupied property do not change the carrying amount of the investment property transferred and they do not change the cost of the property.

Deferred Mine Exploration Costs
Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. Exploration and evaluation expenditure is capitalized provided the rights to tenure of the area of interest is current and either: the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any fulfillment exploration and evaluation expenditure is reclassified as mine properties and mine development costs included as part of property, plant and equipment. Prior to reclassification, exploration and evaluation expenditure is assessed for impairment.

When a project is abandoned, the related deferred mine exploration costs are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The amount capitalized is calculated using the EIR method. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Other Noncurrent Assets
Other noncurrent assets include prepaid rental and various deposits to satisfy environmental obligations. These are carried at NRV and classified as noncurrent since the Group expects to utilize the assets beyond 12 from the end of the reporting date.

Impairment of Nonfinancial Assets
Nonfinancial Receivables and Other Current Assets
At each end of the reporting period, these assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If there is an indication of possible impairment, the recoverable amount of assets are estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the consolidated statement of income.

Property, Plant and Equipment and Investment Property
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined

for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depletion, depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

Deferred Mine Exploration Costs
Expenditures for exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource) are deferred as incurred and included under the "Deferred mine exploration costs" account in the consolidated statement of financial position. If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures and mine development costs are capitalized as part of the mine and mining properties account classified under property, plant and equipment.

A valuation allowance is provided for unrecoverable deferred exploration costs based on the Group's assessment of the future prospects of the exploration project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or is abandoned, all revocable cost associated with the project and the related impairment provisions are written off.

Recovery of impairment losses recognized in prior years is recorded if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The recovery is recorded in the consolidated statement of income.

Nonfinancial Other Noncurrent Assets
The Group provides allowance for impairment losses on non-financial other noncurrent assets when they can no longer be realized. The amount and timing of recorded expenses or any period would differ of the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other noncurrent assets.

Provisions
General
Provisions are recognized when (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where

discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the consolidated statement of income.

Provision for Mine Rehabilitation
Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at reporting date. At the time of establishing the provision, a corresponding asset is capitalized, where it gives rise to a future benefit, and depreciated over future production from the operations to which it relates.

The provision is reviewed on an annual basis for changes to obligations or legislation or discount rates that affect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depreciated prospectively.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the consolidated statement of income.

Rehabilitation trust funds committed for use in satisfying environmental obligations are included within "Other noncurrent assets" in the consolidated statement of financial position.

Capital Stock and Capital Surplus
Common and preferred shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares is credited to capital surplus.

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When the retained earnings account has a debit balance, it is called "Deficit". A deficit is not an asset but a deduction from equity.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders. Appropriated retained earnings represent that portion which has been restricted and, therefore, not available for dividend declaration.

Treasury Shares
Where the Group purchases its own shares (treasury shares), the consideration paid including any directly attributable incremental costs is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Mine Products
Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably, which is normally at the time of shipment.

Sale of Services
Revenue is recognized when the outcome of a transaction involving the rendering of services can be estimated reliably.

Trucking, Warehousing and Other Services
Revenue is recognized when services are rendered.

Sale of Real Estate
Sale of real estate, which include sale of lots, are accounted for under the percentage of completion method when the Group has material obligations under the sales contracts to provide improvements after the property is sold, or the full accrual method when the collectibility of the sales price is reasonably assured and the earnings process is virtually complete.

Under the percentage of completion method, the gain on sale is recognized as the related obligations are fulfilled.

Rental
Rental income is recognized on a straight-line basis over the lease term.

Interest
Revenue is recognized as it accrues using the EIR method.

Others
Miscellaneous income not directly related to the Group's regular results of operation are recognized when services or goods are delivered. These are classified under "Other income" in the consolidated statement of income.

Costs and Expenses Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the expense arises following the accrual basis of accounting.

Cost of Mine Products Sold
Cost of mine product sold is incurred in the normal course of business and is recognized when incurred. It comprises mainly of materials and supplies, outside services, depreciation, depletion and amortization, personnel expenses, power and utilities and others, which are provided in the period when the goods are delivered.

Cost of Services
Costs of services incurred in the normal course of business are recognized when the services are rendered.

Cost of Real Estate Sold
Cost of real estate sold is recognized when the significant risks and returns have been transferred to the buyer. This includes land cost, amounts paid to contractors for construction, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs. The cost of real estate sold recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Selling and General Expenses
Expenses consist of costs associated in the marketing and general administration of day-to-day operation of the Group. These are generally recognized when the expense arises.

Taxes on Revenue
Taxes on revenue pertain to the excise taxes paid or accrued by the Group for its legal obligation arising from the production of gold and nickel ore. Also, the Group is paying for royalties which are due to the claim owners of the land where the mine site operations were located. These mine product taxes and royalties are expensed as incurred.

Leases
Determination of Whether an Arrangement Contains a Lease
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of the specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception on the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) and (d) and at the date of renewal or extension period for scenario (b).

Operating Leases - The Group as a Lessee
Operating leases represent those leases under which substantially all risks and rewards of ownership of the leased assets remain with the lessors. Lease payments under an operating lease are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Operating Leases - The Group as a Lessor
Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Group as a Lessee - Finance Lease
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments

are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of comprehensive income.

Pension Plan

The Parent Company and AFC have separate, noncontributory, defined benefit pension plans, administered by separate trustees, covering all permanent, regular and full-time employees. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Share-based Payment Transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit and loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, at a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

When the terms of an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Foreign Currency-Denominated Transactions and Translations

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange at reporting date. Foreign exchange differences between the rate at transaction date and rate at settlement date or reporting date are credited to or charged against current operations.

The financial statements of the foreign consolidated subsidiaries are translated at closing exchange rates with respect to the consolidated statement of financial position and the average exchange rates for the year with respect to the consolidated statement of income. Resulting translation differences are included in equity (under cumulative translation adjustment) and consolidated statement of comprehensive income. Upon disposal of the foreign subsidiaries, accumulated exchange differences are recognized in the consolidated statement of income as a component of the gain or loss on disposal.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted as of the reporting date.

Deferred Income Tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused NOLCO can be utilized.

The carrying amount of deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax liability shall be recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

(a) the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
(b) it is probable that the temporary difference will not reverse in the foreseeable future.

<u>Earnings Per Share (EPS)</u>
Basic EPS amount are calculated by dividing net income for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year.

Diluted EPS amount are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible non-cumulative redeemable preference shares) by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

OCI
OCI comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the consolidated statement of income.

Operating Segments
The Group's operating businesses are recognized and managed according to the nature of the products or services offered, with each segment representing a strategic business unit that serves different markets.

Segment assets include operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories and property, plant and equipment, net of allowances and provisions.

Segment liabilities include all operating liabilities and consist principally of trade and other payables, accrued expenses and bank loans. Segment assets and liabilities do not include deferred income taxes.

Segment revenue, expenses and performance include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in consolidation.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from such estimates.

Judgments
In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

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

Determining Operating Lease Commitments - Group as Lessee
The Group has entered into leases on its various locations. The Group has determined that it does not retain all the significant risks and rewards of ownership of these properties which are leased on operating leases.

Determining Operating Lease Commitments - Group as Lessor
The Group has entered into property leases on its mine infrastructure. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Assessment Whether an Agreement is a Finance or Operating Lease
Management assesses at the inception of the lease whether an arrangement is a finance or operating lease based on who bears substantially all the risk and benefits incidental to the ownership of the leased item. Based on management's assessment, the risk and rewards of owning the items leased by the Group are retained by the lessor and therefore accounts for such lease as operating lease.

Assessing Recoverability of Deferred Mine Exploration Costs
A valuation allowance is provided for estimated unrecoverable deferred mine exploration costs based on the Group's assessment of the future prospects of the mining properties, which are primarily dependent on the presence of mineral reserves in those properties, and metal prices in the market which is the primary driver of returns on the production. Deferred mine exploration costs, net of allowance for impairment losses, amounted to ₱839,754 and ₱593,962 as at December 31, 2013 and 2012, respectively (see Note 12).

Assessing Provisions and Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results.

The Group currently assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 34).

Assessing Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:
- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period of testing of the property, plant and equipment;
- ability to produce ore in saleable form; and
- ability to sustain ongoing production of ore.

The Group did not perform any assessment of production start date during the year.

Classification of Financial Instruments
The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Group has no intention of selling its investments in stocks in the near term. These are being held indefinitely and may be sold in response to liquidity requirements or changes in market condition. Accordingly, the Group has classified its investments in stocks as AFS investments. The Group has no plans to dispose its AFS investments within 12 months from the end of the reporting date.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Real Estate Revenue and Costs Recognition
The Group's revenue and the costs related to the sale of real estate are recognized based on the percentage of completion and are measured principally on the basis of estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. Real estate sales amounted to ₱8,404, ₱7,326, and ₱6,233 in 2013, 2012 and 2011, respectively (shown as part of rental income and others in the consolidated statement of income). The related costs of real estate sold amounted to ₱7,237, ₱4,427 and 4,852 in 2013, 2012 and 2011, respectively (shown as part of cost of services; see Note 21).

Estimating Allowance for Impairment Losses on Trade and Other Receivables
The Group evaluates specific accounts where the Group has information that certain customers are unable to meet their financial obligations. Factors, such as the Group's length of relationship with the customers and the customer's current credit status, are considered to ascertain the amount of reserves that will be recorded in the receivables account. In addition to specific allowances against individually significant accounts, the Group also makes a collective impairment assessment against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any past collection experiences, the current economic conditions, and average age of the group of receivables. Allowance is re-evaluated and adjusted as additional information is received. Provision for impairment losses on trade and other receivables amounting to ₱1,351, ₱690 and ₱17,665 were recognized in 2013, 2012 and 2011, respectively (see Notes 6 and 21). As of December 31, 2013 and 2012, the carrying value of trade and other receivables amounted to ₱706,253 and ₱721,314, respectively, net of allowance for impairment losses of ₱145,836 and ₱144,767 as at December 31, 2013 and 2012, respectively (see Note 6).

Estimating Allowance for Inventory Obsolescence
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs. As at December 31, 2013 and 2012, the carrying value of inventories amounted to ₱296,024 and ₱174,680, respectively (see Note 7).

Estimating Mineral Reserves and Resources
Mineral reserves and resources estimates for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions.

Assessing Impairment of Property, Plant and Equipment, Investment Property, Other Current Assets and Other Noncurrent Assets
The Group assesses impairment on property, plant and equipment and other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to the consolidated statements of income if the recoverable amount is less than the carrying amount. The recoverable amount of the asset is determined as the higher of its fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties, net of direct costs of selling the asset. When value in use has been undertaken, fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. The Group did not recognize any impairment loss in 2013 and 2012.

As at December 31, 2013 and 2012, property, plant and equipment (at revalued amount and at cost), investment property, deferred mine exploration costs, other current assets and other noncurrent assets amounted to ₱5,810,275 and ₱4,981,027, respectively (see Notes 8, 10, 11, 12 and 13).

Estimating Impairment of AFS Investments
The determination of impairment loss for AFS investments requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In applying this judgment, the Group evaluates the financial health of the issuer, among others. In the case of AFS equity instruments, objective evidence of impairment includes a significant or prolonged decline in the fair value of the investments below its cost. The Group treats "significant" generally as 30% or more and "prolonged" as greater than twelve months. The Group expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology, and other factors that affect the recoverability of the Group's investments. No impairment loss was recognized in 2013, 2012 and 2011. As of December 31, 2013 and 2012, the carrying value of AFS investments amounted to ₱14,043 and ₱15,786, respectively (see Note 9).

Estimating Useful Lives of Property, Plant and Equipment
The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. Property, plant and equipment (at revalued amount and at cost) as at December 31, 2013 and 2012 amounted to ₱3,663,641 and ₱3,422,730, respectively (see Note 10). The useful lives are disclosed in Note 2 to the consolidated financial statements.

Determining the Fair Value of Land
The appraised value of land is based on a valuation by an independent appraiser firm, which management believes, holds a recognized and relevant professional qualification and has recent experience in the location and category of the land being valued. The appraiser firm used the market data approach in determining the appraised value of land. As at December 31, 2013 and 2012, the appraised value of land amounted to ₱2,679,772 and ₱2,543,759, respectively (see Note 10).

Determining the Fair Value of Investment Property
The Group carries investment property at fair value. The Group engaged an independent valuation specialist to determine fair value as at December 31, 2013 and 2012. The appraised value of investment property amounted to ₱166,817 and ₱167,515 as at December 31, 2013 and 2012, respectively (see Note 11).

Estimating Liability for Mine Rehabilitation
The Group estimates the costs of mine rehabilitation based on previous experience in rehabilitating fully mined areas in sections of the mine site. These costs are adjusted for inflation factor based on the average annual inflation rate as of adoption date or re-evaluation of the asset dismantlement, removal or restoration costs. Such adjusted costs are then measured at present value using the market interest rate for a comparable instrument adjusted for the Group's credit standing. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's liability for mine rehabilitation. Liability for mine rehabilitation amounted to ₱59,930 and ₱55,228 as at December 31, 2013 and 2012, respectively (see Note 16).

Estimating Cost of Share-Based Payment
The Parent Company's Executive Stock Option Incentive Plan, or ESOIP, grants qualified participants the right to purchase common shares of the Company at a grant price. The ESOP recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations.

Estimating Pension Benefits
The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net pension liability of Parent Company amounted to ₱82,717 and ₱59,832 as at December 31, 2013 and 2012, respectively (see Note 29). Net pension liability of AFC amounted to ₱10,417 and ₱10,731 as at December 31, 2013 and 2012, respectively (see Note 29).

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

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

Further details about the assumptions used are provided in Note 29.

Assessing Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group has deferred income tax assets amounting to ₱161,784 and ₱152,433 as at December 31, 2013 and 2012, respectively. The Group has excess MCIT and unused NOLCO and other deductible temporary difference as at December 31, 2013 and 2012 for which deferred income tax assets were not recognized as it is not probable that sufficient future taxable profits will be available against which the benefit of the deferred income tax assets can be utilized (see Note 30).

4. Cash and Cash Equivalents

	2013	2012
Cash on hand and in banks	**₱224,546**	₱354,908
Short-term deposits	**133,869**	152,761
	₱358,415	₱507,669

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposits rates. Interest income related to cash and cash equivalents amounted to ₱5.5 million, ₱4.5 million and ₱3.5 million in 2013, 2012 and 2011, respectively (see Note 25).

Cash in banks as at December 31, 2013, include Debt Service Reserve Account (DSRA) and Collection Account amounting to ₱88.8 million and nil, respectively, relative to BNMI's term loan facility with Amsterdam Trade Bank (ATB) (see Note 14).

5. Short-term Investment

Short-term investment represents time deposits with principal amounting to nil and ₱206.1 million as at December 31, 2013 and 2012, respectively. The deposit has a term of one year and at a rate of 1.5%. Interest income earned in 2013, 2012 and 2011 amounted to ₱2.0 million, ₱0.8 million and nil, respectively (see Note 25). In 2013, short-term investment has been reclassified to commercial notes under short-term deposits and was thereafter pre-terminated.

6. Trade and Other Receivables

	2013	2012
Trade	**₱404,179**	₱393,486
Officers and employees	**120,810**	95,162
Nontrade	**109,338**	154,428
Advances to contractors	**56,361**	60,463
ESOIP (Note 27)	**58,416**	58,416
Loans receivable	**49,767**	49,767
Receivables from lessees of bunkhouses	**30,684**	31,992
Others	**22,534**	22,367
	852,089	866,081
Less allowance for impairment losses	**145,836**	144,767
	₱706,253	₱721,314

Trade, nontrade, advances to contractors and receivables from lessees of bunkhouses are non-interest bearing and are generally collectible within a period of one year. Receivables from officers and employees are non-interest bearing and are subject to liquidation.

Other receivables comprise mainly of receivables from retainers and suppliers, while receivables from officers and employees pertain to cash advances made to employees in connection to the operations of the Group.

Most of the receivables of the Group consist of individually significant accounts and were therefore subject to the specific impairment assessment. Based on the impairment assessment done, the Group recognized allowance for impairment losses amounting to ₱145.8 million and ₱144.8 million as at December 31, 2013 and 2012, respectively, covering those receivables considered as individually impaired.

Receivables, which were not individually significant and individually significant loans for which no specific impairment were assessed, were subjected to collective assessment. However, no impairment was recognized in 2013 and 2012 from the collective assessment.
Movements of allowance for impairment losses are as follows:

	2013							
	Trade Receivables	**Nontrade receivables**	**Officers and employees**	**ESOIP**	**Advances to contractors**	**Receivables from lessees of bunkhouses**	**Others**	**Total**
Balances at beginning of year	**₱7,500**	**₱30,580**	**₱1,445**	**₱58,416**	**₱11,979**	**₱30,418**	**₱4,429**	**₱144,767**
Provisions (Note 22)	**–**	**–**	**176**	**–**	**–**	**–**	**1,175**	**1,351**
Write-off	**(122)**	**–**	**(160)**	**–**	**–**	**–**	**–**	**(282)**
Balances at end of year	**₱7,378**	**₱30,580**	**₱1,461**	**₱58,416**	**₱11,979**	**₱30,418**	**₱5,604**	**₱145,836**

	2012							
	Trade Receivables	Nontrade receivables	Officers and employees	ESOIP	Advances to contractors	Receivables from lessees of bunkhouses	Others	Total
Balances at beginning of year	₱16,939	₱30,580	₱1,424	₱58,416	₱11,974	₱30,240	₱4,429	₱154,002
Provisions (Note 22)	486	–	21	–	5	178	–	690
Recoveries	(9,925)	–	–	–	–	–	–	(9,925)
Balances at end of year	₱7,500	₱30,580	₱1,445	₱58,416	₱11,979	₱30,418	₱4,429	₱144,767

Except for those impaired receivables, the Group assessed the trade and other receivables as collectible and in good standing.

Loans Receivable
On March 3, 2010, MMC granted an unsecured loan facility to a third party amounting to ₱135.0 million with interest rate of 9% per annum. Outstanding loans receivable, including accrued interest as at December 31, 2013 and 2012 amounted to ₱49.8 million. Interest income earned in relation to the loan amounted to nil, ₱0.4 million and ₱4.0 million in 2013, 2012 and 2011, respectively.

7. Inventories

	2013	2012
Beneficiated nickel ore - at cost	**₱257,366**	₱138,397
Materials and supplies - at NRV	**27,946**	18,334
Subdivision lots for sale - at cost	**10,712**	17,949
	₱296,024	₱174,680

Movements of subdivision lots for sale - at cost are as follows:

	2013	2012
Balances at beginning of year	**₱17,949**	₱18,037
Development costs incurred	**–**	4,339
Disposals (recognized as cost of real estate sales; Note 21)	**(7,237)**	(4,427)
Balances at end of year	**₱10,712**	₱17,949

As at December 31, 2013 and 2012, the lateritic nickel ore inventory amounted to ₱257.4 million and ₱138.4 million, respectively. The NRV of the Group's lateritic nickel ore is higher than cost as at December 31, 2013 and 2012.

The cost of materials and supplies which are carried at NRV as of December 31, 2013 and 2012 amounted to ₱322.8 million and ₱314.9 million, respectively.

The amount of beneficiated nickel ore inventory recognized as expense, under cost of mine products sold, in the consolidated statements of income amounted to ₱373.6 million and ₱431.5 in 2013 and 2012, respectively.

Materials and supplies charged to current operations amounted to ₱258.9 million, ₱277.8 million and ₱151.7 million in 2013, 2012 and 2011, respectively (see Notes 20, 21 and 22). There were no purchase commitments as at December 31, 2013 and 2012.

8. Other Current Assets

	2013	2012
Input VAT - net	**₱311,524**	₱198,569
Prepaid expenses	**186,831**	31,368
Creditable withholding taxes	**39,863**	20,973
Others	**18,395**	7,204
	₱556,613	₱258,114

Input VAT represents tax paid on purchases of applicable goods and services, net of output tax liabilities, which can be recovered as a tax credit against future tax liability of the Group upon approval by the Philippine Bureau of Internal Revenue and/or the Philippine Bureau of Customs.

Prepaid expenses are comprised of creditable withholding taxes (CWTs), prepaid supplies and prepayments for insurance rent and other services. CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payments for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

9. AFS Investments

	2013	2012
Quoted shares	**₱4,931**	₱7,794
Unquoted shares	**9,112**	7,992
	₱14,043	₱15,786

Movements of AFS investments are as follows:

	2013	2012
Balances at beginning of year	**₱15,786**	₱14,462
Additions	**2,687**	207,172
Disposals	**(4,055)**	(205,650)
Change in fair value of AFS investments	**(375)**	(198)
Balances at end of year	**₱14,043**	₱15,786

The unrealized gain on the increase in fair value of these investments amounting to ₱0.7 million and ₱0.8 million as at December 31, 2013, and 2012, respectively, is shown as part of the other components of equity in the consolidated statement of financial position and in the consolidated statement of changes in equity (see Note 18). The fluctuations in value of these investments are reported also as part of "Other comprehensive income (loss)" in the consolidated statement of comprehensive income.

Movements of unrealized gain on AFS investments recognized as a separate component of equity are as follows:

	2013	2012
Balances at beginning of year	**₱844**	₱920
Unrealized gain on fair value change during the year	**251**	583
Gain on disposal transferred to consolidated statement of income	**(346)**	(659)
Balances at end of year	**₱749**	₱844

Unquoted shares pertain to shares of stock that are not traded in an active market. These investments are carried at cost less any impairment in value since there is insufficient information to determine fair values.

In 2013, 2012 and 2011, the Group sold AFS investments with cost amounting to ₱4.1 million, ₱205.7 million and ₱1.3 million, respectively. Proceeds from these disposals amounted to ₱4.3 million, ₱206.3 million and ₱1.4 million resulting to realized gain amounting to ₱0.3 million, ₱0.7 million and ₱0.1 million in 2013, 2012 and 2011, respectively.

10. Property, Plant and Equipment

a. Land - at Revalued Amounts

	2013		
	Cost	**Revaluation Increment**	**Total**
Balances at beginning of year	**₱29,895**	**₱2,513,864**	**₱2,543,759**
Additions	**13,299**	**122,714**	**136,013**
Balances at end of year	**₱43,194**	**₱2,636,578**	**₱2,679,772**

	2012		
	Cost	Revaluation Increment	Total
Balances at beginning of year	₱10,754	₱2,513,864	₱2,524,618
Additions	19,141	–	19,141
Balances at end of year	₱29,895	₱2,513,864	₱2,543,759

The Group adopted the revaluation model and engaged an independent firm of appraisers to determine the fair value of its land classified under "Property, plant and equipment" in the consolidated statement of financial position, which is equal to the amount in terms of money at which the property would be exchanged in the current real estate market, between willing parties both having knowledge of all relevant facts. The appraisers determined the fair value of the Group's land based on its market value as at February 23, 2013. The assigned value was estimated using the sales comparison approach, which considers the sales of similar or substitute properties and related market value and establishes a value estimates by processes involving comparisons. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.

b. Property, Plant and Equipment - at Cost

	2013							
	Land Improvements	Buildings	Machinery, Tools and Equipment	Mining Properties and Mine Development Costs	Port Facilities	Construction in Progress	Artworks	Total
Cost:								
Beginning balance	₱123,747	₱275,991	₱1,396,937	₱965,292	₱44,675	₱263,595	₱3,533	₱3,073,770
Additions	2,338	9,812	83,318	25,280	19,513	90,458	–	230,719
Change in estimate of mine rehabilitation (Note 16)	–	–	–	2,480	–	–	–	2,480
Reclassification	–	799	68,944	30,956	–	(100,699)	–	–
Disposals	–	–	(23,503)	–	–	–	–	(23,503)
Ending balance	126,085	286,602	1,525,696	1,024,008	64,188	253,354	3,533	3,283,466
Accumulated depreciation, depletion and amortization:								
Beginning balance	68,483	247,299	1,168,860	704,760	1,042	–	–	2,190,444
Depreciation (Note 24)	4,140	6,879	89,413	27,579	1,787	–	–	129,798
Disposals	–	–	(22,705)	–	–	–	–	(22,705)
Ending balance	72,623	254,178	1,235,568	732,339	2,829	–	–	2,297,537
Allowance for possible losses:								
Beginning balance	2,013	2,342	–	–	–	–	–	4,355
Reversals	(64)	(2,231)	–	–	–	–	–	(2,295)
Ending balance	1,949	111	–	–	–	–	–	2,060
Net book values	₱51,513	₱32,313	₱290,128	₱291,669	₱61,359	₱253,354	₱3,533	₱983,869

Portion of depreciation has been capitalized as part of deferred mine exploration costs

	2012							
	Land Improvements	Buildings	Machinery, Tools and Equipment	Mining Properties and Mine Development Costs	Port Facilities	Construction in Progress	Artworks	Total
Cost:								
Beginning balance	₱71,812	₱264,131	₱1,251,063	₱946,321	₱–	₱114,157	₱3,533	₱2,651,017
Additions	51,935	11,860	181,306	–	44,675	149,438	–	439,214
Change in estimate of mine rehabilitation (Note 16)	–	–	–	18,971	–	–	–	18,971
Disposals	–	–	(35,432)	–	–	–	–	(35,432)
Ending balance	123,747	275,991	1,396,937	965,292	44,675	263,595	3,533	3,073,770
Accumulated depreciation, depletion and amortization:								
Beginning balance	65,792	242,527	1,117,286	677,525	–	–	–	2,103,130
Depreciation (Note 24)	2,691	4,772	87,006	27,235	1,042	–	–	122,746
Disposals	–	–	(35,432)	–	–	–	–	(35,432)
Ending balance	68,483	247,299	1,168,860	704,760	1,042	–	–	2,190,444
Allowance for possible losses:								
Beginning balance	2,243	2,565	292	–	–	–	–	5,100
Reversals	(230)	(223)	(292)	–	–	–	–	(745)
Ending balance	2,013	2,342	–	–	–	–	–	4,355
Net book values	₱53,251	₱26,350	₱228,077	₱260,532	₱43,633	₱263,595	₱3,533	₱878,971

As at December 31, 2013 and 2012, certain items of property, plant and equipment under "Machinery, Tools and Equipment" totaling to ₱36.8 million and ₱59.2 million, respectively, are used as collateral to Philippine Export-Import Credit Facility (PhilExim) Loans (see Note 14).

The Group revised its estimate of the mine rehabilitation and decommissioning cost resulting to an adjustment on capitalized cost amounting to ₱2.5 million and ₱19.0 million in 2013 and 2012, respectively (see Note 16).

The cost of fully depreciated property, plant and equipment still being used in operations as at December 31, 2013 and 2012, amounted to ₱1.1 million.

11. Investment Properties

		2013	
	Land	**Buildings**	**Total**
Cost	**₱166,693**	**₱13,957**	**₱180,650**
Accumulated depreciation:			
Balance at beginning of year	**–**	**13,135**	**13,135**
Depreciation	**–**	**698**	**698**
Balance at end of year	**–**	**13,833**	**13,833**
Net book value	**₱166,693**	**₱124**	**₱166,817**

		2012	
	Land	Buildings	Total
Cost	₱166,693	₱13,957	₱180,650
Accumulated depreciation:			
Balance at beginning of year	–	12,437	12,437
Depreciation	–	698	698
Balance at end of year	–	13,135	13,135
Net book value	₱166,693	₱822	₱167,515

Investment properties consist of land and condominium units amounting to ₱166.8 million and ₱167.5 million as at December 31, 2013 and 2012, respectively.

The land located in Cabuyao, Laguna, which is owned by BLRI, has a total net land area of 47,626.71 square meters. This is currently mortgaged to PhilEXIM as part of the collateral for the ACMP 300 tons per day expansion project being managed by BLRI (see Note 14).

As at December 31, 2013 and 2012, the fair market value of the investment property amounted to ₱166.7 million.

Condominium units owned by BFC are rented out as office spaces. Rental income earned from these properties amounted to ₱1.2 million in 2013 and ₱1.4 million in 2012 and 2011.

12. Deferred Mine Exploration Costs

Movements of deferred mine exploration costs are as follows:

	2013	2012
Balances at beginning of year	**₱593,962**	₱368,928
Additions	**245,792**	225,034
Balances at end of year	**₱839,754**	₱593,962

Additions pertain to the drilling, hauling, and other ongoing exploration, research and development activities of the Group. Depreciation capitalized as at December 31, 2013 amounted to ₱9,188.

The Parent Company is currently working on exploration and drilling programs to upgrade AGP's capacity while BNMI is presently studying different processes using its low and medium grade or to produce a higher value material for export.

13. Other Noncurrent Assets

	2013	2012
Investment in fund	**₱274,625**	₱280,903
Advances for various exploration projects	**199,406**	150,842
Mine Rehabilitation Fund (MRF)	**48,214**	42,016
Prepaid rent	**30,386**	31,634
Advance royalties	**9,219**	4,983
Others	**21,600**	28,328
	₱583,450	₱538,706

Investment in fund pertains to investible funds of the Parent Company. In 2013, 2012 and 2011, income from investment in fund amounted to ₱8.1 million, ₱5.9 million and nil, respectively (see Note 25).

Advances for various exploration projects pertain to the prepayments of the Group to its contractors and suppliers for exploration activities.

MRF pertains to accounts opened with a local bank in compliance with the requirements of DAO No. 96-40, otherwise known as "The Revised Implementing Rules and Regulations of the Philippine Mining Act of 1995" (R.A. 7942). The MRF shall be used for physical and social rehabilitation of areas and communities affected by the mine operations, and for research in the social, technical and preventive aspects of the mine's rehabilitation. The funds earn interest at the respective bank deposit rates.

Prepaid rent represents the noncurrent portion of advance rentals made by the Group for its lease of office space.

Advance royalties refers to cash advances of BPGC to Pantukan Mineral Cooperation (PMC). BPGC entered into a royalty agreement with option to purchase with PMC under the terms of which BPGC is allowed to perform exploration, development and mining activities over the mining properties of PMC located in Davao del Norte and Davao Oriental (see Note 34).

14. Loans Payable

	2013	2012
Secured loans	**₱790,185**	₱1,127,291
Accrued interest and penalties	**243,844**	289,333
Unsecured loans	**175,000**	50,000
Others	**425,852**	430,298
	1,634,881	1,896,922
Less noncurrent portion	**505,494**	931,183
Current portion	**₱1,129,387**	₱965,739

a. Secured Bank Loans

As at December 31, 2013, the Parent Company has settled a total of ₱3.6 billion in loan principal and related accrued interest and penalties resulting to gain on settlement of these liabilities amounting to ₱104.8 million, ₱387.0 million and ₱797.3 million for 2013, 2012 and 2011, respectively (see Note 25). These arose from various settlement agreements from 2009 to date, resulting to settlement of 79.98% of secured debts and 85.3% of unsecured debts as of December 31, 2011. Unsettled loans as at December 31, 2013 amounted to ₱359.2 million.

In 2012, the Parent Company obtained loans from a bank with interest rates of 12% and terms of five years. These loans with total remaining balance of ₱15.6 million as of December 31, 2013 are secured by registered chattel mortgage on various vehicles of the Parent Company.

On July 12, 2012, the Parent Company and BNMI entered into an agreement for a US$20.0 million loan term facility with ATB and Maybank to finance its working capital and capital expenditure requirements. The loan facility was fully drawn as of December 31, 2012. The loan is payable on various dates up to 2015. Interest rate for the loan is 6.0% plus any applicable screen rate and mandatory cost. Outstanding loan balance as at December 31, 2013 amounts to ₱486.1 million.

The facility agreement contains positive, negative and financial covenants which include, among others, payment of interest, strict compliance with regulatory provisions regarding internal revenue taxes and environmental requirements, the maintenance of certain financial and project ratios.

As at December 31, 2013, the Group has been compliant with the covenants contained in the facility agreement.

In 2013 and 2012, transaction cost related to the loans payable that have been amortized is as follows:

	2013	2012
Transaction costs capitalized	**₱43,589**	₱53,094
Less amortized transaction costs	**27,188**	9,505
	16,401	43,589
Less current portion	**15,137**	27,676
	₱1,264	₱15,913

Relative to the loan facility, BNMI also executed the following agreements with ATB and Maybank:

- Establishment of a collection account to capture all cash inflows from sale of nickel ore to a Chinese trading company. In compliance with the agreement, BNMI maintained a collection account with ATB.

- Establishment of DSRA which shall be used as security of the Account Pledge in connection with the loan facility. The DSRA cash balance amounted to ₱88.8 million and ₱82.1 million as at December 31, 2013 (see Note 4).

PhilEXIM Loans
BLRI obtained from PhilEXIM a five-year loan facility up to ₱150.0 million to finance the expansion of the AGP. On various dates in 2011, BLRI, through an execution of promissory note, availed of the whole loan facility. The loan is subject to an interest of 11.25% per annum payable semi-annually. The principal is payable in equal semi-annual payments beginning on the 5th payment from the initial drawdown. Interest expense in relation to the loan amounted to ₱14.2 million, ₱15.4 million and ₱10.1 million in 2013, 2012 and 2011, respectively. The loan is covered by collateral (see Note 11).

In 2012, AFC entered into a medium-term loan under PhilEXIM's Medium to Long Term Direct Lending Program for the purpose of financing the purchase or dump trucks and transportation equipments. The total amount of loan granted in August 1, 2012 amounted to ₱8.0 million which is payable in three years, subject to 12% interest rate per annum or the prevailing PDST-F rate at the time of disbursement plus applicable spread, whichever is higher. In 2013, AFC availed of additional short-term loans from PhilEXIM amounting to ₱100.0 million, ₱38.9 million of which are still outstanding as at December 31, 2013.

The loan is partially secured by a chattel mortgage on its transportation equipments up to ₱4.0 million (see Note 10) and a real estate mortgage of its lot in San Pedro, Laguna up to ₱2.0 million. The total carrying amount of the mortgaged property and equipment amounted to ₱36.8 and ₱59.2 million as at December 31, 2013 and 2012, respectively.

b. Unsecured Bank Loans

This account represents unsecured peso-denominated short-term loans obtained from local banks, which bear annual interest of 9.75%. In 2013, the Parent Company availed of additional loans amounting to ₱175.0 million which are still outstanding as at December 31, 2013.

c. Others

Nickel Off-take Agreement
On August 24, 2011, BNMI signed an off-take agreement with a Chinese trading company. The agreement calls for advances to be provided to the Parent Company amounting to $6.0 million (₱263.0 million) subject to interest of 6% per annum. Interest shall be computed on the outstanding advances after six months from the date of the contract. These advances shall be paid through the delivery of nickel ore by BNMI over the three years or 0.6 million per year. The Chinese trading company shall deduct $3.3 per metric ton from the selling price as partial repayment until the advance is fully paid.

On October 5, 2011, BNMI also signed an off-take agreement with another Chinese trading company. The Chinese trading company made advances to the Parent Company amounting to $7.0 million (₱306.9 million). These advances shall be paid through the delivery of nickel ore by BNMI over the three (3) years. The Chinese trading company shall deduct $3.5 per metric ton from the selling price as partial repayment until the advance is fully paid.

In 2013, payments of advances and interests from these off-take agreements amounted to $1.4 million (₱57.0 million) and $0.3 million (₱12.6 million), respectively. As at December 31, 2013 and 2012, the remaining advances amounted to $9.6 million (₱425.9 million) and $10.1 million (₱430.3 million), respectively.

Total interest charged to operations amounted to ₱126.1 million, ₱84.4 million and ₱43.0 million in 2013, 2012 and 2011, respectively.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2013 and 2012.

As at December 31, 2013 and 2012, the Group has been compliant with the covenants, warranties and requirements of its long-term debts.

15. Trade and Other Payables

	2013	2012
Trade	**₱626,059**	₱242,720
Nontrade	**118,155**	124,507
Withholding taxes	**81,392**	36,823
Accrued expenses:		
Power and utilities	**42,316**	30,314
Professional fees and contracted services	**31,737**	23,374
Others	**7,324**	5,001
Customer advances	**55,106**	–
Officers and employees	**7,464**	5,212
Others	**47,425**	21,607
	₱1,016,978	₱489,558

Trade payables include import and local purchases of equipment, inventories and various parts and supplies used in the operations of the Group. These are non-interest bearing and are normally settled on 60 to 90 days' term.

Nontrade represents other operating expenses that are payable to various suppliers and contractors.

Withholding taxes are normally remitted within 10 days from the close of each month.

Customer advances pertain to amounts from nickel ore customers which will be applied against the receivable from customers.

Officers and employees include unclaimed wages, accrued vacation and sick leave credits and accrued payroll which are payable in 30 days' term.

Others represent unpaid minor operating and administrative expenses.

16. Liability for Mine Rehabilitation

	2013	2012
Balances at beginning of year	**₱55,228**	₱34,060
Change in estimate (Note 10)	**2,480**	18,971
Accretion (Note 25)	**2,222**	2,197
Balances at end of year	**₱59,930**	₱55,228

Liability for mine rehabilitation pertains to the estimated decommissioning costs to be incurred in the future on the mined-out areas of the Group.

The Group makes a full provision for the future cost of rehabilitating mine site and related production facilities on a discounted basis on the development of mines or installation of those facilities. The rehabilitation provision represents the present value of rehabilitation costs. These provisions have been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future metal and ore prices, which are inherently uncertain.

The Group revised its estimate of the mine rehabilitation and decommissioning cost resulting to an adjustment on capitalized cost amounting to ₱2,480 and ₱18,971 in 2013 and 2012, respectively.

17. Other Noncurrent Liabilities

Other noncurrent liabilities pertain to advance payments received from nickel customers and the outstanding liability with Consolidated Mines, Inc., in which discussions are still on-going, amounting to ₱139.8 million and ₱67.2 million as at December 31, 2013 and 2012, respectively. The advances from nickel customers will be applied against future receivables.

18. Equity

Capital Stock

	2013		2012	
	No. of shares	**Amount**	No. of shares	Amount
Authorized				
Convertible Preferred				
Class "A" - ₱3.43 par value	**19,652,912**	**₱67,500**	19,652,912	₱67,500
Common Class "A" - ₱3 par value	**120,000,000**	**360,000**	120,000,000	360,000
Common Class "B" - ₱3 par value	**80,000,000**	**240,000**	80,000,000	240,000

(Forward)

	2013		2012	
	No. of shares	**Amount**	No. of shares	Amount
Issued				
Convertible Preferred				
Class "A"	**217,061**	**₱745**	217,061	₱745
Common Class "A"	**110,363,385**	**331,090**	102,401,265	307,204
Common Class "B"	**66,795,822**	**200,387**	61,501,752	184,505
Total shares issued		**₱532,222**		₱492,454

The two classes of common stock of the Group are identical in all respects, except that ownership of Common Class "A" is restricted to Philippine nationals.

The convertible preferred stock is limited to Philippine nationals and convertible into Common Class "A" at a conversion premium of ₱24.28 per share in 2013. Each preferred share is convertible into 3.1625 Common Class "A" shares. The convertible preferred stock is also entitled to have one vote for each full share of Common Class "A" stock into which such share of convertible preferred stock is, at any stockholders' meeting, then convertible. It does not enjoy the same dividend right as the two classes of common stock but is entitled to a fixed cumulative dividend of 8% a year if there is surplus profit and when declared by the BOD.

On May 4, 2012, the Parent Company entered into a Stock Subscription Agreement with RYM Business Management Corporation (RBMC) for the subscription of 7,941,240 Class "A" common shares and 5,294,070 Class "B" common shares of the Parent Company pursuant to the MOA dated April 7, 2010 and the Addendum to the MOA dated September 17, 2010. The total subscription price for the aforementioned Class "A" and Class "B" shares amounting to ₱180.0 million was received on May 31, 2012.

On February 18, 2013, the Parent Company issued a total of 7,941,240 Common Class "A" and 5,294,070 Common Class "B" shares to RBMC pursuant to the terms and conditions of the MOA on Private Placement dated April 7, 2010, Addendum to the MOA dated September 17, 2010, Stock Subscription Agreement dated May 4, 2012 and Letter of Agreement dated December 14, 2012 between the Parent Company and RBMC.

On August 23, 2013, the Parent Company's Board of Directors approved the private placement of RBMC. RBMC is willing to infuse additional capital up to ₱250.0 million in exchange for Class "A" and "B" shares at the average price of the last five trading days from August 5 to 15, 2013. The first part of the placement calls for subscription by RBMC to 18,000,000 common shares which are the remaining available unissued shares of the Parent Company, in the amount of ₱162.0 million. The remainder of the placement will follow after the Parent Company has increased its Authorized Capital Stock.

On March 20, 2014, the Parent Company issued a total of 7,169,003 Class "A" and 10,830,997 Class "B" common shares pursuant to the terms and conditions of the MOA on Private Placement dated August 23, 2013 and Stock Subscription Agreement dated September 23, 2013 between the Parent Company and RBMC.

The following are the movements in the number of issued shares of stock:

2013

	Convertible Preferred Class "A"	Common Class "A"	Common Class "B"
Issued shares at beginning of year	**217,061**	**102,401,265**	**61,501,752**
Private placement during the year	**–**	**7,941,240**	**5,294,070**
Employees' exercise of stock options	**–**	**20,880**	**–**
Issued shares at end of year	**217,061**	**110,363,385**	**66,795,822**

2012

	Convertible Preferred Class "A"	Common Class "A"	Common Class "B"
Issued shares at beginning of year	217,061	102,351,465	61,473,467
Employees' exercise of stock options	–	49,800	28,285
Issued shares at end of year	217,061	102,401,265	61,501,752

All issuances of capital stock made during 2013 and 2012 were exempted from the registration requirements of SRC Rule 68.1. The movements in the capital stock pertain to employees' stock options which were exercised during the year.

Below is the Parent Company's track record of registration of securities under the Securities Regulation Code of the Philippine SEC:

Date of Registration (SEC Approval)	Description	Number of shares	Par value per share	Total amount (in 000's)
June 18, 1956	Capital upon registration:			
	Common shares	18,000,000	₱1.00	₱18,000
November 25, 1960	Increase in number and par value of common shares:			
	Common shares	20,000,000	2.00	40,000
November 9, 1964	Increase in par value of common shares:	20,000,000	3.00	60,000
October 22, 1968	Increase in number of common shares and introduction of preferred shares:			
	Common shares	50,000,000	3.00	150,000
	Preferred shares	6,000,000	5.00	30,000
March 12, 1974	Split of common share in to two classes and change in number and par value and addition of conversion feature to the preferred shares:			
	Common class "A"	30,000,000	3.00	90,000
	Common class "B"	20,000,000	3.00	60,000
	Convertible preferred shares	19,652,912	3.43	67,500
July 27, 1989	Increase in number of common shares			

Date of Registration (SEC Approval)	Description	Number of shares	Par value per share	Total amount (in 000's)
	Common class "A"	120,000,000	₱3.00	₱360,000
	Common class "B"	80,000,000	3.00	240,000
	Convertible preferred shares	19,652,912	3.43	67,500
Total Authorized Capital:				
	Common class "A"	**120,000,000**	**₱3.00**	**₱360,000**
	Common class "B"	**80,000,000**	**₱3.00**	**₱240,000**
	Convertible preferred shares	**19,652,912**	**₱3.43**	**₱67,500**

As of December 31, 2013, 2012 and 2011, the Parent Company 16,952, 17,005 and 16,998 stockholders, respectively.

Other Components of Equity

	2013	2012 (As restated)
Revaluation increment - net of deferred tax liability	**₱836,679**	₱750,779
Deposits for future stock subscriptions	**162,000**	180,000
Cost of share-based payment (see Note 26)	**58,183**	51,616
Cumulative translation adjustments of foreign subsidiaries	**41,357**	46,263
Remeasurement loss on retirement obligation	**(12,201)**	(5,771)
Unrealized gain on AFS investments	**749**	844
	₱1,086,767	₱1,023,731

For the purpose of dividend declaration, the retained earnings of the Parent Company shall be restricted to the extent of the deficit wiped out by the revaluation increment amounting on December 5, 2011 amounting to ₱1.0 billion.

19. Stock Option Plan

Under the 1975 Nonqualified Stock Option Plan (Plan), as amended, 9.9 million shares of the unissued common stock of the Parent Company have been reserved for stock options to selected managers, directors and consultants of the Parent Company. The option price is payable on exercise date and should not be less than the fair market value of the shares quoted on the date of the grant. The Plan, valid up to May 31, 1998, allows a maximum of 632,500 shares to be available to any one optionee. On May 26, 1998, the BOD and the stockholders approved the extension of the Plan until May 31, 2003, which was extended further on December 18, 2002 with the BOD and the stockholders' approval until May 31, 2008. On December 18, 2007, the BOD and the stockholders approved a further extension of the Plan until May 31, 2013.

On March 23, 2012, the BOD and the stockholders approved the proposed amendments to the existing Amended Stock Option Plan and to extend the termination date of the existing Plan for five years or until May 31, 2018.

As per amendments, there will be an increase in the maximum award per employee from 200,000 shares over the life of the plan to 500,000 shares per grant. Also, there will be an increase in the shares reserved for issuance under the Plan from the total of 9,900,000 to 12,100,000. The existing Plan established in 1975 is now almost depleted.

Options granted to Filipino optionees are exercisable in the form of 60% Common Class "A" and 40% Common Class "B" shares. Options for Common Class "B" shares may be exercised only if Common Class "A" shares had been previously or simultaneously exercised so as to maintain a minimum 60:40 ratio of Common Class "A" to Common Class "B" shares.

The options under the Plan are nontransferable and are exercisable to the extent of 30% after one year from the date of the grant, 60% after two years from the date of the grant, and 100% after three years from the grant. No option is exercisable after 10 years from the date of the grant.

A summary of the number of shares under the Plan is shown below:

	2013	2012	2011
Outstanding at beginning of year	**4,195,007**	4,374,572	3,726,880
Grant during the year	–	–	2,200,332
Exercised during the year	**(20,880)**	(78,085)	(1,415,840)
Cancelled during the year	**(20,000)**	(101,480)	(136,800)
Outstanding at end of year	**4,154,127**	4,195,007	4,374,572
Exercisable at end of year	**2,490,619**	2,515,129	2,174,240

Prices of outstanding options at grant date:

Class A - April 2006 Grant	₱8.50
- May 2011 Grant	16.50
Class B - April 2006 Grant	29.07
- May 2011 Grant	17.50

	2013	2012	2011
Average price per share	**₱20.49**	₱20.50	₱20.30
Shares available for future option grants	**1,547,422**	1,574,962	1,425,962

The Parent Company used the Binomial Options Pricing Model to determine the fair value of the stock options. The following assumptions were used to determine the fair value of the stock options:

	April 6, 2006 Grant		May 3, 2011 Grant	
	Class A	Class B	Class A	Class B
Share price	₱8.50	₱29.07	₱16.50	₱17.50
Exercise price	8.50	29.07	16.50	17.50
Expected volatility	29.51%	29.51%	91.20%	155.57%
Option life	10 years	10 years	10 years	10 years
Expected dividends	5.38%	5.38%	0.00%	0.00%
Risk-free interest rate	10.30%	10.30%	6.46%	6.46%

The expected volatility measured at the standard deviation of expected share price returns was based on analysis of share prices for the past 365 days. Compensation expense relating to the stock option plan recognized in 2013, 2012 and 2011 amounted to ₱6.9 million, ₱11.5 million and ₱10.7 million, respectively.

20. Costs of Mine Products Sold

	2013	2012 (As restated)	2011 (As restated)
Outside services	**₱1,126,979**	₱399,931	₱52,507
Materials and supplies	**142,312**	181,887	97,586
Personnel expenses (see Note 23)	**103,604**	73,227	57,911
Depreciation, depletion and amortization (see Note 24)	**65,866**	73,633	52,481
Power and utilities	**58,043**	35,056	16,462
Smelting, refining and marketing	**13,644**	43,908	44,046
Taxes and licenses	**5,027**	9,982	1,163
Other charges	**17,817**	6,645	4,581
	1,533,292	824,269	326,737
Net changes in beneficiated nickel ore	**(126,746)**	(138,397)	–
	₱1,406,546	₱685,872	₱326,737

Outside services pertain to the amounts paid to contractors and consultants involved in mining operations.

21. Costs of Services

	2013	2012 (As restated)	2011 (As restated)
Materials and supplies	**₱98,208**	₱64,591	₱44,571
Rent	**95,291**	48,196	3,855
Depreciation, depletion and amortization (see Note 24)	**31,610**	29,122	25,199
Personnel expenses (see Note 23)	**24,424**	16,250	13,188
Real estate (see Note 7)	**7,237**	4,427	4,852
Travel and transportation	**6,489**	1,602	1,744
Outside services	**2,261**	2,607	20,629
Repairs and maintenance	**1,660**	2,026	846
Taxes and licenses	**1,593**	186	296
Power consumption	**1,187**	10,924	10,113
Others	**7,035**	12,754	2,911
	₱276,995	₱192,685	₱128,204

Others consist mainly of repairs and maintenance and various direct charges that are individually immaterial.

22. Selling and General Expenses

	2013	2012 (As restated)	2011 (As restated)
Personnel expenses (Note 23)	**₱217,488**	₱156,935	₱96,674
Outside services	**145,397**	133,500	52,876
Rent	**87,241**	152,510	8,157
Depreciation, depletion and amortization (Note 24)	**23,832**	19,991	10,372
Materials and supplies	**18,414**	31,282	9,578
Transportation and travel	**16,931**	10,670	34,992
Taxes and licenses	**13,905**	16,801	16,338
Communication, light and power	**10,448**	10,857	8,555
Representation	**8,135**	3,585	4,164
Provision for impairment losses (Note 6)	**1,351**	690	17,665
Others	**74,631**	71,572	12,682
	₱617,773	₱608,393	₱272,053

Others consist mainly of insurance, repairs and maintenance and various administrative expenses that are individually immaterial.

23. Personnel Expenses

	2013	2012 (As restated)	2011 (As restated)
Salaries and wages	**₱280,718**	₱171,840	₱123,155
Pension expense (Note 29)	**14,295**	22,996	8,145
Benefits and allowances	**50,503**	51,576	36,473
	₱345,516	₱246,412	₱167,773

The amounts were distributed as follows:

	2013	2012 (As restated)	2011 (As restated)
Selling and general expenses (see Note 22)	**₱217,488**	₱156,935	₱96,674
Cost of mine products sold (see Note 20)	**103,604**	73,227	57,911
Cost of services (see Note 21)	**24,424**	16,250	13,188
	₱345,516	₱246,412	₱167,773

24. Depreciation, Depletion and Amortization

	2013	2012	2011
Cost of mine products sold (see Note 20)	**₱65,866**	₱73,633	₱52,481
Cost of services (see Note 21)	**31,610**	29,122	25,199
Selling and general expenses (see Note 22)	**23,832**	19,991	10,372
	₱121,308	₱122,746	₱88,052

25. Other Income - Net

	2013	2012	2011
Recovery of allowance for impairment losses	**₱107,202**	₱–	₱–
Gain on settlement of loans and other liabilities (Note 14)	**104,812**	387,007	797,258
Foreign currency exchange gains (losses) - net	**(31,055)**	13,455	(6,560)
Income from investment in fund (Note 13)	**8,142**	5,903	–
Interest income (Notes 4, 5 and 6)	**7,463**	5,718	7,464
Accretion expense (Note 16)	**(2,222)**	(2,197)	(3,220)
Income from sale of Kingking rights	**–**	–	411,208
Others - net	**22,356**	(14,065)	57,737
	₱216,698	₱395,821	₱1,263,887

26. Incentive Bonus Plan

The Group has an incentive bonus plan which provide for bonus awards, calculated on the basis of net income, to top operating executives, managers and members of the BOD. Bonus awards are either paid in full directly to the awardees or are transferred to a trust fund and are payable to the awardees in three installments generally over a period of two years.

No incentive bonuses were paid or accrued in 2013, 2012 and 2011.

27. Employee Stock Ownership Incentive Plan

The ESOIP, as approved by the stockholders in 1986, allows employees of the Group to buy up to six million shares of the Common Class "A" stock of the Group at either of two prices. If the shares are acquired by the Group from a seller or are treasury shares, these can be bought at acquisition cost. If the shares are sourced from the authorized but unissued shares of the Group, these can be bought at the average closing price quoted in the Philippine Stock Exchange (PSE) on the last day that such shares were traded prior to the start of the purchase period. Payment for the shares purchased shall be advanced by the Group on behalf of the employees and repaid through salary deduction without interest. Interest shall be shouldered by the Group or the respective subsidiary. The shares acquired by employees under the ESOIP may be subjected to a holding period from the date of purchase.

In January 1990, the BOD approved the Employees Stock Purchase Plan, which allows the employees of the Group (but excluding directors of the Group) to buy, basically under similar terms and conditions as the ESOIP, 2 million shares of the Common Class "A" stock of the Group. The balance of the funds advanced by the Group to the employees pursuant to these plans is shown as part of the "Trade and other receivables" account in the consolidated statement of financial position (see Note 6).

28. Related Party Disclosures

Compensation of Key Management Personnel of the Group
The Group's related party transactions included the following compensation of key management personnel.

	2013	2012	2011
Salaries	**₱90,156**	₱76,113	₱47,214
Retirement and short-term benefits (Note 29)	**16,272**	17,287	14,693
	₱106,428	₱93,400	₱61,907

All intercompany transactions are eliminated at the consolidated level. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under SRC Rule 68, as Amended (2011).

29. Pension Benefits Plans

The Parent Company has a funded, noncontributory trusteed pension benefit plan while AFC has unfunded pension benefit plan covering substantially all of their regular employees. The benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The defined pension benefit obligation is determined using the projected unit credit method.

The following tables summarize the components of net pension benefit in the consolidated statements of income and fund status and the amounts recognized in the consolidated statement of financial position:

Net pension expense follow:

	2013	2012 (As restated)	2011 (As restated)
Parent Company			
Current service cost	**₱9,706**	₱14,581	₱5,508
Interest cost	**3,153**	6,363	2,118
	12,859	20,944	7,626
AFC			
Current service cost	**833**	1,564	398
Interest cost	**603**	488	121
	1,436	2,052	519
Net pension expense	**₱14,295**	₱22,996	₱8,145

Movements of pension liability recognized in the consolidated statements of financial position follow:

	2013			2012 (As restated)			2011 (As restated)		
	Parent Company	AFC	Total	Parent Company	AFC	Total	Parent Company	AFC	Total
Present value of pension liability	₱87,605	₱10,417	₱98,022	₱64,723	₱10,731	₱75,454	₱114,507	₱8,679	₱123,186
Fair value of plan assets	(4,888)	–	(4,888)	(4,891)	–	(4,891)	(4,800)	–	(4,800)
Pension liability	₱82,717	₱10,417	₱93,134	₱59,832	₱10,731	₱70,563	₱109,707	₱8,679	₱118,386

Reconciliation of other comprehensive income:

	2013			2012 (As restated)			2011 (As restated)		
	Parent Company	AFC	Total	Parent Company	AFC	Total	Parent Company	AFC	Total
Balances at beginning of year	₱1,605	₱4,166	₱5,771	₱51,179	₱4,166	₱55,345	₱–	₱–	₱–
Loss (gain) on remeasurement of retirement obligation	7,017	(587)	6,430	(49,574)	–	(49,574)	51,179	4,166	55,345
Balances at end of year	₱8,622	₱3,579	₱12,201	₱1,605	₱4,166	₱5,771	₱51,179	₱4,166	₱55,345

Changes in the present value of defined benefit obligation follow:

	2013			2012 (As restated)			2011 (As restated)		
	Parent Company	AFC	Total	Parent Company	AFC	Total	Parent Company	AFC	Total
Balances at beginning of year	₱64,723	₱10,731	₱75,454	₱114,507	₱8,679	₱123,186	₱33,696	₱2,209	₱35,905
Interest cost	3,153	603	3,756	6,363	488	6,851	2,118	121	2,239
Current service cost	9,706	833	10,539	14,581	1,564	16,145	5,508	398	5,906
Actuarial losses (gains)	10,023	(839)	9,184	(70,728)	–	(70,728)	73,185	5,951	79,136
Benefits paid	–	(911)	(911)	–	–	–	–	–	–
Balances at end of year	₱87,605	₱10,417	₱98,022	₱64,723	₱10,731	₱75,454	₱114,507	₱8,679	₱123,186

Changes in the fair value of plan assets of the Parent Company follow:

	2013	2012 (As restated)	2011 (As restated)
Balances at beginning of year	₱4,891	₱4,800	₱4,727
Actual return on plan assets	(3)	91	73
Balances at end of year	₱4,888	₱4,891	₱4,800

The major categories of Parent Company's plan assets as a percentage of the fair value of total plan assets are as follows:

	2013	2012	2011
Fixed income securities	86.88%	86.83%	86.62%
Investment in shares of stock	6.52%	6.58%	6.53%
Cash	6.60%	6.59%	6.85%
	100.00%	100.00%	100.00%

The Parent Company's plan assets are being managed by trustee banks. Investments of the fund includes time deposits, shares of stocks that are traded in the Philippine Stock Exchange (PSE) and unquoted shares of stocks. The Parent Company has no transactions with its retirement fund. The retirement fund has no investments in shares of stocks of the Parent Company.

Parent Company expects to contribute ₱25.8 million to the defined benefits retirement plan in 2014 while AFC does not expect to contribute any amount in 2014.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2013:

	Expected Benefit Payments	
Plan Year	Parent Company	AFC
Less than 1 year	₱18,281	₱4,554
More than 1 year to 5 years	25,012	3,371
More than 5 years to 10 years	101,214	2,874
More than 10 years to 15 years	79,781	2,065
More than 15 years to 20 years	21,692	7,422
More than 20 years	492,878	53,873

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining the Pension Liability for the Group's plans are shown below.

	Parent Company		AFC	
	2013	2012	**2013**	2012
Discount rate	**4.31%**	5.27%	**4.31%**	5.62%
Salary increase rate	**10.00%**	10.00%	**11.00%**	11.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

Parent Company

		December 31, 2013
	Increase (decrease)	Present value of the defined benefit obligation
Discount rates	5.31% (+1.00%)	₱81,202
	4.31% actual	87,605
	3.31% (-1.00%)	95,030
Salary increase rate	11.00% (+1.00%)	₱94,275
	10.00% actual	87,605
	9.00% (-1.00%)	81,686

AFC

	Increase (decrease)	December 31, 2013 Present value of the defined benefit obligation
Discount rates	5.31% (+1.00%)	₱9,664
	4.31% actual	10,417
	3.31% (-1.00%)	11,325
Salary increase rate	12.00% (+1.00%)	₱11,211
	11.00% actual	10,417
	10.00% (-1.00%)	9,741

30. Income Taxes

The provision for (benefit from) current and deferred income tax in 2013 and 2012 are as follows:

	2013	2012	2011
Regular corporate income tax (RCIT)	**₱25,062**	₱138,208	₱96,263
MCIT	**14,346**	249	27,977
Applied MCIT	–	(65,497)	–
Benefit from deferred income taxes	**(49,163)**	(163,744)	(28,299)
	(₱9,755)	(₱90,784)	₱95,941

The components of the Group's deferred income tax assets and liabilities are as follows:

	2013	2012 (As restated)	2011 (As restated)
Deferred income tax assets on:			
Allowance for impairment losses	**₱129,619**	₱129,589	₱1,503
Accrued pension liability	**21,120**	18,696	4,062
Remeasurement gain/loss on retirement liability	**6,821**	2,473	23,719
Depletion of asset retirement obligation	**1,462**	940	–
Unrealized foreign exchange loss	**1,341**	–	112
NOLCO	**614**	–	4,895
Accretion of interest	**462**	212	–
Straight-line amortization of accrued rent	**283**	165	–
MCIT	**62**	–	343
Unamortized organization costs	–	358	716
Difference between tax and book basis of accounting for real estate transactions	–	–	17
	161,784	152,433	35,367
Deferred income tax liabilities on:			
Revaluation increment in land	**804,488**	754,983	754,983
Capitalized interest	**55,738**	70,453	85,168
Revaluation increment in investment properties	**38,179**	38,179	38,179
Unrealized foreign exchange gains	**20,483**	13,273	–
Excess of accelerated deduction of mining exploration and development costs over depletion and exploration costs written-off	**18,118**	43,065	54,342

(Forward)

	2013	2012 (As restated)	2011 (As restated)
Excess of accelerated depreciation over normal depreciation of property, plant and equipment and others	**₱8,834**	₱24,501	₱26,496
Discounting of loans	**4,963**	8,767	12,541
Transactions costs	**3,321**	11,832	–
Unrealized gain on AFS	**118**	–	–
Cumulative translation adjustments	–	–	17,312
	954,242	965,053	989,021
	(₱792,458)	(₱812,620)	(₱953,654)

The Group has deductible temporary differences, unused NOLCO and unused tax credit from excess MCIT, for which no deferred income tax assets were recognized as it is not probable that sufficient future taxable profits will be available against which the benefit of the deferred income tax assets can be utilized. These are as follows:

	2013	2012	2011
Unrealized foreign exchange losses	**₱216,109**	₱29,995	₱161,387
NOLCO	**67,002**	30,753	10,571
Allowance for inventory losses, impairment losses and others	**42,487**	164,459	501,171
Reserve for impairment losses on mining properties and mine development costs	–	107,202	107,202
Liability for mine rehabilitation	**19,401**	18,978	17,485
Share-based payment	**17,422**	10,559	10,698
MCIT	**14,534**	250	65,497
Accrued expense	**8,173**	8,636	8,366
Straight-line amortization of accrued rent	–	260	–

As of December 31, 2013, the Group has NOLCO and MCIT that can be claimed against future taxable income and income tax liabilities, respectively, as follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2011	2014	₱1,758	₱–
2012	2015	26,778	250
2013	2016	40,513	14,346
		₱69,049	₱14,596

Movements of NOLCO follow:

	2013	2012	2011
Balances at beginning of year	**₱30,753**	₱26,888	₱280,390
Additions	**40,513**	26,778	1,758
Expirations	**(2,217)**	(11,269)	(9,609)
Application	–	(11,644)	(245,651)
Balances at end of year	**₱69,049**	₱30,753	₱26,888

Movements of MCIT follow:

	2013	2012	2011
Balances at beginning of year	**₱250**	₱66,003	₱38,253
Application	–	(65,497)	(130)
Additions	**14,346**	250	27,977
Expirations	–	(506)	(97)
Balances at end of year	**₱14,596**	₱250	₱66,003

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in the consolidated statements of income is summarized as follows:

	2013	2012 (As restated)	2011 (As restated)
Income tax computed at statutory rate	**(₱20,826)**	₱164,809	₱444,329
Changes in unrecognized deferred income tax assets and others	**15,646**	(153,385)	(290,830)
Nontaxable income	**(13,015)**	(72,990)	(84,007)
Nondeductible expenses	**11,836**	13,895	24,497
Interest income subject to final tax	**(4,061)**	(1,494)	(931)
Expiration of NOLCO	**665**	3,381	2,883
Tax exempt dividend income	–	(45,000)	–
	(₱9,755)	(₱90,784)	₱95,941

31. EPS

Basic EPS is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of common shares in issue during the period, excluding any ordinary shares purchased by the Parent Company and held as treasury shares.

In computing for the diluted EPS, the Parent Company considered the effect of potentially dilutive stock options outstanding as at December 31, 2013.

	2013	2012 (As restated)	2011 (As restated)
Net income	**₱7,669**	₱640,148	₱1,385,719

Number of shares for computation of:

	2013	2012 (As restated)	2011 (As restated)
Basic EPS			
Weighted average common shares issued	**174,948,102**	163,866,339	163,101,809
Less: treasury shares	**116,023**	116,023	116,023
Weighted average common shares outstanding	**174,832,079**	163,750,316	162,985,786

	2013	2012 (As restated)	2011 (As restated)
Diluted EPS			
Weighted average common shares issued	**174,948,102**	163,866,339	163,101,809
Less: treasury shares	**116,023**	116,023	116,023
	174,832,079	163,750,316	162,985,786
Stock options	**4,126,607**	4,147,487	4,374,572
Convertible preferred shares	**686,455**	686,455	686,455
Conversion of deposit for future stock subscription	**18,000,000**	13,235,310	–
Weighted average common shares outstanding	**197,645,141**	181,819,568	168,046,813
Basic earnings per share	**₱0.04**	₱3.91	₱8.50
Diluted earnings per share	**₱0.04**	₱3.52	₱8.25

32. Segment Information

PFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker.

For management purposes, the Group's operating segments are determined to be business segments as the risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The mining segment is engaged in exploration, nickel and gold mining operations.

The foundry segment is engaged in the production of a wide range of alloys - manganese, chrome moly, stainless steel, carbon steel and cast iron for cast parts.

The trucking and warehousing segment is engaged in logistics services to the supply-chain requirements of various industries.

The other segments are engaged in research, development, real estate, health services and water projects.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with income or loss before income tax as reported in the consolidated financial statements.

Business Segments

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended December 31, 2013, 2012 and 2011:

2013

	Mining	Foundry	Trucking and Warehousing	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱2,073,551	₱–	₱13,044	₱1,033,197	₱3,119,792	(₱806,735)	₱2,313,057
Interest income	2,989	1	3,883	590	7,463	–	7,463
Inter-segment	–	–	–	–	–	–	–
Other income	332,319	1,443	7,152	10,255	351,169	(141,934)	209,235
	2,408,859	1,444	24,079	1,044,042	3,478,424	(948,669)	2,529,755
Cost and Expenses							
Interest expense	121,802	–	4,311	2	126,115	–	126,115
Direct costs	1,306,225	–	170,773	408,227	1,885,225	(400,280)	1,484,945
Selling and general expenses	1,152,167	3,474	25,621	21,266	1,202,528	(608,687)	593,841
Accretion expense	2,222	–	–	–	2,222	–	2,222
Impairment losses	–	–	–	100	100	–	100
Depreciation, depletion and amortization	84,727	8	34,518	68,721	187,974	–	187,974
Taxes on revenue	104,412	–	–	–	104,412	–	104,412
Other expenses	31,032	–	1,200	–	32,232	–	32,232
	2,802,587	3,482	236,423	498,316	3,540,808	(1,008,967)	2,531,841
Provision for (benefit from) income tax							
Current	31,193	29	8,321	(135)	39,408	–	39,408
Deferred	(47,453)	–	(1,188)	(522)	(49,163)	–	(49,163)
	(16,260)	29	7,133	(657)	(9,755)	–	(9,755)
Net income (loss)	(₱377,468)	(₱2,067)	(₱219,477)	₱546,383	(₱52,629)	₱60,298	₱7,669
Operating assets	₱10,263,224	₱286,846	₱653,470	₱376,137	₱11,579,677	(₱4,394,667)	₱7,185,010
Operating liabilities	(₱4,090,353)	(₱31,228)	(₱588,557)	(₱333,829)	(₱5,043,967)	₱1,247,592	(₱3,796,375)
Other disclosure:							
Capital expenditure	₱469,215	–	₱8,152	₱3,254	₱480,621	–	₱480,621

2012

	Mining	Foundry	Trucking and Warehousing	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱1,769,554	₱–	₱33,072	₱8,744	₱1,811,370	₱–	₱1,811,370
Interest income	4,846	33	114	725	5,718	–	5,718
Inter-segment	103,649	5,165	466,250	–	575,064	(575,064)	–
Other income	556,931	92,555	–	1,946	651,432	(248,256)	403,176
	2,434,980	97,753	499,436	11,415	3,043,584	(823,320)	2,220,264
Cost and Expenses							
Interest expense	75,554	600	430	7,822	84,406	–	84,406
Direct costs	842,687	3,965	455,743	3,719	1,306,114	(550,303)	755,811
Selling and general expenses	738,153	3,278	17,393	10,358	769,182	(161,478)	607,704
Accretion expense	2,197	–	–	–	2,197	–	2,197
Impairment losses	315	–	375	–	690	–	690
Depreciation, depletion and amortization	118,646	7	3,656	710	123,019	(273)	122,746
Taxes on revenue	86,471	–	–	–	86,471	–	86,471
Other expenses	738	47	255	9,835	10,875	–	10,875
	1,864,761	7,897	477,852	32,444	2,382,954	(712,054)	1,670,900
Provision for (benefit from) income tax							
Current	121,765	9,605	6,455	632	138,457	–	138,457
Deferred	(229,195)	–	–	(46)	(229,241)	–	(229,241)
	(107,430)	9,605	6,455	586	(90,784)	–	(90,784)
Net income (loss)	₱677,649	₱80,251	₱15,129	(₱21,615)	₱751,414	(₱111,266)	₱640,148
Operating assets	₱10,119,816	₱429,069	₱294,972	₱260,172	₱11,104,029	(₱4,497,461)	₱6,606,568
Operating liabilities	₱4,123,668	₱101,500	₱246,681	₱213,263	₱4,685,112	(₱1,215,992)	₱3,469,120
Other disclosure:							
Capital expenditure	₱773,279	₱–	₱17,261	₱6,891	₱797,431	₱–	₱797,431

2011

	Mining	Foundry	Trucking and Warehousing	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱955,231	₱8,319	₱24,291	₱6,233	₱994,074	₱–	₱994,074
Interest income	24,019	2	29	4,570	28,620	(21,156)	7,464
Inter-segment	56,568	–	20,852	–	77,420	(77,420)	–
Other income	1,293,018	46,221	399	23,746	1,363,384	(105,630)	1,257,754
	2,328,836	54,542	45,571	34,549	2,463,498	(204,206)	2,259,292
Cost and Expenses							
Interest expense	57,867	2,202	14	4,121	64,204	(21,156)	43,048
Direct costs	414,587	6,168	36,704	4,852	462,311	(82,848)	379,463
Selling and general expenses	200,491	1,085	6,803	2,180	210,559	(7,103)	203,456
Accretion expense	3,220	–	–	–	3,220	–	3,220
Impairment losses	5,227	12,407	–	31	17,665	–	17,665
Depreciation, depletion and amortization	150,810	–	3,263	673	154,746	(66,694)	88,052
Taxes on revenue	6,259	–	–	–	6,259	–	6,259
Other expenses	32,242	1,597	110	2,520	36,469	–	36,469
	870,703	23,459	46,894	14,377	955,433	(177,801)	777,632
Provision for (benefit from) income tax							
Current	122,390	1,549	106	195	124,240	–	124,240
Deferred	(30,124)	(130)	1,910	45	(28,299)	–	(28,299)
	92,266	1,419	2,016	240	95,941	–	95,941
Net income (loss)	₱1,365,867	₱29,664	(₱3,339)	₱19,932	₱1,412,124	(₱26,405)	₱1,385,719
Operating assets	₱8,308,367	279,965	₱97,155	₱344,951	₱9,030,438	(₱3,726,012)	₱5,304,426
Operating liabilities	₱3,392,338	₱192,366	₱64,470	₱183,836	₱3,833,010	(₱777,803)	₱3,055,207
Other disclosure:							
Capital expenditure	₱292,404	₱–	₱267	₱33	₱292,704	₱–	₱292,704

Capital expenditures consist of additions to property, plant and equipment and deferred mine exploration costs.

33. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise 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, trade and other payables and obligations under finance lease, which arise directly from its operations. Other financial assets include short-term investment and AFS investments.

The significant risks 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 these 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 liabilities. 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 liquidity in managing its immediate financial requirements.

As of December 31, 2013 and 2012, cash and cash equivalents may be withdrawn anytime while quoted AFS investments may be converted to cash by selling them during the normal trading hours in any business day. The table below summarizes maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the corresponding aging analysis of Group's financial assets as at December 31, 2013 and 2012 that are used to manage the liquidity risk of the group.

2013	On Demand	0-90 days	More than 90 days	More than 1 year	Total
Cash and cash equivalents					
Cash on hand	**₱795**	**₱–**	**₱–**	**₱–**	**₱795**
Cash in banks	**223,751**	**–**	**–**	**–**	**223,751**
Short-term deposits	**–**	**133,869**	**–**	**–**	**133,869**
Trade and other receivables					
Trade	**161,763**	**74,570**	**94,211**	**66,257**	**396,801**
Receivables from lessees of bunkhouses	**266**	**–**	**–**	**–**	**266**
Loans receivable	**49,767**	**–**	**–**	**–**	**49,767**
AFS investments					
Quoted instruments	**4,931**	**–**	**–**	**–**	**4,931**
Unquoted instruments	**–**	**9,112**	**–**	**–**	**9,112**
Total	**₱441,273**	**₱217,551**	**₱94,211**	**₱66,257**	**₱819,292**

2013	On Demand	More than 90 days	More than 1 year	Total
Loans payable	**₱584,660**	**₱544,728**	**₱505,494**	**₱1,634,882**
Trade and other payables				
Trade	**541,155**	**69,601**	**15,303**	**626,059**
Accrued expenses*	**30,399**	**6,492**	**10,443**	**47,334**
Other noncurrent liabilities				
Equity of claimowner in contract operations	**–**	**–**	**49,136**	**49,136**
Total	**₱1,156,214**	**₱620,821**	**₱580,376**	**₱2,357,411**

Excludes statutory payables

2012	On Demand	0-90 days	More than 90 days	More than 1 year	Total
Cash and cash equivalents					
Cash on hand	₱802	₱–	₱–	₱–	₱802
Cash in banks	354,106	–	–	–	354,106
Short-term deposits	–	152,761	–	–	152,761
Short-term investment	–	–	206,092	–	206,092
Trade and other receivables					
Trade	151,420	51,004	122,375	61,187	385,986
Receivables from lessees of bunkhouses	1,574	–	–	–	1,574
Loans receivable	49,767	–	–	–	49,767
AFS investments					
Quoted instruments	7,794	–	–	–	7,794
Unquoted instruments	–	7,992	–	–	7,992
Total	₱565,463	₱211,757	₱328,467	₱61,187	₱1,166,874

2012	On Demand	More than 90 days	More than 1 year	Total
Loans payable	₱499,942	₱465,797	₱931,183	₱1,896,922
Trade and other payables				
Trade	209,803	26,984	5,933	242,720
Accrued expenses*	26,878	5,740	9,233	41,851
Other noncurrent liabilities				
Equity of claimowner in contract operations	–	–	49,136	49,136
Total	₱736,623	₱498,521	₱995,485	₱2,230,629

**Excludes statutory payables*

Credit Risk

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

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

The table below shows the maximum exposure to credit risk for the component of the consolidated statements of financial position. The maximum exposure is shown at gross amount, before the effect of mitigation through the use of master netting and collateral agreements.

	2013	2012
Cash and cash equivalents		
Cash in banks	**₱223,751**	₱354,106
Short-term deposits	**133,869**	152,761
Short-term investments	**–**	206,092
Trade and other receivables		
Trade	**404,179**	393,486
Receivables from lessees of bunkhouses	**30,684**	31,992
Loans receivable	**49,767**	49,767
AFS investments		
Quoted instruments	**4,931**	7,794
Unquoted instruments	**9,112**	7,992
Total credit risk exposure	**₱856,293**	₱1,203,990

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

2013

	Neither Past Due Nor Impaired		Past Due		
	High Grade	Standard Grade	But Not Impaired	Impaired	Total
Cash and cash equivalents					
Cash in banks	**₱223,751**	**₱–**	**₱–**	**₱–**	**₱223,751**
Short-term deposits	**133,869**	**–**	**–**	**–**	**133,869**
Trade and other receivables					
Trade	**188,876**	**62,355**	**145,570**	**7,378**	**404,179**
Receivables from lessees of bunkhouses	**–**	**–**	**266**	**30,418**	**30,684**
Loans receivable	**–**	**49,767**	**–**	**–**	**49,767**
AFS investments					
Quoted instruments	**4,931**	**–**	**–**	**–**	**4,931**
Unquoted instruments	**–**	**9,112**	**–**	**–**	**9,112**
Total credit risk exposure	**₱551,427**	**₱121,234**	**₱145,836**	**₱37,796**	**₱856,293**

2012

	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Cash and cash equivalents					
Cash in banks	₱354,106	₱–	₱–	₱–	₱354,106
Short-term deposits	152,761	–	–	–	152,761
Short-term investments	206,092	–	–	–	206,092
Trade and other receivables					
Trade	183,562	59,231	143,193	7,500	393,486
Receivables from lessees of bunkhouses	–	–	1,574	30,418	31,992
Loans receivable	–	49,767	–	–	49,767
AFS investments					
Quoted instruments	7,794	–	–	–	7,794
Unquoted instruments	–	7,992	–	–	7,992
Total credit risk exposure	₱904,315	₱116,990	₱144,767	₱37,918	₱1,203,990

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

a. Cash and cash equivalents and short-term investments are assessed as high grade since these are deposited in reputable banks, which have a low probability of default.

b. Trade receivables, which pertain mainly to receivables from sale of chromite ore, and loans receivable were assessed as standard grade. These were assessed based on past collection experience and the debtors' ability to pay. Other than receivables which were fully provided with allowance, there were no history of default on the outstanding receivables as at December 31, 2013 and 2012.

Market Risks

Interest Rate Risk

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

As at December 31, 2013 and 2012, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans and unsecured bank loans with floating interest rates. The Group regularly monitors its interest due to exposure from interest rates movements.

The Group's secured and unsecured loans payable are both payable on demand while other loans payable are payable within 3 years. Nominal interest rates vary from floating rate of 91-day Philippine Treasury Bill (PhP T-bill) rate for peso loans and 3-month LIBOR foreign loans, plus a margin of 2.5% for unsecured loans and 3.5% for secured loans.

The following table sets forth, for the years indicated, the impact of changes of interest rate on the consolidated statements of income:

2013	Change in interest rates (in basis points)	Sensitivity of pretax income
PHP	**+100**	**(₱6,884)**
PHP	**-100**	**6,884**
USD	**+100**	**(9,464)**
USD	**-100**	**9,464**

2012	Change in interest rates (in basis points)	Sensitivity of pretax income
PHP	+100	(₱7,947)
PHP	-100	7,947
USD	+100	(8,094)
USD	-100	8,094

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income. Based on the historical movement of the interest rates, management believes that the reasonably possible change for the next quarter would result in an increase (decrease) of 100 basis points for USD LIBOR and PhP T-bill.

Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial performance and cash flows. The Group has transactional currency exposures. Such exposure arises from the sale of gold, nickel ore and beneficiated chrome ore and the purchase of certain goods and services denominated in USD. All sales of gold and nickel ore are denominated in USD. 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 USD 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 of December 31 follow:

	2013		2012	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Financial Assets				
Cash	**$6,317**	**₱280,443**	$10,484	₱430,368
Trade receivables under "Trade and other receivables"	**6,306**	**279,955**	7,984	327,743
Other current assets	**1,177**	**52,253**	5,021	206,112
Available-for-sale (AFS) investments	**40**	**1,776**	40	1,642
Total financial assets	**13,840**	**614,427**	23,529	965,865
Financial Liabilities				
Accrued interest and penalties	**–**	**–**	1,234	50,656
Other loans	**9,593**	**425,881**	29,394	1,206,624
Secured bank loans	**11,726**	**520,576**	777	31,896
Total financial liabilities	**21,319**	**946,457**	31,405	1,289,176
Net financial liabilities	**($7,479)**	**(₱332,030)**	($7,876)	(₱323,311)

As of December 31, 2013 and 2012, the exchange rates of the Philippine peso to the USD are ₱44.40 and ₱41.05, irrespectively.

The sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before income tax as of December 31, 2013 and 2012 is as follows:

2013	Change in foreign exchange rate	Sensitivity of pretax income
	Strengthens by Php1.00	**₱7,479**
	Weakens by Php1.00	**(7,479)**

2012	Change in foreign exchange rate	Sensitivity of pretax income
	Strengthens by Php1.00	₱7,876
	Weakens by Php1.00	(7,876)

Based on the historical movement of the foreign exchange rate, management believes that the reasonably possible change for the next quarter would result in an increase (decrease) of ₱1.00.

There is no other impact on the Group's equity other than those already affecting the statements of income.

Fair Values of Financial Instruments

Fair value is defined as the amount at which a financial instrument can be exchanged in in an orderly transaction between market participants at the measurement date.

Set out below is a comparison by category and class of carrying amounts and estimated fair values of the Group's significant financial assets and liabilities as at December 31, 2013 and 2012:

	Carrying Amounts		Fair Values	
	2013	2012	**2013**	2012
Financial Assets:				
AFS investments:				
Quoted	**₱4,931**	₱7,794	**₱4,931**	₱7,794
Unquoted	**9,112**	7,992	**9,112**	7,992
Financial Liabilities:				
Loans payable	**1,634,882**	1,896,922	**1,634,882**	2,154,975

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, Short-term Investment, Trade and Other Receivables, and Trade and Other Payables

The fair values of these instruments approximate their carrying amounts as of reporting date due to the short-term nature.

Loans Receivable

The fair value of loans receivable approximate their carrying amounts as of reporting date due to the short-term nature. Loans receivable carry interest at 9% per annum and are due and demandable.

AFS Investments

The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date. The fair value of unquoted AFS equity investments cannot be reliably measured and accordingly measured at cost, net of impairment.

Loans Payable

Where the repricing of the variable-rate interest bearing loan is frequent (i.e., three-month repricing), the carrying value approximates the fair value. The fair value of other loans payable is determined by discounting the principal using the 3-month LIBOR rate of 0.58% plus credit spread of 5.42%.

As at December 31, 2013 and 2012, the Group had quoted AFS investments amounting to ₱4,931 and ₱7,794, respectively, carried at fair value in the consolidated statement of financial position. The quoted AFS investments are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations. The Group has no financial instruments measured at fair value under Levels 2 and 3 of fair value hierarchy. There were no transfers between levels in 2013 and 2012.

Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2013, 2012 and 2011. The Group monitors capital using its parent company financial statements. As at December 31, 2013 and 2012, the Group has met its capital management objectives.

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

	2013	2012
Capital stock	**₱532,222**	₱492,454
Capital surplus	**161,844**	21,131
Retained earnings	**1,615,817**	1,608,148
Treasury shares	**(8,016)**	(8,016)
	₱2,301,867	₱2,113,717

Further, the Group monitors capital using debt to equity ratio, which is the total liabilities divided by total equity. Debt to equity ratio of the Group as of December 31, 2013 and 2012 are as follows:

	2013	2012
Total liabilities (a)	**₱3,796,375**	₱3,469,120
Total equity (b)	**3,388,635**	3,137,448
Debt-to-equity ratio (a/b)	**1.12:1**	1.11:1

34. Leases, Agreements, Contingencies and Other Matters

Lease Agreements

Operating Lease

The Group leases its office space up to June 30, 2020, renewable upon mutual agreement of both parties. Total rental expense on these leases amounted to ₱4.1 million in 2013, 2012 and 2011. Future minimum lease payments for the operating lease are as follows:

	2013	2012
Lease payments due in:		
Less than one year	**₱5,074**	₱4,412
Between one and five years	**15,498**	16,160
More than five years	**4,113**	8,525
Future minimum lease payments	**₱24,685**	₱29,097

Finance Lease

In 2012, the Parent Company entered into a lease agreement with a leasing and finance company to finance its purchase of an item of property and equipment. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	2013	2012
Lease payments due in:		
Less than one year	**₱14,738**	₱14,738
Between one and five years	**31,932**	46,670
Future minimum lease payments	**46,670**	61,408
Less amount representing interest	**6,533**	10,910
Present value of future minimum lease payments	**40,137**	50,498
Less current portion	**11,395**	10,361
Noncurrent portion	**₱28,742**	₱40,137

Interest expense recognized on the above finance lease obligations amounted to ₱4.4 million in 2013 and 2012.

Agreements and Contingencies

a. The Company and certain subsidiaries are contingently liable for liabilities arising from lawsuits or claims (mostly labor, civil, mines administrative and ports related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.

b. On May 23, 1995, BPGC entered into a Royalty Agreement with Option to Purchase (Agreement) with PMC. Under this Agreement, BPGC is allowed to perform exploration, development and mining activities over the mining properties of PMC, located in Pantukan Davao del Norte and Davao Oriental. BPGC shoulders all the expenses on such activities. PMC is entitled to royalty calculated on the bases as specified in the Agreement.

   BPGC also has the option to purchase the mining properties from PMC during the effectivity of the Agreement. On August 26, 2011, BC entered into a Call Option Agreement with Nationwide Development Corporation (NADECOR). The call option grants NADECOR to acquire full ownership of the Company's Mineral Production Sharing Agreement in respect of its mining claims in Pantukan, Compostella Valley.

c. On December 6, 2010, Parent Company and BLRI signed an agreement for the management of the operation of AGP. Under the management contract, BLRI will provide the necessary technical and financial assistance to expand the production capacity of AGP to 300 tons per day in exchange for a management fee based on the net operating profit of AGP. BLRI also leases its equipments to the AGP mining operations

d. In 2011, the Parent Company signed a 20 year power supply agreement with Therma Luzon, Inc. (TLI), a wholly-owned subsidiary of Aboitiz Power Corporation, to supply reliable power to its current and future mining operations in Itogon, Benguet. The contract provides for a payment discount of 0.5% on its monthly billing if the Parent Company pays TLI on or before the 15th of the payment month.

e. On August 8, 2011, BNMI appointed the Parent Company as its exclusive agent with a marketing fee of $5 per ton of nickel ore shipped, inclusive of VAT. Prior to the marketing agreement, the Company and BC had an operating agreement.

f. In 2012, KPLMSC entered into lease agreements with BNMI which cover lease of the Candelaria port and the rental of charges for the latter's nickel shipments and other business related services. The initial term of the port rental agreement is 10 years starting from June 1, 2012. Based on the agreement, the port rental rate shall be US$1.50 per wet metric ton (WMT) of nickel ore loaded based on the final draft survey, which shall due five days from the completion of every shipment. As for the barge rental, the KPLMSC charges BNMI with 10% mark-up on the actual barge rental billed to KPLMSC by the third-party barge owners.

g. In 2013, the Parent Company changed the contract terms, from ore-sharing to metal sharing, in its AGP. Based on the agreement, ores mined by contractors will all be milled and sold by the Parent Company to Bangko Sentral ng Pilipinas (BSP), the proceeds of which are shared between the Parent Company and its contractors.

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Benguet Corporation
7th Floor, Universal Re Building
106 Paseo de Roxas, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Benguet Corporation and its subsidiaries as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, included in this Form 17-A, and have issued our report thereon dated March 28, 2014. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, as Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-3 (Group A),
March 21, 2013, valid until March 20, 2016
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-72-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225164, January 2, 2014, Makati City

March 28, 2014

BENGUET CORPORATION AND SUBSIDIARIES

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2013
(Amounts in Thousands)

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

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		₱924,890
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	₱49,573	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	–	
Fair value adjustment (mark-to-market gains)	–	
Fair value adjustment of investment property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal	–	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Subtotal	–	
Net income actually incurred during the period	49,573	
Add (Less):		
Dividend declarations during the period	–	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	(8,016)	
Subtotal		**41,557**
RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DISTRIBUTION AS OF DECEMBER 31, 2013		**₱966,447**

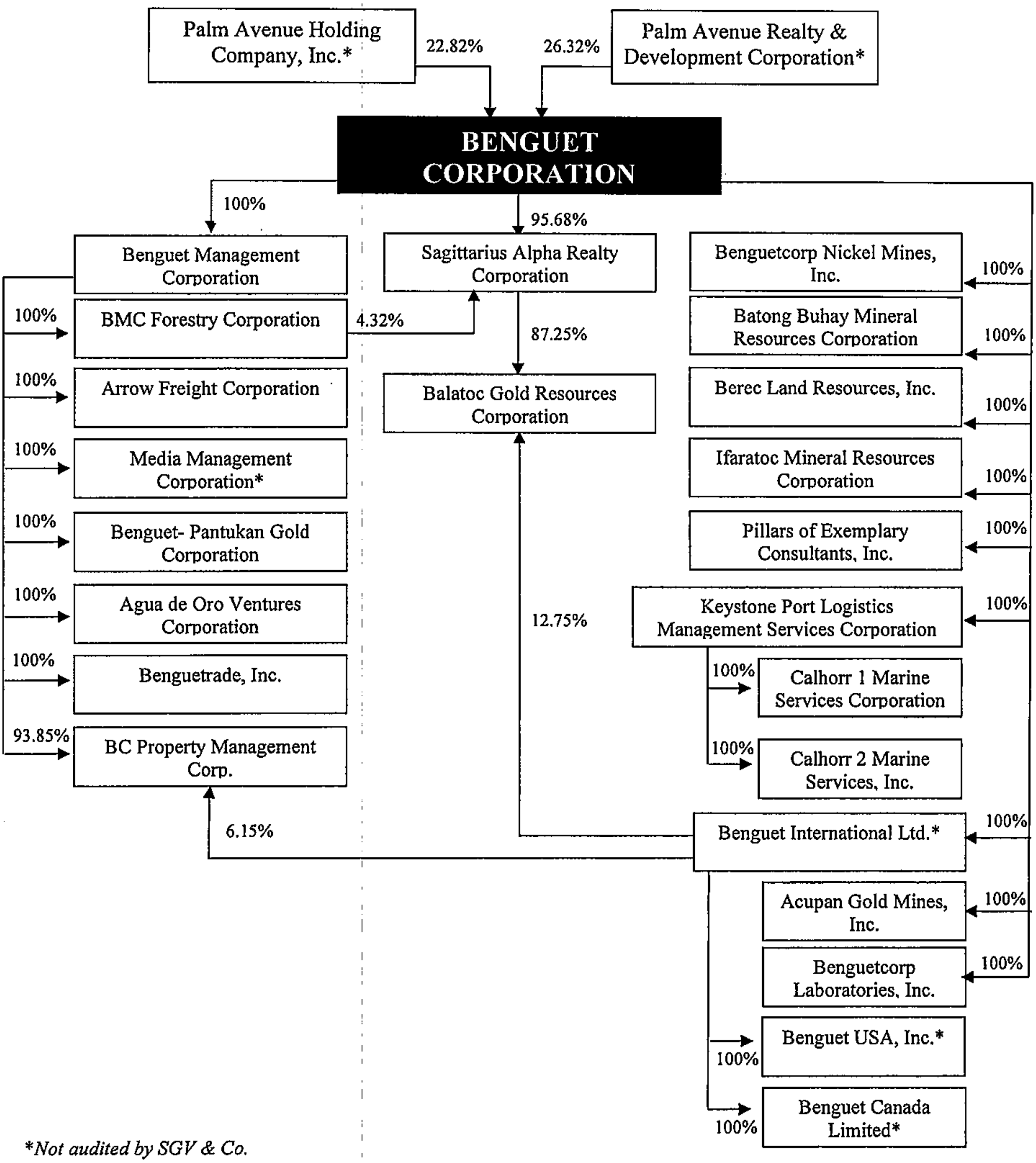
*Computed as follows:

Retained earnings as of December 31, 2012, as reflected in audited financial statements	₱1,970,916
Effect of quasi-reorganization on revaluation increment	(1,010,848)
Unrealized foreign exchange gain - net except those attributable to cash and cash equivalents	(35,178)
Total	₱924,890

SCHEDULE II
BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

	2013	2012
Profitability Ratios:		
Return on assets	**0.11%**	9.69%
Return on equity	**0.23%**	20.40%
Gross profit margin	**22.70%**	46.72%
Operating profit margin	**-4.01%**	13.14%
Net profit margin	**0.33%**	35.34%
Liquidity and Solvency Ratios:		
Current ratio	**0.88:1**	1.25:1
Quick ratio	**0.49:1**	0.96:1
Solvency ratio	**1.89:1**	1.90:1
Financial Leverage Ratios:		
Asset to equity ratio	**2.12:1**	2.11:1
Debt ratio	**0.53:1**	0.53:1
Debt to equity ratio	**1.12:1**	1.11:1
Interest coverage ratio	**0.98:1**	7.51:1

SCHEDULE III
BENGUET CORPORATION AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013



**Not audited by SGV & Co.*

SCHEDULE IV
BENGUET CORPORATION AND SUBSIDIARIES
TABULAR SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER THE PFRS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as at December 31, 2013:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs			✓
	Amendments to PFRS 1: Meaning of Effective PFRS	Not early adopted		
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Definition of Vesting Conditions	Not early adopted		
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination	Not early adopted		
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements	Not early adopted		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities	Not early adopted		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Investment Entities	Not early adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement (2013 Version)	✓		
	Amendments to PFRS 13: Short-term Receivables and Payables	Not early adopted		
	Amendments to PFRS 13: Portfolio Exception	Not early adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	Not early adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	Not early adopted		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	Not early adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendment to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	Not early adopted		
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	Not early adopted		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	Not early adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	Not early adopted		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Investment Property	Not early adopted		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*	✓		
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	Not early adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

SCHEDULE A

BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS
DECEMBER 31, 2013
(Amounts in Thousands)

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Income received and accrued
BDO Unit Investment Trust Fund	578	₱841	–
BDO UITF – Dollar	376	2,476	–
Philippine Long Distance Telephone Co.	412	521	–
Club Filipino	1	140	–
Camp John Hay	1	100	–
Others	–	9,965	–

SCHEDULE B

BENGUET CORPORATION AND SUBSIDIARIES
ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2013
(Amounts in Thousands)

Name and Designation of Debtor	Balance at Beginning of period	Additions	Amounts Collected/ Settlements	Amounts Written off	Current	Not Current	Net Additions Deductions	Balance at end of period	
Marigundon, H.M.	473,137.42	198,000.00		-	671,137.42	-	198,000.00	671,137.42	*
Claravall Renato A.	-	649,997.43		-	649,997.43	-	649,997.43	649,997.43	*
Lazaro, C.O.	657,116.85		(33,788.75)	-	623,328.10	-	(33,788.75)	623,328.10	*
Mendoza RP	387,573.98		(637.68)	-	386,936.30	-	(637.68)	386,936.30	*
Arceno, M.D.	289,626.00	80,000.00		-	369,626.00	-	80,000.00	369,626.00	*
Tangalin, RH	249,445.00	75,137.50		-	324,582.50	-	75,137.50	324,582.50	*
Villanueva, FO	185,978.48	24,000.00		-	209,978.48	-	24,000.00	209,978.48	*
Bolano MA	226,642.74		(35,226.60)	-	191,416.14	-	(35,226.60)	191,416.14	*
Rodrigo Dianne	58,500.00	143,750.00	(12,000.00)	-	190,250.00	-	131,750.00	190,250.00	*
Villegas, LC	110,246.72	36,600.00		-	146,846.72	-	36,600.00	146,846.72	*
Barra, Sheena Irish	-	145,830.00		-	145,830.00	-	145,830.00	145,830.00	*
Dalit, Jane C.	166,793.59	35,000.00	(64,143.12)	-	137,650.47	-	(29,143.12)	137,650.47	*
Bernaldo, C.T.	171,061.90		(38,500.00)	-	132,561.90	-	(38,500.00)	132,561.90	*
Hizon, Amado	129,500.00		(1,500.00)	-	128,000.00	-	(1,500.00)	128,000.00	*
Calimlim, D.B.	113,735.04	-	(29,400.00)	-	84,335.04	-	(29,400.00)	84,335.04	*
Javien Rolly E.	-	80,000.00			80,000.00		80,000.00	80,000.00	*
Awa-Aw Eduardo	77,032.00			-	77,032.00	-	-	77,032.00	*
Calicdan Victorio	-	75,000.00			75,000.00		75,000.00	75,000.00	*
De Jesus RP	111,863.58		(40,266.32)	-	71,597.26	-	(40,266.32)	71,597.26	*
Balaoing, Calixto R.		67,368.77		-	67,368.77	-	67,368.77	67,368.77	*
Mata, J.R.	65,963.04			-	65,963.04	-	-	65,963.04	*
Malvar Pablo Gabriel	-	58,793.52		-	58,793.52	-	58,793.52	58,793.52	*
Marcelo James	37,680.00	17,364.79		-	55,044.79	-	17,364.79	55,044.79	*
Araw Bienvenido	-	52,832.45		-	52,832.45	-	52,832.45	52,832.45	*
Hontiveros Anna Margarita	-	50,410.00		-	50,410.00	-	50,410.00	50,410.00	*

Moselina Ma. Onor		41,000.00		-	41,000.00	-	41,000.00	41,000.00	*
Rodriguez Dennis	-	40,000.00		-	40,000.00	-	40,000.00	40,000.00	*
San Pedro Meriam	-	39,426.89		-	39,426.89	-	39,426.89	39,426.89	*
Puspos, Emmanuel	38,710.00	-		-	38,710.00	-	-	38,710.00	*
Madreo Anna Marie		38,453.00		-	38,453.00	-	38,453.00	38,453.00	*
Hizon, Fernando	30,143.45			-	30,143.45	-	-	30,143.45	*
Calub, Ma. Lourdes O.	41,775.70	20,000.00	(31,635.00)	-	30,140.70	-	(11,635.00)	30,140.70	*
Barcelona, E.M.	44,859.88		(15,854.67)	-	29,005.21	-	(15,854.67)	29,005.21	*
Hizon Fernando	24,078.27		260.13	-	24,338.40	-	260.13	24,338.40	*
Detran, Eleanor	-	23,750.00		-	23,750.00	-	23,750.00	23,750.00	*
Espiritu Rolando	-	23,000.00		-	23,000.00	-	23,000.00	23,000.00	*
Lucero MV	-	22,704.99		-	22,704.99	-	22,704.99	22,704.99	*
Macapagat Mark Noel	-	20,000.00		-	20,000.00	-	20,000.00	20,000.00	*
Pangilinan, Lanolyn	-	20,000.00		-	20,000.00	-	20,000.00	20,000.00	*
Rabina Julieta	-	15,500.00		-	15,500.00	-	15,500.00	15,500.00	*
Cao Cyril V.	-	15,000.00			15,000.00		15,000.00	15,000.00	*
Monsalud Michael	-	12,422.02		-	12,422.02	-	12,422.02	12,422.02	*
Landingin Ramel R.	-	11,366.87		-	11,366.87	-	11,366.87	11,366.87	*
Diaz, Jose Ramon	-	10,637.00		-	10,637.00	-	10,637.00	10,637.00	*
Cambo Timoteo	25,000.00		(25,000.00)	-	-	-	(25,000.00)	-	*
Monsalud Evelyn	30,000.00		(30,000.00)	-	-	-	(30,000.00)	-	*

* Subsequently collected in part/full

SCHEDULE C

BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Amounts in Thousands)

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
Benguetcorp Nickel Mines, Inc.	(₱159,515)	₱39,642	₱–	₱–	(₱119,873)	₱–	(₱119,873)
Media Management Corporation	22,183	–	–	–	22,183	–	22,183
Keystone Port Logistics Management Services Corporation	(29,795)	28,007	–	–	(1,788)	–	(1,788)
Benguet-Pantukan Gold Corporation	29,299	42	–	–	29,341	–	29,341
BC Property Management, Inc.	29,248	150	–	–	29,398	–	29,398
Berec Land Resources, Inc.	(27,473)	–	(2,466)	–	(29,939)	–	(29,939)
Benguet Management Corporation	(426)	2,687	–	–	2,261	–	2,261
BMC Forestry Corporation	(6,738)	–	(4,090)	–	(10,828)	–	(10,828)
Balatoc Gold Resources Corporation	106,891	90,317	–	–	197,208	–	197,208
Arrow Freight Corporation	15,546	–	(35,099)	–	(19,553)	–	(19,553)
Agua de Oro Ventures Corporation	10,501	101	–	–	10,602	–	10,602
Benguetrade, Inc.	(4,964)	–	(29,853)	–	(34,817)	–	(34,817)
Sagittarius Alpha Realty Corporation	1,862	–	(4,722)	–	(2,860)	–	(2,860)
Batong Buhay Mineral Resources Corporation	1,627	38	–	–	1,665	–	1,665
Pillars of Exemplary Consultants, Inc.	416	40	–	–	456	–	456
BenguetCorp International Limited	361	149	–	–	510	–	510
Ifaratoc Mineral Resources Corporation	(2,341)	37	–	–	(2,304)	–	(2,304)
Acupan Gold Mines, Inc.	(2,401)	43	–	–	(2,358)	–	(2,358)
Benguetcorp Laboratories, Inc.	1,979	48,475	–	–	50,454	–	50,454
Calhorr 1 Marine Services Corporation	7,799	2,441	–	–	10,240	–	10,240
Calhorr 2 Marine Services, Inc.	(1,949)	25	–	–	(1,924)	–	(1,924)

SCHEDULE D

BENGUET CORPORTION AND SUBSIDIARIES
INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2013
(Amounts in Thousands)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Deferred exploration costs	₱593,962	₱245,792	₱–	₱–	₱–	₱839,754

SCHEDULE E

BENGUET CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2013
(Amounts in Thousands)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings- net of current portion" in related balance sheet
Unsecured Bank Loans	₱175,000	₱175,000	₱–
Secured Bank Loans	790,185	614,503	175,682
Other loans			
Nickel Ore Customers	425,852	96,040	329,812
Others	243,844	243,844	–
	₱1,634,881	₱1,129,387	₱505,494

SCHEDULE F

BENGUET CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2013

Name of Related Party	Balance at beginning of period	Balance at end of period
	NOT APPLICABLE	

SCHEDULE G

BENGUET CORPORATION AND SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2013

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

SCHEDULE H

BENGUET CORPORATION AND SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2013

The parent company's authorized share capital is ₱667.5 million divided into 219,652,912 shares consisting of 67.5 million Convertible Preferred Class "A" shares with par value of ₱3.44 each and 120 million Class "A" common shares and 80 million Class "B" common shares with par value of ₱3 each. As at December 31, 2013, shares issued and outstanding totaled 177,260,245 held by 17,005 shareholders.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	Affiliates	No of shares held by Directors and Officers	Others
Convertible Preferred Stock						
Class A	19,652,912	217,061	–	–	–	217,061
Common Stock						
Class A	120,000,000	110,259,787	675,374	–	318,354	109,941,433
Class B	80,000,000	66,783,397	899,588	–	23,955	66,759,442