BenguetCorp

SEC Reg. No. 11341

November 18, 2013

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

Attention: ATTY. JUSTINA F. CALLANGAN
Acting Director, Corporate Governance & Finance Department

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

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

In compliance with the reportorial requirements of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), attached is Benguet Corporation's 2013 Third Quarter Report ended September 30, 2013.

Please note that on November 13, 2013, we requested for extension of deadline to submit the said report under SEC Form 17-L for SEC and a written request for PSE.

We hope that you will find everything in order.

Very truly yours,

BENGUET CORPORATION
By:

REYNALDO P. MENDOZA
SVP Legal Services /
Asst. Corporate Secretary

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

COVER SHEET

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SEC Registration Number

BENGUET CORPORATION

(Group's Full Name)

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

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

Mr. Reynaldo P. Mendoza
(Contact Person)

812-1380
(Group Telephone Number)

1	2		3	1

Month *Day*
(Calendar Year)

1	7	-	Q	

(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

16,978
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **SEPTEMBER 30, 2013**
2. Commission identification number: **11341** 3. BIR Tax Identification No.: **000-051-037**
   BENGUET CORPORATION
4. Exact name of issuer as specified in its charter
   PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: [ ] (SEC Use Only)

   7F UNIVERSAL RE-BUILDING, 106 PASEO DE ROXAS, MAKATI CITY **1226**
7. Address of issuer's principal office Postal Code
   (**632) 812-1380 / 751-9137**
8. Issuer's telephone number, including area code
   ....
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA.

	Number of shares of common stock outstanding and amount of debt outstanding (As of September 30, 2013)
Convertible Preferred Class A	217,061 shares
Common Class A Stock	110,259,787 shares*
Common Class B Stock	66,783,397 shares*

(*) – Net of Treasury Shares
Total consolidated outstanding principal debt as of September 30, 2013 - ₱1.7 Billion

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

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

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

Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [ ] No [X]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

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

PLEASE REFER TO ANNEX "B" on pages 14 to 41 which is incorporated herein as form part of this report (SEC Form 17-Q) which contained the following reports:

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

A. RESULTS OF OPERATIONS

2013 Third Quarter Vs. 2012 Third Quarter

Despite adverse climatic condition due to frequent typhoons and heavy rainfall, consolidated operating revenues for the quarter and nine months period went up to ₱314.6 million and ₱1,573.8 million, respectively from ₱240.8 million and ₱934.8 million for the same periods last year. The mining segment of the Company contributed bulk of the revenues. The Sta. Cruz Nickel Mining Project (SCNP) generated ₱852 million revenues made up of 12 shipments as compared to the ₱450 million representing 6 shipments. Acupan Gold Project (AGP) contributed ₱530 million from gold production of 8,567 ounces compared with ₱387 million from 1,577 ounces gold produced for the same period in 2012. The difficulty of SCNP to ship its nickel ore due to heavy rainfall and the softening of the metal prices during the quarter affected both AGP and SCNP operations resulting to the consolidated net loss of ₱145 million this quarter and ₱109 million for the nine months period this year. The losses during the period is a reversal of the ₱0.6 million and ₱85 million net income reported in the third quarter and nine months period last year, respectively. Gold prices dipped in 2013, averaging US$1,466.52 per ounce compared with the US$1,656 per ounce for the nine month period in 2012. Average nickel price dropped by US$4.80/ton during the nine-month compared to the same period last year. Operating costs and expenses for the third quarter increased by 30% versus for the same quarter last year mainly due to higher cost of mine products sold and selling and general expenses. For the same reasons, the operating costs and expenses for nine months period this year also increased by ₱832 million to ₱1,725 million from ₱893 million for the same period in 2012.

The other net income for the quarter and the nine months period this year amounted to ₱17.4 million and ₱156.2 million, respectively, compared with the other income of ₱126.9 million and ₱218.5 million for the same periods last year. The other income includes extraordinary gain of ₱50 million from debt settlement this year, lower compared to the ₱94 million extraordinary gain from BMC debt settlement booked for the same periods last year.

The benefit from income tax for the third quarter amounted to ₱2.7 Million compared with the provision for income tax of ₱1.0 million for the same period last year. For the nine months period this year, provision for income tax amounted to ₱33 million, slightly lower than the ₱38 million for the same period last year.

FINANCIAL POSITION

2013 Third Quarter Vs. 2012 Third Quarter

The Company ended the third quarter of 2013 with consolidated assets of ₱6.9 billion, higher than end-December 2012 level of ₱6.6 billion. Cash and cash equivalents increased to ₱594.4 million from ₱507.7 million in 2012 mainly from equity infusion of ₱62 million partly offset by cash used in operating activities, equipment purchases for the Acupan Mining Project expansion and debt settlement.

Short-term investment decreased to ₱154 million from ₱206 million mainly from the pre-termination of time deposits to fund exploration projects and debt settlement.

Receivables decreased to ₱265 million from ₱721 million last year, attributed mainly from collection of nickel ore shipment in 2012.

Inventories increased to ₱361 million from ₱175 million mainly on account of the nickel ore produced during the period. The nickel ore produced is scheduled for shipment in the fourth quarter this year.

Increased in other current assets to ₱518 million from ₱258 million in 2012 pertains to input taxes on various purchases of materials and supplies and services and advanced office rental of BC and subsidiaries.

Deferred exploration costs increased to ₱1,107 million from ₱816 million last year mainly due to expenses incurred in Balatoc Tailings Project, Sta. Cruz Nickel Project and Acupan Gold Project.

Accounts payable and accrued expenses increased to ₱899 million from ₱490 million last year mainly due to various purchases for AGP's expansion program to increase it milling capacity to 300 tons per day and Arrow Freight Corporation, an affiliate, payables to its sub-contractors for various services rendered in the Sta. Cruz Nickel Project. The consolidated outstanding bank loans (inclusive of interest and penalties) decreased to ₱1,693 billion from ₱1.897 billion in 2012 mainly due to settlement of debt amortization to Amsterdam Trade Bank (ATB), BDO revolving loan and PhilExim loan . As of September 30, 2013, the Company have paid US$8 million out of the US$20 million principal loan to ATB.

Obligations under finance lease slightly declined to ₱42.8 million from ₱50.5 million due to repayment made during the nine months period this year.

Income tax payable for the nine months period this year amounts to ₱30 million, slightly higher than the ₱26 million in 2012. Other non-current liabilities increased to ₱154 million from ₱67 million mainly due to BNMI advances chargeable against future shipments from a Korean company.

Retained earnings declined to ₱1.493 billion from ₱1.602 billion in 2012 mainly due to the net losses for the nine months period of 2013. The additional equity infusion from RYM Business Management Corporation increased the Stockholders equity to ₱3.191 billion from ₱3.137 billion in 2012.

For more detailed discussions on the Company's results and plan of operations, please refer to the Company's President Report – 2013 Third Quarter Report which form as integral part of this report on pages 11 to 14, marked as Annex "A".

B. RESULTS OF OPERATIONS

2012 Third Quarter Vs. 2011 Third Quarter

Despite the heavy rainfall and frequent typhoons which affected the Sta. Cruz nickel operation in the 2012 third quarter, the Company still reported a consolidated modest net earnings of ₱0.57 million compared to the net earnings of ₱595.9 million for the same period of 2011. For the nine months period in 2012 earnings amounted to ₱185.4 million compared to the net earnings of ₱1.18 billion for the same period in 2011. Earnings in 2011 include substantial gain from debt settlement and Kingking Project transaction.

Consolidated operating revenues for the third quarter of 2012 declined to ₱240.81 million from ₱283.52 million while operating revenues for the nine months period of 2012 increased to ₱934.79 million from ₱657.52 for the same respective periods in 2011. During the nine months period in 2012, the mining operations contributed ₱836.41 million in revenues mainly from Sta. Cruz Nickel Project (SCNP) (₱449.56 million) and Acupan Gold Project (AGP) (₱386.85 million).

Operating costs and expenses for the 2012 third quarter increased by ₱111 million to ₱351 million from ₱240 million for the same quarter in 2011 mainly due to higher cost of mine products sold and services. For the same reasons, the operating costs and expenses for nine months period in 2012 also increased by ₱340 million to ₱893 million from ₱553 million for the same period in 2011.

The other net income for the quarter and the nine months period in 2012 amounted to ₱127 million and ₱219 million, respectively, lower compared with the other income of ₱511 million and ₱1,064 million for the same periods in 2011. The extraordinary gain of ₱211 million from BMC debt settlement and the recovery of impairment on the Group's exploration activities contributed to the other income in the nine months period of 2012. The income, however, is lower compared to the ₱972 million extraordinary gain from debt settlement and gain from the Kingking transaction in 2011.

The provision for income tax for the third quarter and nine months period in 2012, amounted to ₱964 thousand and ₱39 million, respectively, compared with the benefit from income tax of ₱53 million and ₱46 million for the same periods in 2011.

AGP generated net earnings of ₱47.11 million (US$1.13 million) and ₱121.66 million (US$2.91 million) for the quarter and nine-month period of 2012, higher by 74.35% compared to the net earnings of ₱27.02 million (US$0.62 million) and by 49% compared to net earnings of ₱72.77 million (US$1.67 million) posted for the same respective periods in 2011. This is primarily due to higher gold production by 30.76% or 1,577 ounces with favorable gold price averaging US$1,659 per ounce during the quarter, and by 48.49% or 4,623 ounces with higher average realized gold price of US$1,656 per ounce for the nine-month period of 2012, compared to the same periods in 2011 which gold production of 1,206 ounces and 3,257 ounces with gold price per ounce averaging US$1,673 and US$1,546, respectively. AGP milled 13,994 tons of ore with an average grade of 6.83 grams per ton this quarter, and 40,536 tons of ore with an average grade of 6.88 grams per ton for the nine-month period, 169.89% and 41.94% higher compared to total tons milled of 5,185 and 14,043 with an average grade of 8.17 and 8.35 grams per ton for the same respective periods in 2011. The Company is currently working on its exploration and drilling programs to upgrade AGP's capacity. AGP's is targeting to increase milling rate to 300-tpd by year-end 2012.

Early onset of heavy rains and frequent typhoons made it difficult for the nickel operation to ship its nickel ore, hence, the Company's Benguetcorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary, suffered a net loss of ₱42.0 million (US$1.0 million) for the quarter under review as compared to the net earnings of ₱54.90 million (US$1.26 million) for the same period in 2011. For the same reason, the net earnings for the nine months period of ₱48.58 million (US$1.16 million) is lower as compared to ₱83.10 million (US$1.90 million) posted for the same period in 2011. BNMI is ramping up its operations by expanding its drilling program and mine development. A drilling contractor was engaged to hasten blocking of the direct ore shippable areas and to update the total nickel resource of whole nickel property. It has also contracted the conduct of pre-feasibility study on a processing technology using its low and medium grade ore to produce higher value material for export. On September 17, 2012, BNMI's Board of Directors approved the declaration of cash dividend amounting to ₱150 million or ₱0.12 per share. This is the second round that it declared cash dividend since it commenced operations in 2009.

The Company's Irisan Lime Project (ILP) generated net earnings of ₱6.02 million (US$0.14 million) and ₱10.15 million (US$0.24 million) for the quarter and nine-month period of 2012, higher by 114.23% or ₱2.81 million (US$0.06 million) and by 28.48% or ₱7.90 million (US$0.19 million) posted for the same respective periods in 2011.

Balatoc Gold Resources Corporation (BGRC), a wholly-owned subsidiary, continues the activities on expansion and rehabilitation of its penstocks at Tailings Pond Nos. 2 & 3 and earthmoving works, the silt dam at the Gold Creek, the Ambalanga River pumping station, the ridge enhancement works on Tailings Ponds Nos. 2 & 3. The excavated materials from its expansion and rehabilitation activities will be used for the raising of the embankment of Tailings Ponds Nos. 2 & 3 to the level in which BTP will be able to operate its processing plant in Balatoc. BGRC is also currently reviewing and checking the initial engineering drawings done by Peoples' Asia, the outsourced engineering service provider. After this review, the evaluated drawings will be forwarded to 360*Global, an Australian engineering design service providers specializing on mining industry, to do the detailed engineering drawings suited for the bidding in the construction of the plant and installation works for the process equipment. In the meantime, BTP's application for duty free importation of its process equipment is under evaluation by the Incentive Department of the Board of Investments.

The Company's Benguet Laboratories (BL) generated net earnings of ₱3.66 million (US$0.09 million) and ₱6.48 million (US$0.16 million) for the quarter and nine-month period of 2012, higher than the ₱1.19 million (US$0.03 million) and ₱3.27 million (US$0.08 million) posted for the same respective periods in 2011. The increase in earnings is due to higher sales to corporate accounts.

The Company recently spun off the business and created a wholly owned subsidiary BenguetCorp Laboratories, Inc. (BCLI) to undertake the expansion of BL into a distinct operating unit that can raise the necessary development funds and create value for BC and its shareholders. BCLI will soon open Med Central, its first branch outside of Baguio City, in San Fernando City at SM Pampanga. Med Central is equipped with state of the art facilities which offer various laboratory diagnostic services, primary and specialty clinics. It is proposed that BCLI branches will be established in Cebu City, Cagayan de Oro and Davao City in 2013. On September 19, 2012, the Company obtained approval of the Securities and Exchange Commission (SEC) on the incorporation of BCLI.

Benguet Management Corporation (BMC), a 100% owned subsidiary, and its subsidiaries, reported a consolidated net earnings of ₱33.02 million (US$0.79 million) for the quarter and ₱110.15 million (US$2.63 million) for the nine-month period in 2012, a reversal from the losses of ₱0.43 million (US$0.01 million) and ₱2.58 million (US$0.06 million) posted for the same respective periods in 2011. The income arose from logistics services provided by BMC's subsidiaries to BNMI.

FINANCIAL POSITION

2012 Third Quarter Vs. 2011 Third Quarter

The Company ended the third quarter of 2012 with consolidated assets of ₱6.55 billion, higher than end-December 2011 level of ₱5.30 billion. Cash and cash equivalents decreased to ₱1.1 billion from ₱1.2 billion in 2011, mainly from cash used by operating activities, equipment purchases for the expansion of Acupan mining project and debt settlement.

Receivables increased to ₱414 million from ₱82 million, attributed mainly from nickel shipment not yet collected. Loans receivable slightly decreased to ₱49 million from ₱59 million in 2011 mainly due to partial collection this nine months.

Inventories increased to ₱165.1 million from ₱37.3 million, partly due to nickel inventories booked for the nine months period in 2012. Increased in prepaid expenses and other current assets to ₱184 million from ₱117 million in 2011 pertains to input taxes on various purchases of materials and supplies and services and advanced office rental of BC and subsidiaries.

Property, plant and equipment increased to ₱3,337 million from ₱3,127 million in 2011, mainly due to equipment purchases for the expansion of AGP and SCNP.

Available for sale investments went up to ₱291 million from ₱14 million, mainly from the ₱275 million contribution to the Investment Management Account with Maybank ATR Kim Eng Capital Partners, Inc. - Trust Department.

Mining exploration and project development costs increased to ₱546 million from ₱311 million in 2011, mainly due to expenses incurred in the nickel expansion project and Balatoc and Antamok Tailings Project. Deferred charges and other assets increased to ₱192 million from ₱133 million in 2011, mainly due to expenses incurred in the AGP's expansion program to increase its milling capacity to 300 tons per day and environmental fund for gold and nickel projects.

Accounts payable and accrued expenses increased to ₱356 million from ₱244 million in 2011, mainly attributable to the unpaid billings of sub-haulers of Arrow Freight Corporation doing ore extraction and hauling in the Sta. Cruz Nickel Project.

The outstanding bank loans (inclusive of interest and penalties) as of September 30, 2012 increased by ₱802 million to ₱2,370 million from ₱1,568 million in 2011, mainly from the US$20 million Pre-Export Financing Facility obtained from Amsterdam Trade Bank N.V. to fund the Company's capital expenditure and working capital requirements. Deferred income tax liabilities reduced to P946 million from P980 million in 2011.

Income tax payable this quarter pertains mainly to the income tax payable of BNMI- Sta. Cruz Nickel Project. Other non-current liabilities increased to ₱67.6 million from ₱25.6 million, mainly from cash advance made by DMCI chargeable against future royalty.

Deposit for future subscription pertains to the RYM Business Management Corporation additional subscriptions of ₱180 million pursuant to the Memorandum of Agreement (MOA) on Private Placement dated April 7, 2010, and Addendum to the MOA dated September 17, 2010.

Retained earnings improved to ₱1,160 million from ₱975 million in 2011,mainly due to the net income for the nine months period of 2012. The net income for the nine months period in 2012 and the additional subscription from RYM Business Management Corporation increased the Stockholders equity to ₱2.671 billion from ₱2.311 billion in 2011.

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 for the next three years due to signing of off-take agreements. The Company's Board of Directors approved on August 23, 2013 the private placement transaction between the Company and RYM Business Management Corporation (RBMC) where 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 completed on September 20, 2013 upon execution of the Stock Subscription Agreement and full payment by RBMC of ₱162 Million where RBMC has acquired 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.

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. For the second transaction, 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 subscribe shares is subject to the lock-up period requirement of the PSE, if applicable.

Except for the Company's outstanding bank loans, there are no material events that will trigger direct or contingent financial obligations to the Company. As of September 30, 2013, the consolidated total outstanding principal debt amounted to ₱1.7 billion.

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

The Company continues to fund the capital requirements of its Acupan mine expansion program, nickel and gold tailings projects in Zambales and Benguet Provinces, respectively. The anticipated increase production and sales of gold at AGP, higher quicklime sales from ILP and shipment of nickel ores from its Sta. Cruz Nickel Project will have a favorable impact on the Company's net sales and income.

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

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company.

<u>KEY PERFORMANCE INDICATORS</u>

1.) *Working Capital* - Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of September 30, 2013, the Company current ratio is 0.92:1 versus 1.49:1 for the same period in 2012. The Company is moving forward in the development of its pioneering gold tailings reprocessing project, and in the expansion of its gold and nickel operations. It remains optimistic that the coming year will show robust net income performance, which will ultimately benefit all stakeholders.

2.) *Metal Price* - The market price of gold in the Banko Sentral ng Pilipinas which is based from the world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. This quarter, the average market prices for gold sold were at US$1,320 per ounce compared to US$1,659 per ounce for the same quarter in 2012. The favorable metal prices will also have a favorable impact on the Company's revenue.

3.) *Tons Mill and Ore Grade* - Tons milled and ore grade determine gold production and sales volume. The higher the tonnage and ore grade, the more gold are produced and sold. This quarter, tons milled were 27,607 tons of shared ore with average grade of 4.27 grams per ton gold. Gold sold were 3,043 ounces. For the same quarter in 2012, tons milled were 13,994 tons of shared ore with average grade of 6.83 grams per ton gold. Gold sold were 1,206 ounces.

4.) *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 revenue, but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of September 30, 2013, the peso to dollar exchange rate was at ₱43.54, higher than the ₱41.88 for the same period in 2012. The volatility in the foreign currency exchange rates will continue to affect the operations in the foreseeable future

5.) *Earnings Per Share* - The earnings per share reflect the Company's bottom line operating results expressed in amount per share of the Company's outstanding capital stock. Assuming a constant outstanding number of shares, as a Company's earnings increase, the earnings per share correspondingly increase. This quarter, the Company's loss per share is ₱0.84 versus ₱0.004 earnings per share for the same period of 2012. With the projected higher gold production of AGP and assured market of nickel ores of SCNP, the Company anticipates improvement in the earnings per share.

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

Benguet Management Corporation (BMC) and its subsidiaries reported a modest consolidated net income of ₱0.8 million for the third quarter and ₱19.0 million for the nine-month period this year, lower compared with the net income of ₱33.02 million and ₱110.15 million posted for the same respective periods in 2012.

PART II--OTHER INFORMATION

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

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

SIGNATURES

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

Issuer........................**BENGUET CORPORATION**...
By:

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

Principal Financial/Accounting Officer/Controller:

Renat C. Claravall

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

Annex "A"

2013
THIRD QUARTER REPORT
BENGUET CORPORATION AND SUBSIDIARIES

Benguet Corporation generated consolidated operating revenues of ₱1,573.8 million (US$36.1 million) for the first nine months and ₱314.6 million (US$7.2 million) for the third quarter of 2013, up by 68% or ₱639.0 million (US$14.7 million) and 31% or ₱73.8 million (US$1.7 million), respectively from the same periods last year. Meanwhile, nickel and gold prices remained soft and the third quarter is inherently off-season for the Company's nickel mining operations and more so this year because of the persistent heavy rainfall. These affected both operations resulting in after tax loss of ₱145.7 million (US$3.34 million) for the quarter and ₱109.1 million (US$2.5 million) for the nine-month period versus ₱0.6 million (US$0.01 million) and ₱185.4 million (US$4.4 million) income, respectively the prior year. Before administrative and selling expenses, consolidated gross profit totaled ₱388.0 million (US$8.9 million) to date, 19.4% lower than the prior year's ₱481.3 million (US$11.1 million) and reached ₱90.6 million (US$2.1 million) for the quarter, increasing by 132% from the previous year's ₱39.1 million (US$0.9 million).

Mining
Gold production reached 8,567 ounces for the first nine months, increasing by 85% or 3,944 ounces from the prior year's 4,623 ounces. Third quarter 2013 production reached 3,043 ounces, up 1,466 ounces or 93% from third quarter 2012 production of 1,577 ounces. The hike pushed revenues by ₱12.0 million for the quarter, to settle at ₱179 million (US$4.1 million) from the prior year's ₱167 million (US$3.99 million). The favorable impact of the cost reduction programs implemented starting second quarter were gradually reflected in this quarter's results of operations with total cost of gold sales down to ₱59,192/oz versus the nine-month total cost of ₱68,420/oz. Third quarter year-on-year average gold price however dropped significantly by US$339/oz to average at US$1,320/oz from US$1,659/oz in the same period in 2012. The 20% drop in average gold price offset the cost improvements resulting in a slight ₱1.12 million (US$0.02) loss versus a ₱47.11 million (US$1.1 million) income in 2012. Year-to-date revenues, meanwhile, hit ₱530 million (US$12.2 million), up 37% from the same period in 2012 but continuing soft prices eroded margins, resulting in a loss of ₱56 million (US$1.3 million) at the end of the third quarter. The continued implementation of efficiency enhancing programs is expected to further improve the overall cost of sales for 2013 to augment the decreasing bottom line caused by declining gold prices. Additionally, the change in mining process form completely vein mining to a combination of vein and bulk process is expected to further improve efficiencies.

Nickel operations under Benguetcorp Nickel Mines, Inc. (BNMI) were at a natural slowdown coming into the rainy and typhoon season. For the quarter, there were only two shipments with an aggregate volume of 93,071 tons, one more shipload than the prior year's third quarter total of 49,500 tons. To date, volume shipped totaled 619,154 tons, more than double the volume shipped in the same period in 2012 of 298,924 tons.

Nickel operations' revenues rose driven by the volume and foreign exchange upswing offset by the continuing soft prices. Third quarter 2013 revenues totaled ₱91.55 million (US$2.1 million), ₱42.79 million (US$0.98 million) higher than the prior year's total of ₱48.76 million (US$1.16 million). BNMI shipped 1.8% and 1.6% nickel grades for the quarter with an average price of US$22.64 per ton for the two shipments. The 1.8% grade pulled in a US$29/ton price, a drop of US$ 6/ton from the price of the lone third quarter 2012 shipment of US$35/ton. Nickel selling prices averaged at US$32.84/ton for the first nine months of 2013, a US$4.80/ton decline from the average selling price of US$37.64/ton for the same period in 2012. The margin squeeze impacted P&L bottom line with the nickel operations reflecting a ₱94.09 million (US$2.16 million) after-tax loss for the quarter and ₱108.85 million (US$2.5 million) after-tax loss to date. Excluding the effects of non-cash charges, the nickel business provided cash income amounting to ₱98.5 million for the nine-month period.

BNMI continues its exploration and development program to develop the total potential of its nickel resource and prepare for a potential entry into nickel processing. It is also looking at other nickel properties not only to serve existing offtake contracts but to increase volume in anticipation of the Indonesian direct-ore-shipment ban in January 2014.

The Irisan Lime Project (ILP) generated net earnings of ₱2.3 million (US$0.05 million) and ₱7.8 million (US$0.18 million) for the third quarter and first nine months of 2013, respectively.

Healthcare Services
BenguetCorp Laboratories, Inc. (BCLI), a wholly owned subsidiary, generated net earnings of ₱1.9 million (US$0.04 million) for the nine months period on its first year of operation. The earnings reported are attributable to the clinic facility based in Baguio. The clinic facility, formerly with the Company, was consolidated under BCLI effective April of

this year. The newly opened third clinic facility under the trade name MedCentral which is based in SM San Fernando continues to attract walk-in patient and corporate clients.

Two of the four planned first phase expansion clinics are about to complete construction. The fourth primary care facility is located in a popular mall in Taytay, Rizal and the Oncology clinic in an accessible commercial and business area in Makati City. These new facilities are expected to be operational by the first quarter of 2014.

Logistics and Other Services

Benguet Management Corporation (BMC), a wholly owned subsidiary of the Company, and its subsidiaries, reported consolidated after tax net loss of ₱6.6 million (US$0.15 million) this quarter, a reversal of the net earnings of ₱33.02 million (US$0.79 million) for the same period last year. BMC as the provider of logistics and other services to the Company's nickel operations correspondingly bore the effects of the margins squeeze brought about by soft nickel prices. For the nine-month period, however, BMC is still up with net earnings totaling ₱20.0 million (US$0.46 million) at the close of the period albeit lower compared to the net earnings of ₱110.15 million (US$22.63 million) for the same period last year.

Arrow Freight Corporation (AFC), the exclusive equipment contractor of the nickel operations, reported a net loss of ₱1.9 million (US$0.04 million) this quarter but still positive to date with net earnings of ₱14.0 million (US$0.32 million) for the nine-month period. These represented year-on-year slides from the prior year's net earnings of ₱2.2 million (US$0.05) for the quarter and ₱18.01 million (US$0.43) for the nine-month period.

BMC Forestry Corporation (BFC), reported net earnings of ₱0.09 million (US$0.002 million) this quarter lower compared to the net earnings of ₱0.25 million (US$0.01 million) posted for the same period last year. For the nine-month period, net earnings still closed higher year-on-year at ₱2.7 million (US$0.06 million) from the prior year's ₱1.3 million (US$.03 million).

Benguet Trade, Inc. (BTI), registered a net loss of ₱0.37 million (US$0.008 million) for the third quarter, compared to the ₱0.26 million (US$0.006) loss in the same period last year. Net earnings to date is still up at ₱0.44 million (US$0.01 million) and a reversal from the net loss of ₱0.91 million (US$0.02 million) for the same period the prior year.

Keystone Port Logistics and Management Services reported net loss of ₱4.6 million (US$0.11 million) this quarter compared to the net income of ₱2.8 million (US$0.07 million) booked in the same period last year. Reduced port rental rates charged to BNMI accounted for the drop in income. Year-to-date net earnings stood at ₱3.2 million (US$0.07 million), on the other hand, still higher than the net earnings of ₱1.8 million (US$0.04 million) generated for the same period last year.

Exploration, Research & Development

Balatoc Gold Resources Corporation (BGRC), a wholly owned subsidiary of the Company and the operator of the Balatoc Tailings Project (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 and equipment installation will likewise commence bidding upon financial close.

Drilling works for the expansion program of the Acupan gold operations continued with the aim of converting more resource into mineable tonnage. Overall, there have been 22 drill pads constructed, 28 holes drilled with aggregate length of 3,441 meters. These holes were drilled from surface and underground targeting different ore bodies. Detailed core logging, sampling and assaying are likewise ongoing.

The Greater Acupan Drilling Project was designed to probe the GW breccia mineralization within Acupan to validate the extent of the Company's gold resources. This is apart from the vein-type mineralization the Company is currently mining.

Environmental Protection

Reforestation activities and community-based agroforestry projects in collaboration with the Company's Community Relations have been carried out in both the gold and nickel mine sites. These activities are in support of the National Greening Program of the Department of Environment and Natural Resources (DENR) and to serve as alternative livelihood of the communities.

The Company likewise implemented water and air control mitigating measures for mine operational sites protection against siltation, erosion and run-offs.

The Company remains compliant with all environmental regulations.

Community Services
In coordination with local government units, relevant government agencies and host communities, the Company focused on infrastructure, research, education, livelihood and health programs in the delivery of its Social Development and Management Programs (SDMP). Specifically, the Company undertook construction of roads and drainage systems along community roads, which minimized if not totally eliminated flooding of schools and residences. Rehabilitation of damaged school playgrounds was also undertaken along with providing assistance in the de-silting of farmlands brought about by recent typhoons.

The company also partnered with the Mines and Geosciences Bureau (MGB) on the conduct of geohazard mapping in identified municipalities.

Scholarships were granted to 180 beneficiaries to date, about 50% increase from the prior year's coverage. Supplemental feeding programs to schools and day care centers, livelihood training and assistance are continually being undertaken.

Medical missions have been conducted in typhoon stricken areas. A twice a week medical consultation and provision of basic medicines to one of its major host barangays continues to benefit community residents and is now in the process of being duplicated in other barangays. In its aim to provide regular medical services, the Company has started to build Barangay Health Centers, one of which has been turned over to Barangay Binabalian in Candelaria, Zambales. Another one to be located in Barangay Guisguis in Sta. Cruz, Zambales is scheduled for groundbreaking before the end of this year.

In Zambales, an annual health program where fifty (50) indigent families are granted Philhealth sponsorships is being implemented. Additionally, five (5) schools continue to benefit from the Company's "Adopt-A-School-Program", a project envisioned to enhance instructional tools and improve the structural conditions of the school buildings.

Outlook
Benguet Corporation continues to implement its plans and programs to achieve profitability despite the persistent softening of metal prices. Efficiency improvements and cost-effective processes and programs will continue to be implemented and enhanced and more focus is being given to the development of new projects and advancing the development of ongoing projects to generate more sources of income.

Expansion plans of the Company's gold and nickel businesses are already in various phases of implementation. For the gold operations, a drilling program designed to assess the resource potential of the Greater Acupan, which is the larger area beyond the present operations, is being gradually implemented. Results from this planned drilling will form the basis of a standards-compliant report, preliminary to the preparation of a bankable feasible study. Fund raising efforts are now being undertaken for the Balatoc Tailings Project. The project will create a new revenue flow for the Company from resources, previously considered as waste, through the extraction and processing of the remaining gold content in the tailings.

Expansion plans for the nickel business through a forward integration into processing continues to be studied. The project, which involves the construction and installation of a nickel processing plant, is projected to provide additional revenue streams from both the sale of ore to the plant and a share in the income of the plant. It is envisioned that the Company partners with strategic and financial investors for this major undertaking.

The Company, at the same time, believes that it needs to diversify to cushion further the impact on its bottom line of future dips in metal prices. Hence, studies are also being initiated on non-mining related projects.

Benguet Corporation maintains its goal to strengthen its mining operations, which will serve as its anchor when it expands to new business lines to enhance its income stream and improve shareholder value.

Benjamin Philip G. Romualdez
President & Chief Executive Officer

ANNEX "B"

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2013AND DECEMBER 31, 2012
(Amounts in Thousands)

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱594,372**	₱507,669
Short-term investment	**153,832**	206,092
Trade and other receivables	**264,915**	721,314
Inventories	**360,730**	174,680
Other current assets	**518,813**	258,114
Total Current Assets	**1,892,662**	1,867,869
Noncurrent Assets		
Property, plant and equipment	**3,299,250**	3,272,153
Available-for-sale (AFS) investments	**15,828**	15,786
Deferred mine exploration costs	**1,106,818**	816,238
Investment property	**166,693**	167,515
Othernoncurrentassets	**467,291**	467,007
Total Noncurrent Assets	**5,055,880**	4,738,699
TOTAL ASSETS	**₱6,948,542**	₱6,606,568
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of loans payable	**₱1,120,804**	₱965,739
Trade and other payables	**899,378**	489,558
Obligations under finance lease	**2,684**	10,361
Income tax payable	**30,263**	26,482
Total Current Liabilities	**2,053,129**	1,492,140
Noncurrent Liabilities		
Loans payable - net of current portion	**571,727**	931,183
Deferred income tax liabilities - net	**812,620**	812,620
Liability for mine rehabilitation	**55,228**	55,228
Pension liability	**70,562**	70,562
Obligations under finance lease - net of current portion	**40,137**	40,137
Other noncurrent liabilities	**153,765**	67,249
Total Noncurrent Liabilities	**1,704,039**	1,976,979
Total Liabilities	**3,757,168**	3,469,119

(Forward)

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited As Restated)
Equity		
Capital stock		
Convertible preferred Class A - ₱3.44 par value		
Authorized - 19,652,912 shares		
Issued - 217,061shares in 2013 and 2012	**₱745**	₱745
Common Class A - ₱3.00 par value		
Authorized - 120,000,000 shares		
Issued -110,363,385 shares in 2013 and 102,401,265 in 2012	**331,090**	307,204
Common Class B - ₱3.00 par value		
Authorized - 80,000,000 shares		
Issued - 66,795,822 shares in 2013and 61,501,752 in 2012	**200,387**	184,505
Capital surplus	**161,843**	21,131
Deposit for future stock subscription	**162,000**	180,000
Other components of equity:		
Revaluation increment in land - net of deferred income tax liability	**750,779**	750,779
Cumulative translation adjustments of foreign subsidiaries	**47,044**	46,263
Cost of share-based payment	**51,312**	51,616
Unrealized gain on AFS investments	**932**	844
Retained earnings	**1,493,258**	1,602,378
	3,199,390	3,145,465
Cost of 116,023 shares held in treasury, ₱69 per share	**(8,016)**	(8,016)
Total Equity	**3,191,374**	3,137,449
TOTAL LIABILITIES AND EQUITY	**₱6,948,542**	₱6,606,568

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013
(With Comparative Figures for the nine months ended September 30, 2012)
(Amounts in Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2013	2012	**2013**	2012
REVENUES				
Sale of mine products	**₱287,507**	₱215,565	**₱1,456,621**	₱836,410
Sale of merchandise and services	**27,137**	25,239	**117,146**	98,376
	314,644	240,804	**1,573,767**	934,786
COSTS AND OPERATING EXPENSES				
Costs of mine products sold	**207,268**	156,921	**1,112,186**	362,486
Costs of merchandise sold and services	**16,813**	44,765	**73,566**	91,035
Selling and general	**224,399**	146,660	**467,313**	423,449
Taxes on revenue	**9,978**	3,066	**71,638**	15,552
	458,458	351,412	**1,724,703**	892,522
INCOME (LOSS) FROM OPERATIONS	**(143,814)**	(110,608)	**(150,936)**	42,264
INTEREST EXPENSE	**21,968**	14,749	**81,331**	36,617
OTHER INCOME				
Interest income	**15,308**	761	**16,837**	3,734
Foreign exchange gain (loss)	**7,125**	(16,084)	**(1,223)**	(14,212)
Miscellaneous- net	**(5,038)**	142,213	**140,629**	228,988
	17,395	126,890	**156,243**	218,510
INCOME BEFORE INCOME TAX	**(148,387)**	1,533	**(76,024)**	224,157
PROVISION FOR (BENEFIT FROM) INCOME TAX	**(2,709)**	964	**33,096**	38,719
NET INCOME	**(₱145,678)**	₱569	**(₱109,120)**	₱185,438
BASIC LOSS PER SHARE	**(₱0.84)**	₱0.00	**(₱0.65)**	₱1.13
DILUTED LOSS PER SHARE	**(₱0.84)**	₱0.00	**(₱0.65)**	₱1.12

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINEMONTHS ENDED SEPTEMBER 30, 2013
(With Comparative Figures for the nine months ended September 30, 2012)
(Amounts in Thousands)

	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)	December 31, 2012 (Audited)
CAPITAL STOCK	**₱532,222**	₱492,421	₱492,454
CAPITAL SURPLUS	**161,843**	20,746	21,131
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION	**162,000**	180,000	180,000
REVALUATION INCREMENT IN LAND	**750,779**	750,779	750,779
CUMULATIVE TRANSLATION ADJUSTMENT			
Balance at beginning of period	**46,263**	40,394	40,394
Translation adjustment	**781**	(6,060)	5,869
Balance at end of period	**47,044**	34,334	46,263
COST OF SHARE-BASED PAYMENT			
Balance at beginning of period	**51,616**	41,372	41,372
Employees' exercise of stock options	**(304)**	(978)	(1,211)
Options vested during the period	**–**	–	11,455
Balance at end of period	**51,312**	40,394	51,616
UNREALIZED GAIN ON AFS INVESTMENTS			
Balance at beginning of period	**844**	920	920
Unrealized gain (loss) on AFS investments	**88**	99	(76)
Balance at end of period	**932**	1,019	844
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of period	**1,602,378**	974,735	974,735
Net income for the period	**(109,120)**	185,437	627,643
Balance at end of period	**1,493,258**	1,160,172	1,602,378
TREASURY SHARES	**(8,016)**	(8,016)	(8,016)
TOTAL EQUITY	**₱3,191,374**	₱2,671,849	₱3,137,449

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(With Comparative Figures for the nine months ended September 30, 2012)
(Amounts in Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2013	2012	**2013**	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**(₱148,388)**	₱1,533	**(₱76,024)**	₱224,157
Adjustments for:				
Depreciation, depletion and amortization	**12,210**	6,443	**59,195**	89,506
Unrealized foreign exchange loss (gain)	**(7,125)**	16,084	**1,223**	14,212
Realized loss on AFS investments	**11**	–	**46**	–
Recovery of Impairment	–	–	**(107,202)**	–
Gain on settlement of liabilities	–	–	**(50,010)**	(93,636)
Income taxes paid	**4,567**	–	**(29,315)**	–
Decrease (increase) in:				
Short-term investment	**20,038**	–	**52,260**	–
Trade and other receivables	**148,506**	85,513	**456,399**	(322,824)
Inventories	**5,985**	81	**(186,050)**	(127,890)
Prepaid expenses and other current assets	**(81,591)**	(49,648)	**(260,699)**	(116,861)
Increase in trade and other payables	**38,062**	168,943	**409,821**	131,271
Net cash from (used in) operating activities	**(7,725)**	228,949	**269,644**	(202,065)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Property, plant and equipment	**(35,669)**	(78,069)	**(85,470)**	(210,656)
Deferred exploration costs	**(22,545)**	(199,461)	**(182,597)**	(264,066)
AFS investments	**–**	(1,690)	**–**	(276,690)
Other assets	**4,926**	(6,476)	**(284)**	(58,349)
Net cash from (used in) investing activities	**(53,288)**	(285,696)	**(268,351)**	(809,761)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net availment (repayment) of loans payable	**(107,675)**	652,020	**(163,282)**	802,020
Proceeds from issuance of common stocks	**–**	1,030	**176**	2,052
Deposit for future stock subscription	**162,000**	–	**162,000**	180,000
Decrease in other noncurrent liabilities	**87,080**	(64,357)	**86,516**	(111,363)
Net cash from (used in) financing activities	**141,405**	588,693	**85,410**	872,709
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**80,392**	531,946	**86,703**	(139,117)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**513,980**	586,301	**507,669**	1,257,364
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱594,372**	₱1,118,247	**₱594,372**	₱1,118,247

BENGUET CORPORATION AND SUBSIDIARIES

EARNINGS PER SHARE COMPUTATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

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

	September 30	
	2013	2012
Net income (loss)	**(₱109,120)**	₱185,438

Number of shares for computation of:

	September 30	
	2013	2012
Basic earnings per share		
Weighted average common shares issued	**173,845,160**	163,867,655
Less treasury stock	**116,023**	116,023
Weighted average common shares outstanding	**173,729,137**	163,751,632
Diluted earnings per share		
Weighted average common shares issued	**173,845,160**	163,867,655
Less treasury stock	**116,023**	116,023
	173,729,137	163,751,632
Conversion of preferred stock	**–**	686,455
	173,729,137	164,438,087
Basic earnings (loss) per share	**(₱0.63)**	₱1.13
Diluted earnings (loss) per share	**(₱0.63)**	₱1.12

BENGUET CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

	September 30	
	2013	2012
Profitability Ratio		
Return on asset	**(0.02):1**	0.03:1
Return on equity	**(0.03):1**	0.07:1
Gross profit margin	**0.25:1**	0.50:1
Operating profit margin	**0.00:1**	0.28:1
Net profit margin	**(0.07):1**	0.20:1
Liquidity and Solvency Ratio		
Current ratio	**0.92:1**	1.49:1
Quick ratio	**0.49:1**	1.16:1
Solvency ratio	**(0.01):1**	0.07:1
Financial Leverage Ratio		
Asset to equity ratio	**2.18:1**	2.45:1
Debt ratio	**0.54:1**	0.59:1
Debt to equity ratio	**1.18:1**	1.45:1
Interest coverage ratio	**0.07:1**	7.12:1

BENGUET CORPORATION AND SUBSIDIARIES

AGING OF RECEIVABLES

AS OF SEPTEMBER 30, 2013

(Amounts in Thousands)

TYPE OF RECEIVABLES	LESS THAN 30 DAYS	30 TO 60 DAYS	LESS THAN ONE YEAR	ONE TO TWO YEARS	THREE TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
Trade receivables	₱27,834	₱6,640	₱–	₱5,032	₱10,388	₱6,119	₱56,013
Allowance for doubtful accounts	–	–	–	–	(1,381)	(6,119)	(7,500)
Trade receivables – net	27,834	6,640	–	5,032	9,007	–	48,513
Nontrade receivables:							
Officers and employees	7,879	5,489	59,670	39,442	31,298	7,888	151,666
Others	1,329	4,748	7,041	24,945	58,206	105,734	202,003
Total	9,208	10,237	66,711	64,387	89,504	113,622	353,669
Allowance for doubtful accounts	–	–	–	–	(23,645)	(113,622)	(137,267)
Nontrade receivables – net	9,208	10,237	66,711	64,387	65,859	–	216,402
Trade and other receivables – net	₱37,042	₱16,877	₱66,711	₱69,419	₱74,866	₱–	₱264,915

1. 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 fifty (50) years. BC is engaged in chromite, gold, and other metallic and nonmetallic mineral production, exploration, research and development and natural resource projects.

2. Summary of Significant Accounting Policies

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

Statement of Compliance
The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements of Benguet Corporation (the Company) and its subsidiaries (the Group) do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2012.

Changes in Accounting Policies
The Group applies, for the first time, certain standards and amendments. These include PAS 19 (Revised 2011) *Employee Benefits*, amendments to PAS 1, Presentation of Financial Statements and Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. As required by PAS 34, the nature and effect of these changes are disclosed below.

PAS 1, *Presentation of Items of Other Comprehensive Income - Amendments to PAS 1*
The amendments to PAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Itemsthat could be reclassified (or recycled) to profit or loss at afuture point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain onavailable-for-sale financial assets) now have to be presented separately from items that willnever be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation ofland and buildings). The amendment affected presentation only and had no impact on theGroup'sfinancial position or performance.

PAS 1, ***Clarification of the requirement for comparative information (Amendment)***
The amendment to PAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity mustinclude comparative information in the related notes to the financial statements when itvoluntarily provides comparative information beyond the minimum required comparativeperiod. The additional voluntarily comparative information does not need to be presented in acomplete set offinancialstatements.

The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under PAS 34, the minimum items requiredforinterimcondensed financialstatements do notinclude a third balance sheet.

PAS 19 (Revised 2011), ***Employee Benefits***
PAS 19 (Revised 2011) includes a number of amendmentsto the accounting for definedbenefit plans, including actuarial gains and losses that are now recognized in othercomprehensive income (OCI) and permanently excluded from profit and loss; expected returnson plan assetsthat are no longerrecognized in profit orloss, instead, there is a requirement torecognize interest on the net defined benefit liability (asset) in profit or loss, calculated usingthe discount rate used to measure the defined benefit obligation, and; unvested past servicecosts are now recognized in profit orloss atthe earlier of when the amendment occurs or whenthe related restructuring or termination costs are recognized. Other amendments include newdisclosures, such as, quantitative sensitivity disclosures. Under PAS 34, these new disclosures will be included in the annual consolidated financial statements. The Group closes actuarialgains and lossesto retained earnings every end ofreporting period.

In case of the Group, the transition to PAS 19 (Revised) had an impact on the net defined benefit plan obligations due to the difference in accounting for interest on plan assetsand unvested past service costs. The effect of the adoption of PAS 19 (Revised) is explainedbelow.

Effect of Adoption of PAS 19 (Revised)
PAS 19, (Revised 2011) has been applied retrospectively from January 1, 2012. As a result, expected returns on plan assets of defined benefit plans are not recognized in consolidated profit or loss. Instead, interest on net defined pension obligation (asset) isrecognized in the consolidated profit orloss, calculated using the discountrate used tomeasurethe net defined pension obligation.

Also, unvested past service costs can no longer be deferred and recognized over the future vesting period. Instead, all past service costs are recognized at the earlier of when theamendment occurs and when the Group recognizes related restructuring or termination costs. Until 2012, the Group’s unvested past service costs wererecognized as an expense on a straight-line basis over the average period until the benefitsbecome vested. Upon transition to PAS 19, (Revised 2011), past service costs are recognized immediately if the benefits have vested immediately following the introduction of, or changes to, a pension plan.

The Group reviewed its existing employee benefits and determined that the amended standard has a significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the consolidated financialstatements upon adoption ofthe standard.

The effects are detailed below:

	As at December 31, 2012		
	As Restated	As Previously Reported	Change
Consolidated statements of financial position			
Pension liability	₱70,562	₱56,522	₱14,040
Deferred income tax liabilities	812,620	816,832	(4,212)
Retained earnings	1,602,378	1,612,206	(9,828)

	As at January 1, 2012		
	As Restated	As Previously Reported	Change
Consolidated statements of financial position			
Pension liability	₱118,386	₱29,700	₱88,686
Deferred income tax liabilities	953,654	980,260	(26,606)
Retained earnings	912,655	974,735	(62,080)

Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs").If the benefit from the stripping activity will be realized in the current period, an entity isrequired to account for the stripping activity costs as part of the cost of inventory. When thebenefit isthe improved accessto ore, the entity should recognize these costs as a non-currentasset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset isaccounted for as an addition to, or as an enhancement of, an existing asset. After initialrecognition, the stripping activity asset is carried at its cost or revalued amount lessdepreciation or amortization and lessimpairment losses, in the same way as the existing asset of which itis a part.The interpretation has no material impact on the Group's financial position or performance.

The following standards also became effective as ofJanuary 1, 2013:
- PAS 27 (Amended), *Separate Financial Statements*
- PAS 28 (Amended), *Investments in Associates and Joint Ventures*
- Amendmentsto PFRS 1,*Government Loans*
- Amendmentsto PFRS 7,*Disclosures Offsetting Financial Assets and Financial Liabilities*
- PFRS 10, *Consolidated Financial Statements*
- PFRS 11,*Joint Arrangements*
- PFRS 12,*Disclosure ofInterestsinOther Entities*
- PFRS 13, *Fair Value Measurement*

The above standards are applicable to the Group except for Amendments to PFRS 1, PFRS 11 and PFRS 12. The adoption of the new standards did not have an impact to theGroup's financial position and performance.

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.

All regular way purchases and sales of financial assets are recognized on the settlement date. Regular way 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.

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 fair value through profit or loss (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 andAFSfinancial assets. The Group's financial assets are of the nature of loans and receivables and AFS financial assets. As of September 30, 2013 and December 31, 2012, the Group has no financial assets at FVPLand HTM investments. Also under PAS 39, financial liabilities are classified as FVPL or other financial liabilities. The Group's financial liabilities are of the nature of other financial liabilities. As of September 30, 2013 and December 31, 2012, the Group has no financial liabilities at FVPL.

Loans and Receivables
Loans and receivables are nonderivativefinancial 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 financial assets or designated as at FVPL. This accounting policy relates to the statement of financial position captions "Cash and cash equivalents","Short-term investments" and "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 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 effective interest rate. The amortization, if any, is included in the "Other income (charges)" 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 twelve months after the reporting date or within the normal operating cycle, whichever is longer.Otherwise, they are classified as noncurrent assets.

AFS Financial Assets
AFS financial assets are nonderivativefinancial assets that are either designated in this category or not classified in any of the other categories. AFS financial assets 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 twelve 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 financial assets 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" account in the equity section of the consolidated statement of financial position.

They are also reported as other comprehensive income in the consolidated statement of comprehensive income.

AFS financial assets whose fair value cannot be reliably established are carried at cost less an 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 financial assetsis reported as interest income using the effective interest rate. Any dividend earned on holding AFS financial assets 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.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities, 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.

Other financial liabilities are initially recorded at fair value, less directly attributable transaction cost. After initial measurement, other financial liabilities are measured at amortized cost using the effective interest 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 "Foreign currency exchange gain (loss)" in the consolidated statement of income.

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

Other financial liabilities 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.

Determination of Fair Value
The fair value of financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques and comparison to similar instruments for which market observable prices exist.

Fair Value of Financial Instruments
Financial instruments recognized in fair value are analyzed based on:

- Level 1 **-** quoted prices in active markets for identical asset or liability;
- Level 2 **-** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 **-** those with inputs for asset or liability that are not based on observable market date (unobservable inputs).

When the fair value of listed equity and debt securities at the end of the reporting date are based on quoted market prices or binding dealer price quotations without any deduction for transaction costs, the instruments are included within Level 1 of the fair value hierarchy.

For all other financial instruments, the fair value is determined using valuation technique. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models and other relevant valuation model. For these financial instruments, inputs into models are market observable and are therefore included within Level 2 of the fair value hierarchy.

<u>Derecognition of Financial Instruments</u>
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.

<u>Impairment of Financial Assets</u>
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 effective interest rate (i.e., the effective interest rate 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 financial assets, 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 twelve 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 profit or loss, 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 statements 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.

'Day 1' Profit or Loss
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit or loss) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit or loss amount.

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.

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 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 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 Company 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 Exploration Costs
A valuation allowance is provided for estimated unrecoverable deferred explorationcosts based on the Group's assessment of the future prospects of the mining properties, which areprimarily dependent on the presence of mineral reserves in those properties, and metalprices in the market which is the primary driver of returns on the production.

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 does not believe that these proceedings will 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.

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 twelve (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.

Estimating Allowance for Impairment Losses on Trade and Other Receivables and Loan 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.

Estimating Impairment Losses on Inventories

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.

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. The Group estimated the Nickel laterite ore reserves of SCNP to be roughly 16.2 million tons.

Assessing Impairment of Property, Plant and Equipment, Investment Property, Deferred Exploration Costs and Other Noncurrent Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the value of property, plant and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the property, plant and equipment is impaired. Any resulting impairment loss could have a material adverse impact on the consolidated financial condition and results of operations.

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.

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.

Determining the Appraised 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.

Estimating Provision 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.

Estimating Cost of Share-Based Payment

The Groups's Executive Stock Option Plan, or ESOP, 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 Group 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. 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 determination of the Group's obligation and cost for pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with PAS 19, actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. 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 pension and other pension obligations.

Assessing Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group has deductible temporary differences excess MCIT and unused NOLCO for which deferred income tax assets were not recognized as it is not probable that sufficient taxable profit will be available against which the benefit of the deferred income tax assets can be utilized.

4. 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 and trade and other payables, which arise directly from its operations. Other financial asset includes Short-term investment (STI) 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 September 30, 2013 and December 31, 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 tables below summarize the maturity profile of the Group's financial assets as of September 30, 2013 and December 31, 2012:

	September 30, 2013	December 31, 2012
Cash and cash equivalents		
Cash with banks	**₱480,451**	₱354,908
Short-term deposits	**113,343**	152,761
Short-term investments	**153,832**	206,092
Trade and other receivables		
Trade	**48,513**	385,986
Others	**166,640**	1,574
Loans receivable	**49,762**	49,767
AFS investments	**15,828**	15,786
Total credit risk exposure	**₱1,028,369**	₱1,166,874

The tables below summarize the maturity profile of the Group's financial liabilities based in contractual undiscounted payments as of September 30, 2013 and December 31, 2012:

September 30, 2013

	On demand	**More than 90 days**	**More than 1 year**	**Total**
Loans payable	**₱1,120,804**	**₱–**	**₱571,727**	**₱1,692,531**
Trade and other payables*	**462,346**	**92,280**	**108,775**	**663,401**
Equity of claimowner incontract operations	**–**	**–**	**49,136**	**49,136**
Total	**₱1,583,150**	**₱92,280**	**₱729,638**	**₱2,405,068**

Excludes statutory payables

December 31, 2012

	On demand	More than 90 days	More than 1 year	Total
Loans payable	₱542,027	₱507,882	₱1,105,066	₱2,154,975
Trade and other payables*	236,681	32,724	15,166	284,571
Equity of claimowner in contract operations	–	–	49,136	49,136
Total	₱778,708	₱540,606	₱1,169,368	₱2,488,682

**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.

September 30, 2013

	Neither Past Due Nor Impaired				
	High Grade	**Standard Grade**	**Past Due But Not Impaired**	**Impaired**	**Total**
Cash and cash equivalents					
Cash in banks	**₱480,451**	**₱–**	**₱–**	**₱–**	**₱480,451**
Short-term deposits	**113,343**	**–**	**–**	**–**	**113,343**
Short-term investments	**153,832**	**–**	**–**	**–**	**153,832**
Trade and other receivables					
Trade	**34,474**	**–**	**14,039**	**7,500**	**56,013**
Others	**19,445**	**81,336**	**65,859**	**137,267**	**303,907**
Loans receivable	**–**	**49,762**	**–**	**–**	**49,762**
Other noncurrent assets					
MRF	**39,382**	**–**	**–**	**–**	**39,382**
AFS investments	**7,836**	**7,992**	**–**	**–**	**15,828**
Total credit risk exposure	**₱848,763**	**₱139,090**	**₱79,898**	**₱144,767**	**₱1,212,518**

December 31, 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	51,004	151,420	7,500	393,486
Others	–	–	1,574	30,418	31,992
Loans receivable	–	49,767	–	–	49,767
Other noncurrent assets					
MRF	42,016	–	–	–	42,016
AFS investments	7,794	7,992	–	–	15,786
Total credit risk exposure	₱946,331	₱108,763	₱152,994	₱37,918	₱1,246,006

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

a. Cash and cash equivalents and MRF 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 nickel 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 of September 30, 2013 and December 31, 2012.

<u>Market Risks</u>

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 of September 30, 2013 and December 31, 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:

<u>September 30, 2013</u>

	Change in interest rates (in basis points)	Sensitivity of pretax income
PHP	**+100**	**(₱6,585)**
PHP	**-100**	**6,585**
USD	**+100**	**(9,785)**
USD	**-100**	**9,785**

<u>December 31, 2012</u>

	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 September 30, 2013 and December 31, 2012 follow:

	September 30, 2013		December 31, 2012	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Financial Assets				
Cash	**$2,412**	**₱105,018**	$10,484	₱430,368
Trade receivables	**1,115**	**48,543**	7,984	327,743
Other current assets	**–**	**–**	5,021	206,112
Available-for-sale (AFS) investments	**40**	**1,742**	40	1,642
Total financial assets	**3,567**	**155,303**	23,529	965,865
Financial Liabilities				
Accrued interest and penalties	**1,277**	**55,601**	1,234	50,656
Other loans	**21,696**	**944,644**	29,394	1,206,624
Secured bank loans	**777**	**33,831**	777	31,896
Total financial liability	**23,750**	**1,034,076**	31,405	1,289,176
Net financial asset (liability)	**($20,183)**	**(₱878,773)**	($7,876)	(₱323,311)

As of September 30, 2013 and December 31, 2012, the exchange rates of the Philippine peso to the USD are₱43.54 and ₱41.05, respectively.

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 September 30, 2013 and December 31, 2012 is as follows:

September 30, 2013	Change in foreign exchange rate	Sensitivity of pretax income
	Strengthens by Php1.00	**₱20,183**
	Weakens by Php1.00	**(20,183)**

December 31, 2012	Change in foreign	Sensitivity of

	exchange rate	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.

Fair Values of Financial Instruments

Fair value is defined as the amount at which a financial instrument can be exchanged in a current transaction between knowledgeable willing parties in an arm'slength transaction, other than in a forced sale or liquidation.

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 of September 30, 2013 and December 31, 2012:

	September 30, 2013		December 31, 2012	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets:				
Loans and receivables:				
Cash and cash equivalents				
Cash on hand and in banks	**₱481,029**	**₱481,029**	₱354,908	₱354,908
Short-term deposits	**113,343**	**113,343**	152,761	152,761
Short-term investments	**153,832**	**153,832**	206,092	206,092
Trade and other receivables				
Trade	**48,513**	**48,513**	385,986	385,986
Others	**166,640**	**166,640**	1,574	1,574
Loans receivable	**49,762**	**49,762**	49,767	49,767
Other noncurrent assets				
MRF	**39,382**	**39,382**	42,016	42,016
	1,052,501	**1,052,501**	1,193,104	1,193,104
AFS investments:				
Quoted	**7,836**	**7,836**	7,794	7,794
Unquoted	**7,992**	**7,992**	7,992	7,992
	15,828	**15,828**	15,786	15,786
	₱1,068,329	**₱1,068,329**	₱1,208,890	₱1,208,890
Financial Liabilities:				
Other financial liabilities:				
Trade and other payables				
Trade	**₱663,401**	**₱ 663,401**	₱242,720	₱242,720
Accrued expenses	**55,913**	**55,913**	41,851	41,851
Loans payable	**1,692,531**	**1,734,646**	1,896,922	2,154,975
Other noncurrent liabilities				
Equity of claimowner in contract operations	**49,136**	**49,136**	49,136	49,136
	₱2,460,981	**₱2,503,096**	₱2,230,629	₱2,488,682

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%.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2 - other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3 - techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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 are 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 and 2012. The Group monitors capital using its parent company financial statements. As at September 30, 2013 and December 31, 2012, the Group has met its capital management objectives.

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

	September 30, 2013	December 31, 2012
Capital stock	**₱532,222**	₱492,454
Capital surplus	**161,843**	21,131
Deposit for future stock subscription	**162,000**	180,000
Retained earnings	**1,493,258**	1,602,378
Treasury shares	**(8,016)**	(8,016)
	₱2,341,307	₱2,287,947

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 September 30, 2013 and December 31, 2012 are as follows:

	September 30, 2013	December 31, 2012
Total liabilities (a)	**₱3,757,168**	₱3,469,119
Total equity (b)	**3,191,374**	3,137,449
Debt-to-equity ratio (a/b)	**1.18:1**	1.11:1

BENGUET CORPORATION AND SUBSIDIARIES
ADDITIONAL DISCLOSURES TO FINANCIAL STATEMENTS
(For the Third Quarter Ended September 30, 2013)

i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2012 financial statements. Additional disclosures on the significant changes of accounts and subsequent events are presented in the Management Discussion and Analysis.

ii.) During the third quarter of 2013, there were no seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

iii.) There were no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows in the third quarter of 2013.

iv.) Issuances, Repurchases, Repayments of Debt and Equity Securities – During the third quarter of 2013, there were no securities sold by the Company which were not registered under the Revised Securities Act (now Securities Regulation Code (SRC)) including the sales of reacquired securities, new issues, securities issued in exchange of property, services or other securities and new securities resulting from the modification of outstanding securities.

v.) Dividends - No cash dividends were declared during the third quarter of 2013.

vi.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as of September 30, 2013 mainly came from sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱530 million and ₱852 million sales of nickel ore to China.

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

viii.) There were no changes in the composition of the Company, business combinations, acquisition or disposal of subsidiaries and long-term investments and no substantial changes in contingent liabilities and contingent assets from 2012.