COVER SHEET

1	1	3	4	1					

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 / 751-9137
(Group Telephone Number)

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

17-A
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Article Third
Amended Articles Number/Section

Total Amount of Borrowings

16,925
Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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SEC FORM 17-A

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

1. For the fiscal year ended ....**DECEMBER 31, 2014**.................................

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

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

5. ....**PHILIPPINES**............................... 6. [ ] (SEC Use Only)
   Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code:

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

8. .... **(632) 751-9137 / 812-1380** ....
   Issuer's telephone number, including area code

9. ....
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class		Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2014)
Convertible Preferred Class A,	**₱3.44 par value**	**217,061 shares**
Common Class A Stock,	**₱3.00 par value**	**117,428,790 shares***
Common Class B Stock,	**₱3.00 par value**	**77,614,394 shares***

(*) – Net of Treasury Shares

Total consolidated outstanding principal debt as of December 31, 2014 – ₱695.7 Million

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

    Yes [**X**]   No [ ]

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

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

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The

Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

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

Yes [ ] No [**X**]

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

Not Applicable.

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

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

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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

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

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

1. BUSINESS DEVELOPMENT

CORPORATE PROFILE

Benguet Corporation (the "Company", "Benguet") is the oldest mining company in the Philippines and is the country's recognized pioneer of modern mining. Established on August 12, 1903 as Benguet Consolidated Mining Company, the Company's 111 years of existence is a testament of its adaptability and resiliency in the face of changes brought about by global events, natural calamities, economic conditions and industry trends.

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

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

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

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

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

Benguet is now on its third fifty-year corporate life, the extension having been approved by the SEC on June 18, 2006. Having been listed in the Philippine Stock Exchange since January 4, 1950, it is one of the most widely held public companies in the country with 16,925 stockholders of record, with 17% of its outstanding shares owned by foreign nationals and institutions, as of December 31, 2014.

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

MINING OPERATIONS

- **Acupan Gold Project (AGP) in Benguet Gold Operation (BGO) in Itogon, Benguet Province:** AGP [formerly Acupan Contract Mining Project (ACMP)] has gold production in 2014 that totaled 14,258 ounces, higher as compared to 11,967 ounces in 2013 and 12,468 ounces in 2012. The average grade of ore milled was 4.38 grams gold per ton in 2014 against 4.88 grams gold per ton in 2013 and 6.89 grams gold per ton in 2012. AGP ended the year 2014 with an average milling rate of 332 tons per day (tpd), higher as compared to average milling rate of 243 tpd in 2013 and 149 tpd in 2012. AGP continues to improve its mine and mill equipment and machineries in preparation for future production expansion from 300 tpd to 500 tpd. A new mill process that will be fully commissioned in 2015 is designed to improve gold yield while reducing costs. These process changes are in preparation for its mine development program which targets to convert reported ore resource potential to mineable tonnage. This will be supported by a drilling program of 25 boreholes totaling 1,439 meters from surface and underground for the year. The Company is investing in these critical areas to ensure sustainability in the coming years.

- **Sta. Cruz Nickel Project (SCNP) in Sta. Cruz, Zambales Province:** The Sta. Cruz Nickel Project (SCNP) is a surface mining operation of Benguetcorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary of the Company. BNMI exported a total of 1.064 million tons of nickel ore ranging from 1.51% to 1.88% Ni grade as compared to 1.007 million tons ranging from 1.71% to 1.88% Ni grade in 2013 and 1.488 million tons ranging from 1.5% to 1.82% Ni grade in 2012. Due to Indonesia's ban on the sale of nickel ore, the nickel business experienced record-high prices for all ranges of ore grade with 1.8% grade recording a market high of US$118 per ton in early May and 1.5% grade reaching a high of US$84 per ton during the same period. This is reflected in the increase in the average selling price of BNMI's nickel exports, across various grades, from US$30.35 in 2013 to US$40.12 per ton in 2014.

  While BNMI tried to maximize this opportunity to address demand at such high prices, it was not able to do so due to regulatory constraints. On June 9, 2014, the EMB Region III issued a Cease and Desist Order (CDO) on the ore transport operations of BNMI. On July 15, 2014, the MGB Region III suspended the extraction of ores and future expansion of mining areas of the Company. Three (3) other mining companies operating in the area – ERAMEN Minerals Inc., LNL Archipelago Minerals Inc, and Zambales Diversified Metals Corporation/ DMCI Mining Corporation – were similarly affected by the EMB/MGB orders. The issues raised by the agencies leading to the suspension of nickel mining activities in Zambales pertain to the alleged conduct of unsystematic mining methods and inadequate of environmental monitoring and control infrastructure and systems; lack of dutiful repair and maintenance of haul roads, traffic management and pollution from dust and mud; and complaint of siltation affecting river systems and waterways, farms and fishponds, among others.

  Without admitting liability, BNMI has since progressively acted on and completed its rehabilitation programs to mitigate and address the issues:

  1. Minesite: a) completed transfer of stockpile to designated engineered-stockpile areas; b) improved existing settling ponds and constructed new ones; c) currently implementing reforestation and vegetation activities as erosion control measures; d) currently establishing a sediment flux monitoring system; e) completed the care and maintenance plan for Area 1; f) de-silting and re-validation of settling pond capabilities completed; g) subscribed to Google Earth to facilitate environmental monitoring; h) completed and submitted a comprehensive drainage map.

2. Haul Road: a) ongoing repair and maintenance of existing haul roads; b) advanced discussions on construction of alternative haul road from mine site to the port area; c) completed and submitted a traffic flow management plan; d) implemented a protocol on usage of PPEs by sweepers and workers.
3. River Systems and Waterways: a) completed de-silting of river systems and major waterways; b) submitted a comprehensive environmental rehabilitation program for water bodies, protected areas, farmlands and fishponds including re-vegetation and silt management plan; c) construction plan for a bridge across Cabaluan River already submitted; d) Balok-Balok Cave protection plan completed and submitted.
4. Wash Bays: completed construction of 8 wash bays along haul roads including port areas
5. Farmlands, Fishponds and Coastal Areas: a) completed de-silting and rehabilitation of affected farmlands, fishponds and coastal areas; b) submitted proof of allocation for the Environmental Guarantee Fund (EGF) for the activation of the EGF Committee
6. Port Stockpile Area: enhanced drainage canal and silt pond; de-silted and cleaned up adjacent mangrove area

In response to BNMI's substantial compliance of their orders, the EMB and MGB temporarily lifted the suspension of BNMI on December 02, 2014 and February 20, 2015, respectively. A permanent lifting would be achieved through BNMI's (and other mining company's) continuing conformity to the environmental standards set by the regulating agencies.

In February 2015, BNMI engaged the services of a PMRC accredited CP for Geology to provide an independent competent person's peer review and update of the recent mineral resource estimates prepared by the in-house technical staff of BC. The CP's peer review is solely based on the 10,000 meters supplementary exploration drilling program for SCNP, which was initiated by BNMI from December 2013 to September 2014. With this newly added drill meterage of 10,000 meters, the aggregate length drilled now in SCNP since the start of the exploration program of BNMI is 75,916.80 meters.

- **Irisan Lime Project (ILP) in Baguio City**: ILP produced 9,906 tons of quicklime in 2014, higher as compared to the 2013 level of 9,102 tons and 8,626 tons in 2012. Capacity was increased to serve additional demand from existing clients. A third kiln was constructed and completed for an additional 600 tons per month capacity or a total production capacity of 1,800 tons per month for the three (3) kilns.

EXPLORATION, RESEARCH AND DEVELOPMENT

- **Balatoc Tailings Project (BTP) in Itogon, Benguet Province:** Balatoc Gold Resources Corporation (BGRC), a wholly owned subsidiary of the Company and the operator of BTP, initiated the renewal of its Mineral Processing Permit (MPP) which shall be submitted to MGB before the MPP expires on May 2015. Temporarily suspended pending the review of its mineral resource report, metallurgical and technical processes and financial impact.

- **AntamokTailings Project (ATP) in Itogon, Benguet Province:** The Antamok Tailings is of lower gold grade than BTP and there is ongoing feasibility study. It plays a strategic role however as the tailings and the tailings dam are part of the old BAGO where the company has to perform or comply with the ECC's Final Mine Rehabilitation and Development Plan (FMRDP). BAGO's former open pit was found viable as a water reservoir and with a proposed water treatment plant, the Company won on August 16, 2005 the bidding for a Bulk Water Project (BWP) in Baguio City. BWP was accepted as a compliance to the FMRDP. Delayed by a court case for almost a decade, the BWP has lately been moved by the city government with several big players interested.

- **Ampucao Copper-Gold Prospect in Itogon, Benguet Province:** The Ampucao is a viable prospect for the discovery of a typical deep-seated porphyry copper-gold deposit corresponding to the surface and underground initial geological evaluation works done by the geologists of Benguet Corporation (BC). Copper bearing formation hosted by intensely silicified quartz diorite was delineated dout cropping on a river within the Hartwell claims and at the mine levels of 1500 and 2300 of BC's Acupan Mine. A one-(1) kilometer long deep hole of surface drilling has been suggested to probe the down-dip extension of the projected mineralization in the Ampucao prospect, but this activity has been put on-hold pending the resolution of the Application for Production Sharing Agreement (APSA). Meantime, BC is actively holding dialogues with some interested big mining companies like Oceana Gold for possible business partnership in the future.

- **Pantingan Gold Prospect in Bagac, Bataan Province:** The Pantingan gold prospect is a bearer of Mineral Production Sharing Agreement (MPSA), officially designated as MPSA No. 154-2000-III, and it has an aggregate area of 1,410.25 hectares. Benguet Corporation (BC) has a Royalty Agreement with Option to Purchase with Balanga-Bataan Mineral Corporation (BBMC) signed in March 1996. Based on the previous findings and results of the evaluation conducted by the geologists of BC, the prospect is a significant economic mineral interest for epithermal gold veining system. Further, BC and BBMC has 10-years remaining to implement follow-up geological exploration works which includes drilling to probe the attitude and continuation of the favorable gold-bearing mineralized structures and veins at depth before the MPSA expires on CY 2025.

- **Zamboanga Gold Prospect (BOLCO) in R.T. Lim Zamboanga del Sur:** Benguet Corporation (BC) signed an operating agreement with Oreline Mining Corporation to explore and operate the property within a 399.03 hectares area. The mineral property is dissected by gold-bearing quartz veins and the major vein system is the San Fernando Vein with a strike length of 800-meters. This major vein structure has been ascertained from the early geological mapping and sampling of the small-scale mine workings. If progress can be made on the Application for Production Sharing Agreement (APSA), a drilling program can be pursued by BC to evaluate the gold potential and extension of the San Fernando Vein farther below the 70 meters depth workings of the small-scale miners.

- **Surigao Coal Project in Lianga, Surigao del Sur:** Benguet Corporation (BC) acquired a coal property in Surigao del Sur under a Royalty Agreement with Diversified Mining Company in 1980's. The property consists of 12-coal blocks measuring to a total area of 12,000 hectares. Six-(6) coal blocks were extensively explored by way of mapping, trenching, drilling, geophysics, electrical logging and topographic surveying. The ground evaluation works of BC resulted to the delineation of seven-(7) coal seams of lignitic to sub-bituminous coal quality (steam grade). The company is in the process of completing the requirements to secure permits for mine development of the project.

- **Financial Technical Assistance Agreement:** Benguet Corporation (BC) through its subsidiary company Sagittarius Alpha Realty Corporation (SARC) have two (2) pending applications for Financial Technical Assistance Agreement (FTAA) denominated as AFTA No. 003 and AFTA No. 033. AFTA No. 003 with an area of 21,513.37 hectares is within the provincial jurisdiction of Ilocos Norte, whereas AFTA No. 033 consisting of 51,892.92 hectares is situated in Apayao province. Both mineral claims lies within the porphyry copper-gold and epithermal gold mineralization belt of Northern Luzon and are still greenfield for mineral exploration. BC had already completed four-(4) out of the five-(5) Memorandum of Agreement (MOA) with the Indigenous People (IP) of Ilocos Norte and now awaiting confirmation from the National Commission on Indigenous Peoples (NCIP) of the Free, Prior and Informed Consent (FPIC) process.

SUBSIDIARIES AND AFFILIATES

- Benguet Management Corporation (BMC), a wholly-owned subsidiary of the Company and incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) in 1980 was established to manage and conduct the non-mining businesses of the Company. BMC undertook a quasi reorganization and capital restructuring which was approved by the Securities and Exchange Commission in December 2012. This restored its positive retained earnings and primed the company toward its role as logistics provider. It also continues to maintain the mango plantation in Iba, Zambales. Following are BMC's subsidiaries:

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

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

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

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

- In 1988, the Company acquired BenguetCorp International Limited (BIL), a Hongkong-based and 100% owned subsidiary for international operations, which remains largely inactive. BIL's wholly-owned subsidiaries, BenguetCorp Canada Limited (BCL) in Vancouver, B.C. and BenguetCorp USA Limited (BUSA) in Nevada, U.S.A. continue to hold interest as the claimowner of about 259 hectares of mineral property for gold/silver at Royston Hills, Nevada, U.S.A., which is currently being offered for joint venture or sale to interested parties.

- BenguetCorp Laboratories Inc. (BCLI), the healthcare services subsidiary of the Company which currently operating clinic facilities in SM City and Centermall Baguio, San Fernando Pampanga, SM City ends the year 2014 with a new addition to its portfolio. BCLI launched the MedCentral Oncology Clinic in the middle of the year. The highly-specialized facility located in Makati City offers chemo infusion treatment services for cancer patients within an integrative healing environment that addresses not only the physical medical care of patients, but the overall psycho-social wellbeing of the patients and their families as well. Collaborations with oncology expert organizations like the Carewell Community Foundation, I Can Serve Foundation and The Ruth Foundation, the MedCentral Oncology Clinic hopes to bring holistic dedicated care for those afflicted by this dreaded disease. The MedCentral clinics offers a complete range of primary healthcare and diagnostic services to the public, all conveniently located for easy access by its patients. BCLI will continue its expansion plans in the coming years by strengthening its 'patient first' brand of medical services outside Metro Manila.

2. BUSINESS OF ISSUER

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

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

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

	2014 (% to total revenue)			2013 (% to total revenue)			2012 (% to total revenue)		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Gold	27%	-	27%	31%	-	31%	25%	-	25%
Lime	3%	-	3%	3%	-	3%	4%	-	4%
Chromite	-	-	-	-	-	-	-	-	-
Nickel	-	66%	66%	-	56%	56%	-	63%	63%
Trucking & Ware-housing & others	4%	-	4%	10%	-	10%	8%	-	8%

The Company has no new products or service introduced in 2014 whether prototypes exist or in planning stage.

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

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

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

Operating supplies, equipment and spare parts, which are generally available, are obtained on competitive basis from sources both locally and abroad.

Energy is currently sourced from Aboitiz Power Corporation through its wholly owned subsidiary Therma Luzon, Inc. (TLI) under a 20-year contract to supply reliable power to the Company's current and future mining operations in Itogon, Benguet Province. The contract will expire in 2031.

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

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

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

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

Government Regulations and Approval – The Company's Mineral Production Sharing Agreement (MPSA) application denominated as Production Sharing Agreement (APSA) No. 009 CAR for its Benguet Gold Operation, Antamok Gold Operation and Ampucao Copper-Gold Prospect in Itogon, Benguet and MPSA application denominated as APSA No. IX-015 for its Zamboanga Gold Prospect in R.T. Lim Zamboanga del Sur are undergoing evaluation and pending resolution by the Department of Environment and Natural Resources-Mines Geosciences Bureau (DENR-MGB). The Foreign Technical Assistance Agreements (FTAA) in Ilocos Norte (AFTAA- 003) is undergoing FPIC process under the NCIP Regional Office while the Apayao (AFTAA-033) is pending with the MGB-Cordillera Administrative Region.

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

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

	Amount in Millions	% to Total Revenue
2014	₱22	0.7%
2013	237	10%
2012	319	18%

Costs and Effects of Compliance with Environmental Laws - The Company is committed to the protection and enhancement of our environment by ensuring that its mining operations are compliant with the strict rules, regulations and policies of the DENR-MGB (Mines and Geosciences Bureau), EMB (Environmental Management Bureau (EMB) and other concerned government agencies and institutions. The Company continued to implement all activities embodied under the Annual Environmental Protection and Enhancement Program (AEPEP) and meet the conditions on land, water and air quality standards set forth under the Environmental Compliance Certificates (ECCs) issued for its mining, stockyard and port operations. All the approved programs, projects and activities in the AEPEP and ECCs are regularly monitored by the Multi-Partite Monitoring Team (MMT) for Mining and Port Operations and validated on a quarterly basis together with the MGB, EMB Teams are the Local Government Units (LGUs), Municipal Agriculture, Fisheries and Engineering Offices, Dept of Public Works and Highways and concerned non-government organizations and IP groups.

In 2014, the Company's Zambales operations spent a total of ₱86.7M in the implementation of various environmental mitigation and enhancement measures, not only to meet compliance requirements but also to address community environmental issues, such as the construction and upgrading of settling ponds with a total additional 30 settling ponds with increased volume capacities. The inlets and outlets of the existing 29 settling ponds were improved through installation of armour rocks, gabions and ripraps. Likewise, BNMI constructed additional silt traps within its tenement area, along drainage network systems and hauling roads. Continuous desilting specifically after heavy rains on engineering protection structures have been made. A total of 34.23 hectares of farmlands owned by 65 farmers were provided rehabilitation support/assistance in Barangays Guisguis, Lomboy, Tubo-Tubo North and Tubo-Tubo South. Financial supports for the desilting of irrigation canals and soil amelioration programs were extended to Farmers' Irrigators Association and non-irrigated farmlands. River embankment stabilization of the 4.5 km stretch of the Panalabauan River, and 550 meters of the Dampay Creek were also undertaken. Together with other mining companies in the area, BNMI participated in the dredging of the 4.1 stretch of the Alinsaog River, a tributary of the Sta. Cruz River. The Company's continuous environmental and social commitment is also manifested on its desilting project of fishpond areas with 11 fishpond owners beneficiaries. In addition, BNMI takes its role on the National Greening Program of the DENR through the conduct of reforestation activities within and outside its tenement areas, establishment and maintenance of company and community-based nurseries, development of seed banks of endemic forest tree and fruit bearing tree species, establishment of MOA between the DENR on the preservation of the Zambales Pine Mother Trees-A source of good quality seeds. For 2014, BNMI planted 146,941 of mixed species of Acacia mangium, Acacia auriculiformis, Mindoro Pine, Agoho species within the company's tenement area covering an approximately 178 hectares against the target of 180 has for 2014. On the other hand, BNMI vegetated the 40 has. of the assigned NGP area at Guinabon, Sta. Cruz, Zambales and the embankments of Panalabauan River for protection against soil erosion. BNMI planted 20,000 mixed species of Bamboos, Agoho, Napier and Vetiver grasses on such areas.In response to the National Solid Waste Management Program of the Philippines under Republic Act No. 9003, the Company launched and implemented the "3-year Luntian and Malinisna Kapaligiran Program" wherein BNMI employees conduct twice (2) a month cleaning of national roads in Sta. Cruz, Zambales and at the same time installing waste recycle bins and ornamental plant boxes. IEC on household solid waste management, skill development for recycling as a source of livelihood by the communities and Material Recovery Facilities (MRF) construction to the 9 host barangays are the major components of the Program. In compliance with the road worthiness of hauling operations from the mine site to designated stockyard areas, BNMI constructed 8 washbays equipped with silt boxes, cctv, pressure washers and air compressors for the cleaning of truck tires wheels, dump boxes before allowing the trucks to cross the Cabaluan River and entering the national highways. Likewise, continuous road cleaning, watering, repair and maintenance are being undertaken.

In its Benguet District Operations, the Company spent ₱17M for the implementation of environmental enhancement, mitigating measures, progressive rehabilitation, and environmental parameters monitoring. The Acupan Gold Project (AGP) completed rehabilitation and backfilling of new diversion tunnel 1 (NDT). An on-going NDT 2 &3 declogging and concreting repairs, regular detoxification, and facility maintenance are being conducted. Tailings pipe was re-routed at the discharged area and new pipes were installed at the catchment tank area. Tailings Storage Facility (TSF) 2A is 100% accomplished for Elevation 768 meters and TSF 2 is 95 % accomplished for elevation 768. Installation of a new scrubber at Assay, construction of new oil water separator, and sounding & topographic survey of Antamok's Tailings Storage Facility (TSF) were also completed. Other preservation of existing structures includes the construction of new deflection wall at Pittsburgh, replacement of stopper boards and rehabilitation of boulder/debris trap at Luneta Claycreek Inlets, and repair of damaged basewall at Luneta Proper Rd. The Company is also conducting regular daily, monthly and quarterly water sampling with concerned agencies.Ambient air stack sampling and noise monitoring was supervisedby an accredited third party environmental service providerlast August 14-16, 2014 showing results within the government standards. For our National Greening Program, the company expended ₱1.1M for Agroforestry and Reforestation Programs. Nursery Development & Seedling Production were accomplished and 30 hectares maintenance& protection activities were validated by MMT last August 20, 2014. Strip brushing & spot cultivation, fertilizer application and replanting were conducted. The Benguet District replanted 19,050 Benguet pine seedlings. A total of Php1.5M was also spent for other environmental activities, waste management, and for regulatory agencies monitoring activities.

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

The Company adheres to strictly and sustainably abide with the principles of responsible mining that consistently follows and complies with all environmental policies, rules and regulations set forth by the regulatory agencies in the conduct of mining and port operations.

Employees – As of December 31, 2014, the Company has 1,481 employees, of whom 100 are administrative, 17 clerical, 767 involved in exploration and operation and 597 are outsourced staff e.g. laborers, security guards, janitors & retainers/consultants. The employees are not covered by any Collective Bargaining Agreement (CBA). The terms and conditions of employment, benefits and termination are governed by the provisions of the Company's Personnel Policy Manual. Among the benefits provided by the Company are medicine allowance, retirement pay, insurance, transportation allowance, vacation/paternity/sick leaves with pay, free protective equipment & housing facilities to its mine based employees. Within the ensuing twelve months in 2015, the Company anticipates changes in the number of employees due to retirement and reduction of manpower of its Acupan Gold Project in Itogon, Benguet and Sta. Cruz Nickel Project in Zambales.

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

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

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

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

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

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

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

MINING OPERATION/PROJECT	AREA (Has.)	STATUS OF THE APPLICATION / AGREEMENT & WORK PERFORMED
Sta. Cruz Nickel Project	1,406.74	MPSA No. 226-2005-III with BC as the contractor. The MPSA was transferred/ assigned to Benguetcorp Nickel Mines, Inc. (BNMI) a wholly owned subsidiary of BC, which became the operator of the project pursuant to the Order dated January 13, 2012 the DENR. The project is in development and operating stage.
Benguet Gold Operation, Antamok Gold Operation, Ampucao Copper-Gold Project	2,645.00	MPSA Application denominated as Application for Processing Sharing Agreement (APSA) No. 009 CAR. BC is the applicant. BC's Appeal on the denial of the MPSA application is undergoing evaluation by the MGB Central Office.
Pantingan Epithermal Gold Project	1,410.25	MPSA No. 154-2000-III. BC is under a Royalty Agreement with Option to Purchase with the MPSA Contractor, Balanga Bataan Minerals Corporation (BBMC). BC and BBMC has 10 years remaining to implement follow-up geological exploration works which includes drilling to prove the attitude and continuation of the favorable gold-bearing mineralized structures and veins at depth before the validity of MPSA expires on CY 2025. The application for renewal of the Exploration Period of the MPSA is undergoing evaluation by the MGB Central Office.
Zamboanga Gold Prospect	399.03	MPSA application denominated as APSA No. IX-015. BC holds an operating agreement with the MPSA applicant, Oreline Mining Corporation. The Application for Processing Sharing Agreement (APSA) is undergoing evaluation by the MGB Central Office.
Surigao Coal Project	12,000	BC holds a coal operating agreement with the Department of Energy. BC is in the process of completing the requirements to secure permits for mine development of the project.
Ilocos Norte Prospect	21,513.37	BC is the applicant on the FTAA denominated as AFTA-000003-1.. The application is under evaluation by MGB Central Office. Exploration work will be undertaken as soon as the application will be approved by the government.

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

ITEM 2. PROPERTIES

Parent Company: - The Company owns patented mining claims/properties in Itogon, Benguet Province where its mill plants, mill and mining equipment, support and mining facilities for its gold operations are located in Itogon, Benguet as follows: Antamok Group- 325.0705 hectares, Acupan Group- 136.5832 hectares, Calhorr Group- 18.0000 hectares, Hartwell Group- 87.4093 hectares, Kelly Group- 36.0000 hectares.

The mining properties/assets of the Company's Benguet Antamok Gold Operation and Benguet Gold Operation are covered by Mortgage Trust Indentures (MTI). Information regarding MTI encumbrances is shown in Note 15 under Loans Payable titled “Secured Bank Loans” of the Notes to Consolidated Financial Statements.

The Company is a claimowner of about 259 hectares of mineral property for gold/silver at Royston Hills, Nevada, U.S.A., which is currently being offered for joint venture or sale to interested parties.

The Company continues to lease two (2) units at the Universal ReBuilding, 106 Paseo de Roxas, Makati City where its Corporate Head Office is situated. The leased of the two (2) units is ₱323,937.00 per month for a period of one (1) year and renewable yearly.

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

Berec Land Resources, Inc. (BLRI), a wholly owned subsidiary of the Company, owns a land located in Cabuyao, Laguna with an area of about 47,626.705 square meters. The land is currently mortgaged to Philexim as part of the collateral for the AGP 300 tons per day expansion project being managed by BLRI. It also owned various vehicles for its operation. Please refer to Note 12 under Investment Properties of the Notes to Audited Consolidated Financial Statements.

Benguetcorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary of the Company is a holder of MPSA No. 226-2005-III with an area of 1,406.74 hectares located in Sta. Cruz, Zambales. It also owns various vehicles for its operations. BNMI continues to lease at ₱60K per month for its office occupancy and ₱32K for its staff house occupancy in Sta. Cruz, Zambales, renewable yearly.

BenguetCorp Laboratories, Inc. (BCLI), a wholly owned subsidiary of the Company owns various medical instruments, medical furniture/fixtures/appliances, office equipment and laboratory equipment for its MedCentral Clinics and MedCentral Oncology Clinic operations. BCLI continues to lease for its business operation occupancies in SM Baguio City at ₱214K per month; in Central Mall, Baguio City at ₱80K per month; in San Fernando, Pampanga at ₱89,600K per month; in Taytay, Rizal at ₱174K per month and in Makati City at ₱133K, renewable yearly.

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

BMC Forestry Corporation (BFC), a subsidiary of BMC, owns 2 office condominium units (Unit 304 with a floor area of 138.27 square meters and Unit 305 with a floor area of 186.20 square meters) located at 3rd Floor of One Corporate Plaza Condominium, Benavidez Street, Legaspi Village, Makati City. BFC also manages the development of the Woodspark Rosario Subdivision Project in Rosario, La Union.
Arrow Freight Corporation (AFC), a subsidiary of BMC, owns five (5) contiguous lots in Brgy. San Antonio, San Pedro, Laguna containing an aggregate area of about 3,211 square meters. The property is located in an area where land development is for mixed commercial and residential purposes. It also owned various vehicles for its logistics operation.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2014, the Company and its subsidiaries have no pending legal proceedings where claims exceed ten percent (10%) of total assets on a consolidated basis. The Company and its subsidiaries are involved in litigation on a number of cases and are subject to certain claims which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on each of the Company’s operations.

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

Except for the matters taken up during the annual stockholders' meeting of the Company held on May 28, 2014, there are no other matters submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company has three classes of share, two of which (the Common Class A and Convertible Preferred Class A shares) can be owned only by Philippine nationals and the other class of the Company's share is its Common Class B which may be owned by anyone regardless of nationality. The shares are registered and listed in the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE).

As of March 31, 2015, the Company public float is 45.99% and the equity ownership of foreign stockholders is 32,839,191 Class "B" shares or 16.82% of the total outstanding shares. The issued, treasury and outstanding shares of the Company are as follows:

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

As of March 31, 2015, the closing price of Common Class A is ₱7.69 per share, ₱7.00 per share for Common Class B as of March 30, 2015 and ₱26.25 per share for Convertible Preferred Class A as of the last trading day on November 18, 2014.

a) The high and low prices of the Company's shares in the PSE for the first quarter 2015 are as follows:

	High Price	Low Price
Common Class A	₱ 9.26	₱ 6.97
Common Class B	8.50	6.98
Convertible Preferred Class A	26.25	26.25as of last trading day on November 18, 2014.

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

	1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER	
	2014	2013	2014	2013	2014	2013	2014	2013
CONVERTIBLE PREFERRED CLASS A*								
Highest Price Per Share	₱ -	₱-	₱33.90	₱-	₱ 35.00	₱-	₱52.50	₱ -
Lowest Price Per Share	-	-	22.65	-	30.00	-	26.25	-
COMMON CLASS A								
Highest Price Per Share	8.90	19.50	11.72	18.00	12.70	10.00	10.24	8.90
Lowest Price Per Share	6.30	17.60	7.00	10.00	9.05	7.90	7.80	6.20
COMMON CLASS B								
Highest Price Per Share	8.95	19.94	11.80	18.50	12.80	9.50	9.60	9.48
Lowest Price Per Share	7.00	17.00	7.15	10.00	9.01	8.00	7.50	6.00

(*) There were no transactions in the first quarter of 2014 and the whole year of 2013.

In view of the Company's voluntary deregistration of its Class "B" shares in the United States Securities & Exchange Commission (U.S. SEC) in 2008, trading of its U.S. registered class "B" shares (BENGF) in the Over-The-Counter (OTC) Pink Sheets was suspended. To address the concerns of U.S. stockholders for lack of trading venue in the U.S., the Company continuously taking steps to have its U.S. registered Class

“B” shares converted into Philippine registry. In the Annual Stockholders’ Meeting of the Company held on June 29, 2011 and May 29, 2012, it sent out notices along with the annual report and proxy materials to its U.S. stockholders, informing them of the option to convert their U.S. registered Class “B” shares to Philippine registered Class “B” shares so they can trade their shares in the Philippine Stock Exchange (PSE) in Manila. The Company’s Class “B” shares are listed and traded in the PSE under the trading symbol of “BCB”.

Holders - As of March 31, 2015, the Company’s number of shareholders is 16,937 and the list of top 20 stockholders for Common Class “A”, Common Class “B” and Convertible Preferred Class “A” shares are as follows:

A. Common Class “A” Share

Name	Number of Shares Held	Percent to Total Issued Per Class
PCD Nominee Corporation (Filipino)	52,601,410	44.75%
Palm Avenue Holding Company, Inc.	21,874,909	18.61%
Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation	21,306,830	18.13%
Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation	10,278,125	08.74%
House of Investment, Inc.	2,848,637	02.42%
FEBTC TA 4113-000204-5 (ESPP)	1,700,000	01.45%
FEBTC TA 4113-00204-5	908,533	00.77%
Cynthia Manalili Manalang	500,000	00.42%
RP Land Development Corporation	320,000	00.27%
Sysmart Corporation	289,652	00.25%
Pan Malayan Management and Investment Corporation	143,948	00.12%
RCBC TA #74-034-9	121,043	00.10%
Western Guaranty Corporation	119,800	00.10%
Sun Hung Kai Sec. A/C# YUO34	118,875	00.10%
Marilex Realty Development Corporation	110,400	00.09%
FEBTC TA 4113-00204-5	97,008	00.09%
Enrique T. Yuchengco, Inc.	85,792	00.08%
Luis Juan L. Virata	78,001	00.07%
Franciso M. Vargas	73,000	00.06%
Dennis R. Belmonte	72,000	00.06%

B. Common Class “B” Share

Name	Number of Shares Held	Percent to Total Issued Per Class
PCD Nominee (Filipino)	28,437,380	36.63%
Palm Avenue Realty and Development Co.	14,560,000	18.76%
PCD Nominee (Non-Filipino)	10,613,564	13.67%
David L. Sherman	987,249	01.27%
Michael Vozar TOD Sharon K. Vozar Sub To Sta Tod Rules	245,420	00.32%
PACO	200,000	00.26%
National Financial Services	168,011	00.22%
Fairmount Real Estate, Inc.	161,419	00.21%
Independent Realty Corporation	161,147	00.21%
Richard Soltis & Veronica T. Soltis JT Ten	132,000	00.17%
Arthur H. Runk TTEE of Arthur H. Runk Liv Tr U/A dtd 08/17/1990	118,000	00.15%
Edmund S. Pomon	100,000	00.13%
William David Courtright	100,000	00.13%
William T. Coleman	100,000	00.13%
Garry A. Gil TTEE FBO Arthur Weir Gill Rev Tr	100,000	00.13%
Sanford E. Halperin	83,788	00.11%
Vince S. Chiaramonte & Mary W. Chiaramonte JTTen	72,200	00.09%
Nick Floros	70,000	00.09%
Orald L. Stewart TTE for the Orald Stewart TR dtd U/A 10/23/08	70,000	00.09%
Walter C.Scott TTEE For Scott Family Trust	61,662	00.08%

C. Convertible Preferred Class "A" Share

Name	Number of Shares Held	Percent to Total Issued Per Class
PCD Nominee Corporation (Filipino)	60,330	27.79%
Fairmount Real Estate	59,262	27.30%
Jose Concepcion, Jr.	5,000	02.30%
Jalemont Realty Inc.	2,902	01.34%
Reginaldo Amizola	1,737	00.80%
Evengeline Alave	1,720	00.79%
Maverick Marketing Corporation	1,720	00.79%
Jayme Jalandoni	1,380	00.64%
Rosendo U. Alanzo	1,376	00.63%
Romelda E. Asturias	1,376	00.63%
Rosalina O. Ariacho	1,324	00.61%
CMS Stock Brokerage Inc.	1,324	00.61%
Luisa Lim	1,238	00.57%
Delfin GDN Jalandoni	1,118	00.52%
Ventura O. Ducat	1,032	00.48%
Conchita Arms	1,000	00.46%
Equitiworld Securities, Inc.	1,000	00.46%
Benito V. Jalbuena	1,000	00.46%
Remedios Rufino	1,000	00.46%
Carlos W. Ylanan	1,000	00.46%

Dividends – The Company has not declared any dividends in the two (2) most recent fiscal years 2014 and 2013 due to restrictions provided for in the Company's loan agreements with creditor banks. The dividend rights and restrictions of the Company's Convertible Preferred, Common Class A and Common Class B stocks is contained in the Amended Articles of Incorporation of the Company, to wit:

> "For a period of ten years after issuance, the holders of each shares of Convertible Preferred Stock shall be entitled to receive out of surplus profits of the Corporation earned after issuance of such Stock, when and as declared by the Board of Directors, cash dividends equal to the peso amount of and payable at the same time as that declared on each share of Common Class A or Common Class B Stock. The total cash dividends payable at any given time on Common Class A, Common Class B and Convertible Preferred Stock shall not exceed seventy-five percentum (75%) of the total after-tax earnings for any current fiscal year of the Corporation from all sources.
>
> Immediately upon the expiration of ten years from issuance, the holders of shares of Convertible Preferred Stock still outstanding shall be entitled to receive out of surplus profits of the Corporation, when and as declared by the Board of Directors, cash dividends at the fixed annual rate of eight percentum (8%) of the par value of such Stock before any cash dividends shall be declared or set apart for holders of Common Class A and Common Class B Stock. The balance of the net profits of the Corporation available for cash dividends shall be distributable exclusively to holders of Common Class A and Common Class B Stock. Dividends accrued and unpaid, if any, on the Convertible Preferred Stock at the end of any given fiscal year of the Corporation shall be cumulated, provided and to the extent that the net profits of the Corporation earned during such fiscal year are at least equal to the amount of such accrued and unpaid dividends; no cash dividends shall be declared and paid to holders of Common Class A and Common Class B Stock until after such accumulated, accrued and unpaid dividends on the Convertible Preferred Stock shall have been paid or provision for payment thereof made.
>
> Holders of Convertible Preferred Stock shall not be entitled to any part of stock dividends declared and issued on outstanding Common Class A and Common Class B and no stock dividends may be declared and issued on Convertible Preferred Stock."

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

a. Under the present implementation of the Company's Amended Stock Option Plan (the "Plan"), as of March 31, 2015, a total of 2,134,800 shares common class "A" at option price of ₱8.50 per share and 19,200 shares common class "B" at option price of ₱29.07 per share were exercised by the optionees in the April 6, 2006 stock option awards and 42,600 shares common class "A" at option price of ₱16.50 per share and 28,285 shares common class "B" at option price of ₱17.50 per share were exercised by the optionees in the May 3, 2011 stock option awards. The shares granted under the Plan are exempted from registration under SEC Resolution No. 084 dated March 31, 2008 and the listing of the shares was approved by the PSE.

b. The second transaction under the Memorandum of Agreement (MOA) on Private Placement dated April 7, 2010 was completed on May 31, 2012 upon full payment of ₱180 million by RYM Business Management Corporation (RBMC) to the Company. RBMC subscribed 7,941,240 common class "A" shares @ P12.00 per share and 5,294,070 class "B" common shares @ P16.00 per share and the listing of the shares was approved by the PSE. The securities sold came entirely from the unissued capital stock of the Company which have been previously registered with the Securities and Exchange Commission (SEC) on September 20, 1989 per SEC-BED Order No. 748, Series of 1989. The sales are also exempted from the registration requirements under SEC Memorandum Circular No. 9, Series of 2008. The first transaction was completed on April 23, 2010.

c. On August 23, 2013, the Company's Board of Directors approved the private placement of RYM Business Management Corporation (RBMC) where RBMC to infuse additional capital of up to ₱250 Million in exchange for equivalent number of shares (27,777,777 common shares) of the Company at the mutually agreed price of ₱9.00 for both Class A and Class B shares. The subscription or placement is divided into two transactions. The first transaction was completed on March 20, 2014 upon full payment of ₱162 Million on September 20, 2013 by RBMC to the Company for which RBMC subscribed 18,000,000 common shares (consisting of 7,169,003 Class A and 10,830,997 Class B common shares) and the listing of the subscribed shares was approved by the PSE on March 19, 2014. The securities sold came entirely from the unissued capital stock of the Company which have been previously registered with the Securities and Exchange Commission (SEC) on September 20, 1989 per SEC-BED Order No. 748, Series of 1989. The sales are exempted from the registration requirements under SEC Memorandum Circular No. 9, Series of 2008.

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

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

THE MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AS OF AND FOR THE PERIOD ENDED DECEMBER 31, 2014 WHICH IS INCORPORATED HERETO BY REFERENCE. ALL NECESSARY ADJUSTMENTS TO PRESENT FAIRLY THE CONSOLIDATED FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS OF THE COMPANY AS OF DECEMBER 31, 2014, AND FOR ALL THE OTHER PERIODS PRESENTED, HAVE BEEN MADE.

THE FINANCIAL INFORMATION FOR THE THREE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012 ARE AS FOLLOWS:

A. FOR THE YEARS ENDED DECEMBER 31, 2014 VERSUS. 2013

CONSOLIDATED RESULTS OF OPERATIONS

For the year 2014, the Company registered a consolidated net income of ₱97.2 million, significantly higher than ₱7.7 million in 2013. The increase in net income was the net effect of the following:

The Company generated consolidated revenues of ₽3,017.6 million for the year 2014, 30% higher as compared to ₽2,313.1 million in 2013 mainly due to increase in average nickel price from US$30.35 to US$40.12 per ton, increase in gold revenue due to higher production of gold from 11,967 to 14,257.92 ounces this year partly offset by the decrease in gold price from average price of US$1,409 per ounce in 2013 to US$1,271.40 per ounce in 2014.

Cost and operating expenses increased to ₽2,677.7 million in 2014 from ₽2,405.7 million in 2013 mainly due to increase in cost of mine products sold and services as a result of higher tonnage of nickel ore sold in 2014.

Interest expense significantly decreased to ₽86.1 million from ₽126.1 million in 2013. The decrease is mainly due to the settlement of the Amsterdam Trade Bank (ATB), Malayan Bank and PhilExim loan.

Other expense of ₽142.7 million in 2014 was mainly due to demurrage amounting to ₽96.2 million due to the temporary suspension of BNMI operation. The other income of ₽216.7 million in 2013 is mainly attributable to the reversal of impairment loss on the Kelly-Ampucao Project and reversal of accrual interest on the loan from Lazard.

Provision for income tax in 2014 amounted to ₽13.9 million as compared to benefit from income tax of ₽9.7 million in 2013. The difference is mainly due to income tax expense of BNMI amounting to ₽60 million.

FINANCIAL POSITION

Assets

The Company's consolidated total assets as of December 31, 2014 stood at ₽7,122.2 million, slightly lower than ₽7,185.0 million in 2013. The slight decline is the net effect of the following:

Cash and cash equivalents decreased by ₽100.3 million mainly due to cash used by operating activities, equipment purchases for expansion of the Acupan Gold Project and settlement of bank loan and other obligations.

Inventories decreased by ₽201.1 million or 68% from the 2013 level of ₽296.0 million to ₽94.9 million in 2014 mainly due to the sale of nickel ore and the suspension of extraction of ore from July to December 2014. The suspension was brought about by the issuance of Cease and Desist Order (CDO) on the ore transport operation of BNMI in June 2014 by Environmental Management Bureau (EMB) and the issuance of suspension of extraction of ores and future expansion of mining areas in BNMI by the Mines and Geo-Sciences Bureau (MGB) in July 2014.

Other current assets increased to ₽719.6 million from ₽556.6 million in 2013. The increased is attributed to the accumulated unapplied input VAT and creditable withholding tax.

Assets classified as held for sale pertains to the land and property, plant and equipment of Arrow Freight Corporation (AFC) in Valenzuela City.

Property, plant and equipment at revalued amount – land decreased by ₽52.0 million or 2% mainly due to the reclassification of AFC land in Valenzuela city and property, plant and equipment under "Assets classified as held for sale".

Property, plant and equipment at cost increased to ₽1,367.8 million in 2014 from ₽992.7 million in 2013. The increase is mainly due to the acquisition of mining equipment for the expansion of the Acupan Gold Project and reclassification of deferred mine exploration cost to mining properties and mine development cost.

Deferred mine exploration cost decreased by ₱362.4 million to ₱615.9 million from ₱978.2 million in 2013 due to reclassification of deferred mine exploration project to mining properties and mine development cost.

Other non-current assets increased by 13% to ₱496.0 million from ₱438.6 million mainly due to advances for various exploration projects and Mine Rehabilitation Fund in compliance with the requirements of DAO No. 96-40.

Liabilities

Total consolidated liabilities as of December 31, 2014 amounted to ₱3,610.3 million, 4.9% lower than last year. The decreased was due to the following:

Increased in trade and other payables by ₱371.5 million pertain to import and local purchases of equipment, various parts and supplies and mining and hauling contract services used in the operations of BNMI and Acupan Gold Project. These are non-interest bearing and are normally settled on 60 to 90 days' term.

Loans payable decreased by P718.5 million or 44% mainly due to the settlement of amortization of Amsterdam Trade Bank (ATB) and PhilExim loan.

Deferred income tax liabilities decreased by ₱58.4 million or 7% due to write-off of excess of accelerated deduction of mining exploration and development costs over depletion and exploration costs, excess of accelerated depreciation over normal depreciation of property, plant and equipment and others.

Liability for mine rehabilitation decreased by ₱9.4 million or 16% due to adjustment on capitalized cost based on the revised estimate of the mine rehabilitation and decommissioning cost.

Pension liability decreased by ₱20.1 million to ₱73.0 million in 2014 from ₱93.1 million in 2013 due to recognition of actuarial gains based on latest actuarial valuation.

Obligations under finance lease decreased on account of the repayment made during the year with BDO Leasing.

Increased in other noncurrent liabilities to ₱388.9 million from ₱139.8 million in 2013 pertain to additional advance payment received from nickel customers. The advances from nickel customers will be applied against future receivables.

Equity

Stockholders Equity at year-end amounted to ₱3,511.9 million 4% higher than ₱3,388.6 million in 2013. The increased is attributed to the following:

Capital Stock and Capital surplus increased by ₱54.0 million and ₱108.0 million, respectively, due to the private placement of RYM Business Management Corporation (RBMC) pursuant to the Memorandum of Agreement on August 23, 2013 between the Company and RBMC and Stocks Subscription Agreement dated September 20, 2013.

Other components of equity decreased by ₱172.7 million mainly due to reclassification of ₱162 million deposits for future subscription by RBMC to capital stock and capital surplus account. The reclassification is brought about by the issuance of Benguet Corporation a total of 7,169,003 Class "A" and 10,830,997 Class "B" common shares on March 20, 2014 to RBMC.

Retained earnings increased by 6% than 2013 level of ₱1,615.8 million due to the registered net income of ₱97.2 million in 2014.

Consolidated Cash Flow

The cash provided by operating activities improved to ₱586.2 million in 2014 from ₱348.3 million in 2013 primarily due to higher income posted by the nickel operations in Zambales.

In 2014, the Company invested ₱148.5 million in mine equipment for the expansion of its Acupan Gold Project and Sta. Cruz Nickel Operation, ₱79.6 million in various exploration project and mine rehabilitation fund and other non current assets.

With the improved results of operation and additional advances from nickel customers, the Company was able to reduced debt by ₱933.9 million.

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

Key Performance Indicators

Working Capital- Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of December 31, 2014, the Company's current ratio is 0.79:1 versus 0.88:1 in 2013.

Metal Price- The market price of gold in the Banko Sentral ng Pilipinas which is based from the world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. The average market prices for gold sold were at US$1,271.40 per ounce in 2014 and US$1,409 per ounce in 2013.

Tonnes Mill and Ore Grade- Tons milled and ore grade determine gold production and sales volume. The higher the tonnage and ore grade, the more gold are produced and sold. Tons milled in 2014 were 119,554 with average grade of 4.38 grams per ton gold. Gold sold in 2014 were 14,257.92 ounces. In 2013, tons milled were 88,755 with average grade of 4.96 grams per ton gold. Gold sold in 2013 were 11,967 ounces.

Foreign Exchange Rate- The Company's sales proceeds are mainly in U.S. dollars, a higher Philippine peso to U.S. dollar exchange rate means higher peso sales but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of December 31, 2014, the peso to dollar exchange rate was at ₱44.72 higher as compared to ₱44.40 in 2013.

Earnings Per Share- The earnings per share reflect the Company's bottom line operating results expressed in amount per share of the Company's outstanding capital stock. Assuming a constant outstanding number of shares, as a Company's earnings increase, the earnings per share correspondingly increase. The Company earnings per share in 2014 is ₱0.51 compared to earnings per share of ₱0.04 in 2013. With the anticipated shipments of nickel ores in the Sta. Cruz Nickel Project and projected improvement in gold production of ACMP, the Company anticipates an improvement in its earnings per share in 2015.

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 BNMI has assured market for high and low grade nickel ores to signing of off-take agreements with Minecore Resources Inc., Bright Mining & Resource Company Ltd., and LS Networks Company, Ltd. In addition, the Company's Board of Directors approved on August 23, 2013 the private placement of RYM Business Management

Corporation (RBMC) where RBMC to infuse additional capital of up to ₱250 Million in exchange for equivalent number of shares (27,777,777 common shares) of the Company at the mutually agreed price of ₱9.00 for both Class A and Class B shares. The subscription or placement is divided into two transactions. The first transaction was completed on March 20, 2014 upon full payment of ₱162 Million on September 20, 2013 by RBMC to the Company and the listing of the subscribed shares was approved by the PSE on March 19, 2014. 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 by its stockholders and with the SEC. The stockholders of the Company approved the increase in authorized capital stock in the May 28, 2014 annual stockholders' meeting and Company's application for its increase in authorized capital stock is for filing with the SEC.

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

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

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

Other than what have been discussed in their respective sections above, there are no material events or uncertainties known to management that had material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company from the year ended December 31, 2014 to December 31, 2013.

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

CONSOLIDATED RESULTS OF OPERATIONS

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

US$30.35 per ton as against US$33.77 per ton in 2012; lower gold production volume and higher cost of mine products sold as a result of increased in volume of nickel ore sold.

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

In 2013, interest expense was amounted to ₱126 million, higher compared to the ₱84 million in 2012. The increased was mainly due to the interest on additional loan obtained this year.

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

FINANCIAL POSITION

Assets

The Company's consolidated total assets in 2013 amounted to ₱7.2 billion, up by 8% than 2012. The increased is primarily due to higher production resulting in higher ending nickel inventory, and revaluation increment of the Company's parcel of land amounting to ₱122 million

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

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

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

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

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

Other non-current assets increased to ₱583 million in 2013 from ₱539 million in 2012. The increased was mainly due to the increased in the Mine Rehabilitation Fund (MRF) and RYM Business Management Corporation RYM Business Management Corporation prepayments to various contractors and suppliers regarding various exploration projects.

Liabilities

Loans payable declined to ₱1.6 billion in 2013 from ₱1.9 billion in 2012 mainly due to the repayment of debt amortization this year.

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

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

Obligations under finance lease decreased on account of the repayment made in 2013. Increased in noncurrent liabilities to ₱140 million from ₱67 million in 2012 pertains to advance payments received from nickel customers. The advances from nickel customers will be applied against future receivables.

Equity

Capital Stock increased to ₱532 million in 2013 from ₱492 million in 2012 due to the additional investment made by RYM Business Management Corporation (RBMC). For the same reason, capital surplus in 2013 increased to ₱161 million from ₱21 million in 2012.

Other components of equity increased to ₱1,087 million in 2013 from ₱1,024 million in 2012 primarily due to the revaluation increment of the Company's parcel of land amounting to ₱122 million

The modest income in 2013 resulted to a slight increased in retained earnings.

Increased in Stockholders Equity to ₱3.4 billion in 2013 from ₱3.1 billion in 2012 was attributed to the private placement of RBMC pursuant to the Memorandum of Agreement on April 7, 2010 between the Company and RBMC and Stocks Subscription Agreement dated May 4, 2012.

Key Performance Indicators

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

Metal Price- The market price of gold in the Banko Sentral ng Pilipinas which is based from the world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. The average market prices for gold sold were at US$1,409 per ounce in 2013 and US$1,671 per ounce in 2012.

Tonnes Mill and Ore Grade- Tons milled and ore grade determine gold production and sales volume. The higher the tonnage and ore grade, the more gold are produced and sold. Tons milled in 2013 were 88,755 with average grade of 4.96 grams per ton gold. Gold sold in 2013 were 11,967 ounces. In 2012, tons milled were 54,962 with average grade of 8.11 grams per ton gold. Gold sold in 2012 were 12,468 ounces.

Foreign Exchange Rate- The Company's sales proceeds are mainly in U.S. dollars, a higher Philippine peso to U.S. dollar exchange rate means higher peso sales but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of December 31, 2013, the peso to dollar exchange rate was at ₱44.40 higher as compared to ₱41.05 in 2012.

Earnings Per Share- The earnings per share reflect the Company's bottom line operating results expressed in amount per share of the Company's outstanding capital stock. Assuming a constant outstanding number of shares, as a Company's earnings increase, the earnings per share correspondingly increase. The Company earnings per share in 2013 is ₱0.04 compared to earnings per share of ₱3.91 in 2012. With the anticipated shipments of nickel ores in the Sta. Cruz Nickel

Project and projected improvement in gold production of ACMP compounded with the prevailing favorable metal price, the Company anticipates an improvement in its earnings per share in 2014.

Known Trends, Events or Uncertainties

The Company does not foresee within the next twelve months in 2014 any cash flow or liquidity problems. AGP continues increase gold production due to ongoing exploration and drilling programs to upgrade its capacity. ILP maintains steady market of quicklime and SCNP has assured market for high and low grade nickel ores to signing of off-take agreements with Minecore Resources Inc., Bright Mining & Resource Company Ltd., and LS Networks Company, Ltd. In addition, the Company's Board of Directors approved on August 23, 2013 the private placement transaction between the Company and RYM Business Management Corporation (RBMC). RBMC will infuse additional capital of up to ₱250 Million in exchange for equivalent number of shares based on average market price plus premium of ₱9.00 per share for Class "A" and "B" shares. The first part of the transaction was done on September 20, 2013 upon execution of the Stock Subscription Agreement and full payment by RBMC of ₱162 Million where RBMC to subscribe 18,000,000 common shares (consisting of 7,169,003 Class A and 10,830,997 Class B common shares), which are the remaining unissued shares of the Company. The second transaction shall be in the form of an option for RBMC to subscribe to 9,777,777 common shares out of the new capital increase and to be effective when the Company obtained approval of the increase of its Authorized Capital Stock in the next stockholders' meeting on May 28, 2014 or its resetting date as the case may be. As additional feature, RBMC is entitled to a warrant to subscribe to additional shares at the ratio of one share for every two shares subscribed under the Second Transaction of up to a maximum of 4,888,888 shares, at the price of ₱9.50 per share.

Within the ensuing twelve months in 2014, the Company anticipates changes in the number of employees due to reduction of manpower in drilling activities of its Acupan Gold Project in Itogon, Benguet and Sta. Cruz Nickel Project in Zambales.

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

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

Other than what have been discussed in their respective sections above, there are no material events or uncertainties known to management that had material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

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

- Material changes in the financial statements of the Company from the year ended December 31, 2013 to December 31, 2012.

ITEM 7. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the period ended December 31, 2014, schedules listed in the accompanying index to exhibits and index to supplementary schedules are incorporated herein by reference and as part of this report (SEC Form 17-A).

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

The Company's independent public accountants, Sycip Gorres Velayo and Company (SGV) was re-appointed by the Board of Directors and approved/ratified by the stockholders of the Company on May 30, 2013 and May 28, 2014, respectively. Audit services of SGV for the calendar year ended December 31, 2014 included the examination of the parent and consolidated financial statements of the Company, assistance in the preparation of annual income tax return and other services related to filing of reports made with the Securities and Exchange Commission (SEC).

The Company is in compliant with SRC Rule 68, paragraph (3)(b)(iv) requiring the rotation of external auditors or engagement partners who have been engaged by the Company for a period of five (5) consecutive years. The engagement partner who conducted the audit for Calendar Years 2012, 2013 and 2014 is Mr. Jaime F. Del Rosario, an SEC accredited auditing partner of SGV. This is Mr. Del Rosario's third year as engagement partner for the Company. There has been no event occurred where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedures.

For the last two fiscal years, the aggregate audit fees inclusive of VAT and out-of-pocket expenses billed by SGV & Company are ₱4.9 million for 2014 and ₱4.7 million for 2013. For year 2013, the Company engaged the services of SGV in handling the BIR tax investigation of the Company for taxable year 2009. The fees for this engagement is ₱1.8 million exclusive of VAT. There are no other services rendered by the external auditor other than the usual audit services as mentioned above.

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

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

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

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

A. Directors – In the May 28, 2014 Annual Stockholders' Meeting, no election was held because the Temporary Restraining Order (TRO) enjoining the holding of election of directors remained in force. Thus, the present set of directors of the Company continued to remain in office on hold-over capacity until their successors are elected and qualified.

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

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

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

DANIEL ANDREW G. ROMUALDEZ, 55 years old, Filipino, is the Chairman of the Board of Directors since July 21, 2011 to present. He first became a Director of the Company by appointment on October 22, 2002 and has served as Vice Chairman of the Board of Directors (January 9, 2009-July 20, 2011). He is also the Chairman of the Property Development Committee of the Company, Trustee of Doña Remedios Trinidad Romualdez Medical Foundation Inc., and Dr. V. Orestes Romualdez (DVOR) Educational Foundation Inc. Formerly, he worked with The Office of Thierry Despont (September 1986-December 1986), Dimitri Dalamotis Associates (January 1987-March 1988) and Robert Stern Architects in New York, New York (March 1988-May 1993). Mr. Romualdez is a Registered Architect and Principal of Daniel Romualdez Architects, P.C. (August 1993-present).

ALBERTO C. AGRA, 52 years old, Filipino, has been an Independent Director of the Company since August 25, 2010 to present. He is Chairman of Risk Management Committee, Member of the Executive Committee, Property Development Property Committee and Nomination Committee of the Company. He also holds, among others, the following positions: Independent Director of Balatoc Gold Resources Corporation (2012 to present) and Benguetcorp Nickel Mines, Inc. (2012 to present), President of Forensic Law and Policy Strategies, Inc. or Forensic Solutions (August 2010-present); Professor of Laws, College of Law, Ateneo de Manila University (November 1993-present [on leave, AY 2010-2011]); Ex-Officio Trustee, Board of Trustees of MWSS (March 2007-present). Formerly, he was Acting Secretary, Department of Justice (March 2010-June 2010); Acting Solicitor General, Office of the Solicitor General (January 2010-June 2010); Government Corporate Counsel, Office of the Government Corporate Counsel, Department of Justice (March 2007-March 2010); and Chief Regulator, Officer-In-Charge, Regulatory Office of MWSS.

MARIA REMEDIOS R. POMPIDOU, 48 years old, Filipino, has been a Director of the Company since October 25, 2000 to present. She is the Chairman of BenguetCorp Laboratories, Inc., a wholly owned subsidiary of the Company (2013 to present) and member of Investment Committee of the Company. She also holds, among others, the following positions: Director of Redpalm Tree Realty & Development Corporation, Director of Perea Realty & Development Corporation; Chairperson of Sequioa Business Management Corporation; Trustee of Doña Remedios Trinidad Romualdez Medical Foundation Inc., Dr. V. Orestes Romualdez (DVOR) Educational Foundation Inc., and RTR Foundation for Scientific Research and Development Inc.; President/Chief Executive Officer of MRP New York Inc., and Management & Consulting Firm; Publisher of Visionaire Publishing LLC; Managing Director, Sumitomo Consulting Group; Senior Vice President, Katsoba Management Consulting; and Associate of Dream Studio.

LUIS JUAN L. VIRATA, 61 years old, Filipino, has been a Director of the Company since August 8, 1995 to present. He is a Member of the Investment Committee of the Company. He also holds, among others, the following positions: Chairman/Chief Executive Officer of CLSA Exchange Capital Incorporated; Chairman/President, Exchange Properties Resources Corporation (owner of Caylabne Bay Resort); President/Chief Executive Officer, Coastal Road Corporation; Director, Huntsman Foundation (Wharton School of the University of Pennsylvania, USA), Group 4 Securitas; Founder/Trustee, Asia Society; Board of Trustees, De la Salle University of Dasmariñas, Cavite. Formerly, he was President & Acting CEO of Philippine Airlines; Chairman/CEO, Jardine Fleming

Exchange Capital Group, Inc.; President & Director, NSC Properties, Inc.; Director, National Steel Corporation; Deputy Country Manager, Crocker National Bank; Member, Philippine Stock Exchange and Makati Stock Exchange; Founder-Trustee, Metropolitan Museum of the Philippines.

CESAR C. ZALAMEA, 85 years old, Filipino, has been a Director of the Company since October 9, 2013 in replacement of Mr. Dennis R. Belmonte, who resigned as Director effective October 8, 2013. Mr. Zalamea was a former Director of the Company and became Chairman of Benguet Corporation from 1984 to 1986. Currently, he is Chairman of Marcventures Holdings, Inc., a Publicly Listed Company which owns a Nickel Mining Subsidiary, Marcventures Mining & Development Corporation where he is also Chairman. He is also Chairman of Bright Kindle Resources & Investments, Inc. (BKR), a Listed Financial and Investments Holding Company and Focus Range International Limited, a HongKong based company. He is a member of the Advisory Board of Campbell Lutyes, An Investment Advisory Company based in London. Formerly, he was Chairman of Manila Electric Co., AIG Global Investment Group, Beijing C. V. Starr Investment Advisors Limited and Philippine American Life. He served as a Director in numerous AIG member and investee companies in Southeast Asia, including American International Assurance Company, Ltd., and Nan Shan Life Insurance Company, Ltd. He is also special envoy to China for investments.

MACARIO U. TE, 84 years old, Filipino, elected Director on March 27, 2015 replacing Mr. Rogelio C. Salazar, who resigned as Director. Mr. Te is also a Director of publicly listed companies, Marcventures Holdings, Inc., and Bright Kindle Resources & Investments Inc. Formerly, he was the President of Macte International Corporation and Linkwealth Construction Corporation, Chairman of Autobus Industries Corporation, CEO of M.T. Holdings Inc., and Director in the following companies: Bulawan Mining Corp., PAL Holdings Inc., Philippine National Bank, Oriental Petroleum and Minerals Corp., Gotesco Land Inc., PNB Capital and Investment Corp., PNB General Insurers Co. Inc., PNB Holdings Corp., PNB Remittance Center, PNB Securities Inc., PNB-IFL, PNB Italy SPA, Balabac Resources and Holdings, Nissan North EDSA, Beneficial- PNB Life and Insurance Co., Inc., Waterfront Phils., Fontana Golf Club Inc. Baguio Gold Holding Corp., Traders Royal Bank, Traders Hotel, PACIFIC Rim Oil Resources Corp., Link World Construction Development Corp., Suricon Resources Corp., Alcorn Petroleum & Mineral Corp., Associated Devt. Corp., and Palawan Consolidated Mining Corporation.

DIRECTORS REPRESENTING HOLDERS OF COMMON CLASS B STOCK:

BENJAMIN PHILIP G. ROMUALDEZ, 53 years old, Filipino, is the Vice Chairman since July 21, 2011 and President/Chief Executive Officer of the Company since June 25, 1998. He first became a Director of the Company on May 26, 1992 and elected to the Board as Chairman (August 8, 1995-October 22, 2002) / (January 9, 2009-July 20, 2011). He is the Chairman of the Executive Committee, Investment Committee, Nomination Committee and a Member of the Property Development Committee and Salary (Compensation) Committee of the Company. He is also the Chairman/CEO of Benguet Management Corporation (2009 to present); Chairman of Benguetcorp Nickel Mines, Inc. (2011 to present), Benguet Pantukan Gold Corporation (2011 to present); BenguetCorp International Limited (Hongkong) (1998 to present); and Vice Chairman of BenguetCorp Laboratories, Inc.(2012 to present) and Acupan Gold Mines, Inc. (2012 to present), the wholly owned subsidiaries of the Company. He also holds, among others, the following positions: President, Chamber of Mines of the Philippines (2004-present); Director of Philippine Chamber of Commerce & Industry (PCCI) (Dec. 4, 2009-present), PCCI Vice President-Industry (Jan. 2010-present), Chairman of PCCI Mining Committee (Feb. 2014-present), Oxford University and Cambridge University Club of the Philippines (Jan. 2006-present), and Philippine Mine Safety and Environment Association (2004-present); Trustee, Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1984-present) and Philippine-Australia Business Council (PABC) (2004-present); Trustee/Chairman and Vice President, Dr. Vicente Orestes Romualdez (DVOR) Educational Foundation, Inc. (1995-present); and Trustee/Treasurer, RTR Foundation for Scientific Research and Development Inc.

ANDRES G. GATMAITAN, 74 years old, Filipino, has been a Director of the Company since February 10, 1987 to present. He is also the Chairman of Salary (Compensation) Committee and Stock Option Committee and a Member of the Executive Committee, Audit Committee and Corporate Governance Committee of the Company and independent director of Holcim Phlippines Inc., a publicly listed company. He also holds, among others, the following positions: Senior Counsel of SyCip Salazar Hernandez & Gatmaitan Law Office which is the outside counsel of the Company; Chairman, JVS Asia, Inc.; President, United Holdings and Development, Inc., and St. Agen Holding, Inc.; Director, Benguetcorp Nickel Mines, Inc. (2011 to present) the wholly owned subsidiary of the Company, Supralex Asia Ventures Corporation, Triumph International (Philippines) Inc., Maybank Philippines, Inc., JVS Worldwide, Inc., Star Performance Philippines, Inc., Unicharm Philippines, Inc., AMI Philippines, Inc.

BERNARDO M. VILLEGAS, 76 years old, Filipino, was designated Independent Director of the Company since 2002, although he has been a Director since June 25, 1998 prior to the issuance of SEC Circular No. 16 dated November 29, 2002. He is also the Chairman of the Audit Committee and Corporate Governance Committee and a Member of the Salary (Compensation) Committee, Stock Option Committee, Investment Committee, Property Development Committee and Nomination Committee of the Company. He also holds, among others, the following positions: Independent Director of Benguetcorp Nickel Mines, Inc. (2012 to present), a wholly owned subsidiary of the Company; Director and Consultant, Insular Life, Transnational Diversified, Inc. (1998 to present); Member of the Boards of Dualtech Foundation (1998 to present); Director and Consultant of Alaska (1999 to present); and Columnist, Manila Bulletin (1964 to present). Formerly, he was Director of Makati Business Club (1981-2010); Director, Phinma Foundation (1995-2001); Director, Pilipinas Shell Foundation (1995-2001); Senior Vice President, University of Asia and the Pacific (2004-2006); Chairman, Center for Research and Communication (1995); President, Philippine Economic Society (1972-1974); Chairman, Department of Economics-De La Salle University Manila (1964-1969), Committee on the National Economy & Patrimony (1986); Director, Economic Research Bureau and Graduate School of Business-De La Salle University Manila (1967-1968); Project Director, Philippine Economic History under the National Historical Commission (1969-1972); Member, Preparatory Commission for Constitutional Reforms and Constitutional Commission (1999); Consultant, Productivity Development Center-National Economic Council and Program Implementation Agency (1968-1969).

ISIDRO C. ALCANTARA, Jr., 61 years old, Filipino, has been a Director since November 14, 2008 and concurrently Executive Director of the Company since April 2, 2014 to present. He is also a Member of the Executive Committee, Audit Committee, Risk Management Committee, Investment Committee, Property Development Committee and Corporate Governance Committee of the Company. He also serves as a Director of the following wholly owned subsidiaries of the Company: Benguetcorp Nickel Mines, Inc. (2012 to present); Benguet Management Corporation (2012 to present) and Balatoc Gold Resources Corporation (2009 to present). Currently, he is President of Marcventures Holdings, Inc. (MHI), a Publicly Listed Company which owns a Nickel Mining Subsidiary, Marcventures Mining & Development Corporation (MMDC) where he is Vice Chairman. He is also the President of Bright Kindle Resources and Investments, Inc. (BKR), a Listed Financial and Investments Holding Company. He is the President and CEO of a Financial Consulting Firm, Financial Risk and Resolution Advisory, Inc. (FRRA), engaged in Advisory and Arranger Services for M&As, Equity and Debt Fund Raising, and General Financial Advisory. Post his Banking Career, he has been involved in several M & As, Distressed Debt Settlements, Fund-raising for Corporates and Asset Recovery Work-outs. He was formerly Executive Vice President in charge of Corporate Banking of PCIBank and the Equitable PCIBank (previously the third largest and most profitable Universal Bank) where he managed a Third of the Bank's Assets. He was the President and CEO of the Philippine Bank of Communications (PBCom) where he successfully led the Rehabilitation and Transformation of the Bank into a healthy Financial Institution. He worked briefly with the HSBC (Manila) as Senior Vice President and Head of Corporate and Institutional Banking. He also served as a Director of the Bankers Association of the Philippines from 2000-2004. He graduated Magna cum Laude from the De la Salle University and has Degrees in Economics and Accounting and is a Certified Public Accountant. He also took special studies in International Banking at the Wharton

School of Finance, University of Pennsylvania and at the Institute of Independent Certified Directors and is a Certified Independent Director.

B. EXECUTIVE OFFICERS - The following persons are the executive officers for 2014-2015 with their corresponding positions and offices held in the Company and its subsidiaries and/or affiliates. The executive officers are elected annually to a one-year term (subject to removal) by the Board of Directors immediately following the Annual Stockholders' Meeting.

DANIEL ANDREW G. ROMUALDEZ, 55 years old, is the Chairman of the Board of Directors of the Company since July 21, 2011.

BENJAMIN PHILIP G. ROMUALDEZ, 53 years old, is the President & Chief Executive Officer of the Company since June 25, 1998 and he is also Vice Chairman of the Company since July 21, 2011.

ISIDRO C. ALCANTARA, Jr., 61 years old, is the Executive Director of the Company since April 2, 2014.

ARSENIO K. SEBIAL, 59 years old, Filipino and a member of the Management Advisory Board is the Officer-In-Charge of the Company since August 15, 2014. Currently, he is also President and CEO of Marcventures Mining and Development Corporation (MMDC), a fully owned subsidiary of Marcventure Holdings, Inc., and also the President of Bright Green Resources Development Corp. He graduated from Mapua Institute of Technology with a degree in Mining Engineering. He is a Past President of the Philippine Society of Mining Engineers. Engr Sebial also currently holds various positions in the following subsidiaries of Benguet Corporation: Chairman of the Board of the Balatoc gold Resources Corporation; Director of the Benguet Pantukan Gold Corporation; President of the BatongBuhay Mineral Resources Corporation; Director of the BenguetCorp Nickel Mines Inc.; Chairman of the Board of the Berec Land Resources, Inc;; Director of the Acupan Gold Mines, Inc.; Chairman of the Board of the Pillars of Exemplary Consultant, Inc.; Vice Chairman of the Board of the Benguet Management Corporation; Director of the BenguetCorp Laboratories Inc. Mr. Sebial has almost 40 years of mining experience, the longest of which was with Benguet Corporation where he rose to Division Manager for Mining and Engineering and worked in the highly successful Benguet-Dizon Copper Mines.

RENATO A. CLARAVALL, 63 years old, Filipino, is the Senior Vice President-Chief Finance Officer of the Company since March 16, 2010. He also holds various positions and directorships to the following subsidiaries of the Company: Chairman of Benguetrade, Inc.; Vice Chairman of Benguet Management Corporation (2012 to present); Director/Vice President & Treasurer of Keystone Port Logistics and Management Services Corporation (2013 to present) and Saguittarius Alpha Realty Corporation (2012 to present); Director/Treasurer of Benguet Pantukan Gold Operation, Acupan Gold Mines, Inc. (2012 to present); Ex-Officio Member & Treasurer of Benguetcorp Nickel Mines, Inc.; Director of Balatoc Gold Resources Corporation (2011-present), Berec Land Resources, Inc., (2011-present), BMC Forestry Corporation (2011-present), and Benguetcorp Laboratories, Inc. (2012-present). Mr. Claravall is a Senior Executive with a multi-faceted 39-year work experience primarily in financial services: Banking (commercial and investment) and Insurance. His previous employments include: Chief Financial Officer-Creative Hotel Concepts Group (2009-2010), President-MRC Allied Industries, Inc. (2008), General Manager-Value Gen Financial Insurance Company, Inc./BancLife Insurance Company, Inc. (2002-2008), Senior Vice President/Consultant – Export and Industry Bank (2001-2002), Officer-in-Charge – Urbancorp Investments, Inc. (2000-2002), Treasurer and Senior Vice President – Urban Bank, Inc. (1997-2000),Deputy General Manager – Bank of Boston, Manila Offshore Branch (1984-1997), Senior Manager – Union Bank of the Philippines (1979-1984).

REYNALDO P. MENDOZA, 59 years old, Filipino, is the Senior Vice President for Legal of the Company since August 25, 2006 to present and Assistant Corporate Secretary (2002 to present). He is also Corporate Secretary of the following subsidiaries of the Company: Arrow Freight Corporation, BMC Forestry Corporation, Benguetrade, Inc., Sagittarius Alpha Realty Corporation, Benguet Pantukan Gold Corp., (1997 to present), Pillars of Exemplary Consultants Inc. (1996-present), Balatoc

Gold Resources Corp.(1998-present), Ifaratoc Mineral Resources Corp. (2009-present), Berec Land Resources, Inc. (2000- present), Benguet Management Corporation, Aqua de Oro Ventures Corporation, BC Property Management, Inc., Batong Buhay Mineral Resources Corporation, Keystone Port Logistics and Management Services Corporation. Formerly, he was Director of Jaime V. Ongpin Foundation (1996-2007) and Benguetcorp Nickel Mines, Inc. (2009-2014). Before joining Benguet Corporation, he was Staff Lawyer of PDCP (1987-1988) and Malayan Insurance Company (1986-1987); Associate Lawyer, Castro, Villamor & Associate (1985-1986); Legal Assistant/Apprentice Lawyer, Gono Law Office (1985).

LEOPOLDO S. SISON III, 56 years old, Filipino, is the Senior Vice President, Nickel Operations of Benguet Corporation and appointed also as President of the Company's wholly owned subsidiary, Benguetcorp Nickel Mines, Inc. (BNMI) effective September 5, 2014. Prior to his promotion, he was Vice President for Logistics Management (February 2012-September 2014) and Vice President for Project Planning & Business Development (2002-2012) of the Company. He also holds various positions and directorship to the following subsidiaries of the Company: Concurrent President and Chief Operating Officer of Benguet Management Corporation; President of Benguetrade, Inc.; Chairman, Arrow Freight Corporation (1998-present); Director of Berec Land Resources Inc. (2005-present), Pillars of Exemplary Consultants Inc. (1999-present), BMC Forestry Corporation (1995-present), Calhorr 1 Marine Services Corporation (2012-present), Calhorr 2 Marine Services Inc. (2012-present). Formerly, he was Director, Benguetcorp Nickel Mines Inc. (2009-2011); President/Gen. Manager of BMC Forestry Corp. (1995-1998) and Arrow Freight Corporation (1992-1995); President, Capitol Security and Allied Services, Inc. (1984-1985); Production Supervisor, CDCP-Systemas (1980-1983).

LINA G. FERNANDEZ, 50 years old, Filipino, is the Vice President for Corporate Planning, Chief of Staff & Assistant Treasurer of the Company since August 25, 2006. She is also Risk Management Officer (March 2011-present) and Chief of Staff and Assistant Treasurer (May 30, 2013-present) of the Company. She also holds various positions and directorship to the following subsidiaries of the Company: Concurrent Acting President of Benguetcorp Nickel Mines, Inc. (2012-present); Director/Treasurer of Benguet Management Corporation; Director/Asst. Treasurer of Berec Land Resources, Inc., and Saguittarius Alpha Realty Corporation; Director of BC Property Management, Inc., Benguet Pantukan Gold Corporation, Batong Buhay Mineral Resources Corporation, and Keystone Port Logistics and Management Services Corporation (2013 to present); Treasurer of Benguetrade Inc., Arrow Freight Corporation, BMC Forestry Corporation, Aqua de Oro Ventures Corporation, and Balatoc Gold Resources Corporation. Formerly, she is Director of Benguetcorp Nickel Mines Inc. (2009-2011) and Kingking Copper-Gold Corp. (2008-2011).

MA. MIGNON D. DE LEON, 58 years old, Filipino, is the current Chief of Staff to the Officer-In-Charge (OIC) since August 2014 and Vice President for Compliance of the Company since February 2014. Prior to her present position, she was Vice President for Community Relations (June 2012 – January 2014) and the Vice President for the Benguet District Administration and Property Management (October 2002 – May 2012). She is also the President of BC Property Management Inc and Director of the following subsidiaries of the Company: Ifaratoc Mineral Resources Corp (formerly Parkland Development Corp), Pillars of Exemplary Consultant Inc, Agua de Oro Ventures Corp, Arrow Freight Corp, BMC Forestry Corp, BenguetradeInc, Benguet Management Corporation and BenguetCorp Laboratories Inc. She was Board Member (Management Representative) to the Regional Tripartite Wages and Productivity Board – Cordillera Administrative Region (1995 – 2006); Board Member representing Women's Sector to the Peoples Law Enforcement Board of the Municipality of Itogon, Province of Benguet (2005-2010); Past Chairman (1984 – 1995) and Adviser (1996 to 2006) to the Regional Mining Industry Training Board – Technical working Group of the Cordillera Administrative Region; Past President (1989 – 1993) and Adviser (1994 to 2012) to the People Management Association of the Philippines, Baguio-Benguet Chapter; Board Member, Benguet Province Visitor's Bureau (2008 – 2009); Past Chairman of the Cordillera tourism Council (2206 – 2008); Past President of the Benguet Provincial Tourism Council (2001 – 2006). At present, she is also the Large Scale Mining Representative appointed by the Chamber of Mines to the Provincial Mining Regulatory Board of the Province of Benguet.

MAX D. ARCEÑO, 53 years old, Filipino, is the Vice President for Accounting and Treasurer of the Company since March 1, 2013. He was formerly Assistant Vice President for Treasury (July 2011-February 2013) prior to his promotion on March 1, 2013. He is also concurrent Treasurer of Benguetcorp Laboratories, Inc. (Feb. 2013 to present) and a member of the board of directors of Saguittarius Alpha Realty Corporation. Mr. Arceño graduated from the University of the East (Batch 1983) with a degree in BSBA-Accounting and passed the board examination for Certified Public Accountant in 1984. He joined the Company in 1985 as Accounting Staff I, where he rose from the ranks.

NILO THADDEUS P. RODRIGUEZ, 47 years old, Filipino, is the Vice President for Systems and Audit of the Company since July 1, 2012. He is also a Director of Bright Kindle Resources and Investments, Inc. (BKR), a Listed Financial and Investments Holding Company and Arrow Freight Corporation and Keystone Port Logistics and Management Services Corporation, a wholly owned subsidiaries of the Company. Mr. Rodriguez is a Certified Public Accountant. He graduated with a degree in Business Administration and Accountancy from the University of the Philippines- Diliman (1990) and also holds a Master’s Degree in Business Management from the Asian Institute of Management (1996). His previous work experiences include: Global Service Delivery Lead-Project Matterhorn and Cluster Site Lead for F&A projects located at Eastwood (Accenture Philippines, June 2011-June 2012); Regional Manager-Finance, Asia-Pacific (Delta Airlines, February 1999-April 2011); Executive, Corporate Finance (SGV & Co., December 1996-January 1999); Chief Finance Officer (Cornerstone Builders, Inc., November 1992-June 1994).

CHUCHI C. DEL PRADO, 54 years old, Filipino, is the Vice President for Human Resource and Administration since April 1, 2014 and Corporate Governance Compliance since May 28, 2014 to present. Ms. Del Prado graduated with a degree in BS Business Administration from the University of Sto. Tomas (1982) with additional MBA on HR/Talent Management, Post Baccalaureate Program in HR Management from De la Salle – College of St. Benilde. She has been certified as Chartered Business Administrator (C.B.A.), a graduate-level professional certification granted by premier professional body based in Canada. Her previous work experiences include: Senior Project Consultant for HR and Organizational Development for Victorias Milling Company (VMC); Regional HR Manager and Compliance Officer for Asia, for Schweitzer-Mauduit International Inc. (2011-2013), Senior Manager for Learning Development and HR Services for Metro Drug Inc. (2009-2011); Senior Manager for HR and Business Development for Value Management Options, Inc – a private consultancy firm (2004-2009); Department Head, HR and Administration for Tupperware Philippines, Inc.; Corporate Manager for HR, Administration and Special Projects for Luen Thai International Group (Philippines, Hongkong, China and USA).

ANA MARGARITA N. HONTIVEROS, 47 years old, Filipino, is the Vice President for Special Projects of the Company and concurrently President of BenguetCorp Laboratories, Inc.,/ MedCentral Clinics & Diagnostics since January 16, 2013. She graduated with a degree in BS Legal Management from the Ateneo De Manila University (1988). Her previous work experiences include: Senior Assistant Vice President, Marketing (Republic Surety and Insurance Co., Inc., March 2010-January 2013); Consultant (Lapanday Group of Companies, 2005-2007: Manager (Bvlgari Philippines, Jan. 2000-2005); Chief Operating Officer (World Partners Finance Corporation/World Partners Insurance Brokerage Corporation, Sept. 1997-1998); Vice President (Macondray Finance Corp. (MFC) (Lapanday Group), Oct. 1991-1996); President (People’s Credit Network Inc. (Subsidiary of MFC), Oct. 1991-1996); Senior Manager (First Active Capital Corporation, 1990-1991); Senior Officer (First Active Capital Corporation, 1990-1991); and Marketing Officer (Urban Bank, April 1988-1990).

VALERIANO B. BONGALOS, JR., 65 years old, Filipino, is the Vice President and General Manager of Benguet District Operation of the Company since July 16, 2013. He is also a member of the board of directors of Saguittarius Alpha Realty Corporation and Benguet Pantukan Gold Operation, both subsidiaries of the Company. His previous work experiences include: He worked with Benguet Corporation in 1978-1980 and in 1984-1992 as Mine Manager of Benguet Gold Operation; Vice President for Operations and Resident Manager, Apex Mining Co., Inc. (May 2010-July 2011); Mine Manager, Phuoc Son Gold Company, Ltd., Quang Nam, Vietnam (November 2006-July 2009); Mine

Planning Manager, Ban Phuc Nickel Mines in Hanoi, Vietnam (March to June 2006); Mine Superintendent, Lepanto Consolidated Mining Company (1999-2001); Tunnel Superintendent, San Roque Multipurpose Dam (1998); Mine Manager, Base Metal Mineral Res.Corp. (1996-1997); Project Manager, Ground Specialist, Inc.-Contractor (1994-1995); Drilling & Blasting Engineer, Al Dhary International Group in Tabuk, Saudi Arabia (1993-1994); Senior Assistant Mining Engineer, Zambia Consolidated Copper Mines (Underground Copper Mine) in Zambia, Africa (1980-1983); Project Engineer, Argonaut Mineral Exploration (1975-1978); and Shift Foreman, Long Beach Mining Corporation (1974). Mr. Bongalos is a BS Mining Engineering graduate of Mapua Institute of Technology (1973). He obtained his Mining Engineering license in 1974. He completed the Management Development Program at AIM in 1987.

PAMELA M. GENDRANO, 48 years old, Filipino, is the Assistant Vice President for Environmental Compliance since February 20, 2012. Ms. Gendrano is a graduate of MS in Environmental Studies and Community Development from the University of the Philippines at Los Baños (1992). She is also a graduate of BS in Forestry (1988) from the same university. Her previous work experiences include: Freelance Environment Consultant (2008-2011); Technical Operations Manager/Senior Environment Management Specialist (GEOSPHERE Technologies, Inc., (2005-2008); Technical Operations Manager (Geographic Management Services Company (2002-2004); Senior Project Officer (BOI, JICA Study in Environmental Management w/ Public and Private Ownership (2002); Environment Management Specialist (Tetra Tech. Environmental Management, Inc. (1999-2001); EIA/IEE Consultant (1999); Project/Program Evaluator, Philippine-Canada Development Fund (1999); Section Chief, Strategic Coordination and Special Projects Section, DENR/EMB (1994-1999); Project Officer, Institute of Environment Science and Management-CIDA/Research Associate, UPLB-College of Forestry-JICA (1991-1995); Research Forester, DENR-Policy Planning Division (1987).

MARY JEAN G. ALGER, 44 years old, Filipino, is the Assistant Vice President, Deputy Chief Finance Officer since January 16, 2013. She is also the Assistant Treasurer of BenguetCorp Laboratories, Inc., a wholly owned subsidiary of the Company. Ms. Alger is a graduate of BC Business Economics from the University of the Philippines (1991). Her previous work experiences include: Assistant Vice President-Corporate Planning (Basic Energy Corporation, July 2007-January 2013); Investment Officer (ValueGen Financial Insurance Company, Inc. & Banclife Insurance Corporation, October 2002 to July 2007); Held position on consultant basis and concurrently Assistant Vice President (Corporate Financial Advisors, Inc., March 2001 to November 2004); Deal Manager (New Millennium Investment Corporation, March 1999 to January 2001); Financial Analyst-Credit Department (Petron Corporation, November 1991 to December 1996).

MA. ANNA G. VICEDO-MONTES, 37 years old, Filipino, is the Assistant Vice President, Deputy Head- Business Development since February 18, 2013 and concurrently Corporate Communications since October 1, 2014 to present. She is a graduate of BS Business Economics from the University of the Philippines (Batch 1999). Her previous work experiences include: Corporate Planning Manager, (ABS-CBN Corporation, 2007-2012); Strategic Planner, Manager-Sales and Product Application, Trade Promotions and Relations Manager-Food Service Marketing, (San Miguel Pure Foods Company, Inc., 2003-2007); Senior Team Leader, (The Thomson [Philippines] Corporation – Banking and Brokerage, 1999-2003).

VIRGILIO G. CAWAGDAN, 64 years old, Filipino, is the Assistant Vice President, Mill and Metallugical Division of Acupan Gold Project (AGP) since September 1, 2014. Currently, Mr. Cawagdan was a Consultant of the Company in the Engineering, Research & Project Development group. The positions he held during his past employment with various mining companies included the following: Plant Metallurgist for Philex Mining Corporation (1971-1978); General Metallurgical Foreman for Consolidated Mines Marinduque (1978-1979); Department Manager for Metallurgy for BenguetCorp Dizon Mines (1980-1990); Mill Manager for BenguetCorp, Antamok Gold Operation (1991-1992); Division Manager for BenguetCorp Dizon Mines (1992-1993); and Vice President for Operations for Pacific Rare Metal Ind. (1994-2001).

HERMOGENE H. REAL, 59 years old, Filipino, has been the Corporate Secretary of the Company since October 25, 2000 to present. She is also Director of Philippine Collectivemedia Corporation (2008 to present); Director, Bright Kindle Resources and Investment, Inc. (2014 to present); Director, Carac-an Development Company (2014 to present); Corporate Secretary Universal Re Condominium Corporation (1997 to 2009, 2010 to present); Corporate Secretary, Benguetcorp Nickel Mines, Inc. (2014 to present); Corporate Secretary, Best Practices Global Response Solutions, Inc. (2014 to present); Corporate Secretary, Invictus Micro Finance, Inc. (2014 to present); Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present); Assistant Corporate Secretary, Bright Kindle Resources and Investment, Inc. (2014 to present); and Practicing Lawyer, D.S. Tantuico and Associates (1998 to present). She previously held the following positions: Chairman of the Board and President, Philippine Collectivemedia Corporation (2008 to 2010); Corporate Secretary, Trans Middle East Phils. Equities, Inc. (1996 to 2006); Assistant Corporate Secretary, Benguetcorp Nickel Mines, Inc. (2009 to 2014); and Assistant Corporate Secretary, Equitable PCI Bank, Inc. (2005-2006).

Resignation of Director/Officer & Retirement of Officer – The following director/officer of the Company cited personal reasons for their resignation: Mr. Rogelio C. Salazar, Director resigned on March 27, 2015 and Mr. Pablo Gabriel R. Malvar, Vice President-Business Development resigned on December 1, 2014. Retirement of the following officers, Mr. Marcelo A. Bolaño, Sr. Vice President-Engineering, Research & Project Development effective July 1, 2014, Mr. Roland P. de Jesus, Vice President-HR & Admin, and Mr. Bienvenido M. Araw II, Sr. Vice President-Project & Organization Development Officer effective October 1, 2014.

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

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

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

ITEM 10. EXECUTIVE COMPENSATION

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

	Name		Principal Position
1.	Benjamin Philip G. Romualdez	-	President & Chief Executive Officer
2.	Renato A. Claravall	-	SVP, Chief Finance Officer
3.	Pablo Gabriel R. Malvar	-	VP, Business Development - (Resigned- 12/01/14)
4.	Bienvenido M. Araw	-	SPV, Project & Organization Dev. Officer - (Retired – 10/01/14)
5.	Ana Margarita N. Hontiveros	-	Vice President, Special Projects of the Company & concurrently President of BenguetCorp Laboratories, Inc./MedCentral

	Year	Salary (In-Million)	Bonus (In-Million)	Other Annual Compensation
All above-named officers as a group	2015*	₱37.7	₱3.1	₱1.5
	2014**	39.1	2.1	1.2
	2013**	40.0	7.8	0.7
All other directors and officers as a group unnamed	2015*	45.2	4.2	2.6
	2014**	49.9	4.2	3.6
	2013**	50.6	6.4	3.1

(*) - Estimate (**) – Actual

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

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

Incentive Bonus Plan

Since 1980, the Company maintained an Incentive Bonus Plan. The purposes of the Plan are: (1) to attract, employ and retain management personnel of outstanding competence, and (2) to motivate its management personnel to deliver superior performance in pursuing the goals and business interests of the Company. The Plan provides for a bonus award, calculated on the basis of net income, to top operating executives, managers and members of the Board of Director. Bonus awards are either paid in full directly to the awardees or are transferred to a trust fund and are payable to the awardees in three installments generally over a period of two years. Bonus awards for any year shall be paid in cash, or in common stock. Either Common Class A or Common Class B shares may be issued under the Plan subject to the legal limitations on ownership of Common Class A shares which can be owned only by Philippine citizens. From 1995 to 2014, there was no amount set aside for payment of bonuses in accordance with the Plan.

Retirement Plan

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

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

a. On April 6, 2006, under the Plan, the Company granted a stock option of 7,004,000 common shares (consisting of 4,202,400 class "A" common shares at an exercise price of ₱8.50 per share and 2,801,600 class "B" common shares at an exercise price of ₱29.07 per share) to qualified participants. These shares are exempted from registration under SEC's Resolution No. 084 dated March 31, 2008 and the listing was approved by the PSE. As of April 6, 2010, 100% of the stock option is exercisable by the optionees. The 7,004,00 shares granted to optionees came from the remaining reserved shares of 7,926,454 under the Plan, leaving a balance of 922,454 shares available for grant of options in the future. As of December 31, 2014, the number of options granted to, exercised, and unexercised by the Chief Executive Officer, four (4) other most highly compensated executive officers and all other officers and directors of the Company are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Due to resignation, retirement, death and retrenchment)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
BPG Romualdez, Pres/CEO	120,000	80,000	₱8.50	₱29.07	-	-	120,000	80,000	-	-
Four Highest Paid Named Executive Officers:										
RA Claravall	-	-	-	-	-	-	-	-	-	-
PGR Malvar	-	-	-	-	-	-	-	-	-	-
BM Araw	-	-	-	-	-	-	-	-	-	-
AMN Hontiveros	-	-	-	-	-	-	-	-	-	-
All Executive Officers & Directors as a Group Unnamed	1,144,800	763,200	₱8.50	₱29.07	654,520	19,200	329,000	537,600	161,280	148.800

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

b. On May 3, 2011, under the Plan, the Company granted stock option to officers, directors, managers and consultants of the Company. The option grants of 2,200,332 common shares (consisting of 1,320,199 class "A" common shares at an exercise price of ₱16.50 per share and 880,133 class "B" common shares an exercise price of ₱17.50 per share) came entirely from the unissued/cancelled stock options under the previous implementation of the Plan. These unissued/cancelled shares came from the option grants of 7,004,000 common shares granted on April 6, 2006 stock option award, which shares are exempted from registration under SRC rules and the listing was approved by the PSE. As of December 31, 2014, the number of options granted to, exercised, and unexercised by the Chief Executive Officer, four (4) other most highly compensated executive officers and all other officers and directors of the Company are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		OptionsCancelled (Due to resignation, retirement, death & retrenchment)	
	Class A	Class B	ClassA	Class B	Class A	Class B	Class A	Class B	Class A	Class B
BPG Romualdez Pres/CEO	No Options Granted									
Four Highest Paid Named Exe. Officers:										
RA Claravall	36,000	24,000	₱16.50	₱17.50	-	-	36,000	24,000	-	-
PGR Malvar	-	-	-	-	-	-	-	-	-	-
BM Araw	36,000	24,000	16.50	17.50	-	-	36,000	24,000	36,000	24,000
AMN Hontiveros	-	-	-	-	-	-	-	-	-	-

All Officers & Directors as a Group Unnamed	489,200	326,133	₱16.50	₱17.50	12,600	8,400	416,600	277,733	60,000	40,000

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

c. On September 7, 2012, under the amended Plan, the Company granted stock option to officers, directors/members of the stock option committee and independent directors. The option grants of 828,000 common shares (consisting of 496,800 class "A" common shares at an exercise price of ₱17.96 per share and 331,200 class "B" common shares an exercise price of ₱17.63 per share) came entirely from the current balance of unissued / cancelled stock options under the present implementation of the Plan. As of December 31, 2014, the number of options granted to, exercised, and unexercised by the Chief Executive Officer, four (4) other most highly compensated executive officers and all other officers and directors of the Company are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		OptionsCancelled (Due to resignation, retirement, death & retrenchment)	
	Class A	Class B	ClassA	ClassB	Class A	Class B	Class A	Class B	Class A	Class B
BPG Romualdez Pres/CEO	180,000	120,000	₱17.96	₱17.63	-	-	180,000	120,000	-	-
Four Highest Paid Named Exe. Officers:										
RA Claravall	-	-	-	-	-	-	-	-	-	-
PGR Malvar	-	-	-	-	-	-	-	-	-	-
BM Araw	-	-	-	-	-	-	-	-	-	-
AMN Hontiveros	-	-	-	-	-	-	-	-	-	-
All Officers & Directors as a Group Unnamed	194,400	129,600	₱17.96	₱17.63	-	-	192.000	128,000	2,400	1,600

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

d. On May 26, 2014, under the amended Plan, the Company granted stock option to certain directors in recognition of their long years of service to the Company. The option grants of 600,000 common shares (consisting of 360,000 class "A" common shares at an exercise price of ₱7.13 per share and 240,000 class "B" common shares an exercise price of ₱7.13 per share) came entirely from the current balance of unissued / cancelled stock options under the present implementation of the Plan. As of December 31, 2014, the number of options granted to, exercised, and unexercised by the Chief Executive Officer, four (4) other most highly compensated executive officers and all other officers and directors of the Company are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		OptionsCancelled (Due to resignation, retirement, death & retrenchment)	
	Class A	Class B	ClassA	ClassB	Class A	Class B	Class A	Class B	Class A	Class B
BPG Romualdez Pres/CEO	-	-	-	-	-	-	-	-	-	-

Four Highest Paid Named Exe. Officers:										
RA Claravall	-	-	-	-	-	-	-	-	-	-
PGR Malvar	-	-	-	-	-	-	-	-	-	-
BM Araw	-	-	-	-	-	-	-	-	-	-
AMN Hontiveros	-	-	-	-	-	-	-	-	-	-
All Officers & Directors as a Group Unnamed	360,000	240,000	₱7.13	₱7.13	-	-	360.000	240,000	-	-

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

As of December 31, 2014, 777,375 common shares are available for grant of options in the future. These shares came entirely from the remaining reserved common shares of 322,454 and 454,921 common shares of optionees who have been separated from the Company under the previous implementation of the Plan.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners - The following table sets forth certain information about persons (or “groups” of persons) known by the Company to be the directly or indirectly the record or beneficial owner of more than five percent (5%) of any class of the Company’s outstanding stocks as of March 31, 2015.

Title of Class	Name, Address of Record Owner And Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Class A Common	PCD Nominee Corporation (Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note[1])	Filipino	52,601,410	44.75%
	Palm Ave. Holding Company, Inc. 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note[2])	Filipino	21,874,909	18.61%
	Palm Avenue Holdings Company and/ or Palm Avenue Realty Corporation, Metro Manila, Phil. Sequestered by the Republic of the Philippines, Presidential Commission on Good Government under Executive Order Nos. 1 & 2 c/o PCGG, IRC Bldg., #82 EDSA, Mandaluyong City. (Stockholder)	(see note[2])	Filipino	21,306,830	18.13%
	Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation, Metro Manila, Philippines. Sequestered by the Republic of the Philippines thru PCGG under E.O. Nos. 1 & 2 and reverted to Palm Avenue as sequestered shares per	(see note[2])	Filipino	10,278,125	08.74%

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

2 *The Company is not aware of who is/are the direct or indirect beneficial owner/s of the stocks issued to Palm Avenue Holdings Company, Inc. and Palm Avenue Realty and Development Corporation (the “Palm Companies).The nominee of Palm Companies in the Board of Director is Mr. Benjamin Philip G. Romualdez, Vice Chairman, President/CEO. On May 30, 2013 Annual Stockholders’ Meeting of the Company, the Palm Companies issued a proxy in favor of its legal counsels, Attys. Otilia Dimayuga-Molo/Andrea Rigonan-Dela Cueva, to vote in all matters to be taken up in the stockholders’ meeting.*

	Supreme Court Entry of Judgment dated March 15, 1993 in G.R. No. 90667 entitled Republic of the Philippines vs. Sandiganbayan, Palm Avenue Realty Development Corp. and Palm Avenue Holdings Company c/o PCGG, IRC Bldg., #82 EDSA Mandaluyong City. (Stockholder)				
Class A Convertible Preferred	PCD Nominee Corporation (Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note[1])	Filipino	60,330	27.79%
	Fairmount Real Estate c/o PCGG 6th Floor, PhilComcen Bldg., Ortigas Avenue cor. San Miguel Avenue, Pasig City (Stockholder)	(see note[3])	Filipino	59,262	27.30%
Class B Common	PCD Nominee Corporation (Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note[1])	Filipino	28,437,380	36.63%
	Palm Avenue Realty & Development Corporation, 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note[2])	Filipino	14,560,000	18.76%
	PCD Nominee Corporation (Non-Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note[1])	American	10,613,564	13.67%

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

The following are PCD's participants who hold five percent (5%) or more of any class of the Company's outstanding capital stocks as of March 31, 2015:

Title of Class	Name of PCD's Participants	Number of Shares Held	Percent of Class
Class A Common	Lucky Securities, Inc.	17,066,518	14.52%
	Maybank ATR Kim Eng Securities, Inc.	5,647,427	4.80%
Class A Convertible Preferred	Abacus Securities Corporation	39,608	17.33%
Class B Common	Lucky Securities, Inc.	16,212,667	20.88%
	Citibank N.A.	7,199,789	9.27%
	Maybank ATR Kim Eng Securities, Inc.	4,423,246	5.70%

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

Title of Class	Name of Beneficial Owner	Citizenship	Amount and nature of beneficial ownership	Percent of Class
A	Benjamin Philip G. Romualdez	Filipino	23	0.000%
B			551	0.000%
A	Andres G. Gatmaitan	Filipino	152	0.000%
B			1	0.000%
A	Macario U. Te	Filipino	1	0.000%
A	Isidro C. Alcantara, Jr.	Filipino	1,434,400	1.220%
B			1	0.000%
A	Alberto C. Agra	Filipino	1	0.000%

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

A B	Luis Juan L. Virata	Filipino	78,001 23,200	0.070% 0.020%
A	Daniel Andrew G. Romualdez	Filipino	7	0.000%
A	Maria Remedios R. Pompidou	Filipino	5	0.000%
B	Bernardo M. Villegas	Filipino	1	0.000%
A	Cesar C. Zalamea	Filipino	1	0.000%
A	Reynaldo P. Mendoza	Filipino	41,222	0.035%
A	Leopoldo S. Sison III	Filipino	31,702	0.027%
A	Ma. Mignon D. De Leon	Filipino	10,000	0.008%
A	Lina G. Fernandez	Filipino	38,022	0.032%
A	Max D. Arceño	Filipino	511	0.000%
A B	Hermogene H. Real	Filipino	17,700 100	0.015% 0.000%

As a Group

Class A Convertible Preferred	Filipino	59,262 shares[4]	27.302%
Class A Common	Filipino	55,111,612 shares[5]	46.890%
Class B Common	Filipino	14,583,954 shares[6]	18.790%

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

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

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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

PART IV – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

Please refer to attached 2014 ANNUAL CORPORATE GOVERNANCE REPORT (2014 ACGR) mark as Annex "B".

PART V – EXHIBITS AND SCHEDULES

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

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

- Statement of Management's Responsibility for Financial Statements

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[4] Include 59,262 shares, the record owner of which is Fairmount Real Estate which is presently in trust by PCGG.
[5] Include 10,278,125 and 21,306,830 sequestered shares, the record owners of which are Palm Avenue Holdings Company (PAHC) and/or Palm Avenue Realty Corporation (PARC) and presently held in trust by PCGG. Also included is 21,874,909 shares, the record owner of which is Palm Avenue Holding Co., Inc.
[6] Include 14,560,000 shares, the record owner of which is Palm Avenue Realty and Development Corporation.

- Independent Auditors' Report
- Audited Consolidated Financial Statements and Notes for the year ended December 31, 2014.
- Independent Auditors' Report on Supplementary Schedules
- Schedules
- Other Schedules
- Benguet Corporation (Parent) Audited Financial Statements for year ended December 31, 2014.

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

Date of SEC Form 17-C	Description of Disclosure
03.27.15	Board approval on the setting of Annual Stockholder's Meeting on May 28, 2015, 3 PM at the Manila Golf and Country Club, Inc., Harvard Road, Forbes Park, Makati City, with record date of April 17, 2015
03.27.15	1. Board approval on the Audited Consolidated Financial Statements (ACFS) of the Company as of year ended December 31, 2014 and authorized the issuance of the Company's 2014 ACFS as audited by Sycip Gorres Velayo and Company. 2. Board acceptance/approval on the resignation of Mr. Rogelio C. Salazar as Director effective March 27, 2015. 3. Board elected Mr. Macario U. Te as Director representing Common Class A and Convertible Preferred Class A stocks of the Company, in replacement of Mr. Rogelio C. Salazar, who resigned as Director. 4. Board approval on the following amendments to the Company's amended Articles of Incorporation and By-Laws: a. Article Sixth of the Articles of Incorporation and Article III of the By-Laws - Increasing the number of members of the Board of Directors from 10 to 11. b. Article Seventh of the Articles of Incorporation and Article I, Section 1 of the By-Laws – Changing the Par Value of both Common Class A and Class B shares from Php3.00 to Php1.00 per share. c. Article Seventh (B) of the Articles of Incorporation and Article VI of the By-Laws on affirmative vote of the holders of two third (2/3) of the total outstanding shares, regardless of class, is required to approve the following corporate acts: (i) Amendment of Articles of Incorporation; (ii) Delegation of power to the Board of Directors to amend, repeal or adopt new By-laws; (iii) Increase or decrease in authorized capital stock; and (iv) Any sale, exchange, lease, mortgage or other disposition of all or substantially all of the assets of the corporation, d. Article IV, Section 3 of the By-Laws – Deletion of provision on the authority given to one of the Vice Presidents to be in-charge of all mining operations, and have general control and supervision over all exploration and development activities of the Company. e. Article Seventh of the Articles of Incorporation and Article 1 Section 1 of the By-Laws – Creation of a new class of shares to be called "Redeemable Non-Retirable Common Class B Shares" with Par Value of Php1.00 per share. . f. Article Seventh of the Articles of Incorporation – Deletion of the provision on amendment made on 28 December 1973 which reclassified outstanding Common Shares (Class A and B)to Common Class B shares, due to the non-implementation of the provision. 5. Board approval on continuing authority for Management to redeem/buy back

	shares voluntarily offered by shareholders at terms and prices determined by the Management based on existing market conditions and subject to compliance of legal requirements on redemption/buy back.
02.23.15	Receipt of Benguetcorp Nickel Mines, Inc. (BNMI) from MGB Region a temporary lifting of suspension on the extraction of ores and future expansion of mining areas.
01.14.15	Receipt of Benguetcorp Nickel Mines, Inc. (BNMI) from MGB Region 3 a temporary lifting of CDO
12.03.14	Receipt of Benguetcorp Nickel Mines, Inc. (BNMI) a temporary permit from MGB Region 3 to transport nickel-laterite stockpile in the mine site
11.11.14	Resignation of Mr. Pablo Gabriel R. Malvar, Vice President, Business Development effective December 1, 2014.
11.03.14	Press Release entitled "Benguetcorp Nickel Mines, Inc. (BNMI) Ushers in Holiday Season to Sta. Cruz Communities via Various Donations".
09.29.14	Retirement of Mr. Bienvenido M. Araw III, Senior Vice President, Project and Organization Development effective October 1, 2014
09.03.14	Promotion of Mr. Leopoldo S. Sison III to Senior Vice President, Nickel Operation of Benguet Corporation effective September 5, 2014.
08.29.14	Retirement of Mr. Roland P. de Jesus, Vice President, Human Resource and Administration effective August 31, 2014; and Appointment of Virgilio C. Cawagdan, Assistant Vice President, Mill and Metallurgical Division of Acupan Gold Project effective September 1, 2014.
08.14.14	Board approval on the appointment of Engr. Arsenio K. Sebial, currently member of the Management Advisory Board, as Officer-In-Charge of the Company effective August 15, 2014.
07.24.14	Receipt of Benguetcorp Nickel Mines, Inc. (BNMI) an Order from MGB Region 3 suspending the extraction of ores and future expansion of mining areas.
06.30.14	Retirement of Mr. Marcelo A. Bolaño, Senior Vice President, Engineering, Research and Project Development effective July 1, 2014.
05.28.14	Results of May 28, 2014 Annual Stockholders' Meeting and Reorganizational Meeting of the Board of Directors of the Company.

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April __, 2015 MANDALUYONG CITY APR 16 2015

BENGUET CORPORATION
(Issuer)

By:

BENJAMIN PHILIP G. ROMUALDEZ
President & Chief Executive Officer
Principal Executive Officer

ARSENIO K. SEBIAL, Jr.
Officer-In-Charge
Principal Operating Officer

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

HERMOGENE H. REAL
Corporate Secretary

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

SUBSCRIBED AND SWORN to before me this ___ day of April, 2014 at Makati City APR 16 2015 MANDALUYONG CITY. Affiants exhibited to me their identifications to wit: Mr. Benjamin Philip G. Romualdez with Social Security System No. 33-5830866-8, Mr. Renato A. Claravall with Social Security System No. 03-2890762-3, Atty. Hermogene H. Real with Social Security System No. 03-3235876-3 and Arsenio K. Sebial, Jr. with Social Security System No. 06-0555463-4 all are issued by the Office of the Social Security System, Philippines.

LINA G. FERNANDEZ
NOTARY PUBLIC UNTIL DEC. 31, 2015
COMMISSION No. 0268-15
65 SIKAP ST., MANDALUYONG CITY
ROLL OF ATTORNEYS No. 52122
IBP No. 0981323/JAN. 5, 2015/RSM
PTR No. 2253629/JAN. 5, 2015/MANDALUYONG
MCLE No. V-0003762, SEPT. 25, 2014

Doc. No. 109
Page No. 23
Book No. I
Series of 2015

ANNEX "A"

THE CHAIRMAN'S & PRESIDENT'S STATEMENT

To our dear shareholders,

For over a century, your Company has beena major player in the gold business, with gold sales accounting for the bulk of its consolidated gross revenues. In the last five years, however, your Company has evolved with nickel ore sales accounting for 66% of consolidated gross revenues at the close of 2014 versus 46% as of end-2010. Your Company's 2014 performance closely tracked the results of its nickel business and 2014 was indeed an eventful year for nickel.

CONSOLIDATED RESULTS

Consolidated revenues for the year reached ₱3.018 billion, a record for your Company, which last attained this revenue level way back in 1994. Year-on-year, this represented a ₱0.705billion or 30% upswing from the prior year's ₱2.313 billion. Of the total, the two main business lines contributed 90% with ₱1.983 billion or 66% accounted for by the nickel business and ₱809 million or 27% by gold production.

The surge in our nickel business was driven by both demand and price. While gold prices remained generally soft for the year, dipping below our target, averaging at US$1,271 per ounce, the prices of nickel ore soared. Demand for Philippine nickel spiked following Indonesia's ban on the export of raw ore which propelled the price of 1.8% grade nickel ore to a high of US$118 per ton early in May. Volume-wise, both mining businesses improved, nickel ore shipped totaled 1,064,164 tons edging past the 2013 tonnage of 1,006,784 in a truncated operating period. Gold sold likewise increased by 19% year-on-year reaching 14,258 ounces by the close of 2014.

Meanwhile, consolidated net income settled at ₱97.2million. This is close to a ₱90million or 1,168% improvement from the previous year's ₱7.7 million, again achieved at the back of better margins in the nickel business brought about by the increase in prices.

As a result, total equity closed at ₱3.512 billion in 2014, up by ₱123.3 million or 4% from the 2013 balance of ₱3.389 billion.Consolidated assets, on the other hand,settled lower at ₱7.122 billion at the end of 2014 from the 2013 balance of ₱7.185 billion as your Company promptly retired its bank loans.

OPERATIONAL HIGHLIGHTS

MINING

The Nickel Operations

2014 was a crucial year for your Company's wholly-owned subsidiary, BenguetCorp Nickel Mines, Inc. (BNMI), the operator of the Sta. Cruz nickel mine in Zambales, northern Philippines. For starters, BNMI recorded a complete turnaround, bringing in 72% or ₱70.3 million of your Company's total income, from a net loss of ₱84.4 million in 2013. This was achieved as a result of higher tonnage shipped and higher average prices with revenues climbing to ₱1.983 billion in 2014, up 54% from 2013's ₱1.289 billion.

BNMI exported a total of 1.064 million tons of nickel ore ranging from 1.51% to 1.88% Ni grade in 2014, compared to 1.007 million tons ranging from 1.71% to 1.88% Ni grade in 2013 representing an increase of 5.7% in total ore exports. Due to Indonesia's ban on the sale of unprocessed nickel ore, the nickel business experienced record-high prices for all ranges of ore grade with 1.8% grade recording a market high of US$118 per ton in early May and the 1.5% grade reaching a high of US$84 per ton during the same period. This is reflected in the increase in the average selling price of BNMI's nickel exports, across various grades, from US$30.35 in 2013 to US$40.12 per ton in 2014.

While BNMI tried to maximize this opportunity to meet demand at such high prices, it was not able to do so due to regulatory constraints. On June 9, 2014, the Environmental Management Bureau (EMB) Region III issued a Cease and Desist Order (CDO) on the ore transport operations of BNMI. On July 15, 2014, the Mines and Geosciences Bureau (MGB) Region III suspended the extraction of ores and future expansion of mining areas of BNMI. Other mining companies operating in the Zambales area were similarly affected by the EMB/MGB orders.

The issues raised by the agencies leading to the suspension of nickel mining activities in Zambales pertain to the perceived lapses in mining practices, hauling conduct and environmental monitoring and control infrastructure and systemsaffecting river systems and waterways; farms; fishponds and communities.

BNMI has since progressively acted on and completed its rehabilitation programs to mitigate and address the issues.In recognition of BNMI's substantial compliance to these regulatory requirements, the EMB temporarily lifted the hauling CDO on BNMI on December 02, 2014. MGB has likewise ordered a temporary lifting of its suspension order on BNMI's mining operations on February 20, 2015. A permanent lifting would be achieved through BNMI's (and other mining companies') continuing conformity to the environmental practices and standards set forth in the orders of the regulatory agencies.

As BNMI worked to resolve its regulatory issues, it simultaneously revamped its operating systems and processes. It implemented a per-metric costing scheme of mining and related works resulting in a considerable reduction in operating expenses, which further strengthened margins. This per output costing system likewise enabled the business to make informed and prompt decisions in the face of constantly moving market conditions.

Key organizational changes were likewise executed to beef up the operational expertise and improve the value chain in the mines. A new management team was created to implement these best practices.

BNMI has also completed its pre-feasibility study on the various nickel processing technologies suitable to its ore characteristics and environment. The study was completed by a reputable Chinese company and the results will be part of the planning for the downstream opportunities for the nickel business moving forward.

The Gold Operations

Your Company's gold operations continued to build capacity in 2014, implementing new conveying systems and milling procedures. Run of mine ore milled increased by 50% with volume of ore reaching 90,220 DMT this year, from 59,998 DMT in 2013. Total tonnage milled in 2014 including the production of the contractors reached 119,554 tons, up by 35% from the prior year's 88,756 tons.

Revenues from the gold operations in 2014 reached Php 809million, an increase of 14% from last year's revenues of ₱709 million. The jump in revenues was derived from the sale of 14,258 ounces which is 19% higher than last year's 11,967 ounces on a gross basis. Despite the jump in volume sold, the gold operations closed at anet loss of ₱10.4 million, higher by 21% from the previous year's loss of ₱8.6 million due largely to shrinking margins brought about by the further softening of gold prices. Gold prices averaged at US$1,271 per ounce in 2014, a 10% drop from the prior year's average of US$1,409 per ounce.

The Acupan Gold Project continues to improve its mine and mill equipment and machineries in preparation for future production expansion from 300 tpd to 500 tpd. A new mill process that will be fully commissioned in 2015 is designed to improve gold yield while reducing costs. These process changes are in preparation for its mine development program which targets to convert reported ore resource potential to mineable tonnage. This will be supported by a drilling program of 25 boreholes totaling 1,439 meters from surface and underground for the year.

Your Company also installed a new team in the mining and mill operations to ensure that the efficiencies we are targeting will be realized as planned. Your Company is investing in these critical areas to ensure sustainability in the coming years.

<u>The Lime Operations</u>

The Irisan Lime Project (ILP) has been consistently delivering on its targets and this year generated a pre-tax profit of ₱10.2 million in 2014, lower by 36.5% than the previous year's earnings of ₱16.2 million.The drop in earnings was mainly due to non-recurring expenses from the planned expansion to increase capacity. Volume production grew 8.8% to 9,906 tons in 2014 compared to the 2013 level of 9,102 tons.

Capacity was increased to serve additional demand from an expanding client base. The rehabilitation of the third kiln was completed for an additional 600 tons per month capacity.

SUBSIDIARIES AND AFFILIATES

Benguet Management Corporation (BMC) is composed of subsidiaries involved in the logistics, trade and real estate businesses. Consolidated revenues for this period amounted to ₱769.0 million or 12% lower than ₱874.5 million in 2013.On the other hand, net income increased by 44% reaching ₱20.1 million from the 2013 level of ₱14.0 million. The major income contributor was Arrow Freight Corporation, the logistics contractor of BNMI, with ₱12.3 millionat the close of 2014. Going forward, the income performance of BMC will strongly mirror that of BNMI.

Benguetcorp Laboratories Inc. (BCLI), the healthcare services subsidiary of your Company ended the year 2014 with a new addition to its portfolio of clinics – the MedCentral Oncology Clinic, launched in the middle of the year. The highly-specialized facility located in Makati City offers chemo infusion treatment services for cancer patients within an integrative healing environment.

BCLI's MedCentral clinic facilities, all of which have been fully operational this year, generated ₱45.6 million in revenues, 60% higher than previous year's ₱28.5 million. Investments in new facilities, developmental costs and additions to the working capital pushed operating expenses up, resulting in a net loss of ₱28.3 million as compared to a loss of ₱5.7 million in the same period last year. With that behind them and with increasing brand recognition, BCLI will continue to strive to show improved results in the coming year.

There were still no activities for Benguetcorp International Limited (BIL), Benguet's Hongkong-based and wholly-owned subsidiary for international operations in 2014. There have been exploratory discussions regarding possible activities for BIL's 100% owned subsidiary, BenguetCorp Canada Limited (BCL) in Vancouver, B.C. while BenguetCorp USA Limited (BUSA) in Nevada, USA still hold interest in gold and silver mining properties located in Royston Hills, Nevada, USA.

EXPLORATION, RESEARCH AND DEVELOPMENT

<u>Balatoc Tailings Project (BTP) in Itogon, Benguet Province</u>

The renewal of the Mineral Processing Permit (MPP) for BTP was initiated and is, as of this writing, underway. This project has been temporarily suspended pending the review of its mineral resource report, metallurgical and technical processes and its financial impact.

<u>Ampucao Copper-Gold Prospect in Itogon, Benguet Province</u>

Ampucao is a viable prospect involving a typical deep-seated porphyry copper-gold deposit, based on the initial surface and underground geological information.It sits within your Company's claim areas and branches out of your Company's Acupan Mine. Further exploration works shall commence after the Application for Production Sharing Agreement (APSA) which was filed is reconsidered.

FTAA Ilocos Norte and Apayao Provinces

Your Company, through its subsidiary company Sagittarius Alpha Realty Corporation (SARC), holds two (2) pending applications for Financial Technical Assistance Agreement (FTAA) denominated as AFTA No. 003 and AFTA No. 033. The AFTA No. 003 with an area of 21,513.37 hectares is within the provincial jurisdiction of Ilocos Norte, whereas AFTA No. 033 consisting of 51,892.92 hectares is situated in Apayao province. Bothmineral claims lie within the porphyry copper-gold and epithermal gold mineralization belt of Northern Luzon. Your Company has already completed four-(4) out of the five-(5) required Memoranda of Agreement (MOA) with the Indigenous People (IP) of Ilocos Norte and is now awaiting confirmation from the National Commission on Indigenous Peoples (NCIP) of the Free, Prior, and Informed Consent (FPIC) process.

Surigao Coal

Benguet Corporation has acquired a coal property in Surigaodel Sur under a Royalty Agreement with Diversified Mining Company (DMC) in the 1980s. The property consists of 12 coal blocks measuring 12,000 hectares in total area. Six (6) coal blocks were extensively explored by way of mapping, trenching, drilling, geophysics, electrical logging and topographic surveying. Your Company is in the process of completing its work program to extend the exploration permit (EP) on the property.

ENVIRONMENTAL PROTECTION

Your Company is committed to the protection and enhancement of the environment by ensuring that its mining operations are compliant with the rules, regulations and policies of the DENR-MGB, EMB and other concerned government agencies and institutions. The Company continues to implement all activities embodied under the Annual Environmental Protection and Enhancement Program (AEPEP),spending a total of Php 103.7million for 2014 versus the budget of Php 26.8million to meet the conditions on land, water and air quality standards set forth under the Environmental Compliance Certificates (ECCs) issued for its mining, stockyard and port operations. All the approved programs, projects and activities in the AEPEP and ECCs are regularly monitored and validated on a quarterly basis by the Multi-Partite Monitoring Team (MMT), commissioned by the Mine Rehabilitation Fund Committee (MRFC). The MMT is a multi-sectoral team composed of representatives from the MGB Regional Office, the DENR Regional Office, the company, a non-government organization (NGO), the host community, and indigenous people (IPs), if any.

In the nickel mining areas in Zambales: BNMI

In 2014, your Company's nickel operations spent a total of ₱86.7 million in the implementation of the various environmental mitigation and enhancement measures, not only to meet compliance requirements but also to address community environmental issues:

1. Construction and upgrading of settling ponds with a total additional 30 settling ponds with increased volume capacities. The inlets and outlets of the existing 29 settling ponds were improved through installation of armour rocks, gabions and ripraps.

2. BNMI constructed additional silt traps within its tenement area, along drainage network systems and hauling roads. Continuous desilting specifically after heavy rains on engineering protection structures have been made. A total of 34.23 hectares of farmlands owned by 65 farmers were provided rehabilitation support/assistance in Barangays Guisguis, Lomboy, Tubo-Tubo North and Tubo-Tubo South. Financial support for the desilting of irrigation canals and soil amelioration programs were extended to the Farmers' Irrigators Association and non-irrigated farmlands. Compensation amounting to ₱2.8 million was disbursed to affected farmers.

3. River embankment stabilization of the 4.5 km stretch of the Panalabauan River, and 550 meters of the Dampay Creek were also undertaken. Together with other mining companies in the area, BNMI participated in the dredging of the 4.1 stretch of the Alinsaog River, a tributary of the Sta. Cruz River.

Your Company's continuous environmental and social commitment is also manifested on its desilting project of fishpond areas with 11 fishpond owners as beneficiaries. In addition, BNMI takes its role on the National Greening Program of the DENR seriously within and outside its tenement areas through the conduct of reforestation activities, establishment and maintenance of company and community-based nurseries, development of seed banks of endemic forest tree and fruit bearing tree species, establishment of MOA between the DENR on the preservation of the Zambales Pine Mother Trees which is a source of good quality seeds.

For 2014, BNMI planted 146,941 of mixed species of Acacia mangium, Acacia auriculiformis, Mindoro Pine, Agoho species within the company's tenement area covering an approximately 178 hectares against the target of 180 has for 2014 On the other hand, BNMI vegetated the 40 has. of the assigned NGP area at Guinabon, Sta. Cruz, Zambales and the embankments of Panalabauan River for protection against soil erosion. BNMI planted 20,000 mixed species of Bamboos, Agoho, Napier and Vetiver grasses on such areas. In response to the National Solid Waste Management Program of the Philippines under Republic Act No. 9003, the Company launched and implemented the "3-year *Luntian and Malinis na Kapaligiran Program*" wherein BNMI employees conduct twice (2) a month cleaning of national roads in Sta. Cruz, Zambales and at the same time installing waste recycle bins and ornamental plant boxes.

Information Education Campaign (IEC) on household solid waste management, skills development for recycling as a source of livelihood by the communities and Material Recovery Facilities (MRF) construction in the 9 host barangays are the major components of the Program.

In compliance with the road worthiness of hauling operations from the mine site to designated stockyard areas, BNMI constructed 8 wash bays equipped with silt boxes, closed circuit television (CCTV), pressure washers and air compressors for the cleaning of truck tires, and dump boxes before allowing the trucks to cross the Cabaluan River and entering the national highways. Likewise, continuous road cleaning, watering, repair and maintenance are being undertaken.

<u>In its Benguet District Operations: BGO</u>

Your company spent ₱17 million for the implementation of environmental, mitigating measures, progressive rehabilitation, and environmental parameters monitoring. The Acupan Gold Project (AGP) completed the rehabilitation and backfilling of a new diversion tunnel 1 (NDT). An on-going NDT 2 &3 declogging & concreting repairs, regular detoxification, and facility maintenance are being conducted. A tailings pipe was re-routed to the discharged area and new pipes were installed at the catchment tank area. Tailings Storage Facility (TSF) 2A is 100% accomplished for Elevation 768 meters and TSF 2 is 95 % accomplished for elevation 768. Installation of a new scrubber at Assay, construction of a new oil water separator, and sounding & topographic survey of Antamok's Tailings Storage Facility (TSF) were also completed. Other preservation of existing structures includes the construction of new deflection wall at Pittsburgh, replacement of stopper boards and rehabilitation of boulder/debris trap at Luneta Claycreek Inlets, and repair of damaged basewall at Luneta Proper Rd.

Your company is also conducting regular daily, monthly and quarterly water sampling with concerned agencies. Ambient air stack sampling and noise monitoring was supervised by an accredited third party environmental service provider last August 14-16, 2014 showing results within the government standards.

For our National Greening Program, the company expended Php1.1million for Agroforestry and Reforestation Programs. Nursery Development & Seedling Production were accomplished and 30 hectares maintenance & protection activities were validated by the Multi-partite Monitoring Team (MMT) last August 20, 2014. Strip brushing and spot cultivation, fertilizer application and replanting were conducted. The Benguet District replanted 19,050 Benguet pine seedlings. A total of Php1.5million was also spent for other environmental activities, waste management, and for regulatory agencies monitoring activities.

Your Company adheres strictly to and sustainably abides by the principles of responsible mining that consistently follows and complies with all environmental policies, rules and regulations set forth by the regulatory agencies in the conduct of mining and port operations.

COMMUNITY RELATIONS

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

On Human Resource Development and Institutional Building: Your Company has improved the barangay management system through various seminars on Fiscal Administration and Good Governance, New Government System, Seminar/Training of Brgy. Tanod, Training/Seminar of BHW, Barangay Nutrition Scholars, Lupon Members, training programs for Barangay Secretary, Capacity Building Seminar for community leaders and series of benchmarking activities. Your company also empowered the youth through various skills trainings and job placement assistance. Barangay facilities and equipment have likewise been improved.

On Enterprise Development and Networking: Your Company continued to promote economic development by supporting various livelihood farm-based projects such as goat and pig raising and dispersal, swine fattening, soil amelioration projects, community-based nursery programs and constructed solar dryers and irrigation rehabilitation. Organic fertilizers and herbicides have been distributed to indigent farmers. Entrepreneurial trainings on Recycling, Electrical Maintenance, Electrical Installation, and Beauty Care have been conducted.

On Infrastructure Development and Support Services: Your Company provided assistance in the rehabilitation and maintenance of structures and facilities such as three (3) hanging bridges, Health Centers, Multi-Purpose buildings, Day Care Centers, Senior Citizens Training Center, and Clinic protection fences. Other projects included road concreting, construction of farm-to-market road, concreting of pavements, installation of protection fences and railings, construction of concrete canals, concreting of basketball grounds and maintenance of eco-trails in support to the tourism program of the government.

On Education and Educational Support Programs: Your Company has adopted annual school events, sponsored school activities and provided educational supplies and equipment. Your Company also continued to implement the scholarship program in High School, Vocational Tech and College Scholarship benefiting more than 300 students from the various host communities. Your company provided assistance to Day Care workers and Child Development workers, arranged and conducted educational tours, provided special programs for employment of students. Your Company continues to provide assistance to sports activities, school athletes, and coaches.

On Health Services, Health Facilities and Health Professionals: Your Company has provided free medical consultations, free medicines, medical diagnostics, dental services, ophthalmology services, minor surgeries, circumcisions through Medical Missions in the host communities. Your company also implemented school-based feeding programs and Philhealth Sponsorship programs with beneficiaries from the host communities. A generator set has been donated to the Sta. Cruz, Zambales Municipal Hospital to ensure that continuous medical services can be achieved during calamities or a power interruption.

On Socio-Cultural Activities and Education: Your Company also sponsored various socio-cultural activities, including IP customs and traditions. Ethnic musical instruments and costumes have been provided to various host communities for use in keeping these traditions alive among the children of today.

Use of In-plant Facilities: Your Company continued to share its facilities to its host communities for various use such as the Multipurpose Centers, Activity Centers/Halls, Fitness Hub, ambulance, service for emergency cases in the community, as well as use of company clinics and health personnel and also use of company vehicles for community events and field trips.

Your Company likewise adheres to the promotion of public awareness and education of community members on mining activities and technology. Your Company has conducted information campaign program to over 5,000 individuals. Total expenditure for your Company's 2014 programs and projects for the communities amounted to approximately Php 7.74million or 45% of its budget. Your Company is geared up to realize the remaining ₱9.36 million it has committed for its communities.

Community Services

Your company implemented various community services which supplement the general welfare programs provided by the national and local government.As a socially responsible organization, your Company alsoresponded to natural calamities and provided assistance not only to the communities they operate in but other areas as well. Your Company, through its gold and nickel operating groups, and its logistics support units have conducted relief operations in the aftermath of various typhoons and severe effects of continuous inclement weather.To date, BCLI continues to lead your Company's involvement in mission operations in Leyte post typhoon Yolanda through long term projects focused on rehabilitation, recovery and rebuilding.

OUTLOOK

The Company expects a correction in nickel market prices and we see the average nickel prices stabilizing next year as the Chinese market moves to consume existing stockpiles and upgrade production facilities. The slowing down of the economic growth in China also means that demand for stainless steel and other products requiring nickel will be more moderate in the coming years.

Your Company has made major strides in the nickel mining operations to make it more efficient and responsive. By applying best practices from mine planning to shipping and by being compliant on all regulatory aspects, we expect to retain sufficient margins due to operational efficiency in anticipation of lower nickel average prices. Nickel will continue to be the primary driver of the Company's growth.

The gold operations is poised to benefit from the commissioning of a new beneficiation process. The process improvementguarantees to bring down operating costs considerably, generating healthier margins in the wake of soft prices. The planned expansion in gold production should also buoy the overall performance of this segment and make gold a strong revenue contributor.

Your Company will also seriously pursue all avenues to create strategic partnerships to jumpstart the development of some of the properties in its portfolio. The aim is to build a pipeline to support the existing mining operations and their predicted mine life.

The creation of the Corporate Governance Committee in 2014 and the implementation of its policies iterates our intention to adhere to the operational and reporting standard, required ofpublicly-listed companies. The Corporate Governance Committee will enforce a solid and sound framework that ensurestransparency and accountability.

You can be assured that your Company will work as partners with the regulatory agencies in the conduct of responsible mining, delivering its obligations to protect the environment and to contribute in the development in society in the pursuit of sustainability.

ACKNOWLDGEMENT

Your Company would like to express its gratitude to the unwavering support of all the stockholders. The invaluable contribution of the members of the executive committee down to the operations teams made 2014 a tough but fulfilling year. The hard work put forward by our compliance teams - the Enviro, ComRel, Legal and Operations teams- who were relentless in implementing the conditions set by the regulators have ensured sustainability. Operational enhancements are being and will continue to be performed.

We thank our loyal employees who performed excellently amidst the challenges and changes that the company faced. We thank the members of our Board for their confidence, support and guidance.With this unstinting involvement of all our stakeholders, the Company is well on its course to achieving further growth.

DANIEL G. ROMUALDEZ	BENJAMIN PHILIP G. ROMUALDEZ
Chairman of the Board	President & Chief Executive Officer

ANNEX "B"

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT (ACGR)

1. Report is Filed for the Year: 2014

2. Exact Name of Registrant as Specified in its Charter: BENGUET CORPORATION

3. 7TH Floor Universal Re-Building, 106 Paseo de Roxas, Makati City — 1226
   Address of Principal Office — Postal Code

4. SEC Identification Number: 11341

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number: 000-051-037

7. (02) 812-1380 / (02) 751-9137
   Issuer's Telephone number, including area code

8. …… Not Applicable ....
   Former name or former address, if changed from the last report

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A. BOARD MATTERS
1) Board of Directors

Number of Directors per Articles of Incorporation	10

Actual number of Directors for the year	10

(a) Composition of the Board
Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected/appointed[1] (if ID, state the number of years served as ID)[2]	Elected when (Annual /Special Meeting)	No. of years served as director
Daniel Andrew G. Romualdez	ED	-	-	October 22, 2002	May 28, 2014	ASM	12
Benjamin Philip G. Romualdez	ED	-	-	May 26, 1992	May 28, 2014	ASM	22
Cezar Zalamea	NED	-	-	October 9, 2013	May 28, 2014	ASM	1 Yr & 2 Mos.
Luis Juan L. Virata	NED	-	-	August 8, 1995	May 28, 2014	ASM	19
Maria Remedios R. Pompidou	NED	-	-	Oct. 25, 2000	May 28, 2014	ASM	14
Rogelio C. Salazar	NED	-	-	Aug. 25, 2010	May 28, 2014 and since 2010 as ID	ASM	4
Alberto C. Agra	ID	-	Herminia G. Albar – No relation	Aug. 25, 2010	May 28, 2014	ASM	4
Andres G. Gatmaitan	NED	-	-	Feb 10, 1987	May 28, 2014	ASM	27
Isidro C. Alcantara, Jr.	ED*	-	-	Nov. 14, 2008	May 28, 2014	ASM	6
Benardo M. Villegas	ID	-	Rebecca R. Rapisura – No relation	June 25, 1998	May 28, 2014 and Since 2002 as ID	ASM	16

* Mr. Alcantara was appointed by the Board as Executive Director in the board meeting held on April 2, 2014 and was re-appointed in the organizational board meeting held on May 28, 2014.

Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Brief summary of corporate governance policy
The Board of Directors is a strong advocate of good corporate governance as evidenced by the adoption of a Manual on Corporate Governance (revised as of July 16, 2014) to institutionalize the principles of good corporate governance in the entire organization. The Board and Management commit themselves to the principles and best practices contained in the Manual and acknowledge that the same may guide the attainment of corporate goal. The Board, Management, employees and shareholders, believe that corporate governance is a necessary component of

[1]No election of directors was held because the 1993 Supreme Court Temporary Restraining Order (TRO) enjoining the holding of elections of directors has not been lifted. The Company's present set of directors, will remain in office on hold-over capacity until their successors shall have been duly elected and qualified.

[2] Reckoned from the election immediately following May 28, 2014.

what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible. [Revised Manual on Corporate Governance, page 1]

Policy on treatment of all shareholders, respect for the rights of minority stockholders and other stakeholders
The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. As such, the Board committed to respect the following rights of the stockholders: voting right, power of inspection, right to information, right to dividends and appraisal right. Although all stockholders shall be treated equally without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company. [Revised Manual on Corporate Governance, page 13]

Disclosure duties
The Board adopted the policy to fully disclose material information dealings at all times. It shall cause the filing of all required information for the interest of its shareholders and other stakeholders. It regularly posts corporate disclosures and reports on its website for transparency and easy access and reference.

Board responsibilities
It is the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives and fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. [Revised Manual on Corporate Governance, page 3]

How often does the Board review and approve the vision and mission?

The Board of Directors reviews and approves the Company's vision and mission as often as necessary The Board conducted a review of the Company's vision and mission in the last financial year (2013), during the annual strategy and business planning exercise for the Company.

(b) Directorship in Other Companies
(i) Directorship in the Company's Group[3]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Benjamin Philip G. Romualdez	Benguet Management Corp. Benguetcorp Nickel Mines, Inc. Benguet Pantukan Gold Operation Acupan Gold Mines, Inc. Benguetcorp Laboratories, Inc. Benguetcorp International Limited (Hongkong) BenguetCorp Canada, Ltd	NED – Chairman NED- Chairman NED - Chairman NED – Vice Chairman NED – Vice Chairman NED NED
Maria Remedios R. Pompidou	Benguetcorp Laboratories, Inc.	Chairman
Andres G. Gatmaitan	Benguetcorp Nickel Mines, Inc.	NED
Bernardo M. Villegas	Benguetcorp Nickel Mines, Inc.	ID
Isidro C. Alcantara, Jr.	Balatoc Gold Resources Corp. Benguetcorp Nickel Mines, Inc. Benguet Management Corp. BenguetCorp. Laboratories, Inc.	NED NED NED NED
Alberto C. Agra	Balatoc Gold Resources Corp. Benguetcorp Nickel Mines, Inc.	ID ID

[3] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Andres G. Gatmaitan	Holcim Philippines	Independent Director
Isidro C. Alcantara, Jr.	Marcventures Holdings, Inc. Bright Kindle Resources and Investment, Inc.	Executive Director Non-Executive Director
Cesar C. Zalamea	Marcventures Holdings, Inc. Bright Kindle Resources and Investment, Inc.	Chairman Chairman

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
	None.	

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	*The CEO and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent or non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised. [Revised Manual on Corporate Governance, Multiple Board Seats, p.2]*	*Directors shall submit themselves to low indicative limit on membership in other corporate Boards. The optimum number shall be related to the capacity of a director to perform his duties diligently in general. [Revised Manual on Corporate Governance, page 3]*
Non-Executive Director		
CEO		

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company.

As of December 31, 2014, below is the information as to each class of securities of the Company beneficially owned by Directors. The Company is not aware of any indirect beneficial ownership of its directors.

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Daniel Andrew G. Romualdez	Class A – 7	-	0.000%
Benjamin Philip G. Romualdez	Class A – 23 Class B – 551	-	0.000% 0.001%
Cezar C. Zalamea	Class A – 1	-	0.000%
Luis Juan L. Virata	Class A – 78, 001 Class B - 23,200	-	0.066% 0.030%
Maria Remedios R. Pompidou	Class A – 5	-	0.000%
Rogelio C. Salazar	Class A – 100 Class B – 100	-	0.000% 0.000%
Alberto C. Agra	Class A – 1	-	0.000%
Andres G. Gatmaitan	Class A – 152 Class B – 1	-	0.000% 0.000%
Isidro C. Alcantara, Jr.	Class A – 1,434,400 Class B – 1	-	1.220% 0.000%
Bernardo M. Villegas	Class B – 1	-	0.000%
TOTAL	Class A – 1,512,690 Class B - 23,854	-	Class A- 1.287% Class B – 0.031%

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [X] No [ ]

Identify the Chair and CEO:

Chairman of the Board	DANIEL ANDREW G. ROMUALDEZ
CEO/President	BENJAMIN PHILIP G. ROMUALDEZ

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	The respective roles of the Chairman of the Board and the Chief Executive Officer are complimentary and ensure an appropriate balance of power, increased accountability and further provide a greater capacity of the Board for independent decision making. *[Revised Manual on Corporate Governance, The Chairman and Chief Executive Officer, p.3]*	
Accountabilities Deliverables	It shall be the duty of the Chairman to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy, preside at all meetings of the Directors and stockholders of the Company, and hold board meetings in accordance with the by-laws or as he may deem necessary.	It shall be the duty of the President to sign stock certificates, documents, countersign checks, and to respond in general for the conduct of the subordinate officers of the Company. He may also, at is discretion, perform the duties hereinafter delegated to the Treasurer of the Company. *[Article IV, Sec 2, Amended By-Laws]*

Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

It is one of the duties and responsibilities of the Board to install a process of selection to ensure a mix of competent directors and officers and adopt an effective succession planning program for management. Further, the Company's Nomination Committee is tasked to assess the effectiveness of the Board's processes and procedures in the election and *replacement of directors. The Committee is likewise tasked to pre-screen and shortlist all candidates nominated to become a member of the board of directors and other appointments that require Board approval in accordance with the qualifications and disqualifications set under the Revised Manual on Corporate Governance. [Manual on Corporate Governance, Nomination Committee, page 6.]*

3) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.
Yes. As stated above, to ensure a mix of competent directors and officers, it is one of the responsibilities of the Board to install a process of selection.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.
Yes. In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, one of the qualifications of a Director set under the Revised Manual on Corporate Governance is that "[h]e shall have a practical understanding of the business of the Company or have previous business experience." [Revised Manual on Corporate Governance, Qualifications of a Director, page 6.]

The Company has a non-executive director who has had prior work experience in the sector or broad industry group to which the Company belongs. Rogelio C. Salazar's experience in operations and management in mining extends over 21 years with Atlas Consolidated Mining and Development Corporation (ACMDC) in various capacities in the operations as Foundry Superintendent (1966-1969), Metallurgical Division Manager (1969-1974), Asst. Vice President for Metallurgy (1969-1974), Asst. Vice President for Administration and Services (1977-1979), and in top management as President & Chief Executive Officer and as Board of Director (1989 – 1997). Formerly, he was President (1990-1992) and Director (1989-1997) of the Chamber of Mines of the Philippines.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. As the director's office is one of trust and confidence, he shall act in a manner characterized by transparency, accountability and fairness. Compliance with the principles of good corporate governance shall start with the Board of Directors.		
Accountabilities	The Executive Director [management] shall be primarily accountable to the Board. He shall provide all members of the Board with a balanced and understandable account of the Company's performance, position and prospects on a monthly basis. It shall be the duty of the President to sign stock certificates, documents, countersign checks, and to respond in general for the conduct of the subordinate officers of the Company. He may also, at is discretion, perform the duties hereinafter delegated to the Treasurer of the Company. *[Article IV, Sec 2, Amended By-Laws]*	The Board shall be primarily accountable to the shareholders. The Board shall provide the shareholders with a balanced and understandable assessment of Company's performance, position and prospects on a quarterly basis. The Board shall be primarily responsible in making financial reporting and internal control. A director shall observe the following norms of conduct: • Conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions; • Devote time and attention	The same accountabilities with non-executive directors. In addition, independent directors should always attend Board meetings.

		necessary to properly discharge his duties and responsibilities; • Act judiciously; • Exercise independent judgment; • Have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the rules and regulations of the Commission, and where applicable, the requirements of other regulatory agencies; • Observe confidentiality. The members of the Board shall attend the regular and special meetings.	
Deliverables	• Install a process of selection; appoint management officers; adopt a succession planning program; • Determine company's purpose, vision, mission and strategies to carry out its objectives; establish programs that can sustain its long-term viability and strength; evaluate and monitor its implementation, including business plans, operating budgets and management's overall performance; • Ensure compliance with all relevant laws, regulations and codes of best business practices; • Identify major and other stakeholders and formulate a communication policy through an effective investor relations program; • Adopt a system of communication towards the sectors in the community or areas affected by Company operations; • Adopt a system of checks and balances; • Identify key risk areas and key performance indicators and monitor these factors with diligence; • Adopt a system that ensure the integrity and transparency of related party transactions; • Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities; • Establish and maintain an alternative dispute resolution system; • Discharge Board functions by meeting regularly; • Keep Board authority within the powers of the institution; • Appoint a Compliance Officer.		The same deliverables with non-executive directors. In addition, an independent director identifies the most critical issues for the board to deal with and assist the Board in achieving consensus on important issues.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

An Independent Director shall mean a person other than an officer or employee of the Company, its parents or subsidiaries, or any other individual having a relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

Pursuant to the applicable rules and regulations of the SEC, the procedure for nominations and election of independent directors are set out under the Company's Amended By-Laws. Each director elected in the Annual Stockholders' Meeting issues a certification confirming his independence within thirty (30) days from his election. To maintain independence, it has been the policy of the Company that if an Independent Director becomes an officer, employee or consultant of the same *company, he shall be automatically disqualified from being an independent director while as officer, employee or consultant of the Company.*

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company follows the SEC's guidelines on setting the term limit for an Independent Director and will formalize its policy which will be consistent with the related SEC Memorandum Circular 9, Series of 2011 on the Term Limits for Independent Directors, which took effect on January 2, 2012.

4) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
None			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted(including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The Company's Nomination Committee is tasked to assess the effectiveness of the Board's processes and procedures in the election and replacement of directors. The Committee is likewise tasked to pre-screen and shortlist all candidates nominated to become a member of the board of directors and other appointments that require Board approval in accordance with the qualifications and disqualifications set under the Revised Manual on Corporate Governance. *[Manual on Corporate Governance, Nomination Committee, page 6.]* At all elections of Directors, each stockholder may vote the shares registered in his name in person or by proxy for as many persons as there are Directors, or he may cumulate said shares and give on candidate as many vote as the number of Directors to be elected multiplied by the number of his shares equal, or he may distribute them on the same principle among	In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the following additional qualifications of a Director are required under the Revised Manual on Corporate Governance: • Holder of at least one (1) share of stock of the Company; • At least a college graduate or have sufficient experience in managing the business to substitute for such formal education; • At least twenty-one (21) years of age; • Have proven to possess integrity and probity; • Have practical understanding of the business of the Company or have previous business experience; • If he is a member of a professional organization, he shall maintain good membership standing; and, • Shall be assiduous.

	as many candidates as he shall see fit; provided however, that the whole number of votes cast by him shall not exceed the number of shares owned by him as shown on the Company's stock transfer books multiplied by the whole number of Directors to be elected. *[Article II, Section 6. Cumulative Voting for Directors Only, Amended By-Laws]* In case of election of directors, the method of counting votes is as follows: If the number of nominees does not exceed the number of directors to be elected, the Secretary of the meeting, upon motion made and seconded, is instructed to cast all votes represented at the meeting in favor of the nominees. However, if the number of nominees exceeds the number of directors to be elected, voting is done by ballots. Counting of votes shall be done by the Corporate Secretary (or by his authorized representatives) or by independent auditors or by a Committee designated by the Board of Directors. The first six (6) nominees for Class A (Convertible Preferred and Common) and first four (4) nominees for Class B (Common) receiving the most number of votes will be elected as directors. All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, provided that quorum is present. *(SEC Form 20-IS, Voting Procedure.)*	
(ii) Non-Executive Directors	(Adopted same process as above)	(Same qualifications as above)

(iii) Independent Directors	• The Nomination Committee shall conduct the nomination of independent directors prior to every stockholder's meeting. • The nomination shall be submitted in writing to the Corporate Secretary not later than forty five (45) days prior to the date of the meeting. The recommendation shall be signed by the nominating stockholders together with the acceptance and conformity by the nominee. • The Nomination Committee shall screen the qualifications of all • candidates for independent directors and shall contain all the information about the nominees and the names of the stockholders who recommended the nominees including their relationship with the nominees. • Only nominees whose names appear on the final list of candidates shall be eligible for election as independent director. • No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.	In addition to the above qualifications, independent directors must satisfy the definition, possess the qualification and none of the disqualifications provided by the SRC Rule 38 on the requirements for nomination and election of independent directors.
b. Re-appointment		
(i) Executive Directors	The process for initial selection is likewise adopted for re-appointments.	The same criteria mentioned above for selection/ appointment is likewise observed for re-election of directors.
(ii) Non-Executive Directors	The process for initial selection is likewise adopted for re-appointments.	The same criteria mentioned above for selection/ appointment is likewise observed for re-election of directors.
(iii) Independent Directors	The process for initial selection is likewise adopted for re-appointments.	The same criteria mentioned above for selection/ appointment is likewise observed for re-election of directors.
c. Permanent Disqualification		
(i) Executive Directors	The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications provided in the Company's Revised Manual on Corporate Governance.	The following are the permanent disqualification of a director: a. Convicted by final judgment or order by a competent juridical or administrative body of any crime that: (i) involves the purchase or sales of security, as defined in the SRC; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser,

		principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or an affiliated person or any of them. b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting a director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the cities mentioned in sub-paragraphs (a) and (b) or willfully violating the laws that govern securities and banking activities. The disqualification shall apply if such person is currently the subject of an order of the Commission or any Court or Administrative body denying, revoking, or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas, or under any rule or regulation issued by the Commission or BSP; or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order or a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization. c. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions; d. Any person finally found judicially to have willfully violated, or willfully aided, abetted, counseled, induced

		or procured the violation of, any provision of the Securities and Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP; e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation; f. Any person judicially declared to be insolvent; g. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and h. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.
(ii) Non-Executive Directors	(Same process adopted above)	(Same disqualification as above)
(iii) Independent Directors	(Same process adopted above)	In addition to the disqualifications above, if an independent director becomes an officer, employee or consultant of the same Company, he shall be automatically disqualified from being an independent director while as officer, employee or consultant of the Company.
d. Temporary Disqualification		

(i) Executive Directors	The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications provided in the Company's Revised Manual on Corporate Governance. A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. [Revised Manual on Corporate Governance, page 8]	The Board may provide for the temporary disqualification of a director for any of the following reasons: • Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as the refusal persists; • Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election; • Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity; • If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
(ii) Non-Executive Directors	(Same procedure as above)	(Same criteria for temporary disqualification as above)
(iii) Independent Directors	(Same procedure as above)	If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. This disqualification shall be lifted if the limit is later complied with.
e. Removal		
(i) Executive Directors	A director may be removed as provided by law, but only by the holders of the class or classes of stock upon whose nomination he was elected. *[Article Seventh, Par. B., Amended Articles of Incorporation]*	The same grounds for permanent disqualification of a director. In addition, the maximum penalty of removal from office may be imposed for a third violation for non-compliance with the Revised Manual of Corporate Governance depending on the gravity

(ii) Non-Executive Directors (iii) Independent Directors		of the violation. [Revised Manual on Corporate Governance, Section 16. Penalties for non-compliance with the Manual, p.18]
f. Re-instatement		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	(Same process stated above in the selection / appointment and reelection of both regular and independent director is adopted)	(Same criteria is used as stated above in the selection / appointment and reelection of both regular and independent director is adopted)
g. Suspension		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	(Same process as stated above in the removal of both regular and independent director is adopted)	Same criteria used above for the removal of both regular and independent directors are adopted. In addition, the penalty of suspension from office shall be imposed in case of second violation for non-compliance with the Revised Manual of Corporate Governance. The duration of the suspension shall depend on the gravity of the violation. [Revised Manual on Corporate Governance, Section 16. Penalties for non-compliance with the Manual, p.17]

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
No election of directors was held because the 1993 Supreme Court Temporary Restraining Order (TRO) enjoining the holding of elections of directors has not been lifted. The Company's present set of directors, will remain in office on hold-over capacity until their successors shall have been duly elected and qualified.	

5) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.
The Company does not have a formal orientation program, however, new directors are provided with reference reading materials to assist them in understanding better the business and operations of the Company. Among the reading materials provided are: Amended Articles of Incorporation, Amended By-Laws, Annual Report, Audited Financial Statements, Revised Manual of Corporate Governance, Code of Ethics, Committee Charters, and other relevant documents.

(b) State any in-house training and external courses attended by Directors and Senior Management[4] for the past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
For the year 2014			
Reynaldo P. Mendoza	September 11,12,18 & 19, 2014 October 30, 2014	Mandatory Continuing Legal Education Program Mandatory Continuing Legal Education Program	Asian Center for Legal Excellence Inc. (ACLex) Asian Center for Legal Excellence Inc. (ACLex)
Lina G. Fernandez	September 11,12,18 & 19, 2014	Mandatory Continuing Legal Education Program	Asian Center for Legal Excellence Inc. (ACLex)
Chuchi C. Del Prado	August 28, 2014 September 26, 2014 October 9, 2014	Corporate Governance Orientation Program ExEx for Social Compliance & Corporate Social Responsibility PSE Investor Relations Seminar	TUVR PSE
Ma. Anna Bella V. Montes	October 9, 2014	PSE Investor Relations Seminar	PSE
Mary Jean G. Alger	October 9, 2014	PSE Investor Relations Seminar	PSE
Hermogene H. Real	March 22, 2014	The New Mandatory Income Tax Forms and Computations	IPG Training Institute for Professional Advancement
For the year 2013			
For the Board Directors and Officers	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Reynaldo P. Mendoza *(SVP – Legal Services)*	March 7 and 8, March 22 and 23, 2013	Mandatory Continuing Legal Education Program	Center for Global Best Practices
Lina G. Fernandez *(VP- Corporate Planning)*	March 7 and 8, March 22 and 23, 2013	Mandatory Continuing Legal Education Program	Center for Global Best Practices
Hermogene H. Real *(Corporate Secretary)*	March 7 and 8, March 22 and 23, 2013	Mandatory Continuing Legal Education Program	Center for Global Best Practices
For the year 2012			
Hermogene H. Real *(Corporate Secretary)*	December 15, 2012	The Latest BIR Issuances on the 2012 Value-Added Tax Audit Program	IPG Training Institute for Professional Advancement
Ma. Mignon D. De Leon *(VP for Corporate Community Relations)*	February 22, 2012	Corporate Social Responsibility Workshop	Chamber of Mines of the Philippines
	April 20, 2012	162 to 52 Summit	Chamber of Mines of the Philippines and Department of Health
	May 5, 2012	Environment & Community Relations Strategic Planning & Workshop	In-house

[4] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	July 3-5, 2012	Strategic Planning	In-house (BC Consultant)
	September 11, 12, 2012	Developing Persuasive Business Presentation Skills	Gokongwei Brothers Foundation – Learning & Development Center
	September 13, 2012	Regional Mining Summit – (EO 79 Implementing Rules & Regulations)	Mines & Geosciences Bureau – Cordillera Administrative Region
	October 27, 2012	Provincial Mining & Regulatory Board Summit	Mines & Geosciences Bureau – Cordillera Administrative Region
	November 16-18, 2012	Eco-Forum	Mines & Geosciences Bureau – CAR and Environmental Management Bureau – CAR

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year (2014).

Name of Director/Officer	Date of Training	Program	Name of Training Institution
For the Year 2014			
Daniel Andrew G. Romualdez – Chairman Benjamin Philip G. Romualdez – Vice Chairman, President and CEO Maria Remedios R. Pampidou – Director Rogelio C. Salazar – Director Andres G. Gatmaitan – Director Luis Juan L. Virata – Director Alberto C. Agra – Independent Director Arsenio K. Sebial Jr – Chief Operating Officer/OIC Renato Claravall – SVP, Chief Finance Office Leopoldo S. Sison III – SVP- Nickel Operations of Benguet Corporation Nilo Thaddeus P. Rodriguez – VP Systems and Audit Ma. Mignon D. De Leon – VP- Compliance (ComRel & Environment) Max D. Arceno – VP Accounting and Treasury Ana Margarita N. Hontiveros – VP Special Projects/concurrently President of BenguetCorp	December 18,2014	Corporate Governance Including Best Practices on OECD Principles	Center For Training and Development

Lab, Inc./Med Central Pamela M. Gendrano – AVP Environmental Compliance Virgillio G. Cawagdan – AVP Mill & Mettalurgical Division of Acupan Gold			
Name of Director/Officer	Date of	Program	Name of Training
Isidro C. Alcantara Jr. – (Executive *Director)*	December 16,2014	Corporate Governance	Risk, Opportunities, Assessment, and Management (ROAM)
Reynaldo P. Mendoza *(SVP – Legal Services/Asst. Corporate Secretary)*		Edge Training for Listed Companies	Philippine Stock Exchange
	September 11, 12, 18 and 19, 2014	Mandatory Continuing Legal Education Program	Asian Center for Legal Excellence Inc (ACLex)
	October 30, 2014	Mandatory Continuing Legal Education Program	Asian Center for Legal Excellence Inc (ACLex)
	December 18, 2014	Corporate Governance including best practices on OECD Principles	Center for Training and Development
Hermogene H. Real *(Corporate Secretary)*	March 22, 2014	The New Mandatory Income Tax Forms & Computations	IPG Training Institute for Professional Advancement
	December 16, 2014	Corporate Governance	Risk, Opportunities, Assessment, and Management (ROAM)
		Edge Training for Listed Companies	Philippine Stock Exchange
Lina G. Fernandez *(VP- Corporate Planning)*	September 11, 12, 18 and 19, 2014	Mandatory Continuing Legal Education Program	Asian Center for Legal Excellence Inc (ACLex)
	December 18, 2014	Corporate Governance including best practices on OECD Principles	Center for Training and Development
Chuchi C. Del Prado *(VP-HR & Admin/Corporate Governance Officer)*	August 28, 2014	Corporate Governance Orientation Program	
	September 26,2014	ExEx fpr Social Compliance & Corporate Social Responsibility	TUVR
	October 9, 2014	PSE Investor Relations Seminar	PSE
	December 18, 2014	Corporate Governance including best practices on OECD Principles	Center for Training and Development
Ma. Anna Bella V. Montes *(AVP Deputy Head, Business Development)*	October 9, 2014	PSE Investor Relations Seminar	PSE
	December 18, 2014	Corporate Governance including best practices on OECD Principles	Center for Training and Development
Mary Jean G. Alger – *(AVP Deputy Chief Finance Officer)*	October 9, 2014	PSE Investor Relations Seminar	PSE
	December 18, 2014	Corporate Governance including best practices on OECD Principles	Center for Training and Development

	Training		Institution
For the Year 2013			
Daniel Andrew G. Romualdez	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Benjamin Philip G. Romualdez	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Maria Remedios R. Pompidou	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Rogelio C. Salazar	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Alberto C. Agra	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Andres G. Gatmaitan	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Isidro C. Alcantara, Jr.	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Benardo M. Villegas	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
	October 18, 2013	2nd Social Entrepreneurship Conference (Theme – “Cooperatives: A Vehicle for Inclusive Growth toward Integral Human Development”)	Center for Research and Communication, UA&P
	September 28, 2013	Shell Sustainable Development (SD) Youth Congress SD Youth in Action for Nation-Building	Center for Research and Communication, UA&P
	September 17, 2013	Towards a Philippine Football National League: The Second of a Series of Round Table Discussions on Football	Center for Research and Communication, UA&P
	July 15, 2013	“Working Overseas: Diaspora that Sustains the Nation” Book Launch	Center for Research and Communication, UA&P
	July 12, 2013	Making Education Respond to the BPO Industry Needs: Second of a Series of Round Table Discussions on BPO	Center for Research and Communication, UA&P
	June 19, 2013	2013 Mid-Year Business Economics Briefing: Gearing up for the ASEAN Economic Community	Center for Research and Communication, UA&P and Schell companies in the Philippines (SciP)
	Apr. 10, 2013	Setting the Roadmap for the Football Industry: First of a Series of Round Table Discussions on Football	Center for Research and Communication, UA&P
	Apr. 5, 2013	Research in the Business Process Outsourcing Industry: First of a Series of Round Table Discussions on BPO	School of Economics, UA&P
	Feb. 26-27, 2013	GDN Policy Conference on the Issues, Challenges & Initiatives Facing the	Center for Research and Communication, UA&P

		Education, Health & Water Sectors	
	Feb. 22, 2013	The Philippine Economy at the Tipping Point	Center for Research and Communication, UA&P

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	A director shall conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions.	In order to avoid possible conflict of interest, it is the policy of the Company to require its officers and managers and employees to make a disclosure of the existence of companies or parties doing business with the Company where they are owners or officers, or whose principal owners or officers are their relatives. Further, as a holder of position of trust and confidence, he should avoid conflict of interest based on the principle that decisions should be made in the interest of business organization at all times, and should be on guard against allowing personal consideration to distort his judgment.	In order to avoid possible conflict of interest, it is the policy of the Company to require its officers and managers and employees to make a disclosure of the existence of companies or parties doing business with the Company where they are owners or officers, or whose principal owners or officers are their relatives.
(b) Conduct of Business and Fair Dealings	A director shall conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions.	(same policy for directors adopted for senior management)	(same policy for directors adopted for employees)
(c) Receipt of gifts from third parties	The Company policy discourages but does not prohibit customary gifts to private suppliers and customers which are not excessive in amount and which are properly recorded in the Company's books.	(same policy for directors, adopted for senior management)	(same policy for directors, adopted for senior management and employees)
(d) Compliance with Laws	It is the Company policy to conduct its business in	(same policy for directors, adopted for senior	(same policy for directors, adopted for employees)

& Regulations	a strictly lawful manner and that all operation and transaction of the Company must comply with applicable laws and regulations.	management)	
(e) Respect for Trade Secrets/Use of Non-public Information	The directors of the Company shall observe confidentiality of material, inside, non-public information acquired by reason of their office and will not use and/or disclose any information to any other person without the authority of the Board.	The release on material company information to persons and entities outside the Company must be avoided at all times and must be done only with prior authorization of the Company's Corporate Secretary/Assistant Corporate Secretary or the President/Chief Executive Officer.	(same policy for senior management, adopted for employees)
(f) Use of Company Funds, Assets and Information	The use of corporate funds of the Company or any of its subsidiaries for any purpose which would be in violation of any applicable law or regulation or would be improper is strictly prohibited.	(same policy for directors, adopted for senior management) No unrecorded or undisclosed fund or asset of the Company or any of its subsidiaries shall be established or maintained for any purpose. Documentation for business transactions of the Company or of its subsidiaries shall properly describe the pertinent events and such records must not be false, distorted or misleading	(same policy for directors, and senior management is adopted for employees)
(g) Employment & Labor Laws & Policies	The Company adopts a policy that employment and labor practices and management including that of its contractors be in accordance with labor laws and policies.	(same policy for directors is adopted for senior management)	(same policy for directors is adopted for employees)
(h) Disciplinary action	Any disciplinary action taken must be based on good cause, must observe due process, and any penalty must be fair and equitable.	(same policy for directors is adopted for senior management)	(same policy for directors is adopted for senior management)

(i) Whistle Blower	The Audit Committee in its oversight responsibility for risk management and internal audit shall establish and oversee procedures for the receipt, retention and treatment of complaints (including "whistle blowing" complaints) received by the Company, including procedures relating to risk management, legal and regulatory compliance, accounting, internal control or auditing matters, including the process for confidential anonymous complaints by employees regarding questionable accounting or auditing matters.	(same policy for directors is adopted for senior management)	(same policy for directors is adopted for employees)
(j) Conflict Resolution	It is one of the duties of the Board to establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.	(same policy for directors is adopted for senior management)	(same policy for directors is adopted for employees)

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?
Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.
The Company's Human Resources Department is generally responsible for Company-wide implementation and monitoring of compliance with the Company's Code of Ethics.

4) Related Party Transactions
(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	*To ensure a high standard of best practice for the Company and its stakeholders, (a) there is a need for management to diligently*
(2) Joint Ventures	

(3) Subsidiaries (4) Entities Under Common Control (5) Substantial Stockholders (6) Officers including spouse/children/siblings/parents (7) Directors including spouse/children/siblings/parents (8) Interlocking director relationship of Board of Directors	*monitor all intercompany transactions in order to maintain utmost transparency, observe fair dealings and implement arm's length transactions between the company, its affiliates, subsidiaries, and affiliated or joint venture companies; (b) for management to conduct its business with adherence to good corporate governance and regulatory standards to ensure the integrity and transparency of all transactions between the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationship by members of the Board.* *On March 22, 2013, the Board approved the policy on inter-company transactions which states that that the company continuously monitor and assess intercompany transactions in order to maintain utmost transparency, observe an arms-length relationship between the Company and among its subsidiaries, in continuing compliance of all government regulations.*

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None.
Name of Officer/s	None.
Name of Significant Shareholders	None.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company Group	In order to avoid possible conflict of interest, it is the policy of the Company to require its officers and managers and employees to make a disclosure of the existence of companies or parties doing business with the Company where they are owners or officers, or whose principal owners or officers are their relatives. Moreover, the company adopted a policy that related-party transactions shall be conducted at arm's length basis.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[5] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None.		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None.		

[5] Family relationship up to the fourth civil degree either by consanguinity or affinity.

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
	None.	

6) Alternative Dispute Resolution
Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	*The Board to establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities. [Revised Manual of Corporate Governance]*
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?
Board meetings for the year are scheduled at the beginning of the year.

2) Attendance of Directors in 2014

Board	Name	Date of Election	No. of Meetings Held During the Year	No. of Meetings Attended	%
Chairman	Daniel Andrew G. Romuadez	May 28, 2014	6	6	100%
Vice Chairman	Benjamin Philip G. Romualdez	May 28, 2014	6	4	67%
Member	Isidro C. Alcantara Jr.	May 28, 2014	6	6	100%
Member	Andres G. Gatmaitan	May 28, 2014	6	6	100%
Member	Maria Remedios R. Pompidou	May 28, 2014	6	6	100%
Member	Rogelio C. Salazar	May 28, 2014	6	6	100%
Member	Luis Juan L. Virata	May 28, 2014	6	3	50%
Independent	Alberto C. Agra	May 28, 2014	6	6	100%
Independent	Bernardo M. Villegas	May 28, 2014	6	4	67%
Member	Cesar Zalamea	May 28, 2014	6	4	67%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? *No.*

Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.
No. Article III Section 5 of the Company's By-Laws provides that *"Section 5. Quorum – A majority of the Directors shall constitute a quorum for the transaction of Company business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a Company act; provided, however, that the issuance of additional shares of stock of any class shall not be valid as a Company act unless approved by the affirmative vote of a majority of the directors nominated and elected by the holders of Convertible Preferred Class A Stock and of Common Class A Stock, and the affirmative vote of a majority of the directors nominated and elected by holders of Common Class B Stock."*

4) Access to Information
(a) How many days in advance are board papers[6] for board of directors meetings provided to the board?
The management provides the Board members complete, adequate and timely information prior to Board meeting on an on-going basis, specifically, at least a week prior to the scheduled Board meeting.

[6] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

(b) Do board members have independent access to Management and the Corporate Secretary?
Yes.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Considering the company secretary's varied functions, he must possess administrative and interpersonal skills, and if he is not a legal counsel, he must have some legal skills. The company secretary must have working knowledge of the operations of the Company and he must also have some financial and accounting skills. The Company Secretary has the following duties and responsibilities:
1. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the company;
2. As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting, and ensure that the members have before hem accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
3. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
4. Attend all Board meetings and maintain record of the same.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.
Yes. The Company Secretary is trained in legal, accountancy and company secretarial practices.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [x]   No [ ]

Committee	Details of the procedures
Executive	Accurate and timely information shall be made available to the committee members on an on-going basis. The information shall include the background or explanatory information relating to matters to be brought before the Committee concerned, copies of disclosure documents, budget, forecasts and monthly internal financial statements. Further inquiries may be made by each Committee member to the management and Corporate Secretary to enable him to properly perform his duties and responsibilities.
Audit	
Nomination	
Remuneration	
Stock Option	
Investment	
Property Development	
Corporate Governance	
Risk Management	
Management Advisory Board	

5) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Company adopts a policy that members of the Board, either individually or as a Board and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.	The Audit Committee shall have the appropriate resources and authority to discharge its responsibilities, including the authority to engage external auditors, reviews and other procedures and to retain and obtain advice from special counsel and other experts and consultants, to assist it. [Audit Committee Charter]

6) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
None.		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	*Follows Company salary structure, market rate used as a guide; salary adjustments based on performance and changes in responsibilities and authorities.*	
(2) Variable remuneration	*None.*	
(3) Per diem allowance	*CEO receives per diem allowance for attendance in meetings of the Board or of its Committees.*	*None.*
(4) Bonus	*Board-approved bonus.*	
(5) Stock Options and other financial instruments	*Board-approved stock option plan.*	
(6) Others (specify)	*None.*	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Follows Company's salary structure and benefit package and Board-approved rate/package.		
Non-Executive Directors	The levels of remuneration of the Company shall be sufficient to be able to attract and retain the services of qualified and competent directors. *[Manual on Corporate Governance, Remuneration of Directors and Officers, page 5]*	There are no standard arrangements which compensate directors directly or indirectly, for any services provided to the Company either as director or as Committee member or both or for any other special assignment. *[SEC Form 20-15, Compensation of Dircetors, page 11/ SEC 17-A, page 32]*	Directors receive per diems of P15,000.00 (gross) for attendance in meetings of the Board or its committees but do not receive other compensation from the Company for other services rendered. *[SEC Form 20-15, Compensation of Dircetors, page 11/ SEC 17-A, page 32]*

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
No.	Not applicable.

3) Aggregate Remuneration
Complete the following table on the aggregate remuneration accrued during the most recent year (2014) (in million):

Remuneration Item	Executive Directors and other Officers	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	88.9	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	0.1	0.8	0.3
(d) Bonuses	7.7	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Transportation and Housing Allowance)	2.1	-	-
Total	98.8	0.8	0.3

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	-	-	-
2) Credit granted	-	-	-
3) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-
(e) Life Insurance Premium	0.03	-	-
(f) Hospitalization Plan	-	-	-
(g) Car Plan	-	-	-
(h) Others (Tuition fee of dependents)	-	-	-
Total	0.03	-	-

4) Stock Rights, Options and Warrants
(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
Benjamin Philip G. Romualdez	Class A - 300,000 Class B - 200,000	-	Class A - 300,000 Class B - 200,000	0.255% 0.258%
Andres G. Gatmaitan	Class A - 174,000 Class B - 116,000	-	Class A - 174,000 Class B - 116,000	0.148% 0.149%
Luis Juan L. Virata	Class A - 174,000 Class B - 116,000	-	Class A - 174,000 Class B - 116,000	0.148% 0.149%

Daniel Andrew G. Romualdez	Class A - 174,000 Class B - 116,000	-	Class A - 174,000 Class B - 116,000	0.148% 0.149%
Maria Remedios R. Pompidou	Class A - 174,000 Class B - 116,000	-	Class A - 174,000 Class B - 116,000	0.148% 0.149%
Bernardo M. Villegas	Class A - 174,000 Class B - 116,000		Class A - 174,000 Class B - 116,000	0.148% 0.149%
Isidro C. Alcantara Jr.	Class A - 30,000 Class B - 20,000	-	Class A - 30,000 Class B - 20,000	0.025% 0.026%
Alberto C. Agra	Class A - 30,000 Class B - 20,000	-	Class A - 30,000 Class B - 20,000	0.025% 0.026%
Rogelio C. Salazar	Class A - 30,000 Class B - 20,000	-	Class A - 30,000 Class B - 20,000	0.025% 0.026%

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
Since 1980, the Company maintained an Incentive Bonus Plan. The purposes of the Plan are: (1) to attract, employ and retain management personnel of outstanding competence, and (2) to motivate its management personnel to deliver superior performance in pursuing the goals and business interests of the Company. The plan provides for a bonus award, calculated on the basis of net income, to top operating executives, managers and members of the Board of Director. Bonus awards are either paid in full directly to the awardees or are transferred to a trust fund and are payable to the awardees in three installments generally over a period of two years. Bonus awards for any year shall be paid in cash, or in common stock. Either Common Class A or Common Class B shares may be issued under the Plan subject to the legal limitations on ownership of Common Class A shares which can be owned only by Philippine citizens. From 1995 to 2012, there was no amount set aside for payment of bonuses in accordance with the Plan. *[2013 SEC Form 17A, Incentive Bonus Plan, p. 35]*		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Benjamin Philip G. Romualdez, President/CEO	P39.1 Million
Renato A. Claravall, SVP- CFO	
Pablo Gabriel R. Malvar, VP Business Devt. (Resigned on 12/01/14)	
Bienvenido M. Araw, SVP Proj & Organization Devt. Officer (Retired on 10/01/14)	
Ana Margarita N. Hontiveros, VP Special Proj of the Company & concurrently President of BCLI/MedCentral	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	1	1	None	The Executive Committee shall act in behalf of the Board of Directors, in the exercise of the powers of the Board in the		

					management of the business and affairs of the Company, excluding any powers granted by the Board, from time to time, to any other committee of the Board.		
Audit	1	2	1	Audit Committee Charter	To assist the Company's Board of Directors in the performance of its oversight responsibilities for accounting and financial reporting processes, system of financial control, risk management system, maintenance of an effective audit process, and procedure for monitoring compliance with applicable laws, rules and regulations.	Details of the key responsibilities for the performance of its oversight functions for risk management and internal control, overseeing financial reporting and disclosures, overseeing internal audit, overseeing external audit and other duties are set forth in the Audit Committee Charter.	The Audit Committee, in discharging its oversight role, shall maintain free and open communication with the Company's external auditors, internal auditors and the management of the Company. To fulfill its responsibility, the Committee is empowered to study or investigate any matter brought to its attention, with full access to all records, books of accounts, facilities and personnel of the Company. Likewise, the Committee shall have the authority to retain and terminate outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention. *[Section 4, Audit Committee Charter]*
Nomination	1	0	2	Manual of Corporate Governance	Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.	It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors and other appointments that require Board approval in accordance with the qualifications and disqualifications set forth in the Manual on Corporate Governance.	

Remuneration	1	1	1	Manual of Corporate Governance	To assist the Board in establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.	The Committee shall ensure that the remuneration shall be of a sufficient level to attract and retain directors and officers who are needed to run the Company successfully. The Committee shall: • Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired; • Disallow any director to decide his or her own remuneration; • Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; and • Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.
Stock Option	0	2	1	-	The Committee shall have the power to grant stock options under the Company's Stock Option Plan.	
Investment	2	3	1	-	Assists the Board in making decisions involving investment matters.	
Property Development	3	-	2	-	Assist and advise the Board in making decisions on the development of its properties.	
Corporate Governance	1	1	1	-	Assist the Board in fulfilling its oversight responsibilities in relation to overall approach of corporate governance of the Company and its subsidiaries.	
Risk Management	1	1	1	Risk Management Charter	1) Exchange risk management ideas and best practices; 2) Identify and share available risk management resources; 3) Provide input to the development of Company-wide risk management practice standards and risk and safety administrative regulation review;	1) Creates and maintains business units' trend analysis based on frequency and severity projections of anticipated losses. 2) Addresses or manages threats and risks concerning legal, permitting and political, as well as legislations, which will severely impact the Company. 3) Formulates plans, procedures, policies and/or strategies regarding maintenance of corporate image, particularly on dealing with media and other relevant issues. 4) Conduct worksite safety assessments, inspections and audits to identify risks, actions necessary to abate hazards or to fully implement measures to control the risks involve with the hazards, as identified. 5) Aid in the development of policies to foster,

					4) Establish the risk management culture of the Company in support of institutionalizing and systematizing the risk management program of the company; and 5) Recommend risk mitigating measures to the Board for appropriate action.	promote, and develop a safe work environment for all employees. 6) Receive reports from, and if necessary meets with, risk management staffs of business units, on risks encountered and/or resolved, categorize and analyze them, and help develop policies, guidelines and procedures towards coordinated solutions for the approval of the Board's Risk Management Committee. 7) Provides technical expertise on risk management to business units thru relevant training programs, especially for risk management staffs. 8) Review and guide risk assessment and control committee activities relative to risk management plans. 9) Design and implement safety orientation & training programs for the different business units. 10) Provide Environmental, Safety and Risk Management Technical Assistance to business units, including those risks that are economic in nature. 11) Provide Accident/Incident Reporting Procedures and Forms* 12) Remain vigilant on political developments, particularly on legislations, executive orders, LGU resolutions and NGO activities that may be prejudicial to the interest of the Company. The RMO oversees and monitors a variety of the Company's potential risks such as but not limited to legal, commercial, political, operational and financial risks and in particular insurance programs, including equipment, automobile, general and professional liability, property, workers' compensation, employee hospitalization, employee safety and loss prevention, visitors' health, short and long term employee disability and special events.
Management Advisory Board	2	1	1	None	The creation of a Management Advisory Board is to promote efficiency and faster implementation of business plans of the Company	

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (ED)	Benjamin Philip G. Romualdez	May 28, 2014	0	0	0%	
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2014	0	0	0%	
Member (ID)	Alberto C. Agra	May 28, 2014	0	0	0%	
Member (NED)	Andres G. Gatmaitan	May 28, 2014	0	0	0%	

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (ID)	Bernardo M. Villegas	May 28, 2014	2	2	100%	
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2014	2	2	100%	
Member (NED)	Andres G. Gatmaitan	May 28, 2014	2	2	100%	
Member (NED)	Rogelio C. Salazar	May 28, 2014	2	2	100%	

Disclose the profile or qualifications of the Audit Committee members.

The following are the profiles and qualifications of the members of the Audit Committee:

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

ISIDRO C. ALCANTARA, JR.–Director (2008 to present); Member, Audit Committee
First became a Director of the Company by appointment on November 14, 2008 and concurrently Executive Director of the Company since April 2, 2014 to present. He is also a Member of the Executive Committee, Audit Committee, Risk Management Committee, Investment Committee, Property Development Committee and Corporate Governance Committee of the Company. He also serves as a Director of the following wholly owned subsidiaries of the Company: Benguetcorp Nickel Mines, Inc. (2012 to present); Benguet Management Corporation (2012 to present) and Balatoc Gold Resources Corporation (2009 to present). Currently, he is President of Marcventures Holdings, Inc. (MHI), a Publicly Listed Company which owns a Nickel Mining Subsidiary, Marcventures Mining & Development Corporation (MMDC) where he is Vice Chairman. He is also the President of Bright Kindle Resources and Investments, Inc. (BKR), a Listed Financial and Investments Holding Company. He is the President and CEO of a Financial Consulting Firm, Financial Risk and Resolution Advisory, Inc. (FRRA), engaged in Advisory and Arranger Services for M&As, Equity and Debt Fund Raising, and General Financial Advisory. Post his Banking Career, he has been involved in several M & As, Distressed Debt Settlements, Fund-raising for Corporates and Asset Recovery Work-outs. He was formerly Executive Vice President in charge of Corporate Banking of PCIBank and the Equitable PCIBank (previously the third largest and most profitable Universal Bank) where he managed a Third of the Bank's Assets. He was the President and CEO of the Philippine Bank of Communications (PBCom) where he successfully led the Rehabilitation and Transformation of the Bank into a healthy Financial Institution. He worked briefly with the HSBC (Manila) as Senior Vice President and Head of Corporate and Institutional Banking. He also served as a Director of the Bankers Association of the Philippines from 2000-2004. He graduated Magna cum Laude from the De la Salle University and has Degrees in Economics and Accounting and is a Certified Public Accountant. He also took special studies in International Banking at the Wharton School of Finance, University of Pennsylvania and at the Institute of Independent Certified Directors and is a Certified Independent Director.

ANDRES G. GATMAITAN –Director (1987 to present); Member, Audit Committee
First became a Director of the Company by appointment on February 10, 1987. He is also the Chairman of Salary (Compensation) Committee and Stock Option Committee and a Member of the Executive Committee, Audit Committee and Corporate Governance Committee of the Company and independent director of Holcim Philippines Inc., a publicly listed company. He also holds, among others, the following positions: Senior Counsel of SyCip Salazar Hernandez & Gatmaitan Law Office which is the outside counsel of the Company; Chairman, JVS Asia, Inc.; President, United Holdings and Development, Inc., and St. Agen Holding, Inc.; Director,

Benguetcorp Nickel Mines, Inc. (2011 to present) the wholly owned subsidiary of the Company, Supralex Asia Ventures Corporation, Triumph International (Philippines) Inc., Maybank Philippines, Inc., JVS Worldwide, Inc., Star Performance Philippines, Inc., Unicharm Philippines, Inc., AMI Philippines, Inc.

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

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee, in the performance of its oversight function to the external auditor, shall perform the following responsibilities, as set forth in the Audit Committee Charter:

1. *Review and evaluate the independence, professional qualifications and competence of external auditor*
2. *Select and retain the External Auditor, who shall be accountable to the Committee, and determine its remuneration*
3. *Evaluate the performance of external auditor periodically and determine and recommend its reappointment or replacement as the committee may deem necessary or appropriate*
4. *Assure the regular rotation of the lead audit partner primarily responsible for the audit review of the Company's financial accounts, as required by law, and shall consider and discuss with management whether there should be a regular rotation of the external auditor itself, at least once every five (5) years, or more frequently if the Committee deems appropriate.*
5. *Evaluate and determine the of non-audit services, if any, of the external auditor, and review periodically the non-audit fees paid by the company to the external auditor and to the corporations' overall consultancy expenses. The committee shall disallow any audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report.*
6. *Review with the external auditor the scope and results of the audit, problems or difficulties that the auditor encountered in the audit work and management's response, and any questions, comments or suggestions the auditor may have relating to the internal controls and accounting practices and procedures, of the Company and its subsidiaries.*
7. *Review reports submitted by the external auditor as well as their quarterly, half-year and annual financial statements before submission to the Board and ensure compliance with auditing standards.*

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (ED)	Benjamin Philip G. Romualdez	May 28, 2014	1	1	100%	5
Member (ID)	Bernardo M. Villegas	May 28, 2014	1	1	100%	5
Member (ID)	Alberto C. Agra	May 28, 2014	1	1	100%	4

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (NED)	Andres G. Gatmaitan	May 28, 2014	0	0	0%	21
Member (ED)	Benjamin Philip G. Romualdez	May 28, 2014	0	0	0%	3
Member (ID)	Bernardo M. Villegas	May 28, 2014	0	0	0%	11

(e) Stock Option Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2013)
Chairman (NED)	Andres G. Gatmaitan	May 28, 2014	1	1	100%	21
Member (NED)	Rogelio C. Salazar	May 28, 2014	1	1	100%	4
Member (ID)	Bernardo M. Villegas	May 28, 2014	1	1	100%	6

(f) Investment Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (ED)	Benjamin Philip G. Romualdez	May 28, 2014	0	0	0%	16
Member (NED)	Maria Remedios R. Pompidou	May 28, 2014	0	0	0%	14
Member (NED)	Luis Juan L. Virata	May 28, 2014	0	0	0%	16
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2014	0	0	0%	6
Member (ID)	Bernardo M. Villegas	May 28, 2014	0	0	0%	16

(g) Property Development Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (ED)	Daniel Andrew G. Romualdez	May 28, 2014	0	0	0%	12

Member (ED)	Benjamin Philip G. Romualdez	May 28, 2014	0	0	0%	16
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2014	0	0	0%	6
Member (ID)	Alberto C. Agra	May 28, 2014	0	0	0%	4
Member (ID)	Bernardo M. Villegas	May 28, 2014	0	0	0%	16

(h) Corporate Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (ID)	Bernardo M. Villegas	May 28, 2014	1	1	100%	3
Member (NED)	Andres G. Gatmaitan	May 28, 2014	1	1	100%	3
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2014	1	1	100%	3
	Chuchi C. Del Prado – Compliance Officer	May 28, 2014	1	1	100%	7 Months

(i) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (ID)	Alberto C. Agra	May 28, 2014	8	8	100%	3
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2014	8	8	100%	1
Member (NED)	Rogelio C. Salazar	May 28, 2014	8	8	100%	3
	Lina G. Fernandez – Risk Management Officer	May 28, 2014	8	8	100%	3

(j) Management Advisory Board

Office	Name	Date of Appointment	No. of Meetings Held (2014)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2014)
Chairman (ED)	Daniel Andrew G. Romualdez	May 28, 2014				7 Months
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2014				7 Months
Member	Alberto C. Agra	May 28, 2014				7 Months

(ID)						
Alternate Member (NED)	Rogelio C. Salazar	May 28, 2014				7 Months
	Arsenio K. Sebial (External Resource Person)	May 28, 2014				7 Months

3) Changes in Committee Members
Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	Dennis R. Belmonte	Resignation
Corporate Governance)	Roland P de Jesus (Compliance Officer) Chuchi C. Del Prado (Compliance Officer)	Retirement In lieu of Roland P. De Jesus
Risk Management	Dennis R. Belmonte Isidro C. Alcantar, Jr.	Resignation In lieu of Dennis R. Belmonte
Audit	Dennis R. Belmonte	Resignation
Others – Salary, Stock Option, Investment, Property Development, Nomination & Management Advisory Board	No changes in the committee membership for the year covered	

4) Work Done and Issues Addressed
Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	*None.*	*None.*
Audit	*Reviewed reports submitted by the external auditor as well as their quarterly, half-year and annual financial statements before submission to the Board and ensure compliance with auditing standards.*	*No issues on compliance matters were required to be addressed by the Committee.*
Nomination	*Pre-screened nominations for independent directors and committee members.*	*No issues on compliance matters were required to be addressed by the Committee.*
Remuneration	*None.*	*None.*
Stock Option	*None.*	*None.*
Risk Management	*Performed its oversight function relating to identification and evaluation of environmental, regulatory, operational and other external risks or threats to the business of the Company.* *Formulated strategies relative to risk management plans.*	*Regulatory compliance issues.*

5) Committee Program
Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Continue performing functions.	
Audit	Continue performing functions.	
Nomination	Continue performing functions.	
Remuneration	Continue performing functions.	
Stock Option	Continue performing functions.	
Investment	Continue performing functions.	
Property Development	Continue performing functions.	
Corporate Governance	Continue performing functions.	
Risk Management	Continue performing functions.	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;
The overall risk management philosophy of the Company is to integrate the work of designated risk management office of the Company's different business units who shall systematically identify, evaluate, analyze and document their unit's exposure to the risk and thereafter undertake corrective/remedial measures to mitigate, if not altogether eliminate, their exposure and liability associated with the risk.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof:
The risks associated with the Company's activities are reviewed regularly by the Board, which assesses the Company's risk appetite/tolerance, and considers major risks and evaluates their impact on the Company.

(c) Period covered by the review: *2014*

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness: *Risk management system is reviewed as often as necessary.*

(e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company[7]

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Liquidity risk which arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial liabilities.	*It is a policy to consider the Company's available funds and liquidity in managing immediate financial requirements.*	*To maintain a balance between continuity of funding in order to continuously operate and support its exploration activities.*
Credit risk which refers to the potential loss arising from any failure by counterparties to fulfill their obligations as they fall due	*It is a policy to trade only with recognized, creditworthy third parties. Further, that all customers who wish to trade on credit terms are subject to credit verification procedures.*	*To fulfill obligations when they fall due.*
Interest rate risk which is the risk that the fair market value or future cash flows of a financial instrument will fluctuate	*It is the Company's policy to regularly monitor interest due to exposure from interest rates movements.*	*Avoid exposures from changes in interest rates.*

[7]Benguet Corporation's Audited Financial Statement for 2013

because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Group's long-term debt obligations with floating interest rates.		
Foreign currency risk which is the risk to earnings or capital arising from changes in foreign exchange rates. The Company has transactional currency exposures arising from the sale of gold and beneficiated chrome ore and the purchase of certain goods and services denominated on USD. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.	*It is the Company's policy to maintain foreign currency exposure within acceptable limits.*	

(b) Group[8]

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Liquidity risk which arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial liabilities.	*It is a policy to consider the Group's available funds and liquidity in managing immediate financial requirements.*	*To maintain a balance between continuity of funding in order to continuously operate and support its exploration activities.*
Credit risk which refers to the potential loss arising from any failure by counterparties to fulfill their obligations as they fall due	*It is a policy to trade only with recognized, creditworthy third parties. Further, that all customers who wish to trade on credit terms are subject to credit verification procedures.*	*To fulfill obligations when they fall due.*
Interest rate risk which is the risk that the fair market 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.	*It is the Group's policy to regularly monitor interest due to exposure from interest rates movements.*	*Avoid exposures from changes in interest rates.*
Foreign currency risk which is the risk to earnings or capital arising from changes in foreign exchange rates. The Group has transactional currency exposures arising from the sale of gold, nickel ore and	*It is the Group's policy to maintain foreign currency exposure within acceptable limits.*	

[8]Consolidated Audited Financial Statement for 2013

beneficiated chrome ore and the purchase of certain goods and services denominated on USD. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The Company's Revised Manual on Corporate Governance expressly provides for the protection of stockholders and minority shareholders and the Board commits to respect those rights.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity risk	The Company considers its available funds and liquidity in managing its immediate financial requirements.	As of December 31, 2012 and 2011, cash and cash equivalents may be withdrawn anytime while quoted in AFS investments may be converted to cash by selling them during normal trading hours in any business day.
Credit risk	The Company has assessed the credit quality of the following financial assets: a. Cash and cash equivalents and short-term investments are assessed as high grade since these are deposited in reputable banks, which have a low probability of insolvency. b. Trade receivables, which pertain mainly to receivables from sale of chromite ore and lime, were assessed as standard grade. These were assessed based on past collection experience and debtors' ability to pay the receivables. c. Quoted equity instruments were assessed as high grade since these are instruments from companies with good financial capacity and with good financial conditions and operates in an industry which has potential growth. Management assesses the quality of its unquoted equity instruments as standard grade.	The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Other than receivables which were fully provided with allowance, there were no history of default on the outstanding receivables as at December 31, 2013 and 2012.
Interest rate risk	There is no other impact on the Company's equity other than those already affecting the profit or loss. Based on historical movement of the	The Company regularly monitors their interest due to exposure from interest rates movements. The Company's secured and unsecured bank loans are

	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.	both payable on demand.
Foreign currency risk	The Company's policy is to maintain foreign currency exposure within acceptable limits. The Company 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 Company is involved. The Company did not seek to hedge the exposure on the change in foreign exchange rates between the USD and the Philippine Peso. The Company does not generally believe that active currency hedging would provide long-term benefits to stockholders.	The Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial performance and cash flows. The Company has transactional currency exposures. Such exposures arise from the sale of gold and beneficiated chrome ore and the purchase of certain goods and services denominated on USD. All sales of gold and nickel are denominated in USD. Dollar conversion of metal sales to Philippine Peso is based on the prevailing exchange rate at the time of sale.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity risk	The Group considers its available funds and liquidity in managing its immediate financial requirements.	As of December 31, 2013 and 2012, cash and cash equivalents may be withdrawn anytime while quoted in AFS investments may be converted to cash by selling them during normal trading hours in any business day.
Credit risk	The Group has assessed the credit quality of the following financial assets: a. Cash and cash equivalents and short-term investments are assessed as high grade since these are deposited in reputable banks, which have a low probability of default. b. Trade receivables, which pertain mainly to receivables from sale of chromite ore and loans receivable, were assessed as standard grade. These were assessed based on past collection experience and debtors' ability to pay the receivables.	Other than receivables which were fully provided with allowance, there were no history of default on outstanding receivables as of December 31, 2013 and 2012.
Interest rate risk	As of December 31, 2013 and 2012, the Group's exposure to the risk for changes in market interest rate relates	The Group's secured and unsecured loans payable are both payable on demand while other loans payable are

	primarily to its secured bank loans with floating interest rates. The Group regularly monitors its interest due to exposure from interest rates movements. There is no other impact on the Group's equity other than those already affecting the consolidated statements of income. Based on 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.	payable within three (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.
Foreign currency risk	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 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 exposures arise from the sale of gold, nickel ore and beneficiated chrome ore and the purchase of certain goods and services denominated on USD. All sales of gold and nickel are denominated in USD. Dollar conversion of metal sales to Philippine Peso is based on the prevailing exchange rate at the time of sale.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	The Committee shall assist the Company's Board of Directors in the performance of its oversight responsibilities for accounting and financial reporting processes, system of financial control, risk management system, maintenance of an effective audit process, and procedure for monitoring compliance with applicable laws, rules and regulations.	Details of the key responsibilities for the performance of its oversight functions for risk management and internal control, overseeing financial reporting and disclosures, overseeing internal audit, overseeing external audit and other duties are set forth in the Audit Committee Charter.

Risk Management Committee	The Committee is tasked to perform the following functions: 1) Exchange risk management ideas and best practices; 2) Identify and share available risk management resources; 3) Provide input to the development of Company-wide risk management practice standards and risk and safety administrative regulation review; 4) Establish the risk management culture of the Company in support of institutionalizing and systematizing the risk management program of the company; and 5) Recommend risk mitigating measures to the Board for appropriate action.	The RMO oversees and monitors a variety of the Company's potential risks such as but not limited to legal, commercial, political, operational and financial risks. The details of its responsibilities are laid out in the Committee Charter.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The Company's internal control system is defined as a collection of procedures and methods used to :

(a) To protect and safeguard the Company's Asset;
(b) Ensure compliance Company with all regulatory requirements and with the Company's policies and procedures;
(c) Ensure compliance with internal financial and operational controls, including IT system controls; and
(d) Ensure financial information is accurate and reliable.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The directors have reviewed the effectiveness and adequacy of the Company's system of internal controls. The review includes assessment of the financial, operational and compliance controls and risk management procedures. Due to the limitations inherent in any such system, this is designed to manage rather than eliminate risk and to provide reasonable but not absolute assurance against material misstatement or loss.

(c) Period covered by the review;

The period covered by the review is for Fiscal Year 2014

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
The review of internal controls is done at least annually. Issues such as the adequacy of the current internal controls and affectivity of operations are discussed. Any failings and weakness identified are corrected and its progress monitored.

(e) Where no review was conducted during the year, an explanation why not.
Not Applicable

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
General Audit	Ensure compliance with regulatory requirements and the Company's policies and procedures Measure adequacy and effectiveness of internal financial and operational controls including IT system controls Manage the recording, control and use of Company assets Monitors the efficiency y, effectiveness, and ethical conduct of the Company's business systems and processes	In-house	Nilo Thaddeus P. Rodriguez	Reported to Audit Committee
Advisory services	Providing advice on the development of new programmes and processes and/or significant changes to existing programmes and processes including the design of appropriate controls. Assisting management and the Risk Management Committee to identify risks and develop risk mitigation and monitoring strategies as part of the risk management framework and monitoring and reporting on the implementation of risk mitigation strategies. Assisting management to identify the risks of fraud and develop fraud prevention and monitoring strategies.	In-house	Nilo Thaddeus P. Rodriguez	Reported to Audit Committee
Audit support activities	Assisting the Audit Committee to discharge its responsibilities Providing secretarial support to the Audit Committee Monitoring the implementation of agreed recommendations arising	In-house	Nilo Thaddeus P. Rodriguez	Reported to Audit Committee

	from internal and external audit reports Disseminating across the Company better practice and lessons learned arising from its audit activities			

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?
The Audit Committee recommends to the Board the appointment, replacement and/or retention of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced. Final decision resides within the Board.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Internal Audit reports functionally to the Audit Committee, and administratively to the senior management. The Head of Internal Audit is accountable to the Board of Directors for the efficient and effective operation of the internal audit function.

The Head of Internal Audit has direct access to the Chairman of the Board, and the Chair and other members of the Audit Committee.

Internal audit is authorized to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation and information that the Head of Internal Audit considers necessary to enable internal audit to meet its responsibilities.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
None to disclose.	

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	Plans (Progress) • Regular review of internal audit systems (on-going) • Variance reporting and analysis (on-going) • Updating of documentation regarding accounting, finance and internal control (on-going) • Testing of controls of key business process (on-going)
Issues[9]	• None
Findings[10]	• Need to improve administrative information systems that provide necessary information to the appropriate people, at the necessary level of detail, on a timely basis • Update documentation regarding accounting, finance and internal control policies and procedures

[9] "Issues" are compliance matters that arise from adopting different interpretations.
[10] "Findings" are those with concrete basis under the company's policies and rules.

	• Enhance control and protection over Company's information asset
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:
1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Segregation of duties	Implemented
Proper authorizations	Implemented
Adequate documentation	Implemented
Assets such as cash, inventory, equipment, and supplies are safeguarded from unauthorized access, use or theft by the appropriate means.	Implemented
Compare budget to actuals and investigate if there are significant differences, ,items not budgeted, and/or unusual items or transactions	Implemented
Routinely spot-check transactions, records, reports and reconciliations to ensure expectations are met as to timeliness, completeness, segregation of duties, propriety of the transaction, and approvals.	Implemented
Reconcile balance of payroll expenses, cash and petty cash, accounts payable, and accounts receivables	Implemented
Compare recorded fixed assets, and inventory with actual on-hand and investigate differences.	Implemented
Routine risk assessment of adequacy of internal controls	Implemented

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Internal audit has no direct authority or responsibility for the activities it reviews. The internal audit function has no responsibility for	• *Cannot have close family, personal or business relationship with the Company* • *Cannot be given a*	• *Cannot have close family, personal or business relationship with the Company* • *Cannot be given or*	• *Cannot have close family, personal or business relationship with the Company* • *Cannot be given a*

developing or implementing procedures or systems and does not prepare records or engage in any other activity normally reviewed by it, as this may impair its objectivity and judgment. *Internal Audit reports functionally to the Audit Committee, and administratively to the senior management. The Head of Internal Audit is accountable to the Board of Directors for the efficient and effective operation of the internal audit function.* *The Head of Internal Audit has direct access to the Chairman of the Board, and the Chair and other members of the Audit Committee.* *External Auditors cannot perform any prohibited services such as Human Resource, Legal Services and management functions. The Company also evaluates and determines the non-audit work, if any, of the external auditor. The non-audit fees paid to the external auditor are periodically reviewed in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.*	*loan from the Company.* • *Cannot receive or accept goods, services or hospitality from the Company.* • *Cannot have holdings or investments in the Company.*	*give a loan from the Company.* • *Cannot receive or accept goods, services or hospitality from the Company.* • *Cannot have holdings or investments in the Company.*	*loan from the Company.* • *Cannot receive or accept goods, services or hospitality from the Company.* • *Cannot have holdings or investments in the Company.*

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

In compliance with the reportorial requirements of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), the Company submitted a Sworn Certificate by the Compliance Officer duly countersigned by the President & Chief Executive Officer of Benguet Corporation (BC) on the extent of compliance of BC to its Revised Manual on Corporate Governance for the Year 2012, in accordance with the requirements of SEC Memorandum Circular 6, Series of 2009.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	*The Company shall, in the production of mineral products, and delivery of services (1) avoid anything that would be detrimental to the health or safety of the beneficiary of such goods and services; and (2) deliver the product or service in the quality, quantity, time and price agreed upon. [Code of Ethics, Basic Principles for the Conduct of Business, Item B. Towards the customers]*	
Supplier/contractor selection Practice	*The Company shall ensure that (1) the terms of all contracts be clearly stated and unambiguous, and honored in full unless terminated or modified by mutual consent; (2) in general, payment should always be made promptly at the agreed time or, if no specific time is agreed upon, as quickly as may be reasonable, given the circumstances; and (3) no supplier shall be encouraged to commit his resources for apparently long-term purposes unless there are reasonable guarantees that the orders he receives from the company will not be terminated arbitrarily. [Code of Ethics, Basic Principles for the Conduct of Business, Item C. Towards the suppliers]*	*In order to improve monitoring and control of costs, a Contract, Purchasing, Bids and Awards Committee (CPBAC) was formed which convenes regularly as recommended or required by Purchasing group, by the concerned operations manager/s. The CPBAC reviews and approves or endorses for approval the purchase of materials, equipment, supplies, and services, as well as all contracts pertaining to BC and subsidiaries.* *Company policy and procedures in the preparation of Contracts, CBP'S, Justification, ROI computation, supplier accreditation for major supply or service contracts, minimum of 3 comparative quotes, among others, shall apply to all purchases of M&S, equipment and services.* *In the case of contracts or purchases conducted through bidding, the proponent shall prepare the Terms of Reference, inform and obtain consent from the CPBAC and invite prospective contractors/suppliers to submit their sealed bids on or before the appointed time and date. The proponent shall evaluate and tabulate the bids for presentation to the CPBAC which shall award the same.* *After the award of contract by the CPBAC, the corresponding Agreement or Contract shall be prepared by the proponent for*

		review and comments of the Legal and Finance groups. All contracts shall be approved by the Board of Directors. On the other hand, purchases of materials/services shall be covered by Purchase Order/s, and observe BC Policy on Signing Authority.
Environmentally friendly value-chain	*Protection and care for the environment shall be the principal consideration in every stage of Company's existing and future projects;*	*The Company goes through the series of Environmental Work Program during Exploration stage, the Environmental Enhancement and Protection program during the construction, development and operation as well as the Final Mine Rehabilitation program.*
	Mitigation and progressive rehabilitation measures shall be an integral component of all business operation of the company;	*Mitigating measures are integral part of the Company's environmental program such as the construction of silt ponds, tailings storage facilities, regular air ambient and water quality tests, construction of wash bays, installation of sediment flux monitoring equipment, etc. Mined out areas undergo progressive rehabilitation through reforestation/ re-vegetation,*
	Compliance to government environmental laws, rules and regulations;	*Required ECCs have been obtained (mining, port, stockyards, stailing storage facilities) and complying with all its conditions including enhancement and maintenance. Acquired necessary permits are obtained such as Discharge Permit, Permit to Operate equipment, Hazardous Waste Generator ID and Chemical Control Order (CCO) Registration for chemicals being used by the Company.*
	Prudent utilization of all Company resources such as regulated use of electricity;	*The Company is implementing power and water conservation programs as well as regular maintenance of equipment for better efficiency. Policies are installed for proper use of resources.*
	Instill proper waste management among employees, households and dependents of the various operation in compliance to R.A. 9003 otherwise known as the Solid Waste Management Act of 2000;	*5S seminar in coordination with DOLE-CAR, is regularly conducted to all employees. The Company continuous to coordinate with the LGU on the implementation of the Solid Waste Management Act in all its host communities. Extends assistance in the garbage collections in host communities.*
	Continuous employee development and awareness on environmental aspects, issues and concerns through information, communication, education and skills upgrading;	*Signages relative to environment are installed strategically within the area of operation. Employees undergo regular trainings and sent to environmental forums.*
	Support and protect the ecological integrity of areas affected by the company operations,	*Regular water, air and noise quality monitoring is being conducted to insure*

	including biodiversity resources and micro-ecosystems to promote public welfare, safety and environmental quality;	*compliance to government standards and safety of its employees and communities.*
	Adopt technologies that will contribute to the advancement of the Company processing procedures that will lead to enhancement and preservation of the environment.	*The company is continuously improving its mill facility and pollution control devices such as installation of acid fume scrubbers and implementation of detoxification programs.*
Community Interactions	*Realizing that the Company is using to important degree the nation's resources, the Company shall: (1) do its best to ensure that the way resources are deployed also benefits society in general and does not conflict with the needs and reasonable aspirations of the communities in the areas where it operates; (2) as a corporate citizen, make such contributions as resources will allow; and (3) consider the human and social costs of mechanization and technology. [Code of Ethics, Basic Principles for the Conduct of Business, Item F. Towards the community where it operates]* *The Company further adopts the following philosophy:* • *Achieve competitiveness and excellence as a natural resource development Company through enhanced productivity of its people and through the improvement of the quality of life of its employees, their families and the host communities.* • *Harmonious relationship with the communities surrounding the Company shall be strengthened and an open process communication window shall be instituted to allow dynamic and responsive interactions among the stakeholders and the company.* • *Continuous and meaningful consultation process with the industry and all stakeholders shall be instituted to integrate concerns on current and future natural resource development projects standard.* • *Information education and communication campaign shall be vigorously pursued jointly with the industry and other stakeholders about the natural resources development projects for purposes of enhancing public awareness and respect for right of communities and reaching informed decisions on company projects.*	*The Company continues to fulfill its social development obligations through the implementation of various Social Development and Management Programs (SDMP) of Benguet Gold Operation and BNMI, in coordination with local government units and host communities. The SDMP has benefitted residents within the Company's areas of operations in Benguet and Zambales, as well as neighboring communities.* *Health, **livelihood** and education are paramount in the social programs of the Company. High School, Vocational Technical and College Scholarship programs continue to benefit deserving students from various host communities. The Company provided new equipment and educational materials to several schools situated within its areas of operation through its Adopt a School Program. It likewise conducted medical outreach programs of various services and provided basic health equipment to health centers. Furthermore, a deworming and supplemental feeding program is being implemented for Grades 1 and 2 pupils of elementary schools, as well as pupils of day care centers in Benguet and Zambales.* *The Company contributes to the social upliftment of its community by generating local employment opportunities and providing livelihood projects such as lemon grass production, mushroom production, goat and swine dispersal, food processing, and production of handicrafts. It extends financial assistance for various socio-cultural activities, infrastructure development, and other maintenance activities of its host barangays. [SEC FORM 20-IS, Definitive Proxy Statement)*
Anti-corruption programmes and procedures	*There is no specific program and procedure, but the Company adopts the policy to conduct its business in a strictly lawful manner and that all operation and transaction of the Company must comply with applicable laws and regulations.*	
Safeguarding creditors' rights	*There is no specific program and procedure, but the Company adopts the policy to conduct its business in a strictly lawful manner and*	

	that all operation and transaction of the Company must comply with applicable laws and regulations.	

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
No, but there is a Corporate Social Responsibility (CSR) Report and/or the CSR portion in the annual report (SEC 17-A).

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?
The Company shall endeavor to provide for a safe and healthy atmosphere in the work environment conducive to the physical and moral well-being and growth of the employees. It is the company policy to ensure the physical well-being of its employees by providing medical, dental and hospitalization benefits, paid vacation and sick leave benefits; implementing safety guidelines and procedures at the workplace, especially hazardous areas (e.g., underground), providing safety equipment and gadgets (e.g. miner's hat and boots); monitoring incidence of dangerous diseases in camp (e.g. dengue).

(b) Show data relating to health, safety and welfare of its employees. - In compliance with the government rules on health and safety of employees, Benguet Corporation conducted training on Drug-Free Workplace, Prevention and Control of HIV-AIDS, TB Prevention and Control in the Workplace, and Workplace Policy and Program on Hepatitis B. It was facilitated by a representative from Department of Labor and Employment (DOLE).

As part of the awareness program campaign on EBOLA Virus Disease (EVD), Human Resources posted in the bulletin board about EVD – how one can get it, what are its signs and symptoms, and how to prevent EBOLA.

The continuous conduct of intensified Information Education Campaign (IEC) against dengue and the strict monitoring of health and sanitation concerns to all areas of responsibility particularly within camp and industrial premises by the Camp Administration together with BC-Task Force Dengue (TFD) have contributed a lot to achieve less dengue cases in camp. The TFD-IEC activities also extend its services to nearby communities like Acupan, Batuang, Riverside, Keymen's Hill and Virac to eradicate the occurance of the deadly dengue.

Among the IEC activities are as follows:
1. *The search and eradication of possible breeding site of dengue mosquitos.*
2. *Smearing of sumilarv powder on stagnant waters to regulate the growth of mosquitoes. Sumilarv powder was provided by the Provincial Health Office at La Trinidad, Benguet.*
3. *The distribution of dengue flyers and posters and at the same time explanation of its contents to all bunkhouses/cottage/household occupants. Leaflets and posters were provided by Department of Health (DOH) Baguio City.*
4. *Creation of Dengue Brigade represented by all bunkhouse Capitanas to coordinate with Camp Administration in case of suspected dengue patients*

For 2013, eight (8) dengue cases involving 5 employees, 1 dependent of contractors' miners, and 1 contractor's miner, were all treated.

As for safety, a total of 224 departmental safety meetings were conducted with 13,551 attendees during the calendar year 2013. Other related activities are summarized as follows:
1. *Safety awareness – Safety Department conducts daily broadcasting at the portal every beginning of the shift while 10-15 minutes tool box/pep talk meetings are conducted by the supervisors;*
2. *Safety Inspections and Reporting – A total of 2,683 safety inspections to various underground and surface workplaces were conducted. The Company also assisted MGB-CAR officials in the conduct of their regular inspection.*
3. *A joint Mine Program are conducted as scheduled to determine the prevailing and/or potentials hazards such as illegal drives, old fill and mine out stopes, etc.*
4. *Accident Investigation – Safety Division facilitates incident investigation so that all types of work related serious incidents and major property damage are investigated by the Incident Prevention Investigation Committee (IPIC). Findings and recommendations of the IPIC were further validated by the Central Safety Council (CSC). MGB Manila and Baguio are furnished copies of report per standard procedure.*
5. *Personal Protective Equipment (PPE) – During the safety orientation of newly hired employees, they are required to present their PPE such as hard hat and safety miner's boots wherein they are taught on the importance, use, fittings and maintenance of said PPEs. The Company strictly implements/ monitors the use of PPE such as miner's boots, hard hat, eye google, face shield, cap lamps, etc. at the industrial area.*
6. *Emergency Response Program – copies of this were distributed to all concerned and a copy of which is kept at the*

safety office for reference.

The Company have likewise conducted (1) Regular Medical, Dental and Optical Mission both for its stakeholders & employees;(2) Continuous Enhancement of Recreational Facilities; (3) IEC on Women's and Children's Rights/ Magna Carta for Women/Cancer Awareness; (4) Special Employment for Students in coordination with the LGU; and (5) Regular beautification and waste management strategies.

(c) State the company's training and development programmes for its employees. Show the data.
The Company adopted a professional training and development program for its employees and officers.
For 2013, a Management and Employee Training was conducted where all of the safety inspectors have completed the forty (40) hours Occupational Safety and Health Trainings required by the government.Basic First Aid training was conducted attended by 439 newly-hired BC and service contract employees as part of the safety induction/orientation program. Likewise, a 2-day First Aid Refresher's Training was conducted attended by 130 BC employees.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.
It is the policy of the Company to reward employees on the basis of meritorious performance. It also implements a stock option plan to recognize exceptional contribution of select employees to the company's overall performance. The Group has an incentive bonus plan which provide for bonus awards, calculated on the basis of net income, to top operating executives, managers and members of the BOD. Bonus awards are either paid on full directly to the awardees or are transferred to a trust fund and are payable to the awardees in three installments generally over a period of two years. No incentive bonuses were paid or accrued in 2013, 2012 and 2011.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

It is the Company's policy to afford employees suspected of having violated company policies the right to be heard under a speedy, fair, just and impartial investigation without adversely affecting the time and efficiency of the employees concerned which are critical in the operation.

The following are the implementing guidelines for administrative investigation:

2. *The Company may, upon written complaint of an employee or any person, or on reasonable suspicion of commission or violation of any act punishable under any Company policies, conduct an investigation to determine the employee's guilt and to impose the appropriate penalty, thru the Officer or Manager who has supervision over an employee suspected of having committed such violation, or his duly designated representative who must be a Manager (hereinafter called Investigating Authority).*
3. *In meting out penalties, the Company shall take into account the nature and effect of the offense, the time interval of the commission of offenses, and such circumstances that may justify, mitigate or aggravate the commission thereof.*
4. *In the pursuit of the speedy investigation, the Vice President or Manager concerned may forego the procedure herein established provided that the respondent is given fair opportunity to be heard.*
5. *The procedural guideline herein established shall be without prejudice to the right of the Company to motu proprio conduct inquiry or preliminary investigation which could be the basis for conducting a formal investigation as provided under the procedural guidelines, which are as follows:*
   a. *Formal Complaint – Upon receipt of a formal complaint prepared either upon a written complaint of an employee or any person concerned, or motu proprio by the Company, which shall contain the nature of the offense/violation complained to have been committed, respondent shall explain in writing his position within three (3) working days from receipt of the copy of the complaint with accompanying documents and affidavits if applicable.*
   b. *Preventive Suspension – If the presence of the respondent poses serious danger to life of his co-employees or to the property of the Company, the respondent may be placed under preventive suspension which shall take effect immediately upon his/her receipt of a notice for that purpose. Should the respondent be found innocent of the act/s complained of, all benefits due him/her for the period of suspension shall be restituted. In no case, however, shall preventive suspension be more than thrity (30) days.*
   c. *Default – Failure or refusal of the respondent to make such written answer within the period above provided shall be deemed a waiver of his/her right to answer or explain his/her side. The Investigating Authority shall nevertheless proceed with the investigation.*
   d. *Decision – The investigation shall be completed within two (2) weeks from service of complaint. Upon completion of the Investigation, the Investigating Authority shall render a decision, stating briefly the findings and the conclusion reached. Legal Services shall the review the decision to determine if it is legally sustainable. Decision shall be immediately executor unless the President shall order otherwise on the basis of an appeal by the employee subjected*

to a penalty.

e. *Service – Notices or decision shall be sent to the respondent or witness/es personally or by leaving at his/her table, if he/she reports for work or, by ail to his/her last known address appearing in the Personnel records, if he/she cannot be found. Such service shall be deemed sufficient for the purpose of this policy.*

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

The following table sets forth certain information about persons (or "groups" of persons) known by the Company to be directly or indirectly the record and/or beneficial owner of more than five percent (5%) of any class of the Company's outstanding capital stocks as of December 31, 2014:

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation (Filipino) (Non-Filipino)	Class A Common – 52,586,388 Class B Common – 27,992,788 Class A Convertible Preferred – 60,072 Class B Common – 11,057,892	44.78% 36.07% 27.67% 14.25%	(see Note 1)
Palm Avenue Holding Company, Inc.	Class A Common - 21,874,909	18.63%	(See Note 2)
Palm Avenue Holdings Company and/ or Palm Avenue Realty Corporation, Metro Manila, Phil.[11]	Class A Common - 21,306,830	18.14%	(See Note 2)
Palm Avenue Realty Corporation, Metro Manila, Philippines	Class B Common – 14,560,000	18.76%	(See Note 2)
Palm Avenue Holdings Company and/ or Palm Avenue Realty Corporation, Metro Manila, Phil.[12]	Class A Common – 10,278,125	08.75%	(See Note 2)
Fairmount Real Estate	Class A Convertible Preferred - 59,262	27.30%	(See Note 3)

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

Name of PCD's Participant	Number of Shares Held	Percent
Lucky Securities, Inc.	Class A Common – 17,066,518 Class B Common – 16,212,667	14.53% 20.89%
Maybank ATR Kim Eng Securities, Inc.	Class A Common – 5,647,265 Class B Common - 4,427,348	5.00% 5.70%
Citibank, N.A.	Class B Common – 7,398,248	9.53%
Abacus Securities Corporation	Class A Convertible Preferred – 37,617	17.33%

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

Note 2. *The Company is not aware of who is/are the direct or indirect beneficial owner/s of the stocks issued to Palm Avenue Holdings Company, Inc. and Palm Avenue Realty and Development Corporation (the "Palm Companies"). The nominee of Palm Companies in the Board of Directors is Mr. Benjamin Philip G. Romualdez, President/CEO. On May 28, 2014 Annual Stockholders' Meeting of the Company, the Palm Companies issued a proxy in favor of its legal counsels, Attys. Otilia Dimayuga-Molo/Andrea Rigonan-Dela Cueva, to vote in all matters to be taken up in the stockholders' meeting. Please note that (a) Palm Avenue Holding*

[11]Sequestered by the Republic of the Philippines, Presidential Commission on Good Government under Executive Order Nos. 1 & 2

[12]Sequestered by the Republic of the Philippines thru PCGG under E.O. Nos. 1 & 2 and reverted to Palm Avenue as sequestered shares per Supreme Court Entry of Judgment dated March 15, 1993 in G.R. No. 90667 entitled Republic of the Philippines vs. Sandiganbayan, Palm Avenue Realty Development Corp. and Palm Avenue Holdings Company, Inc.

Company, Inc. and Palm Avenue Holdings Company are one and the same corporation, and (b) Palm Avenue Realty and Development Corporation and Palm Avenue Realty Corporation are one and the same corporation.

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

Below are information as to each class of securities of the Company beneficially owned by directors and officers as of December 31, 2014.

A. Individual

Name of Senior Management	Number of Direct shares		Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Benjamin Philip G. Romualdez	Class A	23	The Company is not aware of any indirect beneficial ownership of its directors and officers.	0.000%
	Class B	551		0.000%
Cesar C. Zalamea	Class A	1		0.000%
Andres G. Gatmaitan	Class A	152		0.000%
	Class B	1		0.000%
Rogelio C. Salazar	Class A	100		0.000%
	Class B	100		0.000%
Isidro C. Alcantara, Jr.	Class A	1,434,400		1.220%
	Class B	1		0.000%
Alberto C. Agra	Class A	1		0.000%
Luis Juan L. Virata	Class A	78,001		0.066%
	Class B	23,200		0.030%
Daniel Andrew G. Romualdez	Class A	7		0.000%
Maria Remedios R. Pompidou	Class A	5		0.000%
Bernardo M. Villegas	Class B	1		0.000%
Reynaldo P. Mendoza	Class A	41,222		0.035%
Leopoldo S. Sison III	Class A	31,702		0.027%
Ma. Mignon D. De Leon	Class A	10,000		0.008%
Lina G. Fernandez	Class A	38,022		0.032%
Max D. Arceño	Class A	511		0.000%
Hermogene H. Real	Class A	17,700		0.015%
	Class B	100		0.000%
TOTAL	Class A	1,651,847		1.405%
	Class B	23,954		0.031%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes. Total remuneration is disclosed.

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The Company's Annual Report contains the disclosure requirements imposed by the SRC, its Implementing Rules and Regulations, and the issuances of the SEC. Number of board of directors/commissioners meetings held during the year and attendance details of directors in respect of meetings held are disclosed/presented in the Definitive Information Statement (SEC Form 20-IS) and disclosed in the Company's website.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SyCip Gorres Velayo & Co.	P4.9Million	P1.8 Million*

(*) - Year 2013

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Shareholders are provided information through public records, electronic communication media, Company's website, press releases, announcements, the Company's disclosures and reports filed with the SEC, PSE and other regulating agencies.

5) Date of release of audited financial report: *March 28, 2014*

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.
Not applicable.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Benguetcorp Nickel Mines, Inc. (BNMI)	*Wholly-owned subsidiary*	*Appointed Benguet Corporation (parent company) as its exclusive agent with a marketing fee of $5 per ton of nickel ore shipped, inclusive of Value Added Tax (VAT). This is a five-year exclusive marketing agreement signed in August 2011.*	

Berec Land Resources, Inc. (BLRI)	*Wholly-owned subsidiary*	*Agreement for the management of the operation of Acupan Gold (AGP). Under this management contract, BLRI will provide the necessary technical and financial assistance to expand the production capacity of AGP to 300 tons per day in exchange for a management fee based on the net operating profit of AGP. BLRI also leases its equipment to the AGP mining operations.* *BLRI also leases its equipment to the AGP mining operations.*	

In addition, all intercompany transactions are disclosed in accordance with Philippine SEC requirements under SRC Rule 68, as amended (2011).

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All related party transactions are fully disclosed to the Board of Directors. It is the policy of the Company to continuously monitor and assess intercompany transactions in order to maintain utmost transparency, observe an arms-length relationship between the Company and among its subsidiaries and affiliates, in continuing compliance of all government regulations, observance of good corporate governance and adherence to regulatory standards. On March 22, 2013, the Board approved the policy on inter-company transactions which states that the company continuously monitor and assess intercompany transactions in order to maintain utmost transparency, observe an arms-length relationship between the Company and among its subsidiaries, in continuing compliance of all government regulations.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	*Excepting as may otherwise provided by the laws of the Philippines, at any regular or special meeting of the stockholders, it shall be necessary that the owners of a* ***majority****of the entire subscribed capital stock of all classes as shown by the stock transfer books of the Company be present in person or by proxy to constitute a quorum and, except in cases where Philippine law or the Articles of Incorporation of the Company require a higher percentage and/or voting by classes of stock, every decision of a majority of the stock represented at such meeting shall be valid as a Company act. (Amended By-Laws, Article II, Section 5, Majority to Govern – Exceptions)*

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	*A vote of the stockholders representing the **majority**of the outstanding capital stock of the Company (in person or by proxy), is required for approval/ratification of the minutes of the annual stockholders meeting and all acts, contracts, investments, resolutions, and proceedings made and entered into by the Management and/or the Board of Directors since the last Annual Stockholders Meeting. [SEC Form 20-IS p. 18]*
Description	*Each share shall be entitled to one vote.*

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Stockholders' rights concerning Annual/Special Stockholders' Meeting are in accordance with provisions stated in the Corporation Code.	*There are no rights granted to Stockholders that are not in the Corporation Code.*

Dividends

Declaration Date	Record Date	Payment Date
None to report for 2014.		

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
The Board should be transparent and fair in the conduct of the annual and special stockholders meetings of the corporation. The stockholders should be encouraged to personally attend such meeting. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject of the requirements of the By-Laws the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in stockholder's favor. [Revised Manual on Corporate Governance, Section 10 (B)] *Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. [Section 10 (C), Revised Manual on Corporate Governance]* *Although all stockholders shall be treated equally without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.*	*A written or printed notice of every regular or special meeting of the stockholders stating the time and place and, in case of special meetings, the objects thereof, shall be prepared and mailed by the President or Secretary of the Company, postage prepaid, to the last known post office address of each stockholders as shown by the Company's stock transfer books at least thirty (30) days before the date of any such meeting. No failure or irregularity of notice of any regular meeting shall invalidate the same or any proceedings thereat. [Article II, Section 3, Amended By-Laws]*

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
    a. Amendments to the company's constitution
    b. Authorization of additional shares
    c. Transfer of all or substantially all assets, which in effect results in the sale of the company

    The Board is transparent and fair in the conduct of the annual and special stockholders meetings of the corporation. Prior to the meeting, the stockholders are furnished with sufficient information material upon which to base their decisions. The stockholders are encouraged to personally attend the meeting. If they cannot attend, they are apprised ahead of time of their right to appoint a proxy.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

    Yes. For May 28, 2014 Annual Stockholders' Meeting, the minimum 21 days was observed in giving out notices to the stockholders of the Company.

    a. Date of sending out notices: *April 28, 2014*

    b. Date of the Annual Stockholders' Meeting: *May 28, 2014*

4. State, if any, questions and answers during the Annual Stockholders' Meeting.

    None. There are no questions brought out during the 2014 Annual Stockholders Meeting.

5. Result of Annual Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the May 30, 2013 Annual Stockholders' Meeting	76.90%	0.05%	0.14%
Approval of the amendment of Article Third of the Amended Articles of Incorporation of the Company to indicate therein the complete address of the Company's principal office pursuant to SEC Memorandum Cir. No. 6, Series of 2014.	76.99%	0.06%	0.05%
Approval of the increase in authorized capital stock and the corresponding amendments of Article Seventh of the Amended Articles of Incorporation and Article I, Section 1, of the Amended By-Laws of the Company.	76.06%	0.84%	0.21%
Approval and ratification of all acts, contracts, resolutions, investments and proceedings made and entered into by the management and board of directors during the period from May 30, 2013 to May 28, 2014	76.47%	0.11%	0.52%
Other matters as may properly come before the meeting and which are not known to management at a reasonable time. (During the regular meeting of the Board of Directors held two hours before the stockholders' meeting of May 28, 2014, the Board approved the stock option grants to certain directors in recognition of their long years of service to the Company).	76.19%	0.80%	0.13%

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions;

    Just after the May 28, 2014 stockholders' meeting, the results of the votes taken was disclosed to the PSE, and on May 29, 2014, it was disclosed to the SEC and posted in the Company website.

(e) Modifications
State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
There were no modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year.	

(f) Stockholders' Attendance

Details of Attendance in the Annual/Special Stockholders' Meeting Held (2014):

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending Person	% of SH in Proxy	Total % of SH attendance
Annual	<u>Directors:</u> Daniel Andrew G. Romualdez Benjamin Philip G. Romualdez Andres G. Gatmaitan Dennis R. Belmonte Isidro C. Alcantara, Jr. Alberto C. Agra <u>Officers:</u> Daniel Andrew G. Romualdez Benjamin Philip G. Romualdez Renato A. Claravall Bienvenido M. Araw II Marcelo A. Bolaño Reynaldo P. Mendoza Pablo Gabriel R. Malvar Lina G. Fernandez Max D. Arceño Ana Margarita N. Hontiveros Chuchi C. Del Prado Mary Jean G. Alger Ma. Anna G. Vicedo-Montes Hermogene H. Real	May 28, 2014	Voting carried by motions made and duly seconded.	56.65% of the outstanding capital stock of the Company	20.47% of the outstanding capital stock of the Company	77.12% of the outstanding capital stock of the Company

(i) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?
Yes. SyCip Gorres Velayo & Co., is appointed as the Company's independent party inspector.

(ii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.
The Company's common shares carry one vote for each share.
All the shares of all classes of stock of the Corporation shall have identical voting rights and shall vote as a single class, except as otherwise provided in the Amended Article Seventh of the Amended Articles of Incorporation. In the election of directors, sixty (60%) per centum of the total number of directors shall be nominated and elected by holders of Convertible Preferred Stock and of Common Class A Stock acting as a single class, while forty (40%) per centum of the total number of directors shall be nominated and elected by holders of Common Class B Stock. [Article Seventh (B), Amended Articles of Incorporation]

(g) Proxy Voting Policies
State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	*Any stockholder not present at any annual or special meeting of the stockholders may vote the share or shares standing in his name on*

	the stock transfer books of the Company by proxy, such proxy to be dated, signed and to designate the person or persons named as proxy. [Article II, Section 4. Proxies, Amended By-Laws]
Notary	*The Company's By-Laws does not require the proxy to be notarized.*
Submission of Proxy	*Proxies must be filed with the Secretary twenty-four (24) hours before the date of the stockholder's meeting. [Article II, Section 4. Proxies, Amended By-Laws]*
Several Proxies	*Allowed. Any stockholder not present at any annual or special meeting of the stockholders may vote the share or shares standing in his name on the stock transfer books of the Company by proxy, such proxy to be dated, signed and to designate the person or persons named as proxy. [Article II, Section 4. Proxies, Amended By-Laws]*
Validity of Proxy	*A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. In the event a stockholder decides to attend the meeting, he may, if he wishes, revoke his proxy and vote his shares in person.* *For the 2014 Annual Stockholders Meeting, the grant of authority in the election of directors is subject to the lifting of TRO. In case no election of directors is held on the date of the Annual Stockholders' Meeting on May 28, 2014, the proxy will still be valid for ninety (90) days from said date, or up to August 26, 2014 and can still be exercised in the event the TRO is lifted after the May 30, 2013 Stockholders' Meeting and an election is ordered within the said ninety (90) day-period.*
Proxies executed abroad	*The Company retained Georgeson, Inc.to assist in the solicitation of proxies from the United States. The firm may solicit proxies by personal interview, telefax, telephone, mail and electronic mail.*
Invalidated Proxy	*An invalidated proxy shall not be recognized and vote cast shall not be counted and the stockholder shall be informed of such fact.*
Validation of Proxy	*The committee of validation of proxies are composed of representatives from the Company's external auditor (Sycip Gorres Velayo & Company), stock transfer agent (Stock Transfer Service, Inc.), and its Corporate Secretary/Assistant Corporate Secretary. The committee adheres to the procedural requirements governing conduct in the validation of proxies as set forth in the By-Laws and procedures under Paragraph 11 (b) of SRC Rule 20.*
Violation of Proxy	*Any vote made in violation of the terms of the proxy will not be considered for purposes of counting of votes.*

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. [Section 10 (C), Revised Manual on Corporate Governance]	*A written or printed notice of every regular or special meeting of the stockholders stating the time and place and, in case of special meetings, the objects thereof, shall be prepared and mailed by the President or Secretary of the Company, postage prepaid, to the last known post office address of each stockholders as shown by the Company's stock transfer books at least thirty (30) days before the date of any such meeting. No failure or irregularity of notice of any regular meeting shall invalidate the same or any proceedings thereat. [Article II, Section 3, Amended By-Laws]*

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	16,948
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 28, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 28, 2014
State whether CD format or hard copies were distributed	Hard copies were distributed.
If yes, indicate whether requesting stockholders were provided hard copies	Yes.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. As such, the Board committed to respect the following rights of the stockholders: *1. voting right* *2. power of inspection* *3. right to information* *4. right to dividends* *5. appraisal right*	• *Shareholders shall have the right to elect, remove and vote on certain corporate acts pursuant to the Corporation Code, the Articles of Incorporation and By-Laws.* • *Shareholders are entitled to vote for each share held as of the established record date. A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy.* • *Shareholders are allowed to inspect corporate books and records including minutes of Board meetings at reasonable hours during business days in accordance with Section 74 of the Corporation Code and shall be furnished with annual reports, including financial statements, without costs or restrictions.* • *The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.* • *The minority shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall*

	include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes. • *Although all stockholders shall be treated equally without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.*

(b) Do minority stockholders have a right to nominate candidates for board of directors?
Yes. In the election of directors, sixty (60%) per centum of the total number of directors shall be nominated and elected by holders of Convertible Preferred Stock and of Common Class A Stock acting as a single class, while forty (40%) per centum of the total number of directors shall be nominated and elected by holders of Common Class B Stock. [Article Seventh (B), Amended Articles of Incorporation]

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has communication system channel that promote effective communication with its shareholders and the investing community. Aside from the regular reporting and disclosures to the various regulating agencies such as the SEC and PSE, the Company maintains its website that provides timely information updates on its governance, operational and financial performance.

The Company has also designated a stockholders relations officer to handle its investor and shareholder queries and requests, whose contact information can easily be accessed through the Company's website. The Legal Services, Corporate Secretary and Chief Finance Officer exercise oversight responsibility over the stockholders relations office.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	*To build better understanding and cultivate a relationship of trust with stakeholders, the Company has communication system channels that promote effective communication with its shareholders and investors.*
(2) Principles	*Handle investor and shareholders queries and requests as a top priority matter with transparency and promptness.*
(3) Modes of Communications	*Company website and PSE website for all corporate disclosures, telephone, letter or email.*
(4) Investors Relations Officer	*Romeo Leonilo H. Tangalin* *Manager – Stockholders Relations Office* *rht@benguetcorp.com.ph*

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?
No acquisition of corporate control in the capital markets and extraordinary transactions has taken place. In any event, such acquisition needs board approval and/or stockholders' approval.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.
Not applicable.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES
Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Training and employment for Out of School Youth	77 students of 21 barangays of Sta. Cruz and Candelaria, Zambales
Training Program for Barangay Officials/Secretaries	Barangays Tubotubo South, Bolitoc – Sta Cruz, Zambales
Animal Husbandry Program	Five Host Communities/Barangays - Zambales
Sewing Livelihood Training Project	Barangays Dampay, Candelaria, and Binabalian – Candelaria Zambales
Brigada Eskwela	Six host communities/Barangays – Sta Cruz and Candelaria , Zambales
Bamboo Farming Training	Barangay Dampay – Candelaria, Zambales
Full scholarship program	246 high school, college and vocational – 19 host barangays – Sta Cruz and Candelaria, Zambales
Adopted DepEd's Annual Math & Science Competition	Deped - Sta. Cruz and Candelaria, Zambales
LGU Cultural Event Sponsorships	LGUs of Sta. Cruz and Candelaria and host communities - Zambales
Free Monthly/Quarterly Medical services/mobile clinics	Five host communities/barangays - Zambales
Feeding Programs	1,110 malnourished children from 22 communities/barangays/elementary schools - Zambales
Repair and Construction of 2 Health Centers	Barangays Guisguis and Binabalian, Zambales
Repair and Construction of 3 bridges	Barangays Lomboy and Guisguis – Sta Cruz, Zambales
Construction/provision of 2 Agricultural Facilities	Barangays Tubotubo North & Binabalian - Zambales
Construction of 2 Multi-purpose Buildings	Barangays Tubotubo South, Yamot and Dampay – Zambales
Renovation of Day Care Center	Barangay Binabalian - Zambales
Donated Generator set and Hospital Appliances	Sta. Cruz, Municipal Hospital - Zambales
Farmland Enhancement	Five host communities/barangays - Zambales
Fishpond Enhancement`	Barangays San Fernando and Tubotubo South – Sta Cruz, Zambales
Donated supplies for Barangay Officials & Health Workers	Seven host communities/barangays - Zambales
Provision of Barangay Hall furniture/appliances	Six host communities/barangays - Zambales
Provision of Day Care educational materials/appliances	Nine host communities/barangays - Zamblaes
Provision of Barangay service vehicle under the Disaster Preparedness Program	Barangay Binabalian – Candelaria, Zambales
Food Processing and Preservation Training	Barangay Irisan – Baguio city
Assistance to Barangay Peacekeeping Action Team	Barangays Poblacion, Ucab & Gumatdang – Itogon, Benguet
Assistance (for regular patrol works of BPATs , and various community field work of Barangay Health Workers and members of LGU)	Barangays Gumatdang, Poblacion, Virac, Ucab, Dalupirip Tinongdan & Loacan – Itogon, Benguet
Provision of patrol supplies and uniforms of Barangay Tanods	Barangay Irisan – Baguio City
Skills Training on Electrical Maintenance	Barangay Poblacion – Itogon, Benguet
Skills Training on Beauty Care	Barangay Poblacion – Itogon, Benguet
Rehabilitation of Water System; construction of wall rip-raps, railings, parapet	Barangay Virac – Itogon, Benguet
Construction of Tanod Outpost, drainages, canals, bunkhouse repairs	Barangay Irisan – Baguio city
High School & College Scholarship Program	Barangays Virac, Poblacion, Ucab & Gumatdang – Itogon, Benguet
Brigada Eskwela	Barangays Virac, Poblacion, Ucab – Itogon, Benguet
Implementation of Special Program for Employment of Students (SPES)	Barangays Virac, Poblacion, Ucab & Gumatdang – Itogon, Benguet
Assistance to Day Care Workers' Annual Summit	Barangay Virac – Itogon, Benguet
Assistance to Child Development Workers/Day Care Workers	Barangays Virac, Poblacion, Ucab, Gumatdang and Irisan , Itogon and Baguio City
Assistance to the Universal Children's Day Celebration	Barangays Virac and Poblacion – Itogon, Benguet
Provision of uniforms for Day Care pupils	Barangay Irisan – Baguio city

Skills Training on Welding	Barangay Irisan – Baguio City
Disaster Preparedness Training for High School Students	Barangay Virac – Itogon, Benguet
Assistance to Barangay Health Workers and Barangay Nutrition Scholars	Barangays Virac , Ucab Poblacion and Gumatdang – Itogon, Benguet
Annual Medical, Dental and Optical, Surgical and Physical Wellness Outreach Programs	Barangays Virac, Poblacion and Irisan – Itogon, Benguet
Sewerage Construction, Basketball Court Improvements	Barangay Irisan – Baguio City
Use of Company facilities for various community programs	Barangay Virac – Baguio City
Assistance to the Nutrition Month Celebration	Barangay Poblacion – Itogon, Benguet
Support to LGU Cultural Events	Barangays Virac , Ucab and Poblacion – Itogon, Benguet
Implementation of various mining related IEC Activities in coordination with MGB-CAR and other mining companies in CAR (i.e., Essay Writing Contest, Poster Making Contest, conduct of quarterly barangay meetings, conduct of public consultations, conduct of briefings on new projects)	All host communities/barangays – Itogon, Benguet
Assistance to Itogon PNP & 3 COMPACs	Barangays Virac , Ucab and Poblacion – Itogon, Benguet
Support facilities for 2 Chapels	Barangay Ampucao – Itogon, Benguet
Assistance in the Quarterly Barangay Assembly	Barangay Poblacion – Itogon , Benguet
IEC on Dengue Prevention	Barangays Virac and Ucab – Itogon, Benguet

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	No formal evaluation is in place.	
Board Committees	The Audit Committee conducts an annual self-assessment of performance evaluation in compliance with the SEC Memo Circular No. 4, Series of 2012.	Guidelines for the Assessment of the Performance of Audit Committee of Companies Listed in the Exchange.
Individual Directors	The Board of Directors evaluates the performance of individual directors. On the other hand, the Nomination Committee likewise passes upon the performance of a director when it examines fitness of nominees for re-election as directors.	Criteria used are based on the standards set in the Manual of Corporate Governance.
CEO/President	The Board evaluates the performance of the CEO.	Criteria used are based on the standards set in the Manual of Corporate Governance.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

Violations	Sanctions[13]
First Violation	*Reprimand*
Second Violation	*Suspension. The duration of the suspension shall depend on the gravity of the offense*
Third Violation	*Removal from office may be imposed depending on the gravity of the offense.*

[13]Section 16, Revised Manual on Corporate Governance

suant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of New York, U.S.A. on APRIL 1, 2015.

SIGNATURE

DANIEL G. ROMUALDEZ
Chairman, Board of Directors

ACKNOWLEDGMENT

STATE OF NEW YORK }
COUNTRY OF QUEENS} SS.

SUBSCRIBED AND SWORN to before me this 1th day of April, 2015 at Woodside, Queens, New York, personally appeared DANIEL G. ROMUALDEZ with his Philippine Passport Number EB5843575 as identification, known to me to be the person who executed the foregoing document titled 2014 Annual Corporate Governance Report of Benguet Corporation and he acknowledged to me that the signature affixed to the document is his true signature, and that such is his own free and voluntary act and lawful deed.

WITNESS MY HAND AND SEAL.

Notary Public

ANDREW CASINO
Notary Public, State of New York
No. 02CA6073875
Qualified in Queens County
Commission Expires April 9, 2018

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the ~~City of~~ MAKATI CITY on APR 14 2015 2015.

SIGNATURE

DANIEL G. ROMUALDEZ
Chairman of the Board

BENJAMIN PHILIP G.ROMUALDEZ
President and Chief Executive Officer

ALBERTO C. AGRA
Independent Director

BERNARDO M. VILLEGAS
Independent Director

CHUCHI C. DEL PRADO
Vice President, Human Resource & Administration /
Corporate Governance Compliance Officer

Republic of the Philippines)
~~City of~~ MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this ___th day of APR 14 2015, 2015, affiants exhibiting to me their competent proof of identification with details appearing opposite their respective names, as follows:

Name	ID Number	Date/Place of Issue
DANIEL G. ROMUALDEZ	Passport No. EB5843575 valid until July 3, 2017	July 4, 2012 at PCG New York
BENJAMIN PHILIP G. ROMUALDEZ	Passport No. 8388538 valid until June 13, 2018	June 12, 2013 at DFA Manila
ALBERTO C. AGRA	Passport No. EB2976355 valid until July 8, 2016	July 9, 2011 at DFA Manila
BERNARDO M. VILLEGAS	Passport No. EB4802303 valid until February 26, 2017	February 27, 2012 at DFA Manila
CHUCHI C. DEL PRADO	SSS No. 03-5878800-3	Office of the Philippine Social Security System (SSS)

Doc No. 47
Page No. 11
Book No. 483
Series of 2015.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO.45348
MCLE COMPLIANCE NO. IV 0016333/4-10-2013
IBP NO. 706752 - LIFETIME MEMBER
PTR. NO. 474 - 8510 JAN 05, 2015
EXECUTIVE BLDG. CENTER
MAKATI AVE.,COR., JUPITER

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

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

The management of Benguet Corporation (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2014, 2013 and 2012, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

DANIEL G. ROMUALDEZ
Chairman, Board of Directors

Signed this 1 day of April, 2015.

ACKNOWLEDGMENT

STATE OF NEW YORK }
COUNTRY OF QUEENS} SS.

SUBSCRIBED AND SWORN to before me this 1th day of April, 2015 at Woodside, Queens, New York, personally appeared DANIEL G. ROMUALDEZ with his Philippine Passport Number EB5843575 as identification, known to me to be the person who executed the foregoing document titled Statement of Management's Responsibility for Consolidated Financial Statements and he acknowledged to me that the signature affixed to the document is his true signature, and that such is his own free and voluntary act and lawful deed.

WITNESS MY HAND AND SEAL.

Notary Public

ANDREW CASINO
Notary Public, State of New York
No. 02CA6073875
Qualified in Queens County
Commission Expires April 9, 2018

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

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

The management of Benguet Corporation (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2014, 2013 and 2012, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

BENJAMIN PHILIP G. ROMUALDEZ	RENATO A. CLARAVALL
President & Chief Executive Officer	Senior Vice President, Chief Finance Officer

Signed this APR 14 2015 day of April, 2015.

SUBSCRIBED AND SWORN to before me this APR 14 2015 th day of April, 2015 at Makati City, MANDALUYONG CITY affiants exhibited to me their identifications, to wit: Mr. Benjamin Philip G. Romualdez with Social Security System No. 33-5820866-8 and Mr. Renato A. Claravall with SSS No. 03-2890762-2, both issued by the Office of the Social Security System, Philippines.

LINA G. FERNANDEZ
NOTARY PUBLIC UNTIL DEC. 31, 2015
COMMISSION No. 0268-15
65 SIKAP ST., MANDALUYONG CITY
ROLL OF ATTORNEYS No. 52122
IBP No. 0981323/JAN. 5, 2015/RSM
PTR No. 2253629/JAN. 5, 2015/MANDALUYONG
MCLE No. V-0003762, SEPT. 25, 2014

Doc. No. 108
Page No. 23
Book No. I
Series of 2015.

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Benguet Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Benguet Corporation and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-3 (Group A),
March 21, 2013, valid until March 20, 2016
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-72-2015,
March 24, 2015, valid until March 23, 2018
PTR No. 4751273, January 5, 2015, Makati City

March 27, 2015

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	1	3	4	1						

Company Name

BENGUET CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRM	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
admin@benguetcorp.com	812-1380	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
16,944	5 / 28	12 / 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Renato A. Claravall	rclaravall@benguetcorp.com	812-1380	N/A

Contact Person's Address

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

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SGVFS010090

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Number of Shares)

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱258,113**	₱358,415
Trade and other receivables (Note 6)	**713,293**	706,253
Inventories (Note 7)	**94,886**	296,024
Other current assets (Note 8)	**719,577**	556,613
Total Current Assets	**1,785,869**	1,917,305
Assets classified as held for sale (Notes 9 and 11)	**53,544**	–
	1,839,413	1,917,305
Noncurrent Assets		
Property, plant and equipment (Note 11)		
At revalued amounts – land	**2,625,028**	2,677,326
At cost	**1,367,757**	992,688
Available-for-sale (AFS) investments (Note 10)	**11,423**	14,043
Investment properties (Note 12)	**166,693**	166,817
Deferred mine exploration costs (Note 13)	**615,850**	978,210
Other noncurrent assets (Note 14)	**496,016**	438,621
Total Noncurrent Assets	**5,282,767**	5,267,705
TOTAL ASSETS	**₱7,122,180**	₱7,185,010
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Note 15)	**₱882,838**	₱1,129,387
Trade and other payables (Note 16)	**1,388,477**	1,016,978
Obligations under finance lease - current (Note 35)	**12,532**	11,395
Income tax payable	**30,170**	19,010
Total Current Liabilities	**2,314,017**	2,176,770
Noncurrent Liabilities		
Loans payable - net of current portion (Note 15)	**33,575**	505,494
Deferred income tax liabilities - net (Note 31)	**734,064**	792,458
Liability for mine rehabilitation (Note 17)	**50,513**	59,930
Pension liability (Note 30)	**73,017**	93,134
Obligations under finance lease - net of current portion (Note 35)	**16,210**	28,742
Other noncurrent liabilities (Note 18)	**388,872**	139,848
Total Noncurrent Liabilities	**1,296,251**	1,619,606
Total Liabilities	**3,610,268**	3,796,376
Equity		
Capital stock (Note 19)	**586,222**	532,222
Capital surplus (Note 19)	**269,844**	161,844
Other components of equity (Note 19)	**914,064**	1,086,767
Retained earnings	**1,713,027**	1,615,817
Revaluation increment of assets held for sale (Note 19)	**36,771**	–
	3,519,928	3,396,650
Cost of 116,023 shares held in treasury, ₱69 per share (Note 19)	**(8,016)**	(8,016)
Total Equity	**3,511,912**	3,388,634
TOTAL LIABILITIES AND EQUITY	**₱7,122,180**	₱7,185,010

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share)

	Years Ended December 31		
	2014	2013	2012
REVENUES			
Sale of mine products	**₱2,861,290**	₱2,073,551	₱1,629,695
Sale of services	**113,925**	211,787	94,788
Trucking and warehousing services	**30,138**	13,044	34,197
Rental income and others (Note 12)	**12,265**	14,675	52,690
	3,017,618	2,313,057	1,811,370
COSTS AND OPERATING EXPENSES			
Costs of mine products sold (Note 21)	**1,428,041**	1,406,546	685,872
Costs of services and other sales (Note 22)	**276,007**	276,995	192,685
Selling and general expenses (Note 23)	**818,794**	617,773	608,393
Excise taxes and royalty fees	**154,867**	104,412	86,471
	2,677,709	2,405,726	1,573,421
INTEREST EXPENSE (Notes 15 and 35)	**(86,130)**	(126,115)	(84,406)
OTHER INCOME (EXPENSE) - net (Note 26)	**(142,714)**	216,698	395,821
INCOME (LOSS) BEFORE INCOME TAX	**111,065**	(2,086)	549,364
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 31)	**(13,855)**	9,755	90,784
NET INCOME	**₱97,210**	₱7,669	₱640,148
BASIC EARNINGS PER SHARE (Note 32)	**₱0.51**	₱0.04	₱3.91
DILUTED EARNINGS PER SHARE (Note 32)	**₱0.51**	₱0.04	₱3.52

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2014	2013	2012
NET INCOME	**₱97,210**	₱7,669	₱640,148
OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX			
Items to be reclassified to profit or loss in subsequent periods:			
Translation adjustments of foreign subsidiaries	**92**	(4,906)	5,869
Unrealized gain on AFS investments (Note 10)	**261**	251	583
Realized gain on disposal of AFS investments (Note 10)	**–**	(346)	(659)
	353	(5,001)	5,793
Items not to be reclassified to profit or loss in subsequent periods:			
Revaluation of land (Note 11)	**872**	85,900	–
Remeasurement gains (losses) on defined benefit plans (Note 30)	**17,695**	(6,430)	49,574
	18,567	79,470	49,574
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	**18,920**	74,469	55,367
TOTAL COMPREHENSIVE INCOME	**₱116,130**	₱82,138	₱695,515

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

(Amounts in Thousands)

			Other Components of Equity									
	Capital stock (Note 19)	Capital surplus (Note 19)	Revaluation increment (Note 19)	Deposits for future stock subscriptions (Note 19)	Cost of share-based payment (Note 19)	Cumulative translation adjustment of foreign subsidiaries	Remeasurement gain (loss) on pension liability (Note 30)	Unrealized gain (loss) on AFS investments (Note 10)	Retained earnings	Revaluation increment of assets held for sale (Note 19)	Treasury shares	Total
Balances at January 1, 2012	**₱492,220**	**₱18,895**	**₱750,779**	**₱–**	**₱41,372**	**₱40,394**	**(₱55,345)**	**₱920**	**₱968,000**	**₱–**	**(₱8,016)**	**₱2,249,219**
Deposits for future stock subscriptions (Note 19)	–	–	–	180,000	–	–	–	–	–	–	–	180,000
Employees' exercise of stock options	234	2,236	–	–	(1,211)	–	–	–	–	–	–	1,259
Stock options vested (Note 20)	–	–	–	–	11,455	–	–	–	–	–	–	11,455
Net income	–	–	–	–	–	–	–	–	640,148	–	–	640,148
Other comprehensive income (loss)	–	–	–	–	–	5,869	49,574	(76)	–	–	–	55,367
Total comprehensive income (loss)	–	–	–	–	–	5,869	49,574	(76)	640,148	–	–	695,515
Balances at December 31, 2012	**₱492,454**	**₱21,131**	**₱750,779**	**₱180,000**	**₱51,616**	**₱46,263**	**(₱5,771)**	**₱844**	**₱1,608,148**	**₱–**	**(₱8,016)**	**₱3,137,448**
Issuance of stock	39,706	140,294	–	(180,000)	–	–	–	–	–	–	–	–
Deposits for future stock subscriptions (Note 19)	–	–	–	162,000	–	–	–	–	–	–	–	162,000
Employees' exercise of stock options	62	419	–	–	(304)	–	–	–	–	–	–	177
Stock options vested (Notes 19 and 20)	–	–	–	–	6,871	–	–	–	–	–	–	6,871
Net income	–	–	–	–	–	–	–	–	7,669	–	–	7,669
Other comprehensive income (loss)	–	–	85,900	–	–	(4,906)	(6,430)	(95)	–	–	–	74,469
Total comprehensive income (loss)	–	–	85,900	–	–	(4,906)	(6,430)	(95)	7,669	–	–	82,138
Balances at December 31, 2013	**₱532,222**	**₱161,844**	**₱836,679**	**₱162,000**	**₱58,183**	**₱41,357**	**(₱12,201)**	**₱749**	**₱1,615,817**	**₱–**	**(₱8,016)**	**₱3,388,634**
Issuance of stock	54,000	108,000	–	(162,000)	–	–	–	–	–	–	–	–
Stock options vested (Notes 19 and 20)	–	–	–	–	7,148	–	–	–	–	–	–	7,148
Assets classified as held for sale	–	–	(36,771)	–	–	–	–	–	–	36,771	–	–
Net income	–	–	–	–	–	–	–	–	97,210	–	–	97,210
Other comprehensive income	–	–	872	–	–	92	17,695	261	–	–	–	18,920
Total comprehensive income	–	–	872	–	–	92	17,695	261	97,210	–	–	116,130
Balances at December 31, 2014	**₱586,222**	**₱269,844**	**₱800,780**	**₱–**	**₱65,331**	**₱41,449**	**₱5,494**	**₱1,010**	**₱1,713,027**	**₱36,771**	**(₱8,016)**	**₱3,511,912**

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱111,065**	(₱2,086)	₱549,364
Adjustments for:			
Depreciation, depletion and amortization (Note 25)	**117,064**	121,308	122,746
Interest expense (Notes 15 and 35)	**86,130**	126,115	84,406
Loss (gain) on disposal of property, plant and equipment (Note 26)	**8,191**	(7,152)	–
Cost of share-based payment (Notes 20 and 24)	**7,148**	6,871	11,455
Movements in pension liability	**(2,422)**	13,384	22,996
Accretion expense (Notes 17 and 26)	**2,401**	2,222	2,197
Unrealized foreign exchange losses (gains)	**2,111**	52,397	(2,790)
Interest income (Note 26)	**(1,123)**	(7,463)	(5,718)
Income from investment in fund (Notes 14 and 26)	**(1,056)**	(8,142)	(5,903)
Loss (gain) on disposal of AFS investments (Note 10)	**653**	(346)	(659)
Gain on settlement of loans and other liabilities (Notes 15 and 26)	**–**	(104,812)	(387,007)
Reversal of impairment on property, plant and equipment (Note 11)	**–**	(2,295)	(745)
Recovery of allowance for impairment losses	**–**	–	(9,925)
Operating income before working capital changes	**330,162**	190,001	380,417
Decrease (increase) in:			
Trade and other receivables	**(7,040)**	20,772	(572,018)
Inventories	**201,138**	(121,344)	(137,414)
Other current assets	**(162,964)**	(298,365)	(148,418)
Short-term investments	**–**	206,092	(206,092)
Increase in trade and other payables	**371,499**	483,557	290,027
Cash flows generated from (used in) operations	**732,795**	480,713	(393,498)
Interest received	**1,123**	7,466	6,116
Income taxes paid	**(61,575)**	(51,958)	(100,653)
Interest expense paid	**(86,130)**	(87,913)	(89,305)
Net cash flows from (used in) operating activities	**586,213**	348,308	(577,340)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of:			
Property, plant and equipment (Note 11)	**21,079**	7,950	–
AFS investments (Note 10)	**4,040**	4,401	206,309
Proceeds from investment fund	**1,056**	14,420	(275,000)
Additions to:			
Property, plant and equipment (Note 11)	**(148,516)**	(244,018)	(367,075)
Deferred mine exploration costs (Note 13)	**(22,221)**	(236,603)	(319,014)
AFS investments (Note 10)	**(1,700)**	(2,687)	(207,172)
Other noncurrent assets	**(57,395)**	(51,022)	(120,947)
Net cash flows used in investing activities	**(203,657)**	(507,559)	(1,082,899)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans and obligations under finance lease	**(933,872)**	(520,741)	(185,356)
Proceeds from:			
Availment of loans (Note 15)	**201,322**	275,000	951,341
Deposits for future stock subscription (Note 19)	**–**	162,000	180,000
Employees' exercise of stock options	**–**	177	1,259
Increase (decrease) in other noncurrent liabilities	**249,024**	72,599	(7,450)
Net cash flows from (used in) financing activities	**(483,526)**	(10,965)	939,794
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(100,970)**	(170,216)	(720,445)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**668**	20,962	(29,250)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**358,415**	507,669	1,257,364
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱258,113**	₱358,415	₱507,669

See accompanying Notes to Consolidated Financial Statements.

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

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

Corporate Information

Benguet Corporation (the Parent Company) was incorporated on August 12, 1903 in the Philippines and was listed in the Philippine Stock Exchange (PSE) on January 4, 1950.

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

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

Status of Business Operations

Quasi-reorganization

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

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

For purposes of dividend declaration, the retained earnings of the Parent Company shall be restricted to the extent of the deficit wiped out by the revaluation increment amounting to ₱1.0 billion until the asset to which the revaluation increment relates is disposed.

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

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

In connection with the quasi-reorganization, the par value of the shares of stock of BMC was reduced from ₱10.0 to ₱2.5 per share, while its authorized capital stock increased from 40.0 million shares to 160.0 million shares. The capital surplus arising from the reduction in par value of the shares and revaluation increment amounting to ₱300.0 million and ₱12.0 million, respectively, were applied against deficit resulting to a reduced balance of ₱52.8 million.

After the quasi-reorganization, the Parent Company made additional deposit for future stock subscriptions amounting to ₱160.0 million. The total deposit for future stock subscriptions amounting to ₱200.0 million was issued with shares of stock resulting to capital stock of ₱300.0 million as at December 31, 2012. For purposes of dividend declaration, the retained earnings of BMC shall be restricted to the extent of the deficit wiped out by the revaluation increment amounting to ₱12.0 million until the asset to which the revaluation increment relates is disposed.

Significant developments in the Parent Company and its subsidiaries' (the Group) operations follow:

a. Mining Projects

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

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

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

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

On December 10, 2010, BNMI and the Parent Company entered into a Deed of Exchange whereby the Parent Company transferred its interest in the nickel laterite mine in Sta. Cruz, Zambales. This pertains to MPSA No. 226-2005-III, technical data and all related environmental and other permits, in exchange for 1.0 billion ordinary shares of BNMI. In line with the agreement, BNMI applied for an increase in authorized capital stock from 10.0 million shares to 2.0 billion shares with par value of ₱1 per share. The MPSA was transferred and approved by Mines and Geosciences Bureau (MGB) on January 16, 2012.

On August 8, 2011, the Parent Company signed a five-year Marketing Agreement to be the exclusive marketing agent of BNMI for its nickel ore sales. Through this arrangement, BNMI signed on August 24, 2011, a tri-partite off-take agreement with the Parent Company and a Chinese trading company for the sale of nickel ore. In accordance with the agreement, the

Chinese trading company shall extend a loan of US$6.0 million to the Parent Company. BNMI will deliver and sell 1.8 million tons of 1.8% grade laterite nickel ore to the Chinese trading company over a period of 36 months at 0.6 million tons per 12 months, to start six months after signing of the agreement. The Chinese trading company will deduct US$3.33 per ton from the selling price of the nickel ore to be treated as repayment of the loan to the Parent Company. The loan bears an interest of 6% per annum to be computed on the unpaid balance based on the number of days that lapsed from signing of the agreement. The interest will also be deducted from the selling price of the nickel ore on each delivery date.

On October 5, 2011, BNMI signed a similar agreement with the Parent Company and another Chinese trading company. In accordance with the agreement, the Chinese trading company extended to the Parent Company a loan amounting to US$7.0 million. BNMI will deliver and sell 1.8 million tons of 1.8% grade and 0.2 million tons of 1.6% grade nickel ore to the Chinese trading company over a period of 36 months to start nine months after the date of the agreement. The Chinese trading company will deduct US$3.50 per ton from the selling price of the nickel ore delivered by the BNMI, to be treated as repayment of the loan extended to the Parent Company.

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

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

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

On September 18, 2013, BNMI entered into an off-take agreement with LS Networks Co., Ltd., a Korean trading company, for the sale of nickel ore. In accordance with the agreement, the Korean trading company extended advances of US$2.0 million to BNMI in exchange for 10 future shipments. The advances are non-interest bearing and an amount of US$0.2 million will be deducted from the selling price of every shipment.

On April 11, 2014, BNMI entered into another off-take agreement with LS Networks. In conformity with the contract, LS Networks extended advances totaling to US$6.0 million to BNMI in exchange for future shipments and is to be applied as follows; US$5.3 million as first advance payment to BNMI and the remaining US$0.7 million is to be paid to a technical service provider of LS Networks pursuant to a separate contract between LS Networks and the technical service provider. The first advance payment shall be deducted at a rate of US$0.3 million from each shipment until the full amount is fully offset or paid to LS Networks.

On June 09, 2014, a suspension order was issued by the Environmental Management Bureau (EMB) - Region 3 to BNMI. The said order was limited to the transport of ore only, and did not affect the mining operations of BNMI. Upon receipt of the order, BNMI immediately filed a Request for Reconsideration on the ground that the environmental remediation activities ordered by the EMB have already been substantially performed.

On July 24, 2014, BNMI received an order from the MGB - Region 3 dated July 15, 2014 suspending the extraction of ores and future expansion of mining areas. The suspension order is temporary until BNMI is able to implement systematic mining and clean-up/relocation of ore prefiles to designated stockpile areas.

The receipt of the suspension orders came out at a time when BNMI has slowed down/ceased its mining operation due to onset of the rainy season (July to October) and is implementing an environmental care and maintenance program for the duration.

On January 14, 2015, BNMI received from the EMB - Region 3 an order for the temporary lifting of the Cease and Desist Order on its hauling operations, subject to continuing environmental compliance.

On February 20, 2015, an order was received by BNMI from the MGB - Region 3 for the temporary lifting of the suspension order on the extraction of ores and future expansion of mining areas, subject to compliance of certain environmental requirements and submission of pertinent reports.

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

Irisan Lime Project (ILP)
The Parent Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 9,812 tons, 9,070 tons and 9,140 tons of quicklime in 2014, 2013 and 2012, respectively. On August 22, 2011, ILP obtained the renewal of its lime plant Mineral Processing Permit (MPP) for another five years until 2016.

Benguet Antamok Gold Operation (BAGO)
The Parent Company's BAGO in Itogon, Benguet Province has been suspended since August 1998. BAGO has an estimated resource of about 12.4 million tons averaging, 3.45 grams of gold per ton, at the end of 1999. This is under the Parent Company's Application for Mineral Production Sharing Agreement (APSA) No. 009-Cordillera Administrative Region (CAR) which was denied on February 8, 2011. Subsequently, the Parent Company filed an appeal on June 24, 2011 which is still undergoing evaluation by the Department of Environment and Natural Resources (DENR).

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

b. Exploration, Research and Development Projects

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

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

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

On September 2010, the Parent Company signed a Deed of Assignment with BGRC for the transfer, subject to the approval of the DENR, of MPP No. 13-2010-CAR of the BTP. The MPP is necessary for the reprocessing of the impounded mill tailings from the Acupan mines for the recovery of residual gold. In November 2011, the transfer of the MPP was approved by the DENR - MGB.

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

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

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

On January 17, 2013, the Parent Company's BOD authorized and approved the deed of exchange between the Parent Company and BGRC covering all of the Parent Company's rights and interest in BTP in exchange for BGRC's shares.

In 2014, minimal costs were incurred on the BTP since BGRC is largely in the process of obtaining funds for the said project.

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

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

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

Ampucao Copper-Gold Prospect
The Ampucao prospect is located inside the Pugo Mining Company claims within the southern part of Benguet's Acupan gold mine. The initial exploration work conducted by the Parent Company's geologists indicates a porphyry copper-gold mineralization hosted in diorite below the 2000 level. Two test holes have been programmed to be drilled within the area, but have been put on-hold pending the resolution of the related APSA that also covers the BAGO.

Pantingan Gold Prospect
The Pantingan Gold Prospect in Balanga, Bataan consists of 1,410 hectares covered by MPSA No. 154-2000-III. The property is under an operating agreement, with Option to Purchase, with Balanga Bataan Minerals Corporation signed in March 1996. Surface mineralization consists of quartz and clay veins, ranging from 0.70 meters to 10 meters wide, with values as much as 1.0 gram of gold and 9.60 gram of silver. The prospect needs exploratory drilling to probe the behavior of the veins and tenor of the postulated gold mineralization at depth. To pursue this, the Parent Company, has been trying to secure clearance from DENR because of a

watershed application surrounding the claim area. The application for renewal of the exploration period of the MPSA is still undergoing evaluation by the DENR.

Zamboanga Gold Prospect (ZGP)
The ZGP in R.T. Lim, Zamboanga Sibugay consists of 399.3 hectares of land area and is under an operating agreement with Oreline Mining Corporation (OMC). A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of the APSA No. IX-015 of OMC. The APSA, denied on May 12, 2010 and with appeal filed on January 30, 2013, is still undergoing evaluation by the DENR.

Financial or Technical Assistance Agreement (FTAA) Application
The Parent Company and its subsidiary, SARC have two pending FTAA applications consisting of land area totaling 72,806,291 hectares. The Parent Company's FTAA application in Ilocos Norte (denominated as AFTA-003-I) is undergoing Free, Prior and Informed Consent requirement through the Regional National Commission of Indigenous Peoples office while SARC's FTAA application in Apayao (denominated as AFTA No. 00033-CAR) is pending with the MGB - CAR. Exploration work within the two areas will be undertaken as soon as the applications have been approved by the government.

c. Water Projects

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

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

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

Virac Water System (VWS)
The Parent Company's VWS supplies water in the Balatoc area. With the increase in demand, the Parent Company is planning to expand the VWS to supply entirely the needs of Balatoc and the nearby areas and mobilize Agua de Oro Ventures Corporation (ADOVC) in implementing the project.

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

d. Land Development Project

Kelly Special Economic Zone (KSEZ)
The Parent Company has approved an initial ₱4.9 million budget for the feasibility study of KSEZ and the potential of other real estate properties of the Group. The Parent Company plans to transfer the said properties to BC Property Management, Inc. (BCPMI), a wholly-owned subsidiary of BMC. The capital expenditures related to the implementation of the project will then be infused as equity of the Parent Company in BCPMI.

e. Logistics Services

On July 26, 2013, the BOD and stockholders of Keystone Port Logistics and Management Services Corporation (KPLMSC), formerly Kingking Copper-Gold Corporation and a subsidiary of the Parent Company, approved the following:

- Amendment of Article I of the Articles of Incorporation (AOI) and by-laws to change the corporate name to “KPLMSC”, and

- Amendment of Article II of the AOI to change the primary purpose of KPLMSC which is now to carry on the business of operating and managing a port including port services such as wharfage, berthing, warehousing, arrastre and stevedoring, as well as any similar kind of port service which include moving, transferring and hoisting of any kind of cargo or persons to and from ships, barges, lighter or any kind of water craft, and trucks, vans, lorries, or any other kind of vehicles, to and from piers, docks, wharves, yards, terminals, stations and the like; to act as contractor in furnishing and/or utilizing machineries, power and skilled or unskilled manual labor for movement, transfer, loading, unloading or hoisting of any goods, wares merchandise, or any heavy light materials; to develop, construct, manage, maintain and repair ports and wharves, or any or all port facilities, and said business may be engaged in and carried on locally and abroad; and to carry on the business of shipping, which includes ship agency, ship brokerage, hiring, purchasing, chartering, own or otherwise acquire and work ships and vessels of any class, to established and maintain lines of regular services or ships or other vessels between any part of the world.

In the same year, KPLMSC implemented an expansion program in the Candelaria Port in Zambales to accommodate six barges at any given time, for the shipping of nickel ore.

f. Health Care Services

The Parent Company spun off its Benguet Laboratories (BL) Division and thru its wholly owned subsidiary, Benguetcorp Laboratories, Inc. (BLI) to undertake the expansion of BL into a distinct operating unit that can raise the necessary development funds and create value for the Group. BLI operates two full-fledged tertiary multi-specialty facilities in Baguio under the trade name Benguet Laboratories. BLI opened another facility under the trade name Med Central in San Fernando City, Pampanga which started its operations on December 16, 2012. BLI opened branches in Makati City and Taytay, Rizal which became fully operational in April 2014 and December 2013, respectively.

g. Other Changes Within the Group

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

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

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

On March 28, 2014, the Parent Company's BOD approved the increase in the Parent Company's authorized capital stock from ₱667.5 million to ₱784.8 million.

EO 79

On July 12, 2012, EO 79 was released to lay out the framework for the implementation of mining reforms in the Philippines. The policy highlights several issues that includes area of coverage of mining, small-scale mining, creation of council, transparency and accountability and reconciling the roles of the national government and local government units. The Group believes that EO 79 has no major impact on its current mining operations since its mines are covered by existing mineral agreements with the government. Section 1 of EO 79, provides that mining contracts approved before effectivity of the EO shall continue to be valid, binding and enforceable so long as they strictly comply with existing laws, rules and regulations and the terms and conditions of the grant. The EO could, however, delay or adversely affect the Group's current and future mineral properties covered by Exploration Permits (EPs) or Exploration Permit Applications or APSAs given the provision of EO on the moratorium on the granting of new mineral agreements by the government until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect. On March 7, 2013, the MGB has recommended to the DENR the lifting of DENR Memorandum Order No. 2011-01 on the suspension of the acceptance of all types of mining applications. Effective March 18, 2013, MGB has started accepting mining applications for EPs and FTAAs pursuant to DENR Administrative Order (DAO) No. 2013-11. To date, the moratorium on the acceptance and processing of mineral agreements is still in effect.

Authorization for Issue of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, were authorized for issue by the BOD on March 27, 2015.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

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

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

Basis of Consolidation

As at December 31, 2014 and 2013, the consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

	Nature of business	Country of incorporation	Effective percentage of ownership
BLRI	Exploration and development	Philippines	100.00
KPLMSC	Logistics	Philippines	100.00
KPLMSC's Subsidiaries:			
CMSC*	Logistics	Philippines	100.00
CMSI*	Logistics	Philippines	100.00
BNMI	Exploration and development	Philippines	100.00
BMC	Foundry	Philippines	100.00
BMC's Subsidiaries:			
Arrow Freight Corporation (AFC)	Logistics	Philippines	100.00
Benguetrade, Inc. (BTI)	Trading	Philippines	100.00
BMC Forestry Corporation (BFC)	Real estate	Philippines	100.00
ADOVC	Selling of treated and untreated Water	Philippines	100.00
Benguet-Pantukan Gold Corporation (BPGC)	Exploration and development	Philippines	100.00
BCPMI*	Management services	Philippines	100.00
Media Management Corporation (MMC)**	Management services	Philippines	100.00
BenguetCorp International Limited (BIL)**	Holding company	Hong Kong	100.00
BIL Subsidiaries:			
Benguet USA, Inc.**	Exploration and development	United States of America	100.00
Benguet Canada Limited**	Exploration and development	Canada	100.00
Pillars of Exemplary Consultants, Inc. (PECI)	Professional services	Philippines	100.00
SARC	Real estate holding	Philippines	100.00
SARC's Subsidiary:			
BGRC	Exploration and development	Philippines	100.00
Batong Buhay Mineral Resources Corporation (BBMRC)*	Exploration and development	Philippines	100.00
Ifaratoc Mineral Resources Corporation (Ifaratoc)*	Exploration and development	Philippines	100.00
AGMI*	Exploration and development	Philippines	100.00
BLI	Health services	Philippines	100.00

* *Preoperating*

** *Nonoperating*

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities and other components of equity while any gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same accounting period as the Parent Company using uniform accounting policies.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations [based on the International Financial Reporting Interpretations Committee (IFRIC) interpretations] which became effective on January 1, 2014. Adoption of these changes in PFRS did not have any significant effect to the Group.

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

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). The amendments must be applied retrospectively, subject to certain transition relief.

These amendments have no impact to the Group since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

- PAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, Fair Value Measurement, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Group's consolidated financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has no derivatives during the current or prior periods.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no significant impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

- *Annual Improvements to PFRSs (2010–2012 cycle)*
  In the 2010–2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

- *Annual Improvements to PFRSs (2011–2013 cycle)*
  In the 2011–2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

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

Issued but not yet effective

- PFRS 9, *Financial Instruments* – Classification and Measurement (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the FRSC. Such adoption, however, is still for approval by the Board of Accountancy (BOA).

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

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits – Defined Benefit Plans*: *Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010–2012 cycle)
The Annual Improvements to PFRSs (2010–2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. These include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition.
  - A performance target must be met while the counterparty is rendering service.
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
  - A performance condition may be a market or non-market condition.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment in future business combinations.

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The amendments affect disclosures only and have no impact on the Group's financial position or performance

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method: Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures – Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011–2013 cycle)
The Annual Improvements to PFRSs (2011–2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. These include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  The Group shall consider this amendment in future business combinations.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (*or PFRS 9, as applicable*).

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are

effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016 and are not expected to have any impact on the Group since it has no investments in associates and joint ventures.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012–2014 cycle)
The Annual Improvements to PFRSs (2012–2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment will not have an impact to the Group since the noncurrent asset held for sale as at December 31, 2014 is subsequently disclosed in 2015.

- PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 – *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting – Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments* – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

  The adoption of PFRS 9 is not expected to have any impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 affects disclosures only and have no impact on the Group's financial position or performance.

The following new standard issued by the IASB has not yet been adopted by the FRSC

- IFRS 15 *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Summary of Significant Accounting Policies

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

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

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of the entity and a financial liability or equity instrument of another entity.

Initial Recognition
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.

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs.

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets within the scope of PAS 39 are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and AFS investments. Financial liabilities are classified as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification at initial recognition and, where allowed and appropriate, re-evaluates such designation at each end of the reporting period.

The Group's financial instruments are in the nature of loans and receivables, AFS investments, loans and borrowings, and payables. As at December 31, 2014 and 2013, the Group has no financial instruments classified as financial assets at FVPL and HTM investments, financial liabilities at FVPL and derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement
The subsequent measurement of financial instruments depends on their classification as follows:

Loans and Receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, designated as AFS investments or designated as at FVPL. This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", trade, receivables from lessees of bunkhouses, and loans receivable under "Trade and other receivables", and mine rehabilitation fund (MRF) and investment fund under "Other noncurrent assets".

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

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

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

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

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

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

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

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

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

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

Loans and borrowings are classified as current liabilities when these are expected to be settled within 12 months from the end of the financial reporting period 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.

Payables
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable, accrued liabilities). Payables are included in current liabilities if maturity is within 12 months from the end of the financial reporting period or within the Group's normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent liabilities.

Payables are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This accounting policy relates to the Group's trade and accrued expenses under "Trade and other payables".

Derecognition of Financial Instruments

Financial Assets

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

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

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

Financial Liabilities

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

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

Impairment of Financial Assets

An assessment is made at each end of the reporting period to determine whether there is objective evidence that a specific financial asset or group of financial assets may be impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial 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. Evidence of impairment may include indications that the borrower is experiencing significant difficulty, default or delinquency in payments, the probability that they will enter bankruptcy, or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. 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. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as customer type, past dues status and term.

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

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

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

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

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

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

Fair Value Measurement
An analysis of the fair values of financial instruments and further details as to how they are measured are provided in Note 34.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

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

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

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

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

Assets Classified as Held for Sale
Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment, once classified as held for sale, are not depreciated or amortized.

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

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

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

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

Category	Number of Years
Land improvements	10-25
Buildings	10-20
Machinery, tools and equipment	2-15

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

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

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

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

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

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

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

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

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

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

As at December 31, 2014 and 2013, investment properties amounting to ₱166.7 million and ₱166.8 million, respectively, pertain to land and condominium units (see Note 12).

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

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

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

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

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

Impairment of Nonfinancial Assets

Nonfinancial Receivables and Other Current Assets

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

Property, Plant and Equipment, and Investment Properties

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Deferred Mine Exploration Costs

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

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

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

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

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

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

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

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

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

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

Other Components of Equity
Other components of equity consist of:
(a) Revaluation increment
(b) Cost of share-based payment
(c) Cumulative translation adjustments of foreign subsidiaries
(d) Remeasurement gain or loss on retirement obligation
(e) Unrealized gain on AFS investments
(f) Deposits for future stock subscriptions

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

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

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

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements and is also exposed to credit risks.

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

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

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

Rental Income and Others
Included under this caption are rental income, sale of real estate, interest and other income.

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

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

Interest is recognized as it accrues using the EIR method.

Miscellaneous income not directly related to the Group’s regular results of operations are recognized when services or goods are delivered. These are classified under "Other income (expense) - net" in the consolidated statement of income.

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

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

Costs of Services and Other Sales
Costs of services and other sales incurred in the normal course of business are recognized when the services are rendered. Included under this caption is the cost of real estate sold. Cost of real estate sold is recognized when the significant risks and returns have been transferred to the buyer. This includes land cost, amounts paid to contractors for construction, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs. The cost of real estate sold recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Selling and General Expenses
Selling and general expenses pertain to costs associated in the marketing and general administration of the day-to-day operations of the Group. These are generally recognized when the expenses arise.

Excise Taxes and Royalty Fees
Excise taxes pertain to the taxes paid or accrued by the Group for its legal obligation arising from the production of gold and nickel ore. In addition, the Group is paying for royalties which are due to the claim owners of the land where the mine site operations are located. These mine product taxes and royalties are expensed as incurred.

Leases
Determination of Whether an Arrangement Contains a Lease
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of the specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception on the lease only if one of the following applies:
(a) There is a change in contractual terms, other than a renewal or extension of the arrangement
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset or
(d) There is a substantial change to the asset

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

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

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

Finance Leases - The Group as a Lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the inception of the leases at the fair value of the leased properties or, if lower, at the present value of the future minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income.

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

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

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

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

Share-based Payment Transactions

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

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

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

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

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

Foreign Currency-Denominated Transactions and Translations

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

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

Income Taxes

Current Income Tax

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

Deferred Income Tax

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

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

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

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

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

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

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

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

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and
- it is probable that the temporary difference will not reverse in the foreseeable future

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

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

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

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

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

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

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

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

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

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

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

Determining Functional Currency

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

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 leases.

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.

Assessing Provisions and Contingencies

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 35).

Assessing Production Start Date

The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:

- the level of capital expenditure compared to construction cost estimates
- completion of a reasonable period of testing of the property, plant and equipment

- ability to produce ore in saleable form and
- ability to sustain ongoing production of ore

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

Classification of Financial Instruments
The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position. In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

Real Estate Revenue and Costs Recognition
The Group's revenue and the costs related to the sale of real estate are recognized based on the percentage of completion and are measured principally on the basis of estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. Real estate sales amounted to ₱4,018, ₱8,404 and ₱7,326, in 2014, 2013 and 2012, respectively (shown as part of rental income and others in the consolidated statements of income). The related costs of real estate sold amounted to ₱1,092, ₱7,237 and ₱4,427 in 2014, 2013 and 2012, respectively (shown as part of cost of services and other sales; see Notes 7 and 22).

Estimating Allowance for Impairment Losses on Trade and Other Receivables
The Group evaluates specific accounts where the Group has information that certain customers are unable to meet their financial obligations. Factors, such as the Group's length of relationship with the customers and the customer's current credit status, are considered to ascertain the amount of reserves that will be recorded in the receivables account. In addition to specific allowances against individually significant accounts, the Group also makes a collective impairment assessment against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any past collection experiences, the current economic conditions, and average age of the group of receivables. Allowance is re-evaluated and adjusted as additional information is received. Provision for impairment losses on trade and other receivables amounting to ₱1,623, ₱1,351 and ₱690 were recognized in 2014, 2013 and 2012, respectively (see Notes 6 and 23). As at December 31, 2014 and 2013, the carrying value of trade and other receivables amounted to ₱713,293 and ₱706,253, respectively, net of allowance for impairment losses of ₱147,398 and ₱145,836 as at December 31, 2014 and 2013, respectively (see Note 6).

Estimating Allowance for Inventory Obsolescence
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs. As at December 31, 2014 and 2013, the carrying value of inventories amounted to ₱94,886 and ₱296,024, respectively (see Note 7).

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

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

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

Assessing Recoverability of Deferred Mine Exploration Costs
A valuation allowance is provided for estimated unrecoverable deferred mine exploration costs based on the Group's assessment of the future prospects of the mining properties, which are primarily dependent on the presence of mineral reserves in those properties, and metal prices in the market, which is the primary driver of returns on the production. Deferred mine exploration costs, net of allowance for impairment losses, amounted to ₱615,850 and ₱978,210 as at December 31, 2014 and 2013, respectively (see Note 13).

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

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

An impairment loss is recognized and charged to the consolidated statements of income if the recoverable amount is less than the carrying amount. The recoverable amount of the asset is determined as the higher of its fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties, net of direct costs of selling the asset. When value in use has been undertaken, fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. The Group did not recognize any impairment loss in 2014 and 2013.

As at December 31, 2014 and 2013, property, plant and equipment (at revalued amount and at cost), investment properties, deferred mine exploration costs, other current assets and other noncurrent assets amounted to ₱5,990,921 and ₱5,810,275, respectively (see Notes 8, 11, 12, 13 and 14).

Estimating Impairment of AFS Investments
The determination of impairment loss for AFS investments requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In applying this judgment, the Group evaluates the financial health of the issuer, among others. In the case of AFS equity instruments, objective evidence of impairment includes a significant or prolonged decline in the fair value of the investments below its cost. The Group treats "significant" generally as 30% or more and "prolonged" as greater than twelve months. The Group expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology, and other factors that affect the recoverability of the Group's investments. No impairment loss was recognized in 2014, 2013 and 2012. As at December 31, 2014 and 2013, the carrying value of AFS investments amounted to ₱11,423 and ₱14,043, respectively (see Note 10).

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. The useful lives are disclosed in Note 2 to the consolidated financial statements.

Determining the Fair Value of Land
The appraised value of land is based on a valuation by an independent appraiser firm, which management believes, holds a recognized and relevant professional qualification and has recent experience in the location and category of the land being valued. The appraiser firm used the market data approach in determining the appraised value of land. As at December 31, 2014 and 2013, the appraised value of land amounted to ₱2,625,028 and ₱2,677,326 (see Note 11).

Determining the Fair Value of Investment Property
The Group carries investment property at fair value. The Group engaged an independent valuation specialist to determine fair value as at December 31, 2014 and 2013. The appraised value of investment property amounted to ₱166,693 and ₱166,817 as at December 31, 2014 and 2013, respectively (see Note 12).

Estimating Liability for Mine Rehabilitation
The Group estimates the costs of mine rehabilitation based on previous experience in rehabilitating fully mined areas in sections of the mine site. These costs are adjusted for inflation factor based on the average annual inflation rate as of adoption date or re-evaluation of the asset dismantlement, removal or restoration costs. Such adjusted costs are then measured at present value using the market interest rate for a comparable instrument adjusted for the Group's credit standing. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's liability for mine rehabilitation. Liability for mine rehabilitation amounted to ₱50,513 and ₱59,930 as at December 31, 2014 and 2013, respectively (see Note 17).

Estimating Cost of Share-Based Payment
The Parent Company's Executive Stock Option Incentive Plan (ESOIP) grants qualified participants the right to purchase common shares of the Company at a grant price. The ESOP recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20. 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. Cost of share-based payment amounted to ₱65,331 and ₱58,183 as at December 31, 2014 and 2013, respectively (see Note 19).

Estimating Pension Benefits
The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net pension liability of Parent Company amounted to ₱67,072 and ₱82,717 as at December 31, 2014 and 2013, respectively (see Note 30). Net pension liability of AFC amounted to ₱5,945 and ₱10,417 as at December 31, 2014 and 2013, respectively (see Note 30).

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

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

Further details about the assumptions used are provided in Note 30.

Assessing Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group has deferred income tax assets amounting to ₱159,896 and ₱161,784 as at December 31, 2014 and 2013. The Group has excess MCIT and unused NOLCO and other deductible temporary difference as at December 31, 2014 and 2013 for which deferred income tax assets were not recognized as it is not probable that sufficient future taxable profits will be available against which the benefit of the deferred income tax assets can be utilized (see Note 31).

4. Cash and Cash Equivalents

	2014	2013
Cash on hand and in bank	**₱211,332**	₱224,546
Short-term deposits	**46,781**	133,869
	₱258,113	₱358,415

Cash in bank earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposits rates. Interest income related to cash and cash equivalents amounted to ₱0.8 million, ₱4.6 million and ₱3.7 million in 2014, 2013 and 2012, respectively (see Note 26).

Cash in bank as at December 31, 2014, include a Debt Service Reserve Account (DSRA) and a Collection Account amounting to ₱89.4 million and ₱88.8 million, respectively, related to BNMI's term loan facility with Amsterdam Trade Bank (ATB; see Note 15).

Cash in bank denominated in United States Dollar (USD) as at December 31, 2014 and 2013, amounted to ₱91.9 million and ₱280.4 million, respectively.

5. Short-term Investment

Short-term investment represents a time deposit with principal amounting to nil as at December 31, 2014 and 2013, respectively. The deposit has a term of one year with a rate of 1.5%. Interest income earned on the short-term investment in 2013 and 2012 amounted to ₱2.0 million and ₱0.8 million, respectively (see Note 26). In 2013, the short-term investment was reclassified to commercial notes under short-term deposits and was thereafter, pre-terminated.

6. **Trade and Other Receivables**

	2014	2013
Trade	**₱426,269**	₱404,179
Nontrade	**123,167**	109,338
Advances to officers and employees	**82,024**	120,810
Advances to contractors	**63,490**	56,361
ESOIP (Note 28)	**58,416**	58,416
Loans receivable	**49,764**	49,764
Receivables from lessees of bunkhouses	**32,176**	30,684
Others	**25,385**	22,537
	860,691	852,089
Less allowance for impairment losses	**147,398**	145,836
	₱713,293	₱706,253

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

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

Most of the receivables of the Group consist of individually significant accounts and were therefore, subject to specific impairment assessment. Based on the impairment assessment performed, the Group recognized allowance for impairment losses amounting to ₱147.4 million and ₱145.8 million as at December 31, 2014 and 2013, respectively, covering the receivables which are considered as individually impaired.

Receivables, which were not individually significant and individually significant loans for which no specific impairment were assessed, were subjected to collective assessment.

Movements of allowance for impairment losses are as follows:

	2014							
	Trade receivables	**Nontrade receivables**	**Advances to officers and Employees**	**ESOIP**	**Advances to contractors**	**Receivables from lessees of bunkhouses**	**Others**	**Total**
Balances at beginning of year	**₱7,378**	**₱30,580**	**₱1,461**	**₱58,416**	**₱11,979**	**₱30,418**	**₱5,604**	**₱145,836**
Provisions (Note 23)	**–**	**302**	**158**	**–**	**–**	**1,163**	**–**	**1,623**
Recoveries	**(36)**	**(1)**	**–**	**–**	**–**	**–**	**–**	**(37)**
Write-off	**–**	**(24)**	**–**	**–**	**–**	**–**	**–**	**(24)**
Balances at end of year	**₱7,342**	**₱30,857**	**₱1,619**	**₱58,416**	**₱11,979**	**₱31,581**	**₱5,604**	**₱147,398**

	2013							
	Trade receivables	Nontrade receivables	Advances to officers and employees	ESOIP	Advances to contractors	Receivables from lessees of bunkhouses	Others	Total
Balances at beginning of year	₱7,500	₱30,580	₱1,445	₱58,416	₱11,979	₱30,418	₱4,429	₱144,767
Provisions (Note 23)	–	–	176	–	–	–	1,175	1,351
Write-off	(122)	–	(160)	–	–	–	–	(282)
Balances at end of year	₱7,378	₱30,580	₱1,461	₱58,416	₱11,979	₱30,418	₱5,604	₱145,836

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

Loans Receivable
On March 3, 2010, MMC granted an unsecured loan facility to a third party amounting to ₱135.0 million with interest rate of 9% per annum. Outstanding loans receivable, including accrued interest, as at December 31, 2014 and 2013 amounted to ₱49.8 million. Interest income earned in relation to the loan amounted to nil in 2014 and 2013 and ₱0.4 million in 2012 (see Note 26).

7. **Inventories**

	2014	2013
Beneficiated nickel ore - at cost	**₱63,978**	₱257,366
Materials and supplies - at NRV	**21,402**	28,060
Subdivision lots - at cost	**9,506**	10,598
	₱94,886	₱296,024

Movements in subdivision lots - at cost are as follows:

	2014	2013
Balances at beginning of year	**₱10,598**	₱17,835
Disposals (recognized as cost of real estate sales; Note 22)	**(1,092)**	(7,237)
Balances at end of year	**₱9,506**	₱10,598

As at December 31, 2014 and 2013, the NRV of the Group's lateritic nickel ore is higher than its cost.

The cost of materials and supplies which are carried at NRV as at December 31, 2014 and 2013 amounted to ₱315.7 million and ₱322.9 million, respectively.

Movements of allowance for impairment losses on materials and supplies are as follows:

	2014	2013
Balances at beginning of year	**₱294,866**	₱296,608
Write-off	**(600)**	(1,742)
Balances at end of year	**₱294,266**	₱294,866

The amount of beneficiated nickel ore inventory recognized as expense, under cost of mine products sold in the consolidated statements of income, amounted to ₱434.3 million, ₱373.6 million and ₱431.5 million in 2014, 2013 and 2012, respectively.

Materials and supplies charged to current operations amounted to ₱307.9 million, ₱258.9 million and ₱277.8 million in 2014, 2013 and 2012, respectively (see Notes 21, 22 and 23). There were no purchase commitments related to inventories as at December 31, 2014 and 2013.

8. Other Current Assets

	2014	2013
Input VAT - net	**₱422,344**	₱311,524
CWT	**140,378**	39,863
Prepaid expenses	**94,142**	186,831
Deferred input VAT	**43,821**	–
Others	**18,892**	18,395
	₱719,577	₱556,613

Input VAT represents tax paid on purchases of applicable goods and services, net of output tax liabilities. Input VAT arising from zero-rated sales can be recovered as a tax credits against future tax liabilities of the Group upon approval by the Philippine Bureau of Internal Revenue and/or the Philippine Bureau of Customs, as applicable.

CWTs are amounts withheld from income of the Group subject to expanded withholding taxes. CWTs can be utilized as payments for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules of Philippine income taxation.

Prepaid expenses pertain to prepaid supplies and prepayments for insurance, rent and other services.

Deferred input VAT represents unpaid VAT related to unsettled purchases of applicable services.

9. Assets Classified as Held for Sale

In 2014, AFC's BOD announced its decision to dispose its building and land, in San Diego Street, Veinte Reales, Valenzuela City and, therefore classified it as an "Asset classified as held for sale". The BOD considered that the asset, which amounts to ₱53.5 million met the criteria to be classified as held for sale due to the following reasons (see Note 11):

- the property is available for immediate sale and can be sold to a potential buyer in its current condition;
- there are a number of potential buyers who signified intent of buying the property; and
- the BOD expects the negotiations and the sale to be finalized in 2015.

The property was subsequently sold on January 21, 2015.

10. AFS Investments

	2014	2013
UITF	**₱5,080**	₱3,317
Unquoted shares	**5,009**	9,112
Quoted shares	**1,334**	1,614
	₱11,423	₱14,043

Movements in AFS investments are as follows:

	2014	2013
Balances at beginning of year	**₱14,043**	₱15,786
Additions	**1,700**	2,687
Disposals	**(4,693)**	(4,055)
Change in fair value of AFS investments	**373**	(375)
Balances at end of year	**₱11,423**	₱14,043

The unrealized gain on the change in fair value of these investments amounting to ₱1.0 million and ₱0.7 million as at December 31, 2014, and 2013, respectively, is shown as part of the other components of equity in the consolidated statement of financial position and in the consolidated statement of changes in equity (see Note 19). The fluctuations in value of these investments are also reported as part of "Other comprehensive income (loss)" in the consolidated statement of comprehensive income.

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

	2014	2013
Balances at beginning of year	**₱749**	₱844
Unrealized gain on fair value change during the year	**261**	251
Realized gain on disposal transferred to the consolidated statement of income	**–**	(346)
Balances at end of year	**₱1,010**	₱749

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

In 2014, 2013 and 2012, the Group sold AFS investments with cost amounting to ₱4.7 million, ₱4.1 million and ₱205.7 million, respectively. Proceeds from these disposals amounted to ₱4.0 million, ₱4.4 million and ₱206.3 million resulting to realized gain amounting to nil, ₱0.3 million and ₱0.7 million in 2014, 2013 and 2012, respectively.

11. Property, Plant and Equipment

a. Land - at revalued amounts

	2014		
	Cost	**Revaluation increment**	**Total**
Balances at beginning of year	**₱41,994**	**₱2,635,332**	**₱2,677,326**
Additions	**–**	**1,246**	**1,246**
Reclassification (Note 9)	**(1,014)**	**(52,530)**	**(53,544)**
Balances at end of year	**₱40,980**	**₱2,584,048**	**₱2,625,028**

	2013		
	Cost	Revaluation Increment	Total
Balances at beginning of year	₱29,895	₱2,512,618	₱2,542,513
Additions	12,099	122,714	134,813
Balances at end of year	₱41,994	₱2,635,332	₱2,677,326

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

b. Property, Plant and Equipment - at cost

	2014							
	Land improvements	**Buildings**	**Machinery, tools and equipment**	**Mine and mining properties**	**Port facilities**	**CIP**	**Artworks**	**Total**
Cost:								
Beginning balance	**₱111,053**	**₱304,496**	**₱1,516,848**	**₱1,024,007**	**₱64,188**	**₱253,354**	**₱9,906**	**₱3,283,852**
Additions	**100**	**14,332**	**54,669**	**44,570**	**230**	**34,615**	**–**	**148,516**
Change in estimate of the liability for mine rehabilitation (Note 17)	**–**	**–**	**–**	**(11,818)**	**–**	**–**	**–**	**(11,818)**
Reclassifications (Note 13)	**–**	**588**	**24,749**	**388,512**	**36,116**	**(61,781)**	**–**	**388,184**
Disposals	**–**	**–**	**(3,233)**	**–**	**–**	**(28,835)**	**–**	**(32,068)**
Ending balance	**111,153**	**319,416**	**1,593,033**	**1,445,271**	**100,534**	**197,353**	**9,906**	**3,776,666**
Accumulated depreciation, depletion and amortization:								
Beginning balance	**57,591**	**270,872**	**1,225,474**	**732,338**	**2,829**	**–**	**–**	**2,289,104**
Depreciation and depletion (Note 25)	**1,721**	**6,461**	**105,719**	**3,128**	**3,514**	**–**	**–**	**120,543**
Disposals	**–**	**–**	**(2,798)**	**–**	**–**	**–**	**–**	**(2,798)**
Ending balance	**59,312**	**277,333**	**1,328,395**	**735,466**	**6,343**	**–**	**–**	**2,406,849**
Allowance for impairment losses beginning and ending balance	**1,949**	**111**	**–**	**–**	**–**	**–**	**–**	**2,060**
Net book values	**₱49,892**	**₱41,972**	**₱264,638**	**₱709,805**	**₱94,191**	**₱197,353**	**₱9,906**	**₱1,367,757**

	2013							
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Artworks	Total
Cost:								
Beginning balance	₱108,715	₱293,885	₱1,388,089	₱964,091	₱44,675	₱263,595	₱9,906	₱3,072,956
Additions	2,338	9,812	83,318	26,480	19,513	90,458	–	231,919
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	–	2,480	–	–	–	2,480
Reclassifications	–	799	68,944	30,956	–	(100,699)	–	–
Disposals	–	–	(23,503)	–	–	–	–	(23,503)
Ending balance	111,053	304,496	1,516,848	1,024,007	64,188	253,354	9,906	3,283,852
Accumulated depreciation, depletion and amortization:								
Beginning balance	53,451	263,993	1,158,766	704,759	1,042	–	–	2,182,011
Depreciation and depletion (Note 25)	4,140	6,879	89,413	27,579	1,787	–	–	129,798
Disposals	–	–	(22,705)	–	–	–	–	(22,705)
Ending balance	57,591	270,872	1,225,474	732,338	2,829	–	–	2,289,104
Allowance for impairment losses:								
Beginning balance	2,013	2,342	–	–	–	–	–	4,355
Reversals	(64)	(2,231)	–	–	–	–	–	(2,295)
Ending balance	1,949	111	–	–	–	–	–	2,060
Net book values	₱51,513	₱33,513	₱291,374	₱291,669	₱61,359	₱253,354	₱9,906	₱992,688

As at December 31, 2014 and 2013, certain items of property, plant and equipment under "Machinery, tools and equipment" totaling to ₱35.4 million and ₱36.8 million, respectively, are used as collateral for the Philippine Export-Import Credit Facility (PhilExim) Loans (see Note 15).

Proceeds on the disposal of property, plant and equipment amounting to ₱21.1 million and ₱8.0 million in 2014 and 2013 resulted to a loss of ₱8.2 million and a gain of ₱7.2 million, respectively (see Note 26).

The cost of fully depreciated property, plant and equipment still being used in operations as at December 31, 2014 and 2013, amounted to ₱1.2 billion.

12. Investment Properties

		2014	
	Land	**Buildings**	**Total**
Cost	**₱166,693**	**₱13,957**	**180,650**
Accumulated depreciation:			
Balance at beginning of year	**–**	**13,833**	**13,833**
Depreciation (Note 25)	**–**	**124**	**124**
Balance at end of year	**–**	**13,957**	**13,957**
Net book value	**₱166,693**	**₱–**	**₱166,693**

		2013	
	Land	Buildings	Total
Cost	₱166,693	₱13,957	₱180,650
Accumulated depreciation:			
Balance at beginning of year	–	13,135	13,135
Depreciation (Note 25)	–	698	698
Balance at end of year	–	13,833	13,833
Net book value	₱166,693	₱124	₱166,817

Investment properties consist of land and condominium units.

The land located in Cabuyao, Laguna owned by BLRI, has a net land area of 47,626.71 square meters. On December 9, 2009, BLRI engaged an independent firm of appraisers to assess to fair market value of the investment property. As at December 31, 2014, management believes that there has been no material fluctuation in the fair value of the investment property from 2013 to 2014. The land is currently mortgaged to PhilEXIM as part of the collateral for the AGP 300 tons per day expansion project being managed by BLRI (see Note 15).

Condominium units owned by BFC are rented out as office spaces. Rental income earned from these properties amounted to ₱0.5 million, ₱1.1 million and ₱1.4 million in 2014, 2013 and 2012, respectively.

13. **Deferred Mine Exploration Costs**

Movements in deferred mine exploration costs are as follows:

	2014	2013
Balances at beginning of year	**₱978,210**	₱732,418
Additions	**25,824**	245,792
Reclassifications (Note 11)	**(388,184)**	–
Balances at end of year	**₱615,850**	₱978,210

Additions pertain to drilling, hauling, and other ongoing exploration, research and development activities of the Group.

Depreciation capitalized as at December 31, 2014 and 2013 amounted to ₱3.6 million and ₱9.2 million, respectively (see Note 25).

Reclassifications pertain to exploration costs transferred to mine and mining properties of BC and BNMI upon establishment of commercial viability.

The Parent Company is currently working on exploration and drilling programs to upgrade AGP's capacity.

14. **Other Noncurrent Assets**

	2014	2013
Investment fund	**₱274,625**	₱274,625
Advances to contractors and suppliers	**154,719**	72,948
MRF	**39,185**	48,214
Prepaid rent	**11,840**	30,386
Advance royalties	**4,983**	4,983
Others	**10,664**	7,465
	₱496,016	₱438,621

Investment fund pertains to investible funds of the Parent Company. In 2014, 2013 and 2012, income from investment fund amounted to ₱1.1 million, ₱8.1 million and ₱5.9 million, respectively (see Note 26).

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

MRF pertains to accounts opened with a local bank in compliance with the requirements of DAO No. 96-40, otherwise known as "The Revised Implementing Rules and Regulations of the Philippine Mining Act of 1995" (R.A. 7942). The MRF shall be used for physical and social rehabilitation of areas and communities affected by the mine operations, and for research in the social, technical and preventive aspects of the mine's rehabilitation. The funds earn interest at the respective bank deposit rates. Interest income related to MRF amounted to ₱0.3 million, ₱0.9 million and ₱0.8 million in 2014, 2013 and 2012, respectively (see Note 26).

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

Advance royalties refer to cash advances of BPGC to Pantukan Mineral Cooperation (PMC). BPGC entered into a royalty agreement with option to purchase with PMC under the terms of which BPGC is allowed to perform exploration, development and mining activities over the mining properties of PMC located in Davao del Norte and Davao Oriental (see Note 35).

15. Loans Payable

	2014	2013
Secured bank loans	**₱334,698**	₱790,185
Accrued interest and penalties	**240,738**	243,844
Unsecured loans	**163,302**	175,000
Others	**177,675**	425,852
	916,413	1,634,881
Less noncurrent portion	**33,575**	505,494
Current portion	**₱882,838**	₱1,129,387

a. Secured bank loans

As at December 31, 2014, the Parent Company has settled a total of ₱4.1 billion in loan principal and related accrued interest and penalties resulting to gain on settlement of these liabilities amounting to nil, ₱104.8 million and ₱387.0 million for 2014, 2013 and 2012, respectively (see Note 26). Unsettled loans as at December 31, 2014 amounted to ₱334.7 million.

In December 2014, BNMI obtained loans from a local bank with interest rate of 6.5% and terms of 30 days. These loans totaling to ₱50.0 million are secured by the proceeds from BNMI's nickel shipments.

In 2012, the Parent Company obtained loans from a bank with interest rates of 12% and terms of five years. These loans with total remaining balance of ₱12.3 million as at December 31, 2014 are secured by registered chattel mortgage on various vehicles of the Parent Company.

On July 12, 2012, the Parent Company and BNMI entered into an agreement for a US$20.0 million term loan facility with ATB and Maybank to finance its working capital and capital expenditure requirements. The loan facility was fully drawn as at December 31, 2012. The loan is payable on various dates up to 2015. Interest rate for the loan is 6.0% plus any applicable screen rate and mandatory cost. Outstanding loan balance as at December 31, 2014 amounted to $1.9 million (₱88.3 million).

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

As at December 31, 2014, the Group has been compliant with the covenants contained in the term loan facility agreement.

Transaction costs related to the term loan, that have been amortized in 2014 and 2013 are as follows:

	2014	2013
Transaction costs capitalized	**₱53,094**	₱53,094
Amortized transaction cost, beginning	**36,693**	9,505
Amortization	**15,137**	27,188
Amortized transaction cost, ending	**51,830**	36,693
	₱1,264	₱16,401
Current portion	**₱1,264**	₱15,137
Noncurrent portion	**–**	1,264
	₱1,264	₱16,401

In line with the term loan, BNMI also executed the following agreements with ATB and Maybank:

- Establishment of a collection account for all cash inflows from the sale of nickel ore to a Chinese trading company. In compliance with this agreement, the BNMI maintains a collection account with ATB with balances of ₱1.1 million and nil as at December 31, 2014 and 2013, respectively.

- Establishment of DSRA which shall be used as security of the account pledged in connection with the loan facility. The DSRA cash balance amounted to ₱89.4 million and ₱88.8 million as at December 31, 2014 and 2013, respectively (see Note 4).

PhilEXIM Loans
BLRI obtained from PhilEXIM a five-year loan facility up to ₱150.0 million to finance the expansion of the AGP. On various dates in 2011, BLRI, through the execution of a promissory note, availed of the whole loan facility. The loan is subject to interest rate 11.25% per annum, payable semi-annually. The principal is payable in equal semi-annual payments beginning on the 5th payment from the initial drawdown. Interest expense in relation to the loan amounted to ₱9.7 million, ₱14.2 million and ₱15.4 million in 2014, 2013 and 2012, respectively. The loan is covered by collateral (see Note 12).

In 2012, AFC entered into a medium-term loan under PhilEXIM's Medium to Long Term Direct Lending Program for the purpose of financing the purchase of dump trucks and transportation equipment. The total amount of loan granted in August 1, 2012 amounted to ₱8.0 million, which is payable in three years, subject to 12% interest rate per annum or the prevailing PDST-F rate at the time of disbursement plus applicable spread, whichever is higher. Outstanding loan balance as at December 31, 2014 amounted to ₱1.6 million.

In 2013, AFC availed of additional short-term loans from PhilEXIM amounting to ₱100.0 million. The loans are partially secured by a chattel mortgage on AFC's transportation equipments up to ₱4.0 million and a real estate mortgage on its lot in Cabuyao, Laguna up to ₱ 2.0 million. The total carrying amount of the mortgaged property and equipment amounted to ₱35.4 million and ₱36.8 million as at December 31, 2014 and 2013, respectively (see Note 11). As at December 31, 2014, that amount of short-term loans has been fully settled.

b. Unsecured bank loans

This account represents unsecured peso-denominated, short-term loans obtained from local banks. In 2014, the Parent Company availed of additional loans from Malayan Bank with interest rates of 9.75% and terms of 360 days. These loans totaling to ₱151.3 million are still outstanding as at December 31, 2014.

c. Others

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

On October 5, 2011, BNMI also signed an off-take agreement with another Chinese trading company. The Chinese trading company made advances to the Parent Company amounting to $7.0 million (₱306.9 million). These advances shall be paid through the delivery of nickel ore by BNMI over the three years. The Chinese trading company shall deduct $3.5 per metric ton from the selling price as partial repayment until the advance is fully paid. The advances related to the said off-take agreement were paid in full in April 2014.

In 2014, payments of advances and interests from these off-take agreements amounted to $1.6 million (₱72.0 million) and $0.4 million (₱17.1 million), respectively. As at December 31, 2014 and 2013, the remaining advances amounted to $4.0 million (₱177.7 million) and $9.6 million (₱425.9 million), respectively.

Total interest charged to operations related to loans payable amounted to ₱86.1 million, ₱126.1 million and ₱84.4 million in 2014, 2013 and 2012, respectively.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2014 and 2013.

As at December 31, 2014 and 2013, the Group has been compliant with the covenants, warranties and requirements of its long-term debts.

16. Trade and Other Payables

	2014	2013
Trade	**₱865,962**	₱626,059
Withholding taxes	**152,119**	81,392
Nontrade	**133,184**	118,155
Customer advances	**104,976**	55,106
Accrued expenses:		
Professional fees and contracted services	**24,669**	35,018
Power and utilities	**21,400**	30,377
Others	**11,259**	15,982
Payables to officers and employees	**1,433**	7,464
Others	**73,475**	47,425
	₱1,388,477	₱1,016,978

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

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

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

Customer advances pertain to cash advances from BNMI's nickel ore customers, which will be applied against future shipments to the said customers.

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

Others represent deferred output VAT and unpaid operating and administrative expenses.

17. Liability for Mine Rehabilitation

	2014	2013
Balances at beginning of year	**₱59,930**	₱55,228
Change in estimate (Note 11)	**(11,818)**	2,480
Accretion (Note 26)	**2,401**	2,222
Balances at end of year	**₱50,513**	₱59,930

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

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

The Group revised its estimate of the mine rehabilitation and decommissioning costs resulting to adjustments on the capitalized cost amounting to ₱11.8 million and ₱2.5 million in 2014 and 2013, respectively.

18. Other Noncurrent Liabilities

Other noncurrent liabilities pertain to advance payments received by the Group from BNMI's nickel customers and the outstanding liability with Consolidated Mines, Inc., in which discussions are still on-going, totaling to ₱388.9 million and ₱139.8 million as at December 31, 2014 and 2013, respectively. The advances from BNMI's customers will be applied against future shipments of nickel ore.

19. **Equity**

Capital Stock

	2014		2013	
	No. of shares	**Amount**	No. of shares	Amount
Authorized				
Convertible Preferred				
Class “A” - ₱3.43 par value	**19,652,912**	**₱67,500**	19,652,912	₱67,500
Common Class “A” - ₱3 par value	**120,000,000**	**360,000**	120,000,000	360,000
Common Class “B” - ₱3 par value	**80,000,000**	**240,000**	80,000,000	240,000
Issued				
Convertible Preferred				
Class “A”	**217,061**	**₱745**	217,061	₱745
Common Class “A”	**117,532,388**	**352,597**	110,363,385	331,090
Common Class “B”	**77,626,819**	**232,880**	66,795,822	200,387
Total shares issued	**195,376,268**	**₱586,222**	177,376,268	₱532,222

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

The convertible preferred stock is limited to Philippine nationals and convertible into Common Class “A” at a conversion premium of ₱30.27 per share. Each preferred share is convertible into 3.1625 Common Class “A” shares. The convertible preferred stock is also entitled to have one vote for each full share of Common Class “A” stock into which such share of convertible preferred stock is, at any stockholders’ meeting, then convertible. It does not enjoy the same dividend right as the two classes of common stock but is entitled to a fixed cumulative dividend of 8% a year if there is surplus profit and when declared by the BOD.

On May 4, 2012, the Parent Company entered into a Stock Subscription Agreement with RYM Business Management Corporation (RBMC) for the subscription of 7.9 million Class “A” common shares and 5.3 million Class “B” common shares of the Parent Company pursuant to the Memorandum of Agreement (MOA) dated April 7, 2010 and the Addendum to the MOA dated September 17, 2010. The total subscription price for the aforementioned Class “A” and Class “B” shares amounting to ₱180.0 million was received on May 31, 2012. On February 18, 2013, the Parent Company issued a total of 7.9 million Common Class “A” and 5.3 million Common Class “B” shares to RBMC pursuant to the terms and conditions of the MOA on Private Placement dated April 7, 2010, Addendum to the MOA dated September 17, 2010, Stock Subscription Agreement dated May 4, 2012 and Letter of Agreement dated December 14, 2012 between the Parent Company and RBMC.

On August 23, 2013, the Parent Company’s BOD approved the private placement of RBMC. RBMC is willing to infuse additional capital up to ₱250.0 million in exchange for Class “A” and “B” shares at the average price of the last five trading days from August 5 to 15, 2013. The first part of the placement calls for subscription by RBMC to 18.0 million common shares which are the remaining available unissued shares of the Parent Company, in the amount of ₱162.0 million. The remainder of the placement will follow after the Parent Company has increased its Authorized Capital Stock.

On March 20, 2014, the Parent Company issued a total of 7.2 million Class "A" and 10.8 million Class "B" common shares pursuant to the terms and conditions of the MOA on Private Placement dated August 23, 2013 and Stock Subscription Agreement dated September 23, 2013 between the Parent Company and RBMC.

On February 9, 2015, RBMC paid the full subscription price of ₱88.0 million related to the MOA on Private Placement dated August 23, 2013, representing the second tranche of the private placement in the Parent Company.

On March 27, 2015, the BOD approved the change in the par value of both Common Class "A" and Class "B" shares of the Parent Company from ₱3.00 to ₱1.00 per share. The change is still subject to the approval of the Parent Company's stockholders and the Philippine SEC.

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

2014

	Convertible Preferred Class "A"	**Common Class "A"**	**Common Class "B"**
Issued shares at beginning of year	**217,061**	**110,363,385**	**66,795,822**
Private placement	**–**	**7,169,003**	**10,830,997**
Issued shares at end of year	**217,061**	**117,532,388**	**77,626,819**

2013

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

All issuances of capital stock made during 2014 and 2013 were exempted from the registration requirements of Securities Regulation Code (SRC) Rule 68.1. The movements in the capital stock pertain to employees' stock options which were exercised during the year.

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

Date of registration (SEC Approval)	Description	Number of shares	Par value per share	Total amount (in 000's)
June 18, 1956	Capital upon registration:			
	Common shares	18,000,000	₱1.00	₱18,000
November 25, 1960	Increase in number and par value of common shares:			
	Common shares	20,000,000	2.00	40,000
November 9, 1964	Increase in par value of common shares:	20,000,000	3.00	60,000
October 22, 1968	Increase in number of common shares and introduction of preferred shares:			

Date of registration (SEC Approval)	Description	Number of shares	Par value per share	Total amount (in 000's)
	Common shares	50,000,000	3.00	150,000
	Preferred shares	6,000,000	5.00	30,000
March 12, 1974	Split of common share in to two classes and change in number and par value and addition of conversion feature to the preferred shares:			
	Common class "A"	30,000,000	3.00	90,000
	Common class "B"	20,000,000	3.00	60,000
	Convertible preferred shares	19,652,912	3.43	67,500
July 27, 1989	Increase in number of common shares			
	Common class "A"	120,000,000	₱3.00	₱360,000
	Common class "B"	80,000,000	3.00	240,000
	Convertible preferred shares	19,652,912	3.43	67,500
Total Authorized Capital:				
	Common class "A"	**120,000,000**	**₱3.00**	**₱360,000**
	Common class "B"	**80,000,000**	**₱3.00**	**₱240,000**
	Convertible preferred shares	**19,652,912**	**₱3.43**	**₱67,500**

As at December 31, 2014, 2013 and 2012, the Parent Company has 16,944, 17,005 and 16,998 stockholders, respectively.

Other Components of Equity

	2014	2013
Revaluation increment - net of deferred tax	**₱800,780**	₱836,679
Cost of share-based payment	**65,331**	58,183
Cumulative translation adjustments of foreign subsidiaries - net of deferred tax	**41,449**	41,357
Revaluation increment of assets held for sale - net of deferred tax	**36,771**	–
Remeasurement gain (loss) on retirement obligation - net of deferred tax (Note 30)	**5,494**	(12,201)
Unrealized gain on AFS investments - net of deferred tax (Note 10)	**1,010**	749
Deposits for future stock subscriptions	**–**	162,000
	₱950,835	₱1,086,767

As at December 31, 2014 and 2013 the Parent Company has 0.1 million shares held in treasury amounting to ₱8.0 million.

Movements in cost of share-based payment are as follows:

	2014	2013
Balances at beginning of year	**₱58,183**	₱51,616
Stock options vested during the year	**7,148**	6,871
Employees' exercise of stock options	**–**	(304)
Balances at end of year	**₱65,331**	₱58,183

Capital Surplus

	2014	2013
Balances at beginning of year	**₱161,844**	₱21,131
Private placement	**108,000**	140,294
Employees' exercise of stock options	**–**	419
Balances at end of year	**₱269,844**	₱161,844

20. Stock Option Plan

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

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

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

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

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

A summary of the number of shares under the Plan is shown below:

	2014	2013	2012
Outstanding at beginning of year	**4,154,127**	4,195,007	4,374,572
Grant	**600,000**	–	–
Exercised	**–**	(20,880)	(78,085)
Cancelled	**(453,933)**	(20,000)	(101,480)
Outstanding at end of year	**4,300,194**	4,154,127	4,195,007
Exercisable at end of year	**3,550,148**	2,490,619	2,515,129

Prices of outstanding options at grant date:

Class A - April 2006 Grant	₱8.50
- May 2011 Grant	16.50
- May 2014 Grant	7.13
Class B - April 2006 Grant	29.07
- May 2011 Grant	17.50
- May 2014 Grant	7.13

	2014	2013	2012
Average price per share	**₱18.34**	₱20.49	₱20.50
Shares available for future option grants	**777,375**	1,547,422	1,574,962

The Parent Company used the Binomial Options Pricing Model to determine the fair value of the stock options. The following assumptions were used to determine the fair value of the stock options:

	April 6, 2006 Grant		May 3, 2011 Grant		May 26, 2014 Grant	
	Class A	Class B	Class A	Class B	Class A	Class B
Share price	₱8.50	₱29.07	₱16.50	₱17.50	₱7.13	₱7.13
Exercise price	8.50	29.07	16.50	17.50	7.13	7.13
Expected volatility	29.51%	29.51%	91.20%	155.57%	91.20%	155.57%
Option life	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividends	5.38%	5.38%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	10.30%	10.30%	6.46%	6.46%	6.46%	6.46%

The expected volatility measured at the standard deviation of expected share price returns was based on the analysis of share prices for the past 365 days. Stock option expense relating to the stock option plan recognized in 2014, 2013 and 2012 amounted to ₱7.1 million, ₱6.9 million and ₱11.5 million, respectively (see Note 24).

21. **Costs of Mine Products Sold**

	2014	2013	2012
Outside services	**₱880,369**	₱1,126,979	₱399,931
Materials and supplies (Note 7)	**133,978**	142,312	181,887
Personnel expenses (Note 24)	**104,512**	103,604	73,227
Depreciation, depletion and amortization (Note 25)	**55,521**	65,866	73,633
Power and utilities	**49,906**	55,901	35,056
Smelting, refining and marketing	**8,636**	4,585	43,908
Taxes and licenses	**97**	5,027	9,982
Other charges	**38,766**	29,018	6,645
	1,271,785	1,533,292	824,269
Net change in beneficiated nickel ore	**156,256**	(126,746)	(138,397)
	₱1,428,041	₱1,406,546	₱685,872

Outside services pertain to the amounts paid to contractors and consultants involved in mining operations of the Group.

22. **Costs of Services and Other Sales**

	2014	2013	2012
Materials and supplies (Note 7)	**₱144,743**	₱98,208	₱64,591
Personnel expenses (Note 24)	**36,814**	24,424	16,250
Rent	**33,851**	95,291	48,196
Depreciation, depletion and amortization (Note 25)	**30,746**	31,610	29,122
Travel and transportation	**8,402**	6,489	1,602
Outside services	**5,056**	2,261	2,607
Real estate	**1,092**	7,237	4,427
Repairs and maintenance	**1,061**	1,660	2,026
Taxes and licenses	**831**	1,593	186
Power consumption	**377**	564	10,924
Others	**13,034**	7,658	12,754
	₱276,007	₱276,995	₱192,685

Others consist mainly of repairs and maintenance and various direct charges that are individually immaterial.

23. **Selling and General Expenses**

	2014	2013	2012
Outside services	**₱250,921**	₱145,397	₱133,500
Personnel expenses (Note 24)	**215,243**	217,488	156,935
Rent	**159,225**	87,241	152,510
Depreciation, depletion and amortization (Note 25)	**30,797**	23,832	19,991
Materials and supplies (Note 7)	**29,195**	18,414	31,282
Taxes and licenses	**21,609**	13,905	16,801
Representation	**16,826**	8,135	3,585
Transportation and travel	**15,410**	16,931	10,670
Communication, light and power	**13,287**	10,448	10,857
Provision for impairment losses (Note 6)	**1,623**	1,351	690
Others	**64,658**	74,631	71,572
	₱818,794	₱617,773	₱608,393

Outside services pertain to professional fees paid for security, legal and other services.

Others consist mainly of insurance, repairs and maintenance and various administrative expenses that are individually immaterial.

24. **Personnel Expenses**

	2014	2013	2012
Salaries and wages	**₱287,466**	₱280,718	₱171,840
Benefits and allowances	**44,569**	43,632	40,121
Pension expense (Note 30)	**17,386**	14,295	22,996
Stock option expense (Note 19)	**7,148**	6,871	11,455
	₱356,569	₱345,516	₱246,412

The amounts were distributed as follows:

	2014	2013	2012
Selling and general expenses (Note 23)	**₱215,243**	₱217,488	₱156,935
Cost of mine products sold (Note 21)	**104,512**	103,604	73,227
Cost of services and other sales (Note 22)	**36,814**	24,424	16,250
	₱356,569	₱345,516	₱246,412

25. **Depreciation, Depletion and Amortization**

	2014	2013	2012
Cost of mine products sold (Note 21)	**₱55,521**	₱65,866	₱73,633
Selling and general expenses (Note 23)	**30,797**	23,832	19,991
Cost of services and other sales (Note 22)	**30,746**	31,610	29,122
Capitalized as part of deferred mine exploration costs (Note 13)	**3,603**	9,188	698
	₱120,667	₱130,496	₱123,444

26. **Other Income (Expense) -** net

	2014	2013	2012
Despatch (demurrage)	**(₱96,179)**	₱6,645	₱–
Loss on disallowed input VAT	**(10,481)**	–	–
Foreign currency exchange gains (losses) - net	**(9,495)**	(31,055)	13,455
Gain (loss) on sale of property, plant and equipment (Note 11)	**(8,191)**	7,152	–
Accretion expense (Note 17)	**(2,401)**	(2,222)	(2,197)
Interest income (Notes 4, 5, 6 and 14)	**1,123**	7,463	5,718
Income from investment in fund (Note 14)	**1,056**	8,142	5,903
Recovery of allowance for impairment losses	**–**	107,202	–
Gain on settlement of loans and other liabilities (Note 15)	**–**	104,812	387,007
Others - net	**(18,146)**	8,559	(14,065)
	(₱142,714)	₱216,698	₱395,821

In 2014, BNMI incurred demurrage as a result of the suspension of operation (see Note 1).

27. **Incentive Bonus Plan**

The Group has an incentive bonus plan which provide for bonus awards, calculated on the basis of net income, to top operating executives, managers and members of the BOD. Bonus awards are either paid in full directly to the awardees or are transferred to a trust fund and are payable to the awardees in three installments generally over a period of two years.

No incentive bonuses were paid or accrued in 2014, 2013 and 2012.

28. ESOIP

The ESOIP, as approved by the stockholders in 1986, allows employees of the Group to buy up to six million shares of the Common Class "A" stock of the Group at either of two prices. If the shares are acquired by the Group from a seller or are treasury shares, these can be bought at acquisition cost. If the shares are sourced from the authorized but unissued shares of the Group, these can be bought at the average closing price quoted in the PSE on the last day that such shares were traded prior to the start of the purchase period. Payment for the shares purchased shall be advanced by the Group on behalf of the employees and repaid through salary deduction without interest. Interest shall be shouldered by the Group or the respective subsidiary. The shares acquired by employees under the ESOIP may be subjected to a holding period from the date of purchase.

In January 1990, the BOD approved the Employees Stock Purchase Plan, which allows the employees of the Group (but excluding directors of the Group) to buy, basically under similar terms and conditions as the ESOIP, 2 million shares of the Common Class "A" stock of the Group. The balance of the funds advanced by the Group to the employees pursuant to these plans is shown as part of the "Trade and other receivables" account in the consolidated statement of financial position (see Note 6).

29. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Compensation of Key Management Personnel of the Group

The Group's related party transactions included the following compensation of key management personnel.

	2014	2013	2012
Salaries	**₱86,188**	₱90,156	₱76,113
Employee benefits	**10,560**	16,272	17,287
	₱96,748	₱106,428	₱93,400

Employee benefits include net pension expense and stock compensation expense.

All intercompany transactions are eliminated at the consolidated level. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under SRC Rule 68, as Amended (2011).

30. **Pension Benefits Plans**

The Parent Company has a funded, noncontributory trusteed pension benefit plan, while AFC has an unfunded pension benefit plan covering substantially all of their regular employees. The benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The defined pension benefit obligation is determined using the projected unit credit method.

The following tables summarize the components of net pension benefit in the consolidated statements of income and fund status and the amounts recognized in the consolidated statement of financial position:

Net pension expense follows:

	2014	2013	2012
Parent Company			
Current service cost	**₱12,319**	₱9,706	₱14,581
Interest cost	**3,565**	3,153	6,363
	15,884	12,859	20,944
AFC			
Current service cost	**1,053**	833	1,564
Interest cost	**449**	603	488
	1,502	1,436	2,052
Net pension expense	**₱17,386**	₱14,295	₱22,996

Movements on pension liability recognized in the consolidated statements of financial position follow:

	2014			2013		
	Parent Company	**AFC**	**Total**	Parent Company	AFC	Total
Present value of defined benefit obligation	**₱71,983**	**₱5,945**	**₱77,928**	₱87,605	₱10,417	₱98,022
Fair value of plan assets	**(4,911)**	**–**	**(4,911)**	(4,888)	–	(4,888)
Pension liability	**₱67,072**	**₱5,945**	**₱73,017**	₱82,717	₱10,417	₱93,134

Reconciliation of other comprehensive income:

	2014			2013		
	Parent Company	**AFC**	**Total (Note 19)**	Parent Company	AFC	Total (Note 19)
Balances at beginning of year	**₱8,622**	**₱3,579**	**₱12,201**	₱1,605	₱4,166	₱5,771
Loss (gain) on remeasurement of pension liability	**(16,607)**	**(1,088)**	**(17,695)**	7,017	(587)	6,430
Balances at end of year	**(₱7,985)**	**₱2,491**	**(₱5,494)**	₱8,622	₱3,579	₱12,201

Changes in the present value of defined benefit obligation follow:

	2014			2013		
	Parent Company	**AFC**	**Total**	Parent Company	AFC	Total
Balances at beginning of year	**₱87,605**	**₱10,417**	**₱98,022**	₱64,723	₱10,731	₱75,454
Interest cost	**3,565**	**449**	**4,014**	3,153	603	3,756
Current service cost	**12,319**	**1,053**	**13,372**	9,706	833	10,539
Actuarial losses (gains)	**(27,301)**	**(1,552)**	**(28,853)**	10,023	(839)	9,184
Benefits paid	**(4,205)**	**(4,422)**	**(8,627)**	–	(911)	(911)
Balances at end of year	**₱71,983**	**₱5,945**	**₱77,928**	₱87,605	₱10,417	₱98,022

Breakdown of actuarial gains (losses) on obligation follows:

	2014			2013		
	Parent Company	**AFC**	**Total**	Parent Company	AFC	Total
Change in financial assumptions	**₱24,591**	**₱248**	**₱24,839**	(₱6,163)	₱839	(₱5,324)
Experience adjustments	**2,921**	**–**	**2,921**	(3,602)	–	(3,602)
Return on plan assets (excluding amounts included in net interest expense)	**(211)**	**–**	**(211)**	(258)	–	(258)
Change in demographic assumptions	**–**	**1,303**	**1,303**	–	–	–
	₱27,301	**₱1,552**	**₱28,853**	(₱10,023)	₱839	(₱9,184)

Changes in the fair value of plan assets of the Parent Company follow:

	2014	2013
Balances at beginning of year	**₱4,888**	₱4,891
Asset return in net interest cost	**211**	258
Remeasurement	**(188)**	(261)
Balances at end of year	**₱4,911**	₱4,888

The major categories of Parent Company's plan assets as a percentage of the fair value of total plan assets are as follows:

	2014	2013
Fixed income securities	**86.91%**	86.88%
Investment in shares of stock	**6.52%**	6.52%
Cash	**6.57%**	6.60%
	100.00%	100.00%

The Parent Company's plan assets are being managed by trustee banks. Plan assets include time deposits, shares of stocks that are traded in the PSE and unquoted shares of stocks. The Parent Company has no transactions with its retirement fund. The retirement fund has no investments in shares of stocks of the Parent Company.

Parent Company expects to contribute ₱19.3 million to the defined benefits retirement plan in 2015 while AFC does not expect to contribute any amount in 2015.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2014:

	Expected Benefit Payments	
Plan Year	Parent Company	AFC
Less than 1 year	₱14,272	₱75
More than 1 year to 5 years	26,270	4,648
More than 5 years to 10 years	84,181	2,579
More than 10 years to 15 years	23,597	1,860
More than 15 years to 20 years	19,348	1,862
More than 20 years	125,805	49,625

The overall expected rate of return on assets is determined based on the market prices prevailing on the date applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining the pension liability of the Group's plans are shown below.

	Parent Company		AFC	
	2014	2013	**2014**	2013
Discount rate	**4.19%**	4.31%	**4.71%**	4.31%
Salary increase rate	**5.00%**	10.00%	**11.00%**	11.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the pension liability as at the end of the reporting period, assuming if all other assumptions were held constant:

Parent Company

		December 31, 2014
	Increase (decrease)	Present value of the defined benefit obligation
Discount rates	5.19% (+1.00%)	₱68,064
	4.19% actual	71,983
	3.19% (-1.00%)	76,405
Salary increase rate	6.00% (+1.00%)	₱76,064
	5.00% actual	71,983
	4.00% (-1.00%)	68,286

AFC

		December 31, 2014
	Increase (decrease)	Present value of the defined benefit obligation
Discount rates	5.71% (+1.00%)	₱5,285
	4.71% actual	5,945
	3.71% (-1.00%)	6,489
Salary increase rate	12.00% (+1.00%)	₱11,009
	11.00% actual	10,417
	10.00% (-1.00%)	9,915

31. **Income Taxes**

The provision for (benefit from) current and deferred income tax in 2014 and 2013 are as follows:

	2014	2013	2012
Regular corporate income tax (RCIT)	**₱68,181**	₱25,062	₱138,208
MCIT	**12,054**	14,346	249
Applied MCIT	**–**	–	(65,497)
Benefit from deferred income taxes	**(66,380)**	(49,163)	(163,744)
	₱13,855	(₱9,755)	(₱90,784)

The components of the Group's deferred income tax assets and liabilities are as follows:

	2014	2013
Deferred income tax assets on:		
Allowance for impairment losses	**₱129,840**	₱129,619
Accrued pension liability	**24,983**	21,120
Unrealized foreign exchange loss	**2,398**	1,341
Depletion of asset retirement obligation	**1,561**	1,462
Accretion of interest	**738**	462
Straight-line amortization of accrued rent	**376**	283
Remeasurement loss on retirement liability	**–**	6,821
NOLCO	**–**	614
MCIT	**–**	62
Unamortized organization costs	**–**	–
	159,896	161,784
Deferred income tax liabilities on:		
Revaluation increment on land	**843,037**	842,667
Capitalized interest	**41,023**	55,738
Unrealized foreign exchange gains	**6,328**	20,483
Remeasurement gain on retirement liability	**3,078**	–
Transactions costs	**248**	3,321
Unrealized gain on AFS	**216**	118
PAS 17 levelization	**23**	–
Unearned revenue	**7**	–
Excess of accelerated deduction of mining exploration and development costs over depletion and exploration costs written-off	**–**	18,118
Excess of accelerated depreciation over normal depreciation of property, plant and equipment and others	**–**	8,834
Discounting of loans	**–**	4,963
	893,960	954,242
Net deferred income tax liabilities	**₱734,064**	₱792,458

The Group has deductible temporary differences, unused NOLCO and unused tax credit from excess MCIT, for which no deferred income tax assets were recognized as management believes that it is not probable that sufficient future taxable profit will be available against which the benefit of the deferred income tax assets can be utilized. These are as follows:

	2014	2013	2012
NOLCO	**₱148,930**	₱69,049	₱30,753
MCIT	**30,629**	19,336	250
Allowance for inventory losses, impairment losses and others	**23,257**	42,487	164,459
Share-based payment	**22,020**	17,422	10,559
Liability for mine rehabilitation	**20,880**	19,401	18,978
Accrued expenses	**8,004**	8,173	8,636
Unrealized foreign exchange losses	**2,721**	216,109	29,995
Reserve for impairment losses on mining properties and mine development costs	**–**	–	107,202
Straight-line amortization of accrued rent	**–**	–	260
	₱256,441	₱391,977	₱371,092

As of December 31, 2014, the Group has NOLCO and MCIT that can be claimed against future taxable income and income tax liabilities, respectively, as follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2012	2015	₱26,778	₱250
2013	2016	40,513	14,346
2014	2017	81,639	16,033
		₱148,930	₱30,629

Movements of NOLCO follow:

	2014	2013	2012
Balances at beginning of year	**₱69,049**	₱30,753	₱26,888
Additions	**81,639**	40,513	26,778
Expirations	**(1,758)**	(2,217)	(11,269)
Application	**–**	–	(11,644)
Balances at end of year	**₱148,930**	₱69,049	₱30,753

Movements of MCIT follow:

	2014	2013	2012
Balances at beginning of year	**₱19,336**	₱250	₱66,003
Additions	**11,293**	19,086	250
Application	**–**	–	(65,497)
Expirations	**–**	–	(506)
Balances at end of year	**₱30,629**	₱19,336	₱250

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in the consolidated statements of income is summarized as follows:

	2014	2013	2012
Income (benefit from) tax computed at statutory rate	**₱33,320**	(₱626)	₱164,809
Changes in unrecognized deferred income tax assets and others	**(24,108)**	(3,933)	(153,385)
Nondeductible expenses	**4,770**	11,836	13,895
Interest income subject to final tax	**(654)**	(4,682)	(1,494)
Expiration of NOLCO	**527**	665	3,381
Nontaxable income	**–**	(13,015)	(72,990)
Tax exempt dividend income	**–**	–	(45,000)
	₱13,855	(₱9,755)	(₱90,784)

32. **Basic/Diluted EPS**

Basic EPS is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of common shares on issue during the year, excluding any ordinary shares purchased by the Parent Company and held as treasury shares.

In computing for the diluted EPS, the Parent Company considered the effect of potentially dilutive stock options outstanding as at December 31, 2014 (excluding those granted in 2006 and 2011 which are anti-dilutive).

	2014	2013	2012
Net income	**₱97,210**	₱7,669	₱640,148

Number of shares for computation of:

	2014	2013	2012
Basic EPS			
Weighted average common shares issued	**189,159,207**	174,948,102	163,866,339
Less: treasury shares	**116,023**	116,023	116,023
Weighted average common shares outstanding	**189,043,184**	174,832,079	163,750,316
Diluted EPS			
Weighted average common shares issued	**189,159,207**	174,948,102	163,866,339
Less: treasury shares	**116,023**	116,023	116,023
	189,043,184	174,832,079	163,750,316
Stock options	**92,527**	–	4,126,607
Convertible preferred shares	**686,455**	686,455	686,455
Conversion of deposit for future stock subscription	**–**	18,000,000	13,235,310
Weighted average common shares outstanding	**189,822,166**	193,518,534	181,798,688
Basic EPS	**₱0.51**	₱0.04	₱3.91
Diluted earnings per share	**₱0.51**	₱0.04	₱3.52

33. **Segment Information**

PFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker.

For management purposes, the Group's operating segments are determined to be business segments as the risks and rates of return are affected predominantly by differences in the products produced and services rendered. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The mining segment is engaged in exploration, nickel and gold mining operations. The real estate segment is engaged in the sale of lots. The logistics segment is engaged in logistics services to the supply-chain requirements of various industries. The other segments are engaged in research, development, health services and water projects.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with income or loss before income tax as reported in the consolidated financial statements.

Business Segments
The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended December 31, 2014, 2013 and 2012:

2014

	Mining	Real estate	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱2,884,572	₱4,477	₱110,368	₱18,201	₱3,017,618	₱–	₱3,017,618
Interest income	525	475	112	11	1,123	–	1,123
Inter-segment	–	–	635,648	104,823	740,471	(740,471)	–
Other income	74,956	113	(10,095)	2,911	67,885	(211,722)	(143,837)
	2,960,053	5,065	736,033	125,946	3,827,097	(952,193)	2,874,904
Cost and Expenses							
Interest expense	84,845	–	1,279	6	86,130	–	86,130
Direct costs	1,116,833	1,092	684,827	98,897	1,901,649	(283,868)	1,617,781
Selling and general expenses	1,313,316	3,625	19,713	37,465	1,374,119	(650,780)	723,339
Accretion expense	–	–	–	–	–	–	–
Impairment losses	–	–	–	–	–	–	–
Depreciation, depletion and amortization	169,234	124	8,651	5,722	183,731	(66,667)	117,064
Excise taxes and royalty fees	154,867	–	–	–	154,867	–	154,867
Other expenses	51,247	639	4,128	8,644	64,658	–	64,658
	2,890,342	5,480	718,598	150,734	3,765,154	(1,001,315)	2,763,839

(Forward)

Provision for (benefit from) income tax	**4,585**	**670**	**6,735**	**1,865**	**13,855**	**–**	**13,855**
Net income (loss)	**₱65,126**	**(₱1,085)**	**₱10,700**	**(₱26,653)**	**₱48,088**	**₱49,122**	**₱97,210**
Operating assets	**₱9,949,626**	**₱47,606**	**₱725,314**	**₱676,470**	**₱11,399,016**	**(₱4,276,836)**	**₱7,122,180**
Operating liabilities	**(₱3,975,533)**	**(₱47,625)**	**(₱438,242)**	**(₱327,751)**	**(₱4,789,151)**	**₱1,178,883**	**(₱3,610,268)**
Other disclosure:							
Capital expenditure	**₱96,781**	**₱21,429**	**₱16,383**	**₱36,144**	**₱170,737**	**₱–**	**₱170,737**

<u>2013</u>

	Mining	Real estate	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱2,101,093	₱9,572	₱187,125	₱15,267	₱2,313,057	₱–	₱2,313,057
Interest income	2,989	543	3,883	48	7,463	–	7,463
Inter-segment	–	–	745,879	60,856	806,735	(806,735)	–
Other income	333,495	195	5,953	11,526	351,169	(141,934)	209,235
	2,437,577	10,310	942,840	87,697	3,478,424	(948,669)	2,529,755
Cost and Expenses							
Interest expense	121,802	–	4,312	1	126,115	–	126,115
Direct costs	870,608	7,236	875,444	65,270	1,818,558	(333,613)	1,484,945
Selling and general expenses	1,164,503	2,670	23,549	11,806	1,202,528	(608,687)	593,841
Accretion expense	2,222	–	–	–	2,222	–	2,222
Impairment losses	–	100	–	–	100	–	100
Depreciation, depletion and amortization	242,519	698	10,072	1,352	254,641	(66,667)	187,974
Excise taxes and royalty fees	104,412	–	–	–	104,412	–	104,412
Other expenses	19,896	1,511	3,481	7,344	32,232	–	32,232
	2,525,962	12,215	916,858	85,773	3,540,808	(1,008,967)	2,531,841
Provision for (benefit from) income tax	(16,260)	(467)	7,133	(161)	(9,755)	–	(9,755)
Net income (loss)	(₱72,125)	(₱1,438)	(₱18,849)	₱2,085	(₱52,629)	₱60,298	₱7,669
Operating assets	₱10,040,919	₱88,702	₱889,530	₱638,796	₱11,657,947	(₱4,472,937)	₱7,185,010
Operating liabilities	(₱4,079,688)	(₱87,665)	(₱614,746)	(₱263,685)	(₱5,045,784)	₱1,249,408	(₱3,796,376)
Other disclosure:							
Capital expenditure	₱377,729	₱62,754	₱3,428	₱36,710	₱480,621	₱–	₱480,621

2012

	Mining	Real estate	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱1,802,673	₱8,697	₱–	₱–	₱1,811,370	₱–	₱1,811,370
Interest income	4,830	311	133	444	5,718	–	5,718
Inter-segment	9,136	–	560,714	5,213	575,063	(575,063)	–
Other income	567,083	235	(270)	84,384	651,432	(248,256)	403,176
	2,383,722	9,243	560,577	90,041	3,043,583	(823,319)	2,220,264
Cost and Expenses							
Interest expense	75,987	–	–	8,419	84,406	–	84,406
Direct costs	793,550	4,427	504,165	3,972	1,306,114	(550,303)	755,811
Selling and general expenses	751,110	1,582	13,230	3,260	769,182	(161,478)	607,704
Accretion expense	2,197	–	–	–	2,197	–	2,197
Impairment losses	690	–	–	–	690	–	690
Depreciation, depletion and amortization	117,603	698	4,701	17	123,019	(273)	122,746
Excise taxes and royalty fees	86,471	–	–	–	86,471	–	86,471
Other expenses	(2,966)	1,450	10,107	2,284	10,875	–	10,875
	1,824,642	8,157	532,203	17,952	2,382,954	(712,054)	1,670,900
Provision for (benefit from) income tax	(110,554)	368	9,578	9,824	(90,784)	–	(90,784)
Net income (loss)	₱669,634	₱718	₱18,796	₱62,265	₱751,413	(₱111,265)	₱640,148
Operating assets	₱9,819,111	₱83,132	₱582,508	₱594,754	₱11,079,505	(₱4,472,937)	₱6,606,568
Operating liabilities	(₱4,091,484)	(₱86,105)	(₱323,980)	(₱216,959)	(₱4,718,528)	₱1,249,408	(₱3,469,120)
Other disclosure:							
Capital expenditure	₱374,847	₱50,654	₱17,261	₱243,327	₱686,089	₱–	₱686,089

Capital expenditures consist of additions to property, plant and equipment and deferred mine exploration costs.

34. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments pertain to unsecured and secured bank loans. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has other financial instruments such as cash and cash equivalents, trade, receivable from lessees of bunkhouses, and loans receivable under "Trade and other receivables", trade and accrued expenses under "Trade and other payables" and obligations under finance lease, which arise directly from its operations. Other financial assets include AFS investments, investment fund and MRF.

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 at December 31, 2014 and 2013, cash and cash equivalents may be withdrawn anytime while quoted AFS investments may be converted to cash by selling them during the normal trading hours in any business day. The table below summarizes maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the corresponding aging analysis of Group's financial assets as at December 31, 2014 and 2013 that are used to manage the liquidity risk of the group.

2014	**On Demand**	**0-90 days**	**More than 90 days**	**More than one year**	**Total**
Cash and cash equivalents					
Cash on hand	**₱937**	**₱–**	**₱–**	**₱–**	**₱937**
Cash in bank	**210,395**	**–**	**–**	**–**	**210,395**
Short-term deposits	**–**	**46,781**	**–**	**–**	**46,781**
Trade and other receivables					
Trade	**170,783**	**78,728**	**99,464**	**69,952**	**418,927**
Receivables from lessees of bunkhouses	**595**	**–**	**–**	**–**	**595**
Loans receivable	**49,764**	**–**	**–**	**–**	**49,764**
AFS investments					
UITF	**5,080**	**–**	**–**	**–**	**5,080**
Quoted instruments	**1,334**	**–**	**–**	**–**	**1,334**
Unquoted instruments	**–**	**–**	**–**	**5,009**	**5,009**
Other noncurrent assets					
Investment fund	**274,625**	**–**	**–**	**–**	**274,625**
MRF	**39,185**	**–**	**–**	**–**	**39,185**
Total	**₱752,698**	**₱125,509**	**₱99,464**	**₱74,961**	**₱1,052,632**

2014	**On Demand**	**More than 90 days**	**More than one year**	**Total**
Loans payable	**₱457,026**	**₱425,812**	**₱33,575**	**₱916,413**
Trade and other payables				
Trade	**748,523**	**96,272**	**21,167**	**865,962**
Accrued expenses*	**12,650**	**2,702**	**4,346**	**19,698**
Other noncurrent liabilities				
Equity of claimowner in contract operations	**–**	**–**	**49,136**	**49,136**
Total	**₱1,218,199**	**₱524,786**	**₱108,224**	**₱1,851,209**

Excludes statutory payables

2013	On Demand	0-90 days	More than 90 days	More than one year	Total
Cash and cash equivalents					
Cash on hand	₱795	₱–	₱–	₱–	₱795
Cash in bank	223,751	–	–	–	223,751
Short-term deposits	–	133,869	–	–	133,869
Trade and other receivables					
Trade	161,763	74,570	94,211	66,257	396,801
Receivables from lessees of bunkhouses	266	–	–	–	266
Loans receivable	49,764	–	–	–	49,764

(Forward)

2013	On Demand	0-90 days	More than 90 days	More than one year	Total
AFS investments					
UITF	₱3,317	₱–	₱–	₱–	₱3,317
Quoted instruments	1,614	–	–	–	1,614
Unquoted instruments	–	–	–	9,112	9,112
Other noncurrent assets					
Investment fund	274,625	–	–	–	274,625
MRF	48,214	–	–	–	48,214
Total	₱764,109	₱208,439	₱94,211	₱75,369	₱1,142,128

2013	On Demand	More than 90 days	More than one year	Total
Loans payable	₱584,660	₱544,728	₱505,493	₱1,634,881
Trade and other payables				
Trade	541,155	69,601	15,303	626,059
Accrued expenses*	30,399	6,492	10,443	47,334
Other noncurrent liabilities				
Equity of claimowner in contract operations	–	–	49,136	49,136
Total	₱1,156,214	₱620,821	₱580,375	₱2,357,410

**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, trade, receivables from lessees of bunkhouses, and loans receivable under "Trade and other receivables", AFS investments, and investment fund and MRF under "Other noncurrent assets", 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.

	2014	2013
Cash and cash equivalents		
Cash in bank	**₱210,395**	₱223,751
Short-term deposits	**46,781**	133,869
Trade and other receivables		
Trade	**426,269**	404,179
Receivables from lessees of bunkhouses	**32,176**	30,684
Loans receivable	**49,764**	49,764

(Forward)

	2014	2013
AFS investments		
UITF	**₱5,080**	₱3,317
Quoted instruments	**1,334**	1,614
Unquoted instruments	**5,009**	9,112
Other noncurrent assets		
Investment fund	**274,625**	274,625
MRF	**39,185**	48,217
Total credit risk exposure	**₱1,090,618**	₱1,179,132

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

2014

	Neither Past Due Nor Impaired				
	High Grade	**Standard Grade**	**Past Due But Not Impaired**	**Impaired**	**Total**
Cash and cash equivalents					
Cash in bank	**₱210,395**	**₱–**	**₱–**	**₱–**	**₱210,395**
Short-term deposits	**46,781**	**–**	**–**	**–**	**46,781**
Trade and other receivables					
Trade	**199,408**	**65,832**	**153,687**	**7,342**	**426,269**
Receivables from lessees of bunkhouses	**–**	**–**	**595**	**31,581**	**32,176**
Loans receivable	**–**	**49,764**	**–**	**–**	**49,764**
AFS investments					
UITF	**5,080**	**–**	**–**	**–**	**5,080**
Quoted instruments	**1,334**	**–**	**–**	**–**	**1,334**
Unquoted instruments	**–**	**5,009**	**–**	**–**	**5,009**
Other noncurrent assets					
Investment fund	**274,625**	**–**	**–**	**–**	**274,625**
MRF	**39,185**	**–**	**–**	**–**	**39,185**
Total credit risk exposure	**₱776,808**	**₱120,605**	**₱154,282**	**₱38,923**	**₱1,090,618**

2013

	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Cash and cash equivalents					
Cash in bank	₱223,751	₱–	₱–	₱–	₱223,751
Short-term deposits	133,869	–	–	–	133,869
Trade and other receivables					
Trade	188,876	62,355	145,570	7,378	404,179
Receivables from lessees of bunkhouses	–	–	266	30,418	30,684
Loans receivable	–	49,767	–	–	49,767
AFS investments					
UITF	3,317	–	–	–	3,317
Quoted instruments	1,614	–	–	–	1,614
Unquoted instruments	–	9,112	–	–	9,112
Other noncurrent assets					
Investment fund	274,625	–	–	–	274,625
MRF	48,214	–	–	–	48,214
Total credit risk exposure	₱874,266	₱121,234	₱145,836	₱37,796	₱1,179,132

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

a. Cash and cash equivalents, investment fund 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 at December 31, 2014 and 2013.

Market Risks

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations with floating interest rates.
As at December 31, 2014 and 2013, 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 London Interbank Offered Rate (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:

2014	**Change in interest rates (in basis points)**	**Sensitivity of pretax income**
PHP	**+100**	**(₱6,126)**
PHP	**-100**	**6,126**
USD	**+100**	**(3,016)**
USD	**-100**	**3,016**

2013	Change in interest rates (in basis points)	Sensitivity of pretax income
PHP	+100	(₱6,884)
PHP	-100	6,884
USD	+100	(9,464)
USD	-100	9,464

There is no other impact on the Group's equity other than those already affecting the consolidated statement 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 at December 31 follow:

	2014		2013	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Financial Assets				
Cash	**$2,056**	**₱91,929**	$6,317	₱280,443
Trade receivables under "Trade and other receivables"	**6,418**	**287,000**	7,483	332,208
Available-for-sale (AFS) investments	**40**	**1,789**	40	1,776
Total monetary assets	**$8,514**	**380,718**	13,840	614,427
Financial Liabilities				
Other loans	**4,750**	**212,430**	9,593	425,881
Secured bank loans	**2,000**	**89,440**	11,726	520,576
Total monetary liabilities	**6,750**	**301,870**	21,319	946,457
Net asset (liability) position	**$1,764**	**₱78,848**	($7,479)	(₱332,030)

As of December 31, 2014 and 2013, the exchange rates of the Philippine peso to the USD based on the Philippine Dealing and Exchange Corporation are ₱44.72 and ₱44.40, 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 December 31, 2014 and 2013 is as follows:

2014	**Change in foreign exchange rate**	**Sensitivity of pretax income**
	Strengthens by Php0.40	**(₱705)**
	Weakens by Php0.41	**722**

2013	Change in foreign exchange rate	Sensitivity of pretax income
	Strengthens by Php0.33	₱2,468
	Weakens by Php0.83	(6,208)

Based on the historical movement of the foreign exchange rates, management believes that the reasonably possible change for the next quarter would result in an increase (decrease) of ₱0.40 (₱0.41).

There is no other impact on the Group's equity other than those already affecting the statements of income.

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its AFS investments in quoted shares.

The Group's policy is to maintain its risk to an acceptable level. Movement of share prices is monitored regularly to determine impact on the consolidated statement of financial position.

Management believes that its exposure to equity price risk is not material to the consolidated financial statements as a whole; thus, disclosure of equity price risk analysis was deemed unnecessary.

Fair Values of Financial Instruments
Fair value is defined as the amount at which a financial instrument can be exchanged in an orderly transaction between market participants at the measurement date.

Set out below is a comparison by category and class of carrying amounts and estimated fair values of the Group's significant financial assets and liabilities as at December 31, 2014 and 2013:

	Carrying Amounts		Fair Values	
	2014	2013	**2014**	2013
Financial Assets:				
AFS investments:				
UITF	**₱5,080**	₱3,317	**₱5,080**	₱3,317
Quoted	**1,334**	1,614	**1,334**	1,614
Unquoted	**5,009**	9,112	**5,009**	9,112
Financial Liabilities:				
Loans payable	**₱916,413**	₱1,634,881	**₱916,413**	₱1,634,881

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 receivable from lessees of bunkhouses under "Trade and Other Receivables", and trade and accrued expenses under "Trade and Other Payables"
The fair values of these instruments approximate their carrying amounts as of reporting date due to the short-term nature.

Loans Receivable
The fair value of loans receivable approximate their carrying amounts as of reporting date due to the short-term nature. Loans receivable carry interest at 9% per annum and are due and demandable.

AFS Investments
The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date. The fair value of unquoted AFS equity investments cannot be reliably measured and accordingly measured at cost, net of impairment.

Loans Payable
Where the repricing of the variable-rate interest bearing loan is frequent (i.e., three-month repricing), the carrying value approximates the fair value. The fair value of other loans payable is determined by discounting the principal using the 3-month LIBOR rate of 0.58% plus credit spread of 5.42%.

As at December 31, 2014 and 2013, the Group had quoted AFS investments amounting to ₱6.4 million and ₱4.9 million, respectively, carried at fair value in the consolidated statement of financial position. The quoted AFS investments are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations. The Group has no financial instruments measured at fair value under Levels 2 and 3 of fair value hierarchy. There were no transfers between levels in 2014 and 2013.

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 2014, 2013 and 2012. The Group monitors capital using its parent company financial statements. As at December 31, 2014 and 2013, the Group has met its capital management objectives.

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

	2014	2013
Capital stock	**₱586,222**	₱532,222
Capital surplus	**269,844**	161,844
Other components of equity	**950,835**	1,086,767
Retained earnings	**1,713,027**	1,615,817
Treasury shares	**(8,016)**	(8,016)
	₱3,511,912	₱3,388,634

Further, the Group monitors capital using debt to equity ratio, which is total liabilities divided by total equity. Debt to equity ratios of the Group as at December 31, 2014 and 2013 are as follows:

	2014	2013
Total liabilities (a)	**₱3,610,268**	₱3,796,375
Total equity (b)	**3,511,912**	3,388,634
Debt-to-equity ratio (a/b)	**1.03:1**	1.12:1

35. Leases, Agreements, Contingencies and Other Matters

Lease Agreements

Operating Leases
The Group leases its office spaces up to June 30, 2020, renewable upon mutual agreement with the lessor. Total rental expense on these leases amounted to ₱4.1 million in 2014, 2013 and 2012. Future minimum lease payments for the operating lease are as follows:

	2014	2013
Lease payments due in:		
Less than one year	**₱20,241**	₱5,074
Between one and five years	**17,429**	15,498
More than five years	**5,732**	4,113
Future minimum lease payments	**₱43,402**	₱24,685

Finance Lease
In 2012, the Parent Company entered into a lease agreement with a leasing and finance company to finance its purchase of an item of property and equipment. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	2014	2013
Lease payments due in:		
Less than one year	**₱14,738**	₱14,738
Between one and five years	**17,194**	31,932
Future minimum lease payments	**31,932**	46,670
Less amount representing interest	**3,190**	6,533
Present value of future minimum lease payments	**28,742**	40,137
Less current portion	**12,532**	11,395
Noncurrent portion	**₱16,210**	₱28,742

Interest expense recognized on the above finance lease obligations amounted to ₱3.3 million in 2014 and ₱4.4 million in both 2013 and 2012.

Agreements and Contingencies

a. The Parent Company and certain subsidiaries are contingently liable for liabilities arising from lawsuits or claims (mostly labor, civil, mines administrative and ports related cases) filed by third parties, which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.

b. On May 23, 1995, BPGC entered into a Royalty Agreement with Option to Purchase (Agreement) with PMC. Under this Agreement, BPGC is allowed to perform exploration, development and mining activities over the mining properties of PMC, located in Pantukan Davao del Norte and Davao Oriental. BPGC shoulders all the expenses on such activities. PMC is entitled to royalty calculated on the bases as specified in the Agreement.

   BPGC also has the option to purchase the mining properties from PMC during the effectivity of the Agreement. On August 26, 2011, BC entered into a Call Option Agreement with Nationwide Development Corporation (NADECOR). The call option grants NADECOR to acquire full ownership of BC's MPSA in respect of its mining claims in Pantukan, Compostella Valley.

c. On December 6, 2010, the Parent Company and BLRI signed an agreement for the management of the operation of the AGP. Under the management contract, BLRI will provide the necessary technical and financial assistance to expand the production capacity of AGP to 300 tons per day in exchange for a management fee based on the net operating profit of AGP. BLRI also leases its equipment to the AGP mining operations.

d. In 2011, the Parent Company signed a 20-year power supply agreement with Therma Luzon, Inc. (TLI), a wholly-owned subsidiary of Aboitiz Power Corporation, to supply power to its current and future mining operations in Itogon, Benguet. The contract provides for a payment discount of 0.5% on its monthly billing if the Parent Company pays TLI on or before the 15th of the payment month.

e. On August 8, 2011, BNMI appointed the Parent Company as its exclusive agent with a marketing fee on a per ton of nickel ore shipped.

f. On May 28, 2012, BNMI assigned all of its rights, title and interest in the parcel of land situated in the Barrio of Binabalian, Candelaria, Zambales, including the improvements which consist of the port infrastructure and permits to KPLMSC amounting to ₱63.8 million. After the assignment, BNMI and KPLMSC agreed to enter into a non-exclusive port use agreement for an initial term of 10 years starting on June 1, 2012. BNMI shall pay KPLMSC on a per wet metric ton of nickel ore loaded based on the final draft survey, and shall be due five days after completion of every shipment.

g. In 2013, the Parent Company changed the terms of its agreement with mine contractors from ore-sharing to metal sharing in the AGP. Based on the new agreement, ore mined by contractors will all be milled and sold by the Parent Company to Bangko Sentral ng Pilipinas, the proceeds of which are shared between the Parent Company and its contractors.

h. Retained earnings of KPLMSC amounting to ₱7.9 million exceeded its paid-up capital amounting to ₱2.5 million as at December 31, 2014. KPLMSC's BOD resolved that no dividends will be declared during the year in consideration of the funding requirements for the repairs to be done in the port of KPLMSC.

SGV
Building a better working world

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

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

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Benguet Corporation and its subsidiaries as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, included in this Form 17-A, and have issued our report thereon dated March 27, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, as Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-3 (Group A),
March 21, 2013, valid until March 20, 2016
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-72-2015,
March 24, 2015, valid until March 23, 2018
PTR No. 4751273, January 5, 2015, Makati City

March 27, 2015

BENGUET CORPORATION AND SUBSIDIARIES

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As at December 31, 2014
(Amounts in Thousands)

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

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		₱1,009,640
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	₱30,718	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those	–	
attributable to cash and cash equivalents)	–	
Fair value adjustment (mark-to-market gains)	–	
Fair value adjustment of investment property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal	–	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Subtotal	–	
Net income actually incurred during the period	30,718	
Add (Less):		
Dividend declarations during the period	–	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	(8,016)	
Subtotal		**22,702**
RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DISTRIBUTION AS AT DECEMBER 31, 2014		**₱1,032,342**

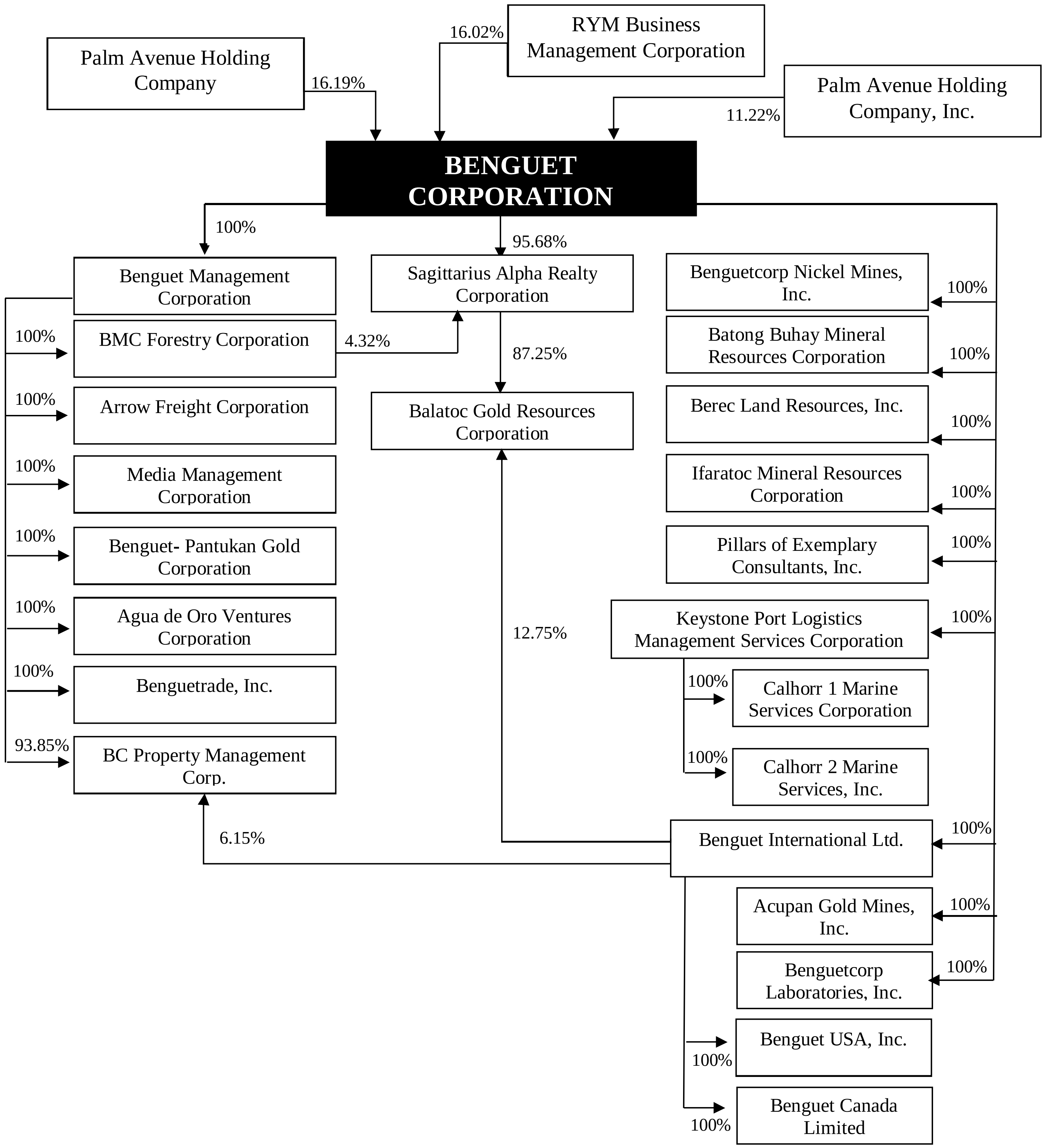
*Computed as follows:

Retained earnings as at December 31, 2013, as reflected in audited financial statements	₱2,020,488
Effect of quasi-reorganization on revaluation increment	(1,010,848)
Unrealized foreign exchange gain - net except those attributable to cash and cash equivalents	
Total	₱1,009,640

SCHEDULE II
BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014

	2014	2013
Profitability Ratios:		
Return on assets	**1.36%**	0.11%
Return on equity	**2.77%**	0.23%
Gross profit margin	**38.40%**	22.70%
Operating profit margin	**11.26%**	-4.01%
Net profit margin	**3.22%**	0.33%
Liquidity and Solvency Ratios:		
Current ratio	**0.79:1**	0.88:1
Quick ratio	**0.44:1**	0.49:1
Solvency ratio	**1.97:1**	1.89:1
Financial Leverage Ratios:		
Asset to equity ratio	**2.03:1**	2.12:1
Debt ratio	**0.51:1**	0.53:1
Debt to equity ratio	**1.03:1**	1.12:1
Interest coverage ratio	**2.29:1**	0.98:1

SCHEDULE III
BENGUET CORPORATION AND SUBSIDIARIES
A MAP SHOWING THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014



<u>SCHEDULE IV</u>

BENGUET CORPORATION AND SUBSIDIARIES
SCHEDULE OF EFFECTIVE STANDARDS
AND INTERPRETATIONS UNDER THE PFRS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as at December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
PFRS 2	Share-based Payment	✓		
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
IFRIC 1	Changes in Existing Decommissioning,	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
	Restoration and Similar Liabilities			
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

SCHEDULE A

BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS
DECEMBER 31, 2014
(Amounts in Thousands)

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Income received and accrued
BDO Unit Investment Trust Fund (UITF) - Peso	1,921	₱2,828	₱103
BDO UITF - Dollar	376	2,252	183
Philippine Long Distance Telephone Co.	412	599	49
Club Filipino	1	180	40
Camp John Hay	1	120	20
Others	–	5,444	217

SCHEDULE B

BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2014
(Amounts in Thousands)

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
Reynaldo P. Mendoza	₱4,242	₱443	₱–	₱–	₱4,685	₱–	₱4,685
Camilo T. Bernaldo	2,757	1,837	–	–	4,594	–	4,594
V. Carag	2,917	370	–	–	3,287	–	3,287
Lee Owen P. Cortez	2,342	100	–	–	2,442	–	2,442
Romy L. Tangalin	1,570	114	–	–	1,684	–	1,684
Pablo Gabriel R. Malvar	1,775	–	93	–	1,682	–	1,682
Cynthia O. Lazaro	1,321	–	7	–	1,314	–	1,314
M. A. Bolano	1,669	–	364	–	1,305	–	1,305
D. Abenoja	84	912	–	–	996	–	996
R. Rapisura	437	411	–	–	848	–	848
E. Barcelona	454	296	–	–	750	–	750
H. Gan	645	49	–	–	694	–	694
Herminia M. Marigundon	631	–	6	–	625	–	625
Pamela M. Gendrano	465	100	–	–	565	–	565
Sheila C. Cenit	226	292	–	–	518	–	518
Chuchi del Prado	–	423	–	–	423	–	423
Luis Antonio Javelosa	–	21	–	–	21	–	21

SCHEDULE C

BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Amounts in Thousands)

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
Benguetcorp Nickel Mines, Inc.	(₱119,873)	₱–	(₱488,078)	₱–	(₱607,951)	₱–	(₱607,951)
Media Management Corporation	22,183	–	–	–	22,183	–	22,183
Keystone Port Logistics Management Services Corporation	(1,788)	7,099	–	–	5,311	–	5,311
Benguet-Pantukan Gold Corporation	29,341	36	–	–	29,377	–	29,377
BC Property Management, Inc.	29,398	117	–	–	29,515	–	29,515
Berec Land Resources, Inc.	(29,939)	42,054	–	–	12,115	–	12,115
Benguet Management Corporation	2,261	2,072	–	–	4,333	–	4,333
BMC Forestry Corporation	(10,828)	–	(2,523)	–	(13,351)	–	(13,351)
Balatoc Gold Resources Corporation	197,208	45,510	–	–	242,718	–	242,718
Arrow Freight Corporation	(19,553)	20,326	–	–	773	–	773
Agua de Oro Ventures Corporation	10,602	115	–	–	10,717	–	10,717
Benguetrade, Inc.	(34,817)	–	(30,272)	–	(65,089)	–	(65,089)
Sagittarius Alpha Realty Corporation	(2,860)	10	–	–	(2,850)	–	(2,850)
Batong Buhay Mineral Resources Corporation	1,665	44	–	–	1,709	–	1,709
Pillars of Exemplary Consultants, Inc.	456	40	–	–	496	–	496
BenguetCorp International Limited	510	979	–	–	1,489	–	1,489
Ifaratoc Mineral Resources Corporation	(2,304)	50	–	–	(2,254)	–	(2,254)
Acupan Gold Mines, Inc.	(2,358)	45	–	–	(2,313)	–	(2,313)
Benguetcorp Laboratories, Inc.	50,454	26,843	–	–	77,297	–	77,297
Calhorr 1 Marine Services Corporation	10,240	3,178	–	–	13,418	–	13,418
Calhorr 2 Marine Services, Inc.	(1,924)	–	–	–	(1,924)	–	(1,924)

SCHEDULE D

BENGUET CORPORTION AND SUBSIDIARIES
INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2014
(Amounts in Thousands)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Deferred mine exploration costs	₱978,210	₱25,824	₱–	(₱388,184)	₱–	₱615,850

SCHEDULE E

BENGUET CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2014
(Amounts in Thousands)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings- net of current portion" in related balance sheet
Unsecured Bank Loans	₱163,302	₱154,727	₱8,575
Secured Bank Loans	334,698	309,698	25,000
Other loans			
Nickel Ore Customers	177,675	177,675	–
Others	240,738	240,738	–
	₱916,413	₱882,838	₱33,575

SCHEDULE F

BENGUET CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2014

Name of Related Party	Balance at beginning of period	Balance at end of period
	NOT APPLICABLE	

SCHEDULE G

BENGUET CORPORATION AND SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2014

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

SCHEDULE H

BENGUET CORPORATION AND SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2014

The Parent Company’s authorized share capital is ₱667.5 million divided into 219,652,912 shares consisting of 19.7 million Convertible Preferred Class “A” shares with par value of ₱3.44 each and 120 million Class “A” common shares and 80 million Class “B” common shares with par value of ₱3 each. As at December 31, 2014, shares issued and outstanding totaled 195,260,245 held by 16,944 shareholders.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	Affiliates	No of shares held by Directors and Officers	Others
Convertible Preferred Stock						
Class A	19,652,912	217,061	–	–	–	217,061
Common Stock						
Class A	120,000,000	117,428,790	675,374	–	318,354	117,110,436
Class B	80,000,000	77,614,394	899,588	–	23,955	77,590,439