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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 endedDECEMBER 31, 2015.....
2. SEC Identification Number11341..... 3. BIR Tax Identification No. ...000-051#037....
4. Exact name of issuer as specified in its charterBENGUET CORPORATION.....
5.PHILIPPINES..... 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. 7F UNIVERSAL RE-BUILDING, 106 PASEO DE ROXAS, MAKATI CITY1226.....
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

<u>Title of Each Class</u>	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2015)
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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, 2015 – ₱544.7 Million

11. Are any or all of these securities listed on a Stock Exchange.
Yes [] 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 No

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

Yes No

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.

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 112 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. 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 16,897 stockholders of record, with 16.55% of its outstanding shares owned by foreign nationals and institutions, as of December 31, 2015.

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 Orelina Contract Operation (BOLCO), and the Ilocos Norte and the Kalinga Financial or Technical Assistance Agreement (FTAA) prospects.

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

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 2015 that totaled 12,940 ounces, lower as compared to 14,258 ounces in 2014 and higher as compared to 11,967 ounces in 2013. The average grade of ore milled for this year was better at 5.38 grams gold per ton against 4.38 grams gold per ton in 2014 and 4.88 grams gold per ton in 2013. AGP ended the year 2015 with an average milling rate of 229 tons per day (tpd), lower as compared to average milling rate of 332 tpd in 2014.
- **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 1.547 million tons of nickel ore, of which 1.072 million tons comprise 1.5 Ni grade as compared to 1.064 million tons ranging from 1.51% to 1.88% Ni grade in 2014 and 1.007 million tons ranging from 1.65% to 1.88% Ni grade in 2013. BNMI was able to capitalize on higher nickel prices in the first quarter of 2015 by shipping 13 boatloads of stockpiled 1.50% nickel ore at an average price of \$41.08 per ton. Nickel prices, however, steadily dropped during the year with LME nickel prices starting the year nearing \$16,000/ton and plummeting to almost half at \$8,708/ton at the close of 2015. BNMI continued the push for higher volume to keep pace with its target bottom line as prices decline.
- **Irisan Lime Project (ILP) in Baguio City:** ILP produced 7,892 tons of quicklime in 2015, lower as compared to the 2014 level of 9,812 tons and 9,070 tons in 2013. Currently, ILP has production capacity of 1,800 tons of quicklime per month for the three (3) kilns operation.

EXPLORATION, RESEARCH AND DEVELOPMENT

- **Balatoc Tailings Project (BTP) in Itogon, Benguet Province:** The project was temporarily suspended pending the review of its mineral resource report, metallurgical and technical processes and its financial impact. In the meantime, the renewal of BTP's Mineral Processing Permit (MPP) is underway with the submission of supporting documents.
- **Antamok Tailings Project (ATP) in Itogon, Benguet Province:** The Antamok Tailings plays a strategic role as 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. While the Company's preferred land use of its Antamok mined-out open pit is the bulk water project, the Company can easily amend the land use from conversion to water reservoir to engineered sanitary landfill should there be a viable prospect for landfill project in the future.
- **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 about 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).
- **Pantingan Gold Prospect in Bagac, Bataan Province:** The Pantingan gold prospect is covered by 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. The Pantingan property is a viable prospect for epithermal gold mineralization. The Company has designed a drill program to assess and probe the behavior of the mineralization exposed on the surface. For 2015, a team of geologists has completed a semi-detailed survey and the accompanying follow-up study of this prospect as fulfillment of its two (2) year Exploration Work Program. Your Company has likewise submitted the necessary Environmental and Exploration Work Programs required for 2015.

- **Zamboanga Gold Prospect (BOLCO) in R.T. Lim Zamboanga del Sur:** Benguet Corporation (BC) signed an operating agreement with Orelina Mining Corporation to explore and operate the property within a 399.03 hectares area. The property is about 150 kilometers northeast from Zamboanga City. It straddles the common boundary of R.T. Lim, Zamboanga Sibugay and Siocon, Zamboanga del Norte. The Company has joined the resumption of FPIC discussions this year with the NCIP. The Financial Work Plan for the implementation of the FPIC will be finalized and completed in 2016 which the Company plans to review within the timetable prescribed in the agreements before implementation.
- **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 Company is in the process of completing its work program to extend the exploration permit (EP) on the property.
- **Financial Technical Assistance Agreement:** Benguet Corporation (BC) 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. 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 negotiated and signed 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 was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) in 1980. It was established to manage and conduct the non-mining businesses of the Company. BMC and its subsidiaries institutionalized cost management programs especially in those engaged in mining services to address the challenges posed by the continued slump of metal prices since the second quarter of 2015. It 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. It continue to develop and sale Company's real estate assets in Northern Luzon and one of which real estate project is the Woodspark Subdivision in Rosario, La Union.

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, is currently operating five (5) clinic facilities established in SM City and Centermall Baguio City, San Fernando Pampanga, SM City Taytay, Rizal and Makati Oncology Clinic. The clinic 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 consolidation and growth in 2016, and in the coming years, by focusing on strengthening its "patient-first" delivery of medical services in areas outside Metro Manila. This commitment remains true to the heart of its company's vision to deliver quality healthcare services to underserved communities.

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. 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 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:

	2015 (% to total revenue)			2014 (% to total revenue)			2013 (% to total revenue)		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Gold	21%	-	21%	27%	-	27%	31%	-	31%
Lime	2%	-	2%	3%	-	3%	3%	-	3%
Chromite	-	-	-	-	-	-	-	-	-
Nickel	-	73%	73%	-	66%	66%	-	56%	56%
Trucking & Warehousing & others	4%	-	4%	4%	-	4%	10%	-	10%

The Company has no new products or service introduced in 2015 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, Sta. Cruz Nickel and Irian Lime Projects.

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.

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 Orelina 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
2015	₱33	1.0%
2014	22	0.1%
2013	237	10%

Costs and Effects of Compliance with Environmental Laws - The Company is committed to the protection and enhancement of the environment, going beyond the requirements of concerned regulatory agencies. It continues to adhere to the conditions on land water and air quality standards set forth under the Environmental Compliance Certificates (ECCs) issued to our projects. It faithfully implemented all activities embodied under our Annual Environmental Protection and Enhancement Program (AEPEP), an all-inclusive environmental management plan for sustainable and responsible mining operations. It is also diligently preparing for the eventual rehabilitation and restoration of its operating areas. On March 17, 2016, the Company's gold and nickel operations were awarded the ISO 14001:2015 Environmental Management Systems certification by an accredited certifying body, TUV Rheinland.

The Company spent a total of ₱51 million for both its nickel and gold operations to undertake all the approved programs, projects and activities in the AEPEP and ECCs. These undertakings are regularly monitored and validated quarterly 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 Environmental Management Bureau (EMB), Department of Environment and Natural Resources (DENR) and Mines and Geosciences Bureau (MGB) Regional Offices, the Company, Local Government Units (LGUs), civil society (represented by a Non-Government Organization), representatives from the host community and indigenous people (IPs), if any.

The costs and effects of compliance with environmental laws are numerous. There are cost consequences on both the compliance and the effects of non-compliance by 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 strictly to 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, 2015, the Company has 1,702 employees, broken down to 160 administrative, 103 clerical, 392 involved in exploration and operation and 1,047 are outsourced staff e.g. laborers, security guards, janitors & retainers/consultants. The rank and file 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 2016, the Company anticipates changes in the number of employees due to retirement of its workforce in its Acupan Gold Project in Itogon, Benguet and Sta. Cruz Nickel Project in Zambales. The total projected manpower is 1,680 employees, of whom 150 are administrative, 98 clerical, 386 involved in exploration and operation, and 1,046 are outsourced staff e.g. laborers, security guards, janitors and retainers/consultants.

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

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

- a. The Company's mining operations are subject to environmental laws and regulations which should be adhered to. Non-compliance or failure to comply may delay mining operations or could result in suspension of operation or substantial fines and penalties. In ensuring compliance, the Company is obliged to allot a considerable amount from its operational funds for reforestation and other environmental protection projects in the areas of operations. While the Company believes it is in substantial compliance with all material environmental regulations, it can give no assurance that changes in these regulations will not occur in the future which may impede the Company's current and future business activities and negatively impact the profitability of operations.
- b. The Company's exploration, 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
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). The prospect is in exploration period.
Zamboanga Gold Prospect	399.03	MPSA application denominated as APSA No. IX-015. BC holds an operating agreement with the MPSA

		applicant, Orelina 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. Six (6) coal blocks were extensively explored by way of mapping, trenching, drilling, geophysics, electrical logging and topographic surveying. BC is in the process of completing its work program to extend the exploration permit (EP) on the property.
Ilocos Norte Prospect	21,513.37	BC is the applicant on the FTAA denominated as AFTA-000003-1 and underground evaluation by MGB Central Office. BC had already negotiated and signed 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.

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 "Status of Business 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).

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 one (1) unit at the Universal ReBuilding, 106 Paseo de Roxas, Makati City where its Corporate Head Office is situated. The leased is ₱51,114 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 being held for a currently undetermined future use.

Benguetcorp Nickel Mines, Inc. (BNMI), a wholly owned subsidiary of the Company is a holder of MPESA 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 ₱66,000 per month for its office occupancy and ₱36,000 for its two (2) staff houses 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 ₱275,929 per month; in Central Mall, Baguio City at ₱88,264 per month; in San Fernando, Pampanga at ₱89,880 per month; in Taytay, Rizal at ₱199,780 per month and in Makati City at ₱133,416, 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, 2015, 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, 2015, 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).

In 2008, the Company's voluntary deregistered its Class "B" shares in the United States Securities & Exchange Commission (U.S. SEC) hence, the 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".

As of March 31, 2016, the Company public float is 46.092% and the equity ownership of foreign stockholders is 32,138,168 Class "B" shares or 16.45% 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 April 11, 2016, the closing price of Common Class A is ₱7.11 per share, ₱7.80 per share for Common Class B and ₱44.55 per share for Convertible Preferred Class A as of April 5, 2016.

a) The high and low prices of the Company's shares in the PSE for the first quarter 2016 are as follows:

	High Price	Low Price
Common Class A	₱15.00	₱3.77
Common Class B	15.48	3.20
Convertible Preferred Class A	44.55	13.20

b) The high and low prices of the Company's shares for each quarter of 2015 and 2014 are as follows:

	1 ST QUARTER		2 ND QUARTER		3 RD QUARTER		4 TH QUARTER	
	2015	2014	2015	2014	2015	2014	2015	2014
CONVERTIBLE PREFERRED CLASS A*								
Highest Price Per Share	₱ -	₱ -	₱39.35	₱33.90	₱ -	₱ 35.00	₱18.50	₱52.50
Lowest Price Per Share	-	-	20.30	22.65	-	30.00	18.50	26.25
COMMON CLASS A								
Highest Price Per Share	9.26	8.90	8.98	11.72	7.50	12.70	6.49	10.24
Lowest Price Per Share	6.97	6.30	6.70	7.00	3.50	9.05	3.50	7.80
COMMON CLASS B								
Highest Price Per Share	8.50	8.95	8.50	11.80	8.00	12.80	5.91	9.60
Lowest Price Per Share	6.98	7.00	5.11	7.15	5.50	9.01	5.50	7.50

(*) There were no trading transactions in the first quarter of 2014 and 2015 and third quarter of 2015.

Holders - As of March 31, 2016, the Company's number of shareholders is 16,902 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)	52,435,404	44.61%
Palm Avenue Holding Company, Inc.	21,874,909	18.61%
Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation	21,306,830	18.13%
Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation	10,278,125	08.74%
House of Investment, Inc.	2,848,637	02.42%
FEBTC TA 4113-000204-5 (ESPP)	1,700,000	01.45%
FEBTC TA 4113-00204-5	908,533	00.77%
Cynthia Manalili Manalang	500,000	00.43%
RP Land Development Corporation	320,000	00.27%
Sysmart Corporation	289,652	00.25%
Paredes, Gabriel M. or Paredes, Marianne G.	188,300	00.16%
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%
Marilix Realty Development Corporation	110,400	00.09%
FEBTC TA 4113-00204-5	97,008	00.09%
Enrique T. Yuchengco, Inc.	85,792	00.08%
Luis Juan L. Virata	78,001	00.07%
Franciso M. Vargas	73,000	00.06%

B. Common Class "B" Share

Name	Number of Shares Held	Percent to Total Issued Per Class
PCD Nominee (Filipino)	29,152,502	37.55%
Palm Avenue Realty and Development Co.	14,580,000	18.76%
PCD Nominee (Non-Filipino)	10,188,289	13.12%
David L. Sherman	987,249	01.27%
Michael Vozar TOD Sharon K. Vozar Sub To Sta Tod Rules	245,420	00.32%
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 Gil Rev Tr	100,000	00.13%
Sanford E. Halperin	83,788	00.11%
Vince S. Chiaramonte & Mary W. Chiaramonte JT Ten	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%
Arthur Jan	58,000	00.07%

C. Convertible Preferred Class "A" Share

Name	Number of Shares Held	Percent to Total Issued Per Class
PCD Nominee Corporation (Filipino)	64,694	29.80%
Fairmount Real Estate	59,262	27.30%
Jose Concepcion, Jr.	5,000	02.30%
Reginaldo Amizola	1,737	00.80%
Evengeline Alave	1,720	00.79%
Maverick Marketing Corporation	1,720	00.79%
Jayne Jalandoni	1,380	00.64%
Rosendo U. Aianzo	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%
B & M Incorporated	952	00.44%

Dividends – The Company has not declared any dividends in the two (2) most recent fiscal years 2015 and 2014 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, 2016, 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. 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.

- c. Pursuant to the Second Transaction of the Memorandum of Agreement (MOA) on the private placement dated August 23, 2013 and Stock Subscription Agreement dated February 9, 2015, RYM Business Management Corporation (RBMC) has advanced to the Company the full subscription price of ₱88 million for future subscription of 9,777,777 common shares of the Company consisting of 5,866,697 Class A common shares at ₱9.00 per Class A share and 3,911,080 Class B common shares at ₱9.00 per Class B share. The subscription shall be effective when the Company obtained approval from the Securities and Exchange Commission (SEC) of the increase of its authorized capital stock, from where the additional subscription will be sourced. The Company has obtained approval by the SEC of the increase of its authorized capital stock on September 28, 2015 and filed a Notice of Exempt Transaction under SEC Form 10.1 on October 8, 2015. The sale of shares under the said transaction is an exempt transaction under the Securities Regulation Code (SRC) and SEC Memorandum Circular No. 9, Series of 2008. The application for listing of the foregoing shares which the Company has filed on October 28, 2015 is still under evaluation by the PSE.

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, 2015 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, 2015, AND FOR ALL THE OTHER PERIODS PRESENTED, HAVE BEEN MADE.

THE FINANCIAL INFORMATION FOR THE THREE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013 ARE AS FOLLOWS:

A. FOR THE YEARS ENDED DECEMBER 31, 2015 VERSUS. 2014

CONSOLIDATED RESULTS OF OPERATIONS

For the year 2015, the Company registered a consolidated net income of ₱200.7 million, 106% higher than ₱97.2 million in 2014. The increase in net income was the net effect of the following:

The Company generated consolidated revenues of ₱3.258 billion for the year 2015, 8% higher than ₱3.018 billion in 2014. Despite the decline in metal prices, revenues increased due to bigger volume of nickel ore shipped. In 2015, BNMI shipped 29 boatloads totaling 1.547 million tons at an average price of US\$33.55 per ton if based on original price, US\$34.51 if with adjustment in grade and moisture compared to 20 boatloads totaling 1.064 million tons last year at an average price of US\$39.69 per ton, if based on original contract (US\$41.55 per ton if with adjustment in grade and moisture).

Cost and operating expenses increased to ₱2,819.9 million in 2015 from ₱2,677.7 million in 2014 mainly due to increase in cost of mine products sold and services as a result of higher tonnage of nickel ore sold in 2015.

Interest expense significantly decreased to ₱37.7 million from ₱86.1 million in 2014. The decrease is mainly due to the settlement of the Amsterdam Trade Bank (ATB) and regular principal loan payment of Malayan Bank and PhilExim loans.

Other expense of ₱102.7 million in 2014 was mainly due to losses of ₱137.2 million on disallowed input VAT, write-off of receivables and disposal of barge equipment partly offset by gain on revaluation of investment property amounting to ₱42.9 million and gain on sale of AFC property in

Valenzuela amounting to ₱5.7 million. The other expense of ₱142.7 million in 2014 was mainly due to demurrage amounting to ₱96.2 million due to the suspension of BNMI operation

Provision for income tax in 2015 amounted to ₱96.8 million, higher than ₱13.9 million in 2014. The increase is mainly due to income tax expense of BenguetCorp Nickel Mines, Inc. (₱92.7 million), Arrow Freight Corporation (₱9.8 million) and Keystone Port Logistics and Management Services Corporation (₱5.4 million).

FINANCIAL POSITION

Assets

The Company's consolidated total assets as of December 31, 2015 stood at ₱ 6.7 billion, lower than ₱7.1 billion in 2014. The decline is the net effect of the following:

Cash and cash equivalents decreased by ₱110.6 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.

Trade and other receivables decreased by ₱180 million or 18% to ₱808 million from ₱988 million mainly from collection of nickel ore shipped in 2014 and 2015.

Inventories increased by ₱41 million or 43% to ₱136 million from the 2014 level of ₱95 million mainly due to increased in production of beneficiated nickel ore.

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

Property, plant and equipment at cost decreased to ₱1,301.7 million in 2015 from ₱1,402.4 million in 2014. The decrease is mainly due to the disposal of barge equipment and reclassification of deferred mine exploration cost to mining properties and mine development cost.

Increase of investment property by 26% to ₱209.6 million from ₱166.7 million in 2014 pertains to the gain of ₱42.9 million from the revaluation of the investment property conducted by an independent appraisers on September 18, 2015.

Deferred mine exploration cost slightly decreased to ₱544 million from ₱573 million in 2014 due to reclassification of deferred mine exploration project to mining properties and mine development cost.

Liabilities

Total consolidated liabilities as of December 31, 2015 amounted to ₱2.8 billion, 22% lower than last year. The decreased was due to the following:

Trade and other payables decreased by ₱531 million or 38% mainly due to repayment to various contractor and suppliers of BNMI and Acupan Gold Project.

Loans payable decreased by ₱124 million or 14% mainly due to the settlement of Amsterdam Trade Bank (ATB) loan and regular servicing of PhilExim loan.

Deferred income tax liabilities slightly decreased to ₱726 million from ₱750 million in 2014 mainly due to decreased in capitalized interest

Liability for mine rehabilitation decreased by ₱13 million or 26% due to adjustment on capitalized cost based on the revised estimate of the mine rehabilitation and decommissioning cost.

Pension liability slightly increased to ₱76.8 million from ₱73.0 million in 2015 due to additional personnel hired during the year.

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

Decrease in noncurrent liabilities to ₱331 million from ₱389 million in 2015 pertains to repayment of advances to nickel off-take buyers.

Equity

Stockholders Equity at year-end amounted to ₱3,813.7 million 9% higher than ₱3,501.8 million in 2014. The increased is attributed to the following:

Capital Stock and Capital surplus increased by ₱29.3 million and ₱74.3 million, respectively, due to the private placement of RYM Business Management Corporation (RBMC) pursuant to the Memorandum of Agreement on August 23, 2013, representing the second tranche of the private placement in the Parent Company.

Retained earnings increased by ₱253 million or 14% to ₱2.1 billion from ₱1.8 billion in 2014 mainly due to the net income of ₱200.7 million this year.

Consolidated Cash Flow

The net cash used by operating activities in 2015 amounted to ₱20 million compared to net cash flow of ₱497 million in 2014. The net cash generated by operation this year was used in the settlement of various trade and income tax liabilities.

In 2015, the Company invested ₱56 million in various mine equipment for the expansion of its Acupan Gold Project and Sta. Cruz Nickel Operation

With the improved results of operation, additional investment from RYM Business Management and new loan obtained from Trans Middle East Phils Equities, the Company was able to reduced debt by ₱332 million.

Other information on Management Discussion and Analysis of Financial Position and Results of Operations is also discussed in the Management Report which is contained in this report (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, 2015, the Company's current ratio is 1.04:1 versus 0.91:1 in 2014.

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\$1,162 per ounce in 2015 and US\$1,271.40 per ounce in 2014.

Tons Mill and Ore Grade- Tons milled and ore grade determine gold production and sales volume. The higher the tonnage and ore grade, the more gold are produced and sold. Tons milled in 2015 were 84,421 with average grade of 5.38 grams per ton gold. Gold sold in 2015 were 12,940 ounces. In 2014, tons milled were 119,554 with average grade of 4.38 grams per ton gold. Gold sold in 2014 were 14,257.92 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, 2015, the peso to dollar exchange rate was at ₱47.06 higher as compared to ₱44.72 in 2014.

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 2015 is ₱1.01, 98% higher compared to earnings per share of ₱0.51 in 2014.

Known Trends, Events or Uncertainties

The Company does not foresee within the next twelve months any cash flow or liquidity problems. AGP continues increase gold production due to ongoing exploration and drilling programs to upgrade its capacity, ILP maintains steady market of quicklime and BNMI has assured market for high and low grade nickel ores to signing of off-take agreements with Bright Mining & Resource Company Ltd., and LS Networks Company, Ltd.

Within the ensuing twelve months, the Company anticipates changes in the number of employees due to retirement of employees 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 ₱120.6 million. 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, 2015 to December 31, 2014.

B. 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\$30.46 per ton if based on original price, US\$30.57 per ton if with adjustment in grade and moisture to US\$39.69 per ton, if based on original contract (US\$41.55 per ton if with adjustment in grade and moisture) and 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 regular principal debt amortization 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 from June 2014 to January 2015 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) covering July 2014 to February 2015.

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 ₱718.5 million or 44% mainly due to the regular principal payment of amortization of Amsterdam Trade Bank (ATB) and PhilExim loans.

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.

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.

ITEM 7. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the period ended December 31, 2015, 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 28, 2014 and May 28, 2015, respectively. Audit services of SGV for the calendar year ended December 31, 2015 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, 2014 and 2015 is Mr. Jaime F. Del Rosario, an SEC accredited auditing partner of SGV. This is Mr. Del Rosario's fourth 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 ₱5.16 million for 2015 and ₱4.9 million for 2014. 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 Alberto C. Agra an independent director.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

- A. Directors** – In the May 28, 2015 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, 56 years old, Filipino, has been the incumbent 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 Chairman of the Property Development and Management

Advisory Board Committees 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, 53 years old, Filipino, first became an Independent Director of the Company by appointment on August 25, 2010. He is Chairman of Risk Management Committee, Member of the Executive Committee, Audit Committee, Property Development Property Committee, Nomination Committee and Management Advisory Board 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, 49 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. 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.

LUIS JUAN L. VIRATA, 62 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. Mr. Virata is the Chairman and Chief Executive Officer of CLSA Exchange Capital, Inc., an investment banking joint venture formed in 2011 between CLSA Emerging Markets of Hong Kong and Exchange Capital of Manila. Exchange Capital was founded in 1987, formerly with Jardine Fleming of Hong Kong. He is also the Chairman of Exchange Properties Resources Corporation, a Shareholder and Director of Nickel Asia Corporation, Rio Tuba Nickel Mining Corporation and Benguet Corporation. Director and major Shareholder of Amber Kinetics, Inc., a battery storage company in California. His other activities include being a Member of the Huntsman Foundation, Wharton School of the University of Pennsylvania, Member, Board of Trustee of De La Salle University, Dasmariñas (Honorary Doctorate in Humanities) and Founder, Trustee of Asia Society Philippine Foundation and the Metropolitan Museum of Manila. Other previous positions include President, Acting CEO and Director of Philippine Airlines, President and Director of NSC Properties, Inc., Member of the Philippine Stock Exchange and Makati Stock Exchange, Director of Group 4 Securitas. Mr. Virata received an MBA degree from the Wharton School of the University of Pennsylvania, USA in 1979 and a BAMA in Economics from Trinity College, Cambridge University, UK in 1876.

CESAR C. ZALAMEA, 87 years old, Filipino, has been a Director of the Company by appointment on October 9, 2013 in replacement of Mr. Dennis R. Belmonte, who resigned as Director effective October 8, 2013. He is also a Member of the Stock Option Committee of the Company. 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 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 was formerly 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

Insurance Company. 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 was also special envoy of the President to the People's Republic of China for investments until 2015.

MACARIO U. TE, 86 years old, Filipino, has been elected by the Board as Director on March 27, 2015 replacing Mr. Rogelio C. Salazar, who resigned as Director. He is a member of the Management Advisory Board of the Company. 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, 54 years old, Filipino, has been the incumbent Vice Chairman of the Board of Directors 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: Chairman, MST Management, Inc. (Nov. 2014-present); Trustee, Albert del Rosario (ADR) Institute, Inc.; President, Chamber of Mines of the Philippines (2004-present); President, Oxford University and Cambridge University Club of the Philippines (Jan. 2006-present); Director, Philippine Mine Safety and Environment Association (2004-present); Director, Philippine-Australia Business Council (PABC) (March 2006-present); Director/Chairman, Best Practices Global Response Solutions, Inc. (2014-present); Director/Chairman, Invictus Micro Finance, Inc. (2014-present); Trustee/Vince Chairman, Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1984-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. Formerly, Director of Philippine Chamber of Commerce and Industry (PCCI) (Jan. 2010-Dec. 2013); PCCI Vice President-Industry (Jan. 2010-Dec. 2013) and Chairman of PCCI Mining Committee (Feb. 2014-Dec. 2015).

ANDRES G. GATMAITAN, 75 years old, Filipino, 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, Corporate Governance and Risk Management Committee of the Company. He also holds, among others, the following positions: Senior Counsel of SyCip Salazar Hernandez & Gatmaitan Law Office which is the outside counsel of the Company; Chairman, 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, Suprallex 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, 75 years old, Filipino, 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. 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., 62 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 Vice Chairman of the Management Advisory Board of the Company and a member of the Executive Committee, Investment Committee, Audit Committee, Risk Management Committee, Property Development Committee and Corporate Governance Committee of the Company. He is also Vice Chairman of BenguetCorp Nickel Mines, Inc.(2014 to present) and Benguet Management Corporation (2014 to present). He also serves as a Director of the following wholly owned subsidiaries of the Company: Balatoc Gold Resources Corporation (2009 to present); Batong Buhay Mineral Resources Corp. (2014 to present); Acupan Gold Mines, Inc.(2015 to present) and BenguetCorp Laboratories, Inc.(2014 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 where he managed a Third of the Bank's Assets. He was the President/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 2015-2016 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, 56 years old, is the Chairman of the Board of Directors of the Company since July 21, 2011.

BENJAMIN PHILIP G. ROMUALDEZ, 54 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., 62 years old, is the Executive Director of the Company since April 2, 2014.

ARSENIO K. SEBIAL, 60 years old, Filipino and a member of the Management Advisory Board is the Officer-in-Charge of the Company since August 15, 2014. He is also the current 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, President and COO 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.

LEOPOLDO S. SISON III, 57 years old, Filipino, has been the Senior Vice President, Nickel Operations of Benguet Corporation and appointed also as President and CEO of the Company's wholly owned subsidiary, Benguetcorp Nickel Mines, Inc. (BNMI) since September 5, 2014 to present. 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/Chief Operating Officer/Director of Pillars of Exemplary Consultants, Inc. (1999-present); Chairman and President of Sagittarius Alpha Realty Corporation and Calhorr 1 Marine Services Corp.; Chairman of Keystone Port Logistics & Management Services Corp., Calhorr 2 Marine Services Corp., Agua de Oro Ventures Corp., Ifaratoc Mineral Resources and BC Property Management, Inc.; Director and President of Benguetrade, Inc.; and Director of Benguet Management Corporation, Batong Buhay Mineral Resources Corp., Berec Land Resources, Inc. (2005-Present), Arrow Freight Corporation (1998-Present) and BMC Forestry Corporation (1995-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).

REYNALDO P. MENDOZA, 59 years old, Filipino, has been the Senior Vice President for Public Affairs and 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, Benguet Management Corporation, Sagittarius Alpha Realty Corporation, (1997 to present), Agua de Oro Ventures Corporation (1998 to Present) and Keystone Port Logistic & Management Services Corp (2009 to present). Formerly, he was Corporate Secretary of the following subsidiaries of the Company: BMC Forestry Corporation, Benguetrade, Inc., Benguet Pantukan Gold Corporation, (1997-2015), Pillars of Exemplary Consultants, Inc. (1996-2015), Balatoc Gold Resources Corp. and BC Property Management, Inc. (1998-2015), Ifaratoc Mineral Resources Corp. and Batong Buhay Mineral Resources Corporation (2009-2015), and Berec Land Resources, Inc. (2000-2015). Formerly, he was Director/Corporate Secretary of Jaime V. Ongpin Foundation (1996-2007) and Director of 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).

LINA G. FERNANDEZ, 51 years old, Filipino, has been the Senior Vice President for Finance and Marketing Officer since November 9, 2015 to present. Prior to her present position, she was Vice Present for Corporate Planning, Chief of Staff and Assistant Treasurer of the Company since August 25, 2006. She is also Risk Management Officer (March 2011-present) of the Company. She also holds various positions and directorship to the following subsidiaries of the Company: Concurrent Vice President-Marketing of Benguetcorp Nickel Mines, Inc. (2014-present); President of Benguet Management Corporation; Director/Asst. Treasurer of Berec Land Resources, Inc., and Saguitarius 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, 59 years old, Filipino, has been the current Chief of Staff to the Officer-In-Charge (OIC) since August 2014 and Vice President – Compliance for Comrel & Enviro 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 Director and President of BC Property Management Inc and Director of the following subsidiaries of the Company: Berec Land Resources, Inc., Acupan Gold Mines, Pillars of Exemplary Consultant Inc., Arrow Freight Corp, Benguetrade Inc., Benguet Pantukan Gold Corporation, Batong Buhay Mineral Resources Corp. 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 Vice 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, 54 years old, Filipino, has been the Vice President for Accounting and Treasurer of the Company since March 1, 2013 to present. He was formerly Assistant Vice President for Treasury (July 2011-February 2013) prior to his promotion on March 1, 2013. He also holds various positions of the following subsidiaries of the Company. He is concurrent Treasurer of Benguetcorp Laboratories, Inc. (Feb. 2013 to present), Batong Buhay Mineral Resources Corporation, BenguetCorp Nickel Mines, Inc., Pillars of Exemplary Consultants, Inc., Calhorr 2 Marine Services Corporation; Chairman of Benguetrade, Inc.; Director and Treasurer of Keystone Port Logistics and Management Services Corp., Benguet Pantukan Gold Corp., Berec Land Resources, Inc., Acupan Gold Mines, Inc. and Calhorr 1 Marine Services Corp., and Directors of Benguet Management Corporation, Ifaratoc Mineral Resources Corp., Balatoc Gold Resources Corp., and BC Property Management Inc. 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, 49 years old, Filipino, has been the Vice President for Project Control and Corporate Services since May 28, 2015 to present. Prior to his present position, he is Vice President, Systems and Audit of the Company (July 2012-May 27, 2015). He is also a Director of 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, CBA, 55 years old, Filipino, has been the Vice President-Human Resource and Administration since March 19, 2014 and Compliance Officer for Corporate Governance 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, 48 years old, Filipino, has been the Vice President – Healthcare of the Company since May 28, 2015 and concurrently President of BenguetCorp Laboratories, Inc., since January 16, 2013 to present. Prior to her present position, she is Vice President for Special Projects of the Company (Jan. 2013-May 27, 2015). 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 (Bulgari 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).

DALE A.TONGCO, 51 years old, Filipino, has been the Assistant Vice President for Internal Audit of the Company since August 1, 2015 to present. A Certified Public Accountant, he graduated with a degree in Commerce major in Accounting from Ateneo de Davao University. Prior to joining with the Company, he worked for Habitat for Humanity Philippines as Controller and Internal Control and Risk Management Head, and was a Partner Consultant, Audit and Advisory of C.P. De Guzman & Company. His previous work experiences include: Deputy Head/ Assistant Vice President-Enterprise Risk Management at PhilAm Life-AIA Philippines (2010-2011); Senior Manager-Financial Advisory of Deloitte Philippines(2008-2010), and KPMG Philippines (2006-2008); Head-Budget/MIS, Rizal Commercial Banking Corporation (1997-2005); Manager-Business Systems Analysis, Equitable Banking Corporation (1996-1997); Section Head-Methods and Procedures, China Banking Corporation (1990-1995); and In-charge- Banking Audit Group, SGV & Company (1986-1989).

PAMELA M. GENDRANO, 49 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, 45 years old, Filipino, has been the Assistant Vice President for Budget and Cost Control of the Company since May 28, 2015 to present. Prior to her present position, she is Assistant Vice President, Deputy Chief Finance Officer of the Company (Jan. 2013-May 27, 2015). She is also the Director and Treasurer of Benguet Management Corporation and BC Property Management, Inc. and 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, 38 years old, Filipino, has been the Assistant Vice President for Corporate Communications and Special Projects of the Company since May 28, 2015 to present. Prior to her present position, she is Assistant Vice President, Deputy Head- Business Development (Feb. 2013-May 27, 2015). She is also Director of Sagittarius Alpha Realty Corporation, Agua de Oro Ventures Corporation, Calhorr 1 Marine Services Corporation and Calhorr 2 Marine Services Corporation. 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).

ANTONINO L. BUENAVISTA, 56 years old, Filipino, has been the Assistant Vice President/Officer-In-Charge – Resident Manager for Benguet District Operations of the Company since November 9, 2015 to present. Mr. Buenavista has been with the Company since 1986 and has held various positions and directorship in the following subsidiaries of the company: concurrent Director and President of BMC Forestry Corporation and Agua de Oro Ventures Corporation; Director and Treasurer of Sagittarius Alpha Realty Corporation and Ifaratoc Mineral Resources Corp and Director of Benguet Management Corporation. He is a Certified Public Accountant and has undergone Management Program at Asian Institute of Management in 1995. Prior to his employment with Benguet Corporation, he worked with SGV & Company from 1981 to 1985.

HERMOGENE H. REAL, 60 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, Brightgreen Resources Corporation (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); Assistant Corporate Secretary, AG Finance, Incorporated (2015 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); Assistant Corporate Secretary, Benguetcorp Nickel Mines, Inc. (2009 to 2014).

Resignation of Director/Officer & Retirement of Officer – The following director and officer of the Company cited personal reasons for their resignation: Mr. Rogelio C. Salazar, resigned as Director of the

Company effective March 27, 2015 and Mr. Virgilio G. Cawagdan, AVP-Mill and Metallurgical Division of AGP effective July 22, 2015. Mr. Renato A. Claravall, SVP-Chief Finance Office, retired effective June 30, 2015 while Mr. Valeriano B. Bongalos, Jr., VP & GM of Benguet District Operation, retired effective October 1, 2015.

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:

<u>Name</u>	<u>Principal Position</u>
1. Benjamin Philip G. Romualdez	- President & Chief Executive Officer
2. Leopoldo S. Sison III	- SVP, Nickel Operations
3. Reynaldo P. Mendoza	- SVP, Public Affairs, Legal & Asst. Corporate Secretary
4. Ana Margarita N. Hontiveros	- Vice President, Healthcare
5. Arsenio K. Sebial, Jr.	- Officer-in-Charge

	Year	Salary (In-Million)	Bonus (In-Million)	Other Annual Compensation
All above-named officers as a group	2016*	₱35.3	₱2.9	2.4
	2015**	32.1	3.2	1.0
	2014**	39.1	2.1	1.2
All other directors and officers as a group unnamed	2016*	35.6	2.2	2.8
	2015**	41.2	4.1	0.3
	2014**	49.9	4.2	3.6

(*) - 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 March 31, 2016, 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:										
Leopoldo S. Sison III	79,200	52,800	₱8.50	₱29.07	79,200	-	-	52,800	-	-
Reynaldo P. Mendoza AMN Hontiveros	79,200	52,800	₱8.50	₱29.07	39,800	-	39,600	52,800	-	-
Arsenio K. Sebial, Jr.	-	-	-	-	-	-	-	-	-	-
All Executive Officers & Directors as a Group Unnamed	986,400	657,600	₱8.50	₱29.07	535,720	19,200	289,400	326,400	161,280	312,000

The options are non-transferable and are 100% exercisable. 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 March 31, 2016, 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 & 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	No Options Granted									
Four Highest Paid Named Exe. Officers:										
Leopoldo S. Sison III	33,000	22,000	₱16.50	₱17.50	-	-	-	-	-	-
Reynaldo P. Mendoza	36,000	24,000	₱16.50	₱17.50	-	-	-	-	-	-
AMN Hontiveros	-	-	-	-	-	-	-	-	-	-
Arsenio K. Sebial, Jr.	-	-	-	-	-	-	-	-	-	-
All Officers & Directors as a Group Unnamed	521,200	347,466	₱16.50	₱17.50	12,600	8,400	298,000	198,666	177,600	118,400

The options are non-transferable and are now 100% exercisable. 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 March 31, 2016, 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 & 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	180,000	120,000	₱17.96	₱17.63	-	-	180,000	120,000	-	-
Four Highest Paid Named Exe. Officers:										
Leopoldo S. Sison III	-	-	-	-	-	-	-	-	-	-
Reynaldo P. Mendoza	-	-	-	-	-	-	-	-	-	-
AMN Hontiveros	-	-	-	-	-	-	-	-	-	-
Arsenio K. Sebial, Jr.	-	-	-	-	-	-	-	-	-	-
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 March 31, 2016, 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 & 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	-	-	-	-	-	-	-	-	-	-
Four Highest Paid Named Exe. Officers:										
Leopoldo S. Sison III	-	-	-	-	-	-	-	-	-	-
Reynaldo P. Mendoza	-	-	-	-	-	-	-	-	-	-
AMN Hontiveros	-	-	-	-	-	-	-	-	-	-
Arsenio K. Sebial, Jr.	-	-	-	-	-	-	-	-	-	-
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.

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, 2016.

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	52,435,404	44.61%
	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 Supreme Court Entry of Judgment dated March 15, 1993 in G.R. No. 90667 entitled Republic of the Philippines vs. Sandiganbayan, Palm Avenue Realty Development Corp. and Palm Avenue Holdings Company c/o PCGG, IRC Bldg., #82 EDSA Mandaluyong City. (Stockholder)	(see note ²)	Filipino	10,278,125	08.74%
Class A Convertible Preferred	PCD Nominee Corporation (Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note ¹)	Filipino	64,694	29.80%
	Fairmount Real Estate c/o PCGG 6 th 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	29,152,502	37.55%
	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	10,188,289	13.12%

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

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 28, 2015 Annual Stockholders' Meeting of the Company, the Palm Companies issued a proxy in favor of its legal counsels, Atty. Otilia Dimayuga-Molo/Andrea Rigonan-Dela Cueva, to vote in all matters to be taken up in the stockholders' meeting.

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

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, 2016:

Title of Class	Name of PCD's Participants	Number of Shares Held	Percent of Class
Class A Common	Lucky Securities, Inc.	17,066,518	14.53%
	Maybank ATR Kim Eng Securities, Inc.	5,652,327	4.81%
Class A Convertible Preferred	Abacus Securities Corporation	37,866	17.44%
Class B Common	Lucky Securities, Inc.	16,212,667	20.89%
	Citibank N.A.	7,199,789	9.28%
	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, 2016, 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	1,284,400	1.093%
B			1	0.000%
A	Alberto C. Agra	Filipino	1	0.000%
A	Luis Juan L. Virata	Filipino	78,001	0.070%
B			23,200	0.020%
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	2,222	0.002%
A	Leopoldo S. Sison III	Filipino	31,702	0.027%
A	Ma. Mignon D. De Leon	Filipino	10,000	0.008%
A	Lina G. Fernandez	Filipino	38,022	0.032%
A	Max D. Arceño	Filipino	511	0.000%
A	Hermogene H. Real	Filipino	17,700	0.015%
B			100	0.000%

As a Group

Class A Convertible Preferred	Filipino	59,262 shares ⁴	27.302%
Class A Common	Filipino	54,922,612 shares ⁵	46.730%
Class B Common	Filipino	14,583,854 shares ⁶	18.790%

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

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.

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 2015 ANNUAL CORPORATE GOVERNANCE REPORT (2015 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
 - 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, 2015.
- 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
03.17.16	Board approval on the setting of Annual Stockholder’s Meeting on June 1, 2016, 3 PM at the Manila Golf and Country Club, Inc., Harvard Road, Forbes Park, Makati City, with record date of April 18, 2016.
03.17.16	Board approval on the Audited Consolidated Financial Statements (ACFS) of the Company as of year ended December 31, 2015 and authorized the issuance of the Company’s 2015 ACFS as audited by Sycip Gorres Velayo and Company.
03.16.16	ISO 14001:2015 Certification on Environmental Management System (EMS) of Benguetcorp Nickel Mines, Inc (BNMI) and Benguet Gold Operations (BGO).
01.08.16	2015 Updated Mineral Resource Report (MRR) of BNMI.

11.10.15	Attendance of Company's directors and officers participated in seminar/training on Corporate Governance conducted by Center for Training and Development, Inc., on November 4, 2015.
11.05.15	Board approval of the following: <ul style="list-style-type: none"> - Amended Audit Committee Charter - Internal Audit Charter - Appointment of Atty. LG Fernandez as SVP-Finance effective November 9, 2015 - Appointment of Mr. AL Buenavista as AVP/OIC – Resident Manager for Benguet District Operations effective November 9, 2015 -
09.29.15	Retirement of Mr. VB Bongalos, Jr., VP & General Manager of Benguet District Operations effective October 1, 2015.
08.25.15	Receipt of MGB's Order dated August 25, 2015, lifting the suspension of ore hauling operation of BNMI.
07.01.15	Resignation of Mr. VG Cawagdan, AVP for Mill & Metallurgical Division of Acupan Gold Project effective June 22, 2015.
06.25.15	Sworn Certification of independent director Mess. BM Villegas and AC Agra that they possess all the qualification and none of the disqualification provided for in the SRC.
06.24.15	Retirement of Mr. RA Claravall, SVP-Chief Finance Officer effective June 30, 2015.
05.28.15	Results of May 28, 2015 Annual Stockholders' Meeting and Reorganizational Meeting of the Board of Directors of the Company.

MANAGEMENT REPORT

Anchored on the intensive efforts of the last 2 years across all business segments on improving operating efficiency, mine planning and balancing and the relentless focus on cost cutting measures, Benguet Corporation was able to achieve profitable results in 2015 despite severe odds facing the industry. Foremost of this is the substantial drop in metal prices and other commodities and the ensuing financial volatility. The cost efficiencies attained prior to the 2015 mining season cushioned somewhat the lower nickel prices resulting in a strong positive performance that underpinned the revenues and profits for the year and improved the financial position of the entire Benguet Group.

Consolidated revenues reached ₱3.257 billion for this year, ₱240.1 million or 8.0% higher than revenues in 2014 of ₱3.018 billion. Net income likewise rose significantly by 106.5% to close at ₱200.7 million in 2015 from the prior year's income of ₱97.2 million and only ₱7.7 million in 2013. The surge is largely driven by the gains in the Company's nickel business with better negotiated nickel ore prices amidst its continued descent in 2015 and bigger volume shipped contributing to the upward push on revenues and earnings year-on-year.

We are hopeful for an even better year in 2016. The Subsidiaries have turned around and are now contributing to profits. Although a full recovery of nickel prices is not expected until 2 years from now, there are indications of a slight upswing for the next mining season in 2016. This should then allow us to further improve our profit levels.

The even better performance in 2016 will serve as the springboard for certain activities now being undertaken to bring certain assets in Gold and Copper into development which we feel is necessary to not only increase but broaden our revenue base to attain stronger sustainability.

Mining

Benguetcorp Nickel Mines, Inc. (BNMI) drove the revenues for the Company buoyed by bigger volumes amid dropping nickel prices. The nickel business contributed 73% of the Company's consolidated revenues, ending 2015 with ₱2.391 billion, significantly higher by 21% or ₱407.3 million than revenues in 2014 of ₱1.983 billion. BNMI shipped 29 boatloads totaling 1.547 million tons at an average price of \$33.59 per ton, of which 1.394 million tons or 26 boatloads are 1.50% nickel ore. This is nine (9) more than the 20 shipped in the same period last year totaling 1.064 million tons with an average price of \$40.12 per ton, of which 533.3 thousand tons or ten (10) boatloads are 1.80% nickel ore. BNMI was able to capitalize on higher nickel prices in the first quarter of 2015 by shipping 13 boatloads of stockpiled 1.50% nickel ore with LME of \$16,000/ton or an average price of \$41.08 per ton. Nickel prices, however, steadily dropped during the year with the LME plummeting to almost half at \$8,708/ton at the close of 2015. BNMI, hence, continued the push for higher volume to keep pace with its target bottom line as prices decline. As a result, BNMI generated an income of ₱137.1 million at the end of this year, doubling its 2014 income of ₱70.3 million.

Gold operations under the Acupan Gold Project (AGP) for 2015 decelerated compared to 2014. Revenues went down by 15% or ₱120.6 million, settling at ₱682.1 million at the close of this year, from ₱802.8

million in the prior year, due to a combination of lower prices and volume. Gold sold totaled 12,940 ounces in 2015, 9% or 1,318 ounces less than the 14,258 ounces sold in 2014. Gold prices continued its decline in 2015 with gold sold fetching an average price of \$1,166/Au oz, \$105/Au oz lower than the prior year's average selling price of \$1,271/Au oz. Unfavorable global forecast for gold persisted during the year. Accordingly, in August 2015, in a move to preserve your Company's gold resource in time for a more promising market, AGP implemented least cost operations and redirected its focus to improving the currently more profitable line, the Acupan Contract Mining Project (ACMP), to extract more values given market conditions. The strategic shift aims to allow AGP to shore up reserves, streamline operations to generate cost savings and resourcefully prepare the mine so that it will be poised to re-launch on a bigger scale when market conditions substantially improve and stabilize.

The Irisan Lime Project was affected by a slowdown in the operations of its major clients, which softened its revenues to close at ₱65.0 million in 2015 as against ₱75.9 million in the previous year. However, its income was preserved at healthy levels due to the weakening of fuel prices, with diesel being a major input of operating expenses. Net income rose to ₱10.5 million in 2015, 98% higher than last year's ₱5.3 million.

Subsidiaries and Affiliates

Benguet Management Corporation (BMC) and its subsidiaries ended the year 2015 with total revenues of ₱846.6 million representing a 10% increase versus its 2014 revenues of ₱768.9 million. Consolidated net income for the group reached ₱23.1 million, a substantial increase of 75% from its 2014 income of ₱13.2 million on the back of cost-efficient operations. BMC and its subsidiaries institutionalized cost management programs especially in mining services to address the challenges posed by the continued slump of metal prices towards the latter part of the year.

Arrow Freight Corporation (AFC), the Company's logistics provider and BMC's main earnings driver, recorded a considerable 20% growth in revenues, year-on-year, from ₱687 million in 2014 to ₱826 million in 2015. As a result of the gain from the sale of a property and managed operating costs, AFC's net income jumped 81% to ₱23.9 million this 2015 from ₱13.2 million in the same period last year.

Keystone Port Logistics and Management Services Corporation (KPLMSC) and its subsidiaries, the port and barging services provider of the Company was heavily affected by the loss incurred in selling its barge asset, recording a net loss for 2015 of ₱21.3 million, higher than net loss in 2014 of ₱1.6 million. Without this non-recurring loss, Keystone would have recorded a highly acceptable income of ₱10.5 million to end the year.

Benguetcorp Laboratories, Inc. (BCLI) continued its gradual improvement ending this year with revenues worth ₱68.9 million, up 42% versus the prior year's level of ₱48.6 million. The medical and healthcare services arm of the Company was successful in increasing patient coverage per clinic as well as the average spend per patient. The increasing volume of business especially with Health Maintenance Organization (HMO) partners is expected to continue in the coming years and contribute towards achievement of targets and profitability for BCLI.

EXPLORATION, RESEARCH AND DEVELOPMENT

Balatoc Tailings Project (BTP) in Itogon, Benguet Province. The renewal of the Mineral Processing Permit (MPP) for BTP was initiated and is underway. The project is in the process of being reviewed for pilot plant test phase and your Company continues to seek strategic partnerships and funding to jumpstart the project.

Pantingan Gold Prospect. The Pantingan property is a prospect for epithermal gold mineralization. Your Company has designed a drill program to assess and probe the behavior of the mineralization exposed on the surface. For 2015, a team of geologists has completed a semi-detailed survey and the accompanying follow-up study of this prospect as fulfillment of its two (2) year Exploration Work Program. Your Company has likewise submitted the necessary Environmental and Exploration Work Programs required for 2015.

Zamboanga Gold Prospect (Bolco). The property is about 150 kilometers northeast from Zamboanga City. It straddles the common boundary of R.T. Lim, Zamboanga Sibugay and Siocon, Zamboanga del Norte. Your Company has joined the resumption of FPIC discussions this year with the NCIP. The Financial Work Plan for the implementation of the FPIC will be finalized and completed in 2016.

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. Both mineral claims lie within the porphyry copper-gold and epithermal gold mineralization belt of Northern Luzon. Your Company has already negotiated and signed 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 acquired a coal property in Surigao del 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, going beyond the requirements of concerned regulatory agencies. We continue to adhere to the conditions on land, water and air quality standards set forth under the Environmental Compliance Certificates (ECCs) issued to our projects. We faithfully implemented all activities embodied under our Annual Environmental Protection and Enhancement Program (AEPEP), an all-inclusive environmental management plan for sustainable and responsible mining operations. We are also diligently preparing for the eventual rehabilitation and restoration of our operating areas. This year, the gold and nickel operations prepared to comply with ISO 14001:2015 audit certification.

The Company spent a total of ₱51 million for both its nickel and gold operations to undertake all the approved programs, projects and activities in the AEPEP and ECCs. These undertakings are regularly

monitored and validated quarterly 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 Environmental Management Bureau (EMB), Department of Environment and Natural Resources (DENR) and Mines and Geosciences Bureau (MGB) Regional Offices, the Company, Local Government Units (LGUs), civil society (represented by a Non-Government Organization), representatives from the host community and indigenous people (IPs), if any.

Nickel Operations

Your Company's nickel operations under Benguetcorp Nickel Mines, Inc. (BNMI) spent a total of ₱38 million, not only for programs under its AEPEP but to proactively address community environmental issues. Our nickel operations continued to improve and reinforce river embankments through planting of mangrove and forest tree species thus allowing slope stabilization; desilting and cleanup of the various water tributaries adjacent to and outside our tenement area to allow clean water to flow along the farmlands; constructed additional and enhanced existing settling ponds, drainage systems and silt traps. The construction of wash bays, equipped with silt boxes, CCTV, pressure washers and air compressors allowed cleaning of truck tires and dump boxes before trucks cross rivers and pass through the national highway. Cleanup and rehabilitation of coastal areas were also carried out including providing assistance in the conduct of coastal monitoring and management activities. Coastal assessment and Sediment Flux Monitoring activities have been carried out through the Bureau of Fisheries and Aquatic Resources and UP National Institute of Technology.

An active participant in the Forest Mining and National Greening Programs of the DENR, BNMI has been diligently conducting reforestation activities within and outside its tenement areas, establishing and maintaining company and community-based nurseries, developing and preserving seed banks and sources. A total of 92 hectares has been planted with about 320,000 seedlings of various species. It has likewise introduced "Aesthetic Reforestation" through planting of ornamental and vegetables on low grade stockpile areas. BNMI's commitment extends to the community level, through cleanliness-focused programs, capped by the construction of an Eco-Waste Park and Material Recovery Facility (MRF) in one of its host barangays.

Gold Operations

In 2015, your Company's gold operations spent ₱13M for the implementation of its AEPEP focused mainly on infrastructure maintenance and rehabilitation, such as regular and de-clogging of its diversion tunnels; regular detoxification, rehabilitation of protection walls and maintenance of its tailings storage facilities; raising of embankment of its Tailings Storage Facility 2 in compliance with its ECC; installation of Piezometers; construction of the open channel spillway; slope and riverbank stabilization activities; and regular daily, monthly and quarterly water sampling with regulatory agencies.

Your Company, consistent in its commitment to the National Greening Program, also implemented agroforestry and reforestation, as well as nursery development and seedling production programs covering a land area of about 30 hectares.

Community-based environmental maintenance and enhancement programs were also implemented such as community members' participation in the reforestation, reforested area maintenance and monitoring and waste management activities.

BEST PRACTICES

Your Company faithfully adheres to and abides by the principles of responsible mining. Care for the environment is not only manifested through the above programs and activities but in the in the conduct of the daily work of every Benguet Corp. employee.

Throughout all these is our underlying commitment to the pursuit of best practices in the mining industry. We are excited to inform you that Your Company has successfully complied with the mandate of the Department of Environment and Natural Resources' Administrative Order (DENR DAO) 2015-17. Your Company's gold and nickel operations have been awarded on March 17, 2016 the ISO 14001:2015 Environmental Management Systems certification by an accredited certifying body, TÜVRheinland®. Both operations are the first mining operations in the Philippines to be certified in the 2015 version of the ISO Environmental Management System.

The ISO 14001:2015 is an internationally agreed standard that specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO states that this standard is used by the organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

COMMUNITY RELATIONS

Guided by the results of discussions and dialogue with community leaders, the Company has successfully implemented its Social Development and Management Programs (SDMP) through its Benguet Gold Operations and BNMI, located in the Provinces of Benguet and Zambales respectively, which addressed the various needs of its hosts and neighboring communities.

Inclusive economic development translated into completion of relevant activities and local initiatives which promote education, training and healthcare. Public infrastructures and facilities were constructed, rehabilitated and maintained to increase safety and efficiency in the delivery of services to the countryside particularly for host communities and nearby communities. Livelihood programs that encourage resiliency and entrepreneurship were launched targeting those who are skilled in production and trading of all kinds of products from soap to hog-raising. Your Company actively participated in local school activities that empowered the youth. Scholarships benefitted more than 300 deserving students. Employment opportunities were provided to qualified residents. Medical and dental missions delivered basic healthcare services to the community. Communities continued to benefit from the use of your Company's ERTs in emergency situations. Partnership with the local government in socio-cultural gatherings continue to promote harmonious co-existence.

Your Company conducted information campaign programs to over 5,000 individuals. Total expenditure for your Company's 2015 social development and management programs and projects for the communities amounted to ₱24M.

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 also responded to natural calamities and provided relief 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 and medical missions in the aftermath of various typhoons and severe effects of climate change.

Management expects to move Benguet to the next level going forward on the back of a major improvement in cost efficiencies and revenue growth not only in nickel but in the other Subsidiaries. The wholesale changes in mine operations and mine management in the last 2 years show that the company has brought down its costs to a level where contribution margins can be obtained even at the present level of depressed prices while it has proven capable of attaining higher than historical volumes. Negotiations and efforts to commence development through discussions with potential operating and strategic partners are being pursued which aims to broaden the revenue and income base of the Company while further increases in the business of the Subsidiaries are being pushed intensively.

With the continuing support of our Board and the continued and consistent dedication of our Officers and staff, these activities, working under Divine Providence and drawing from the Company's rich and successful history, can only point to a bright future for Benguet.

Isidro C. Alcantara, Jr.
Executive Director

Arsenio K. Sebial, Jr.
Officer-in-Charge

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT (ACGR)

1. Report is Filed for the Year: 2015
2. Exact Name of Registrant as Specified in its Charter: BENGUET CORPORATION
3. 7THFloor 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
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Actual number of Directors for the year	10
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(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, 2015	ASM	13 yrs&2 mos
Benjamin Philip G. Romualdez	ED	-	-	May 26, 1992	May 28, 2015	ASM	23 yrs&7 mos
Cezar Zalamea	NED	-	-	October 9, 2013	May 28, 2015	ASM	2 yrs&2 Mos.
Luis Juan L. Virata	NED	-	-	August 8, 1995	May 28, 2015	ASM	20 yrs&4 mos
Maria Remedios R. Pompidou	NED	-	-	Oct. 25, 2000	May 28, 2015	ASM	15 yrs&2 mos
Macario U. Te	NED	-	-	March 27, 2015	May 28, 2015	ASM	9 mos.
Alberto C. Agra	ID	-	Herminia G. Albar – No relation	Aug. 25, 2010	May 28, 2015	ASM	5 yrs&4 mos
Andres G. Gatmaitan	NED	-	-	Feb 10, 1987	May 28, 2015	ASM	28 yrs&10 mos
Isidro C. Alcantara, Jr.	ED*	-	-	Nov. 14, 2008	May 28, 2015	ASM	7 yrs&1 mo
Benardo M. Villegas	ID	-	Max D. Arceño – No relation	June 25, 1998	May 28, 2015 and Since 2002 as ID	ASM	17 yrs&6 mos

* 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, 2015.

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 what constitutes sound strategic business management and will therefore undertake every effort necessary to create

¹No 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.

²Reckoned from the election immediately following May 28, 2015 Annual Stockholders' Meeting.

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 (2015), during the annual strategy and business planning exercise for the Company.

(b) Directorship in Other Companies

(i) Directorship in the Company's Group³

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.	NED –Chairman
	Benguetcorp Nickel Mines, Inc.	NED- Chairman
	Benguet Pantukan Gold Operation	NED - Chairman
	Acupan Gold Mines, Inc.	NED – Vice Chairman
	Benguetcorp Laboratories, Inc.	NED – Vice Chairman
	Benguetcorp International Limited (Hongkong)	NED
	BenguetCorp Canada, Ltd	NED
Maria Remedios R. Pompidou	Benguetcorp Laboratories, Inc.	Chairman
Andres G. Galmaitan	Benguetcorp Nickel Mines, Inc.	NED
Bernardo M. Villegas	Benguetcorp Nickel Mines, Inc.	ID
Isidro C. Alcantara, Jr.	Balatoc Gold Resources Corp.	NED
	Benguetcorp Nickel Mines, Inc.	NED
	Benguet Management Corp.	NED
	BenguetCorp. Laboratories, Inc.	NED
Alberto C. Agra	Balatoc Gold Resources Corp.	ID
	Benguetcorp Nickel Mines, Inc.	ID

(ii) Directorship in Other Listed Companies

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

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.
Isidro C. Alcantara, Jr.	Marcventures Holdings, Inc. Bright Kindle Resources and Investment, Inc.	Executive Director Executive Director
Cesar C. Zalamea	Marcventures Holdings, Inc. Bright Kindle Resources and Investment, Inc.	Chairman Chairman
Macario U. Te	Marcventures Holdings, Inc. Bright Kindle Resources and Investment, Inc.	Director Director

(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	<i>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]</i>	<i>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]</i>
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, 2015, 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%
Alberto C. Agra	Class A - 1	-	0.000%
Macario U. Te	Class A-1	-	0.000%
Andres G. Galmaitan	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 - 1,512,591 Class B - 23,754	*	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

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. <i>[Revised Manual on Corporate Governance, The Chairman and Chief Executive Officer, p.3]</i>	
Accountabilities	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. <i>[Article IV, Sec 2, Amended By-Laws]</i>
Deliverables		

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 non-executive directors who have had prior work experience in the sector or broad industry group to which the Company belongs. Mr. Cesar C. Zalamea was a former director of the Company and served as the Chairman of Benguet Corporation from 1984-1986. At present, he is the Chairman of Marcventures Holdings, Inc., a publicly-listed company which owns a nickel mining subsidiary, Marcventures Mining and Development Corporation, where he is also the Chairman. Formerly, he held Board membership in various industries, mostly in business, finance, and power and energy.

Likewise, Mr. Macario U. Te has an extensive experience in the mining industry having been a previous director in several mining companies, including Bulawan Mining Corp., Baguio Gold Holdings Corp., and Palawan Consolidated Mining Corp. He was also a member of the board of companies in various industries like petroleum and oil, real estate and finance.

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.		

<p>Accountabilities</p>	<p>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.</p> <p>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 his discretion, perform the duties hereinafter delegated to the Treasurer of the Company. <i>[Article IV, Sec 2, Amended By-Laws]</i></p>	<p>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.</p> <p>The Board shall be primarily responsible in making financial reporting and internal control.</p> <p>A director shall observe the following norms of conduct:</p> <ul style="list-style-type: none"> • Conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions; • Devote time and attention 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. <p>The members of the Board shall attend the regular and special meetings.</p>	<p>The same accountabilities with non-executive directors. In addition, independent directors should always attend Board meetings.</p>
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<p>Deliverables</p>	<ul style="list-style-type: none"> • 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. 	<p>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.</p>
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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
Rogelio C. Salazar	Director-NED	March 27, 2015	Resignation due to health reason

(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	<p>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. <i>[Manual on Corporate Governance, Nomination Committee, page 6.]</i></p> <p>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 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. <i>[Article II, Section 6. Cumulative Voting for Directors Only, Amended By-Laws]</i></p> <p>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</p>	<p>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:</p> <ul style="list-style-type: none"> • 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.

	<p>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.)</p>	
(ii) Non-Executive Directors	(Adopted same process as above)	(Same qualifications as above)
(iii) Independent Directors	<ul style="list-style-type: none"> • 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. 	<p>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.</p>
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.	<p>The following are the permanent disqualification of a director:</p> <p>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.</p> <p>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.</p> <p>The disqualification shall apply if such person is currently the subject of an order of the Commission or any Court or Administrative body denying,</p>

		<p>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.</p> <p>c. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;</p> <p>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;</p> <p>e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>f. Any person judicially declared to be insolvent;</p> <p>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</p> <p>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.</p>
(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	<p>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.</p> <p>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]</p>	<p>The Board may provide for the temporary disqualification of a director for any of the following reasons:</p> <ul style="list-style-type: none"> • 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 of the violation. [Revised Manual on Corporate Governance, Section 16. Penalties for non-compliance with the Manual, p.18]
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive 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)
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive 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]
(ii) Non-Executive Directors		
(iii) Independent Directors		

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 personally briefed by the President and 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 Management⁴ for the past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
For the Year 2015			
Reynaldo P. Mendoza, SVP-Public Affairs, Legal/Assistant Corporate Secretary	March 5, 8 & 12, 2015	Mandatory Continuing Legal Education	Asian Center for Legal Excellence, Inc. (ACLEx)
	November 4, 2015	Corporate Governance	Center for Training and Development
Lina G. Fernandez, SVP-Finance	March 24, 2015	CPAs Continuing Professional Education: How to Survive BIR Audit	SGV and Company
	November 4, 2015	Corporate Governance	Center for Training and Development
	December 4, 2015	ASEAN Integration: Opportunities and Challenges for SMEs and SMPs	Philippine Institute for Certified Public Accountants
Max D. Arceño, VP-Accounting and Treasurer	March 24, 2015	CPAs Continuing Professional Education: How to Survive BIR Audit	SGV and Company
	November 4, 2015	Corporate Governance	Center for Training and Development
For the Year 2014			
For the Board of Directors and Officers	December 18, 2014	Corporate Governance Including Best Practices on OECD Principles	Center for Training and Development
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	Asian Center for Legal

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

		Legal Education Program	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	Risks, 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 for 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
For the year 2013			
For the Board Directors and Officers	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
Bernardo M. Villegas, Director	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors
	October 18, 2013	2 nd 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)
April 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
April 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 Education, Health & Water Sectors	Center for Research and Communication, US&P
Feb 22, 2013	The Philippine Economy at the Tipping Point	Center for Research and Communication, UA&P

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year(2015).

Name of Director/Officer	Date of Training	Program	Name of Training Institution
For the Year 2015			
Daniel Andrew G. Romualdez – Chairman Benjamin Philip G. Romualdez – Vice Chairman, President and CEO			

<p>Maria Remedios R. Pompidou – Director Andres G. Gaimaitan – Director Luis Juan L. Virata – Director Bernardo M. Villegas-Independent Director Alberto C. Agra – Independent Director Cesar C. Zalamea – Director Reynaldo P. Mendoza, SVP- Public Affairs, Legal/Assistant Corporate Secretary Leopoldo S. Sison III, SVP- Nickel Operations Lina G. Fernandez, SVP- Finance Ma. Mignon D. De Leon, VP- Compliance for Comrel & Enviro/Chief of Staff to the OIC Max D. Arceño, VP- Accounting and Treasurer Nilo Thaddeus P. Rodriguez, VP-Project Control & Corporate Services Chuchi C. Del Prado, VP-HR & Administration/Compliance Officer for Corporate Governance Ana Margarita N. Hontiveros, VP-Healthcare Ma. Anna G. Vicedo-Montes, AVP-Corporate Communications and Special Project Mary Jean G. Alger, AVP- Budget and Cost Control Pamela M. Gendrano, AVP- Environmental Compliance Dale A. Tongco, AVP-Internal Audit Antonio L Buenavista, AVP- OIC-Resident Manager for Benguet District Operations Hermogene H. Real, Corporate Secretary</p>	<p>November 4, 2015</p>	<p>Corporate Governance</p>	<p>Center For Training and Development</p>
<p>Isidro C. Alcantara Jr. – (Executive Director) Macario U. Te – Director Arsenio K. Sebial, Jr., Officer-</p>	<p>August 4, 2015</p>	<p>Corporate Governance</p>	<p>Risk, Opportunities, Assessment, and Management (ROAM)</p>

n-Charge			
For the Year 2014			
<p>Daniel Andrew G. Romualdez-Chairman Benjamin Philip G. Romualdez-Vice Chairman, President and CEO Maria Remedios R. Pompidou- Director Rogelio C. Salazar-Director Andres G. Gatmaitan-Director Luis Juan L. Virata-Director Albarto C. Agra-Independent Director Arsenio K. Sebial Jr.-Chief Operating Officer/OIC Renato Claravall-SVP, Chief Finance Office Reynaldo P. Mendoza-SVP- Legal Services/Asst. Corporate Secretary Leopoldo S. Sison III-SVP- Nickel Operations of Benguet Corporation Lina G. Fernandez-VP Corporate Planning Nilo Thaddeus P. Rodriguez-VP-Systems and Audit Ma. Mignon D. De Leon-VP-Compliance (VP-ComRe& Environment) Max D. Arceño-VP-Accounting and Treasury Ana Margarita N. Hontiveros-VP Special Projects/concurrently President of BenguetCorp Lab, Inc./MedCentral Chuchi C. Del Prado-VP HR & Admin/Corporate Governance Officer Pamela M. Gendrano-AVP Environmental Compliance Virgilio G. Cawagdan-AVP Mill & Metallurgical Division of Acupan Gold Project (AGP)</p>	December 18, 2014	Corporate Governance including best practices on OECD Principles	Center for Training and Development
<p>Isidro C. Alcantara, Jr.- Executive Director Hermogene H. Real- Corporate Secretary</p>	December 16, 2014	Corporate Governance	Risk, Opportunities, Assessment and Management (ROAM)

For the year 2013			
Daniel Andrew G. Romualdez Benjamin Philip G. Romualdez Maria Remedios R. Pompidou Rogelio C. Salazar Alberto C. Agra Andres G. Gatmaitan Isidro C. Alcantara, Jr. Bernardo M. Villegas	November 7 and 8, 2013	Good Governance Seminar	Institute of Corporate Directors

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	(same policy for directors, adopted for senior management)	(same policy for directors, adopted for senior management and employees)

	which are properly recorded in the Company's books.		
(d) Compliance with Laws & Regulations	It is the Company 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.	(same policy for directors, adopted for senior management)	(same policy for directors, adopted for employees)
(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	(same policy for directors is adopted for senior management)	(same policy for directors is adopted for senior management)

	any penalty must be fair and equitable.		
(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	<p>To ensure a high standard of best practice for the Company and its stakeholders, (a) there is a need for management to diligently 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.</p> <p>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.</p>
(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	

(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	<p>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.</p>
Group	

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:

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

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

(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 2015

Board	Name	Date of Election	No. of Meetings Held During the Year	No. of Meetings Attended	%
Chairman	Daniel Andrew G. Romuadez	May 28, 2015	6	6	100%
Vice Chairman	Benjamin Philip G. Romualdez	May 28, 2015	6	6	100%
Member	Isidro C. Alcantara Jr.	May 28, 2015	6	6	100%
Member	Andres G. Gatmaitan	May 28, 2015	6	6	100%
Member	Maria Remedios R. Pompidou	May 28, 2015	6	5	83%
Member	Luis Juan L. Virata	May 28, 2015	6	5	83%
Independent	Alberto C. Agra	May 28, 2015	6	5	83%
Independent	Bernardo M. Villegas	May 28, 2015	6	6	100%
Member	Cesar Zalamea	May 28, 2015	6	5	83%
Member	Macario U. Te*	May 28, 2015	6	3*	60%

(*) – Appointed as Director on March 27, 2015 replacing Mr. Rogelio C. Salazar, who resigned as Director effective March 27, 2015. Five (5) Board Meetings Held during his term in 2015.

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 papers⁶ 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.

(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 them 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

No

Committee	Details of the procedures
Executive	<p>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.</p>
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

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.

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]
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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 Directors, 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 Directors, 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 (2015) (in million):

Remuneration Item	Executive Directors and other Officers	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	62.29	9.77	-
(b) Variable Remuneration	2.54	-	-
(c) Per diem Allowance	0.33	0.33	0.24
(d) Bonuses	4.72	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Transportation and Housing Allowance)	1.36	-	-
Total	71.24	10.10	0.24

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	0.01	-	-
(f) Hospitalization Plan	-	-	-
(g) Car Plan	-	-	-
(h) Others (Tuition fee of dependents)	-	-	-
Total	0.01	-	-

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/W	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
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	arrants			
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%

(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
<p>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 2015, there was no amount set aside for payment of bonuses in accordance with the Plan. [2015 SEC Form 17A, Incentive Bonus Plan]</p>		

2) 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	P36.33 Million
Leopoldo S. Sison III SVP-Nickel Resources	
Reynaldo P. Mendoza SVP-Legal Services	
Ana Margarita N. Hontiveros VP-Health Care	
Arsenio K. Sebial, Jr. Officer-in-Charge	

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	Non-Independent	Independent				

	Director (ED)	executive Director (NED)	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	1	2	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. <i>[Section 4, Audit Committee Charter]</i>

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: <ul style="list-style-type: none"> • 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	2	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	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,

					<p>resources;</p> <p>3) Provide input to the development of Company-wide risk management practice standards and risk and safety administrative regulation review;</p> <p>4) Establish the risk management culture of the Company in support of institutionalizing and systematizing the risk management program of the company; and</p> <p>5) Recommend risk mitigating measures to the Board for appropriate action.</p>	<p>procedures, policies and/or strategies regarding maintenance of corporate image, particularly on dealing with media and other relevant issues.</p> <p>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.</p> <p>5) Aid in the development of policies to foster, promote, and develop a safe work environment for all employees.</p> <p>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.</p> <p>7) Provides technical expertise on risk management to business units thru relevant training programs, especially for risk management staffs.</p> <p>8) Review and guide risk assessment and control committee activities relative to risk management plans.</p> <p>9) Design and implement safety orientation & training programs for the different business units.</p> <p>10) Provide Environmental, Safety and Risk Management Technical Assistance to business units, including those risks that are economic in nature.</p> <p>11) Provide Accident/Incident Reporting Procedures and Forms*</p> <p>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.</p> <p>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.</p>
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 (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)

Chairman (ED)	Benjamin Philip G. Romualdez	May 28, 2015	0	0	0%	
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2015	0	0	0%	
Member (ID)	Alberto C. Agra	May 28, 2015	0	0	0%	
Member (NED)	Andres G. Gatmaitan	May 28, 2015	0	0	0%	

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
Chairman (ID)	Bernardo M. Villegas	May 28, 2015	2	2	100%	
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2015	2	2	100%	
Member (NED)	Andres G. Gatmaitan	May 28, 2015	2	2	100%	
Member (ID)	Alberto C. Agra	May 28, 2015	2	1*	100%	7 mos.

(*) One (1) audit committee meeting was held during his term as member of the audit committee.

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. 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 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, Philipinas 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 Vice Chairman of the Management Advisory Board and 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 Balaloc 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 Kindie 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 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, Risk Management Committee and Corporate Governance Committee of the Company. He also holds, among others, the following positions: Senior Counsel of SyCip Salazar Hernandez & Gatmaitan Law Office which is the outside counsel of the Company; Chairman, 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, Supralax Asia Ventures Corporation, Triumph International (Philippines) Inc., Maybank Philippines, Inc., JVS Worldwide, Inc., Star Performance Philippines, Inc., Unicharm Philippines, Inc., AMI Philippines, Inc.

ALBERTO C. AGRA – Independent Director (2010 to present); Member, Audit Committee

First became an Independent Director of the Company by appointment on August 25, 2010. He is Chairman of Risk Management Committee, Member of the Executive Committee, Audit Committee, Property Development Committee and Nomination Committee of the company. He also holds, among others, the following positions: Independent Director of Balatac Gold Resources Corporation (2012 to present) and BenguetCorp Nickel Mines, Inc. (2012 to present), President of Forensic Law and Policy Strategies, Inc. (August 2010 to present); Professor of Laws, College of Law, Ateneo de Manila University (November 1993 to 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.

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 (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
Chairman (ED)	Benjamin Philip G. Romualdez	May 28, 2015	1	1	100%	6
Member (ID)	Bernardo M. Villegas	May 28, 2015	1	1	100%	6
Member (ID)	Alberto C. Agra	May 28, 2015	1	1	100%	5

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
Chairman (NED)	Andres G. Gatmaitan	May 28, 2015	0	0	0%	22
Member (ED)	Benjamin Philip G. Romualdez	May 28, 2015	0	0	0%	4
Member (ID)	Bernardo M. Villegas	May 28, 2015	0	0	0%	12

(e) Stock Option Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
Chairman (NED)	Andres G. Gatmaitan	May 28, 2015	0	0	0%	22
Member (NED)	Cesar C. Zalamea	May 28, 2015	0	0	0%	7 mos
Member (ID)	Bernardo M. Villegas	May 28, 2015	0	0	0%	7

(f) Investment Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
Chairman (ED)	Benjamin Philip G. Romualdez	May 28, 2015	0	0	0%	17
Member (NED)	Maria Remedios R. Pompidou	May 28, 2015	0	0	0%	15
Member (NED)	Luis Juan L. Virata	May 28, 2015	0	0	0%	17
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2015	0	0	0%	7
Member (ID)	Bernardo M. Villegas	May 28, 2015	0	0	0%	17

(g) Property Development Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
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Chairman (ED)	Daniel Andrew G. Romualdez	May 28, 2015	0	0	0%	13
Member (ED)	Benjamin Philip G. Romualdez	May 28, 2015	0	0	0%	17
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2015	0	0	0%	7
Member (ID)	Alberto C. Agra	May 28, 2015	0	0	0%	5
Member (ID)	Bernardo M. Villegas	May 28, 2015	0	0	0%	17

(h) Corporate Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
Chairman (ID)	Bernardo M. Villegas	May 28, 2015	1	1	100%	4
Member (NED)	Andres G. Gatmaitan	May 28, 2015	1	1	100%	4
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2015	1	1	100%	4
	Chuchi C. Del Prado – Compliance Officer	May 28, 2015	1	1	100%	1 yr / 7 Mos

(i) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
Chairman (ID)	Alberto C. Agra	May 28, 2015	1	1	100%	4
Member (ED)	Isidro C. Alcantara, Jr.	May 28, 2015	1	0	0%	2
Member (NED)	Andres G. Gatmaitan	May 28, 2015	1	1	100%	7
	Lina G. Fernandez – Risk Management Officer	May 28, 2015	1	1	100%	4

(j) Management Advisory Board

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee (period until 2015)
Chairman (ED)	Daniel Andrew G. Romualdez	May 28, 2015	0	0	0%	1 yr & 7 Mos
Member	Isidro C. Alcantara, Jr.	May 28, 2015	0	0	0%	1 yr & 7 Mos

(ED)						
Member (ID)	Alberto C. Agra	May 28, 2015	0	0	0%	1 yr & 7 Mos
Alternate Member (NED)	Macario U. Te	May 28, 2015	0	0	0%	9 Mos
	Arsenio K. Sebial (External Resource Person)	May 28, 2015	0	0	0%	1 yr & 7 Mos

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
Risk Management	Rogelio C. Salazar Andres G. Gatmaitan	Resignation In lieu of Rogelio C. Salazar
Audit	Rogelio C. Salazar Alberto C. Agra	Resignation In lieu of Rogelio C. Salazar
Management Advisory Board	Rogelio C. Salazar Macario U. Te	Resignation In lieu of Rogelio C. Salazar
Stock Option	Rogelio C. Salazar Cesar C. Zalamea	Resignation In lieu of Rogelio C. Salazar
Others -- Executive, Salary, Investment, Property Development, Nomination and Corporate Governance	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 and environmental 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: 2015

(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) Company⁷

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
<i>Liquidity risk which arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial liabilities.</i>	<i>It is a policy to consider the Company's available funds and liquidity in managing immediate financial requirements.</i>	<i>To maintain a balance between continuity of funding in order to continuously operate and support its exploration activities.</i>
<i>Credit risk which refers to the potential loss arising from any failure by counterparties to fulfill their obligations as they fall due</i>	<i>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.</i>	<i>To fulfill obligations when they fall due.</i>

⁷Benguet Corporation's Audited Financial Statement for 2015

<i>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 Company's exposure to interest rate risk relates primarily to the Group's long-term debt obligations with floating interest rates.</i>	<i>It is the Company's policy to regularly monitor interest due to exposure from interest rates movements.</i>	<i>Avoid exposures from changes in interest rates.</i>
<i>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.</i>	<i>It is the Company's policy to maintain foreign currency exposure within acceptable limits.</i>	

(b) Group^a

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
<i>Liquidity risk which arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial liabilities.</i>	<i>It is a policy to consider the Group's available funds and liquidity in managing immediate financial requirements.</i>	<i>To maintain a balance between continuity of funding in order to continuously operate and support its exploration activities.</i>
<i>Credit risk which refers to the potential loss arising from any failure by counterparties to fulfill their obligations as they fall due</i>	<i>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.</i>	<i>To fulfill obligations when they fall due.</i>
<i>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.</i>	<i>It is the Group's policy to regularly monitor interest due to exposure from interest rates movements.</i>	<i>Avoid exposures from changes in interest rates.</i>
<i>Foreign currency risk which is the risk to earnings or capital arising from changes in foreign</i>	<i>It is the Group's policy to maintain foreign currency exposure within acceptable limits.</i>	

^aConsolidated Audited Financial Statement for 2015

<p>exchange rates. The Group has transactional currency exposures arising from the sale of gold, nickel ore 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.</p>		
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(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, 2015 and 2014, 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	<p>The Company has assessed the credit quality of the following financial assets:</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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, 2015 and 2014.</p>

<i>Interest rate risk</i>	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 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.	The Company regularly monitors their interest due to exposure from interest rates movements. The Company's secured and unsecured bank loans are both payable on demand.
<i>Foreign currency risk</i>	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)
<i>Liquidity risk</i>	The Group considers its available funds and liquidity in managing its immediate financial requirements.	As of December 31, 2015 and 2014, 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.

<i>Credit risk</i>	<p>The Group has assessed the credit quality of the following financial assets:</p> <ol style="list-style-type: none"> 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. 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. 	<p>Other than receivables which were fully provided with allowance, there were no history of default on outstanding receivables as of December 31, 2015 and 2014.</p>
<i>Interest rate risk</i>	<p>As of December 31, 2015 and 2014, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans with floating interest rates. The Group regularly monitors its interest due to exposure from interest rates movements.</p> <p>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.</p>	<p>The Group's secured and unsecured loans payable are both payable on demand while other loans payable are 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.</p>
<i>Foreign currency risk</i>	<p>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.</p>	<p>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.</p>

(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 2015

(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, effectiveness, and ethical conduct of the Company's business systems and processes	In-house	Dale A. Tongco	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	In-house	Dale A. Tongco	Reported to Audit Committee

	mitigation strategies. Assisting management to identify the risks of fraud and develop fraud prevention and monitoring strategies.			
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 from internal and external audit reports Disseminating across the Company better practice and lessons learned arising from its audit activities	In-house	Dale A. Tongco	Reported to Audit Committee

- (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
Nilo Thaddeus P. Rodriguez	Re-assignment

- (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) <ul style="list-style-type: none"> Regular review of internal audit systems (on-going) Variance reporting and analysis (on-going)
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	<ul style="list-style-type: none"> Updating of documentation regarding accounting, finance and internal control (on-going) Testing of controls of key business process (on-going)
Issues ⁹	<ul style="list-style-type: none"> None
Findings ¹⁰	<ul style="list-style-type: none"> 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 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:

- Preparation of an audit plan inclusive of a timeline and milestones;
- Conduct of examination based on the plan;
- Evaluation of the progress in the implementation of the plan;
- Documentation of issues and findings as a result of the examination;
- Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 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

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.

(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
<p><i>Internal audit has no direct authority or responsibility for the activities it reviews. The internal audit function has no responsibility for 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.</i></p> <p><i>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.</i></p> <p><i>The Head of Internal Audit has direct access to the Chairman of the Board, and the Chair and other members of the Audit Committee.</i></p> <p><i>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</i></p>	<ul style="list-style-type: none"> • <i>Cannot have close family, personal or business relationship with the Company</i> • <i>Cannot be given a loan from the Company.</i> • <i>Cannot receive or accept goods, services or hospitality from the Company.</i> • <i>Cannot have holdings or investments in the Company.</i> 	<ul style="list-style-type: none"> • <i>Cannot have close family, personal or business relationship with the Company</i> • <i>Cannot be given or give a loan from the Company.</i> • <i>Cannot receive or accept goods, services or hospitality from the Company.</i> • <i>Cannot have holdings or investments in the Company.</i> 	<ul style="list-style-type: none"> • <i>Cannot have close family, personal or business relationship with the Company</i> • <i>Cannot be given a loan from the Company.</i> • <i>Cannot receive or accept goods, services or hospitality from the Company.</i> • <i>Cannot have holdings or investments in the Company.</i>

<p><i>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.</i></p>			
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(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 SEC Code of Corporate Governance, the Company submitted its 2014 ACGR duly signed by the Chairman, President and CEO, two (2) Independent Directors and Corporate Governance Compliance Officer and 2015 Corporate Governance Guidelines Disclosure Survey which is also duly signed by an Independent Director and the President and CEO.

H. ROLE OF STAKEHOLDERS

a. Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<p><i>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]</i></p>	
Supplier/contractor selection Practice	<p><i>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]</i></p>	<p><i>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.</i></p> <p><i>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</i></p>

		<p><i>purchases of M&S, equipment and services.</i></p> <p><i>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.</i></p> <p><i>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.</i></p>
Environmentally friendly value-chain	<i>Protection and care for the environment shall be the principal consideration in every stage of Company's existing and future projects;</i>	<i>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.</i>
	<i>Mitigation and progressive rehabilitation measures shall be an integral component of all business operation of the company;</i>	<i>Mitigating measures are integral part of the Company's environmental program such as the construction and maintenance of settling ponds, silt traps, tailings storage facilities, drainage systems, 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.</i>
	<i>Compliance to government environmental laws, rules and regulations;</i>	<i>Required ECCs have been obtained (mining, port, stockyards, tailings 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.</i>
	<i>Prudent utilization of all Company resources such as regulated use of electricity;</i>	<i>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.</i>
	<i>Instill proper waste management among employees, households and dependents of</i>	<i>5S seminar in coordination with DOLE-CAR, is regularly conducted to all</i>

	<p>the various operation in compliance to R.A. 9003 otherwise known as the Solid Waste Management Act of 2000;</p>	<p>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.</p>
	<p>Continuous employee development and awareness on environmental aspects, issues and concerns through information, communication, education and skills upgrading;</p>	<p>Signages relative to environment are installed strategically within the area of operation. Employees undergo regular trainings and sent to environmental forums.</p>
	<p>Support and protect the ecological integrity of areas affected by the company operations, including biodiversity resources and micro-ecosystems to promote public welfare, safety and environmental quality;</p>	<p>Regular water, air and noise quality monitoring is being conducted to insure compliance to government standards and safety of its employees and communities.</p>
	<p>Adopt technologies that will contribute to the advancement of the Company processing procedures that will lead to enhancement and preservation of the environment.</p>	<p>The company is continuously improving its laboratory, mill facility and pollution control devices such as installation of acid fume scrubbers and implementation of detoxification programs.</p>
<p>Community Interactions</p>	<p>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]</p> <p>The Company further adopts the following philosophy:</p> <ul style="list-style-type: none"> • 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 	<p>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 BNM, in coordination with local government units and host communities. The SDMP has benefited residents within the Company's areas of operations in Benguet and Zambales, as well as neighboring communities.</p> <p>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.</p> <p>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,</p>

	<i>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.</i>	<i>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]</i>
Anti-corruption programmes and procedures	<i>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.</i>	
Safeguarding creditors' rights	<i>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.</i>	

- b. 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).
- c. Performance-enhancing mechanisms for employee participation.

- i. 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).
- ii. 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 Health (DOH).

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 occurrence 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 similarv powder on stagnant waters to regulate the growth of mosquitoes. Similarv 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 2015, there were no dengue cases treated.

As for safety, a total of 204 departmental safety meetings were conducted with 12,379 attendees during the calendar year 2015. 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 (TBT) meetings are conducted by the supervisors; defensive driving seminar is also being conducted especially to newly hired drivers to make them aware in the safe driving habits and to make them familiarize on the terrain at the mine site and haulage road.

2. *Safety Inspections and Reporting* – A total of 208 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, Baguio and RO III 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.

- iii. 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 2015, 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 670 newly-hired BC and service contract employees as part of the safety induction/orientation program. Likewise, a 2-day Basic Fire Fighting Techniques was attended by 29 BC employees and 97 employees attended a First Aid/Basic Life Support Training Program. 367 employees attended the Basic ISO Awareness Seminar, 81 employees attended the Seminar on Hazardous Waste Handling, 28 employees attended the Training on Root Cause Analysis, 190 employees attended the Seminar on MS Guidelines. Safety personnel were also sent for training in Basic Occupation Safety and Health (BOSH), Loss Control Management (LCM) and Ethico-Legal Aspects of Nursing Practice; designated PCO's have undergone continuing accreditation and education programs; medical personnel have undergone Occupational Health and Safety Trainings

- iv. 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 2015, 2014 and 2013.

- d. 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:

1. 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).
2. 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.
3. 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.
 4. 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 thirty (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 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 airmail 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

a. Ownership Structure

- i. 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, 2015:

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation (Filipino)	Class A Common – 52,612,656	44.80%	(see Note 1)
	Class B Common – 28,960,663	37.31%	
	Class A Convertible Preferred – 64,094	29.53%	
(Non-Filipino)	Class B Common – 10,170,250	13.10%	
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

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

¹²Sequestered 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.

as of December 31, 2015.

Name of PCD's Participant	Number of Shares Held	Percent
Lucky Securities, Inc.	Class A Common – 17,066,518	14.53%
	Class B Common – 16,212,667	20.89%
Maybank ATR Kim Eng Securities, Inc.	Class A Common – 5,649,190	5.00%
	Class B Common – 4,424,678	5.70%
Citibank, N.A.	Class B Common – 7,235,182	9.32%
Abacus Securities Corporation	Class A Convertible Preferred – 37,865	17.44%

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 PDCNC 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 26, 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 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, 2015.

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%
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%
Macario U. Te	Class A	1		0.000%
Reynaldo P. Mendoza	Class A	29,222		0.025%
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%
Antonio L. Buenavista	Class A	7,156		0.007%
Hermogene H. Real	Class A	17,700	0.015%	
	Class B	100	0.000%	

TOTAL	Class A	1,646,904	1.401%
	Class B	23,854	0.031%

b. 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.

c. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SyCipGorrasVelayo & Co.	P5.16Million*	None*

(*) - Year 2015

d. 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.

e. Date of release of audited financial report: March 17, 2016 (Audited FS for the year ended 31 December 2015)

f. 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.

g. Disclosure of RPT

RPT	Relationship	Nature	Value
<i>Benguetcorp Nickel Mines, Inc. (BNMI)</i>	<i>Wholly-owned subsidiary</i>	<i>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.</i>	
<i>Berec Land Resources, Inc. (BLRI)</i>	<i>Wholly-owned subsidiary</i>	<i>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.</i>	

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	<i>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 <u>majority</u> 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)</i>
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	<i>A vote of the stockholders representing the <u>majority</u> 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]</i>
Description	<i>Each share shall be entitled to one vote.</i>

(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
<i>Stockholders' rights concerning Annual/Special Stockholders' Meeting are in accordance with provisions stated in the Corporation Code.</i>	<i>There are no rights granted to Stockholders that are not in the Corporation Code.</i>

Dividends

Declaration Date	Record Date	Payment Date
<i>None to report for 2015.</i>		

(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
<i>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</i>	<i>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</i>

<p>validity of a proxy should be resolved in stockholder's favor. [Revised Manual on Corporate Governance, Section 10 (B)]</p> <p>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]</p> <p>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.</p>	<p>meeting shall invalidate the same or any proceedings thereat. [Article II, Section 3, Amended By-Laws]</p>
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2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- Amendments to the company's constitution
 - Authorization of additional shares
 - 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, 2015 Annual Stockholders' Meeting, the minimum 21 days was observed in giving out notices to the stockholders of the Company.

- Date of sending out notices: *April 28, 2015*
- Date of the Annual Stockholders' Meeting: *May 28, 2015*

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

None. There are no questions brought out during the 2015 Annual Stockholders Meeting.

5. Result of Annual Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the May 30, 2014 Annual Stockholders' Meeting	75.82%	0.06%	0.15%
Approval of the increase in the number of members of the Board of Directors from 10 directors to 11 directors and the corresponding amendments of Article Sixth of the amended Articles of Incorporation and Article III, Section 1 of the amended By-Laws of the Company.	75.76%	0.19%	0.08%
Approval of the change in the Par Value of both Common Class A and Class B shares from P3.00 to P1.00 per share and the corresponding amendments of Article Seventh of the amended Articles of Incorporation and Article 1, Section 1 of the amended By-Laws of the Company	75.76%	0.17%	0.10%
Approval of the creation of a new class of shares to be called "Redeemable Non-Retirable Common Class B Shares" with Par Value of P1.00 per share and the corresponding amendments of Article Seventh of the	75.73%	0.21%	0.09%

amended Articles of Incorporation and Article 1, Section 1 of the amended By-Laws of the Company			
Approval of the amended requirement that only the affirmative vote of two third (2/3) of the total outstanding stocks of the Company, regardless of class, is needed 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 stocks; and (iv) Any sale, exchange, lease, mortgage or other disposition of all or substantially all of the assets of the corporation and the corresponding amendments of Article Seventh (B) of the amended Article of Incorporation and Article VI, Section 1 of the amended By-Laws of the Company	75.21%	0.28%	0.60%
Approval of the deletion of the 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 and the corresponding amendment of Article Seventh (A)(2) of the amended Articles of Incorporation.	75.78%	0.15%	0.12%
Approval of the deletion of the By-Laws 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, and the corresponding amendment of Article IV, Section 3 of the amended By-Laws.	75.78%	0.13%	0.10%
Ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or the Board of Directors since the May 28, 2014 Annual Stockholders' Meeting	75.77%	0.13%	0.11%
At their discretion, the Proxies are authorized to vote upon such other matters as may properly come before the meeting and which are not known to management at a reasonable time, including to adjourn the meeting for up to ninety (90) days from May 28, 2015.	75.89%	0.28%	0.11%

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

Just after the May 28, 2015 stockholders' meeting, the result of the votes taken was disclosed to the PSE, and on May 29, 2015, 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 (2015):

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 Stockholders Meeting	<p><u>Directors:</u> Benjamin Philip G. Romualdez Andres G. Galmañan Isidro C. Alcantara, Jr. Alberto C. Agra Bernardo M. Villegas Cesar C. Zalamea Macario U. Te</p> <p><u>Officers:</u> Arsenio K. Sebial, Jr. Renato A. Claravall Reynaldo P. Mendoza Leopoldo S. Sison III Lina G. Fernandez Ma. Mignon D. De Leon Max D. Arceño Ana Margarita N. Hontiveros Chuchi C. Del Prado Mary Jean G. Alger Ma. Anna G. Vicedo-Montes Hermogene H. Real</p>	May 28, 2015	Voting carried by motions made and duly seconded.	52.68% of the outstanding capital stock of the Company	23.38% of the outstanding capital stock of the Company	76.06% of the outstanding capital stock of the Company
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(i) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?
Yes. *SyCipGorresVelayo & 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	<i>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]</i>
Notary	<i>The Company's By-Laws does not require the proxy to be notarized.</i>
Submission of Proxy	<i>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]</i>
Several Proxies	<i>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</i>

	<u>persons</u> 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 2015 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, 2015, the proxy will still be valid for ninety (90) days from said date, or up to August 26, 2015 and can still be exercised in the event the TRO is lifted after the May 28, 2015 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	16,937
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 28, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 28, 2015

State whether CD format or hard copies were distributed	Hard copies of the Definitive Information Statement and 2014 Annual Report were distributed to Foreign Stockholders and for Local Stockholders, hard copy of the Definitive Information Statement and CD format of the Definitive Information Statement and 2014 Annual Report were distributed.
If yes, indicate whether requesting stockholders were provided hard copies	Yes, requesting stockholders were provided hard copies of Definitive Information Statement and 2014 Annual Report.

(i) 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 therefor.

2) Treatment of Minority Stockholders

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

Policies	Implementation
<p>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:</p> <ol style="list-style-type: none"> 1. voting right 2. power of inspection 3. right to information 4. right to dividends 5. appraisal right 	<ul style="list-style-type: none"> • 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	<i>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.</i>
(2) Principles	<i>Handle investor and shareholders queries and requests as a top priority matter with transparency and promptness.</i>
(3) Modes of Communications	<i>Company website and PSE website for all corporate disclosures, telephone, letter or email.</i>
(4) Investors Relations Officer	<i>Romeo Leonilo H. Tangalin Manager – Stockholders Relations Office rht@benquetcorp.com.ph</i>

- 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.

2015 Social Development and Management Program

Initiative	Beneficiary
Re-graveling of Barangay Road	Brgy. Lomboy Road, Sta. Cruz, Zambales
Construction of farm to market road	Brgy. Guisguis & Tubo-Tubo North, Sta. Cruz, Zambales
Construction of Barangay road	Brgy. Binabalian, Candelaria, Zambales
Brgy. Road Rehabilitation	Begy. Lomboy Road, Sta. Cruz, Zambales
Various slope protection projects	Brgy. Yamot, Dampay and Binabalian, Candelaria, Zambales
Renovation of Day Care Center	Brgy. Binabalian Day Care Center
Construction of Tanod Outpost	Brgy. Lucapon South, Sta. Cruz, Zambales

Construction of Multi-Purpose Shed	Brgy. Lucapon South, Sta. Cruz, Zambales
Improvement of School Covered Court	Yamot Elementary School, Candelaria, Zambales
Construction of Multi-Purpose Hall	Brgy. Tubo-Tubo South, Sta. Cruz, Zambales
Brgy. Hall Improvement	Brgy. Tubo-Tubo North
Construction of drainage canal	Brgy. Biay, Sta. Cruz, Zambales
Construction of Irrigation cross-drain	Farmers Association; Brgy. Binabalian, Candelaria, Zambales
Construction of Water Impounding Facility	Brgy. Lucapon South, Sta. Cruz, Zambales
Construction of Water System	Brgy. Tubo-Tubo North, Sta. Cruz, Zambales
Water System Project w/ Sta. Cruz Water District	Ongoing, Phase 1 and Phase 4 completed
Improvement of barangay chapel	Brgy. San Fernando, Sta. Cruz, Zambales
Construction repair of barangay chapel	Brgy. Tubo-Tubo South Chapel
Repair of Brgy. Chapel	Brgy. Lomboy, Sta. Cruz, Zambales
Construction of Earthbag Building	Brgy. Tubo-Tubo North
Sand Bagging Project	Brgy. Lipay, Sta. Cruz, Zambales
Construction of Catwalk Bridge	Brgy. Binabalian, Candelaria, Zambales
Concrete Flooring of school multi-purpose court	PPTA & DepEd; Brgy. Yamot Elem. School, Candelaria, Zambales
Construction of Multi-Purpose Hall	BHW & Brgy. Dampay, Candelaria, Zambales; project budget sharing
Improvement of School Computer Room	PPTA & DepEd; Guisguis National High School, Sta. Cruz, Zambales
Construction of Day Care Center	BHW; Bolitoc Day Care, Sta. Cruz, Zambales
Improvement of school comfort room	PPTA & DepEd; Tubo-Tubo South Elem. School, Sta. Cruz, Zambales
Construction of School Fence	PPTA & DepEd; Sta. Cruz Elem. School, Sta. Cruz, Zambales
Fabrication of School signage	PPTA & DepEd; Tubo-Tubo North Elem. School, Sta. Cruz, Zambales
Construction of School Pathway	PPTA & DepEd; Dampay Elem. School, Candelaria, Zambales
Provision of Sports Equipment	PPTA & DepEd; Guisguis Elem. School, Sta. Cruz, Zambales
Provision of drum and lyre equipment	PPTA & DepEd; Binabalian Elem. School, Candelaria, Zambales
Scholarship Program/Tuition fee and miscellaneous Fee	Fees directly paid to partner schools; 65 college, 11 voc-tech and 195 high school
Scholar's Monthly Allowance	271 Scholars from Sta. Cruz and Candelaria, Zambales
Brigada Eskwela	Assistance to partner schools i.e. paints, cleaning, materials, etc.
Program Assistance for various academe activities and promotion of education program	Provincial Jamboree, Kiddie Tutorials, Teacher's day celebration, Education contests and Graduation events
Lakbay Aral and Educational Trainings	Guisguis National High School Students and Teachers, Sta. Cruz, Zambales
Repair of Barangay Health Center	Biay and BHWs; with the renovation, better medical serves were delivered to all brgy. Constitutions.
Brgy. Sanitation Program, common toilets	Tubo-Tubo South & BHWs; Jetmatic pumps and construction materials were provided
Provision of medical equipment/First Aid Kits	Provided to 4 barangays: Tubo-Tubo South, Dampay, Binabalian and Bayto
Provision of grass cutters	Four units provided to Brgy. Binabalian
Provision of waste bins/Sanitation Program	Brgys. Tubo-Tubo North, Clean and Clean Program
Medical Missions, Medical Services	BHWs; Medical Mission/Consultation in various barangays in Sta. Cruz and Candelaria
Relief operations; Typhoon Lando	Brgy. Officials, relief packs to more than 2,000 hard hit households
Feeding program	PPTA & DepEd, NGO; daily feeding to more than 500

	children for 180 days
Medical and burial assistance	Assistance to 15 families in various Brgy in Sta. Cruz and Candelaria
BHW Training Support	Trainings for Barangay Tubo-Tubo South BHW
Midwives Seminar	Trainings and exposure for brgy. Wives
Provision of Farming equipment; Grass cutter	Farmer's Association; Brgy. Lomboy & Brgy. Tubo-tubo North
Provision for 1 unit farm tractor / rotivator	Farmer's Association; Barangay Tubo-Tubo
Water system improvement; provision of water pumps	Brgy. Malabon, Candelaria, Zambales
Eco-tourism project; provision of kayak and start-up activities for the Uacon Lake tourism	Brgy. Uacon, Candelaria, Zambales
Backyard Organic Vegetable Gardening	5 barangays in Sta. Cruz; 25 family-beneficiaries
Community Seedling Production	Women's group; Brgy. Guisguis
SCZTODA Motorcycle parts store	Procurements of motorcycle parts & trainings
Lakbay Aral Bamboo Farming	Participated by Brgy. Councils and Community Leaders
Support for various barangay activities	Various brgy. Cultural activities in Sta. Cruz and Candelaria
Provision of Brgy. Council and BHW uniforms	Brgy. Malabon and Lucapon South
Assistance for Brgy. Service Vehicle	Brgy's Bolitoc, Binabalian, Tubo-Tubo North, Tubo-Tubo South, Dampay, Guisguis
Medical and burial assistance	Brgy Assistance for 30+ families
Provision of Sports Equipment/Office Furniture	Various Brgy. Cultural activities in Sta. Cruz and Candelaria
Various Projects Turn-Over ceremonies	Brgy. Tubo-Tubo South Multi-Purpose Building
Zalga seminar, Albo Seminar, DILG Seminar, Brgy Secretaries Seminar, 12 th Bamboo Seminar, Lakbay Aral for Bamboo Farming in Pampanga, Brgy. Councilors League of the Phil Workshop	Trainings and seminars for various barangay councils
Barangay Workshop	Participated by Barangay Council of barangay
Bamboo Farming Site Assessment & Seminar	Brgy. Guisguis Council
Provision of raincoats, rainboots, flashlights, barangay police uniform	Brgys. Tubo-Tubo North, Biay, Bolitoc, Binabalian & Lomboy
Provision of handheld radio	Brgy. Lucapon South, Sta. Cruz, Zambales
Grassroots information campaigns	Pro-mining supports, signature campaigns
Various IEC campaigns on CDO Compliance	BNMI CDO Compliance
TV Programs BST Tri Media	Trimedia production for AVP
Various regulatory monitoring activities	BNMI Stakeholders
Mining Industry promotion activities	BNMI Stakeholders
Various activities of Mine Workers League	Mine Workers League and Alliance
Community computer Literacy Program	MACSAT and Brgy. Council Members
Various expenses for Ulai sa Bayan, CLIEC Contribution, Earthday & Labor day celebration	Participated by Mining alliance and CMWFC
Provision of IEC Gadget/Equipment	Provision of equipment for IEC activities
Mobile Information Center	IEC Service vehicle for grassroots info campaign
SDMP Assessment and Brgy Consultations	All brgy-partners and beneficiaries
Mining Forum	Logistics for the event
Celebration of human rights day	Participated by Mine workers
Bamboo Farming exposure trip	Comrel Team
PSEM and GAD Activities	Project expenses
Choral and Art workshop activities	Youth Development for the Children
IEC Advertisements/Activity Sponsorship	Assistance/Sponsorships to various church/school/partner activities and training
Training/Seminar on violence against women & children	Barangay Virac, Itogon, Benguet
Training/Seminars for the council, teachers & stakeholders	Barangay Poblacion, Itogon, Benguet
Repair of public CR, construction of Septic Tank & purchase sewer pipelines	Barangay Virac, Itogon, Benguet

Bidawan trail maintenance and improvement of arc & pathway	Barangay Poblacion, Itogon, Benguet
Perimeter Fencing & protection wall at Solomon Solano Elementary School during Brigada Eskwela	Barangay Poblacion, Itogon, Benguet
Special Program for Employment of Students (SPES)	Barangays Virac & Poblacion, Itogon, Benguet
Brigada Eskwela (provision of cleaning materials)	Barangays Virac, Poblacion and Ampucao, Itogon, Benguet
Provision of Educational Equipment; LCD, projector to Goldfield Elementary School and 1 unit 24" monitor to Sacred Heart High School	Barangay Poblacion, Itogon, Benguet
Preparation of mother tongue workbook for Elementary Schools	Barangay Poblacion, Itogon, Benguet
Sound system and musical instruments for Ampucao Elementary School	Barangay Ampucao, Itogon, Benguet
Medical, Surgical, Dental and Optical Mission	Barangays virac and Poblacion, itogon, Benguet
Assistance to the Nutrition Month Celebration	Barangays Virac and Poblacion, Itogon, Benguet
Assistance to patient with cancer as certified by the LGU Council	Barangay Virac, Itogon, Benguet
PhilHealth Sponsorship Program to Indigent Families	Barangays Virac and Poblacion, Itogon, Benguet
Assistance to Inter-Sito/Barangay Sports Development	Barangays Virac and Poblacion, itogon, Benguet
Assistance to the Barangay Foundation Day	Barangays Virac and Poblacion, Itogon, Benguet
Barangay assistance to barangay assembly/meetings re: SDMP Accomplishments and Sangguniang Barangay Programs	Barangays Virac and Poblacion, itogon, Benguet
Participation in the Arbor Day/Tree Planting and other Enviro activities	Barangay Poblacion, Itogon, Benguet
Active participation in meetings/seminars/trainings and forums using the Villaluna Center as venue	Barangays Virac, Poblacion and Ampucao, itogon, Benguet
Typhoon Relief Operations (ineng and Lando)	Barangay Virac, Itogon, Benguet
Media advertisements/press release	Barangay wide
Task Force Dengue	Barangay wide
Scholarship Program Support (High School and College)	Barangay wide
Assistance to Lupon Members	Barangays Virac and Poblacion, Itogon, Benguet
Assistance to Barangay health Workers and Barangay Nutrition Scholars (BHW/BNS)	Barangays Virac and Poblacion, Itogon, Benguet
Trainings/ seminars on Recycling	Barangay Virac
Training on Electrical Maintenance and installation	Barangay Poblacion, Itogon, Benguet
Training Skills on Beauty Care, Wellness	Barangay Poblacion, Itogon, Benguet
Rehabilitation/Repair of Balokok Water System	Barangay Virac, Itogon, Benguet
Rip-rap Project @ Keymens Hill	Barangay Virac, Itogon, Benguet
Restoration of Acupan community clinic	Barangay virac, Itogon, Benguet
Mt. Bidawan Trail Maintenance	Barangay Poblacion, Itogon, Benguet
Provision and Installation of Water Tank	Barangay Virac, Itogon, Benguet
Linggo ng Wika Celebration of the Day Care Center	Barangay Virac, Itogon, Benguet
Fencing of virac Day Care Center	Barangay Virac, Itogon, Benguet
Scholarship Program (High School and college)	Barangays Virac and Poblacion, Itogon, Benguet
Assistance to Sports Activities	Barangay Virac, Itogon, Benguet
Improvement/enhancement of Virac Elementary School	Barangay Virac, Itogon, Benguet
Special Program for Employment of Students	Barangay Poblacion, Itogon, Benguet
School improvement/enhancement	Barangay Poblacion, itogon, Benguet
Provision of Tables to Day Care Centers	Barangay Poblacion, Itogon, Benguet
Day Care Workers Annual Summit	Barangay Poblacion and Virac, Itogon, Benguet
Assistance to Day Care Workers	Barangay Virac and Poblacion, itogon, Benguet
Provision of Educational Equipment to Solomon Solano Elementary School	Barangay Poblacion, Itogon, Benguet
Assistance to Monthly Immunization Program	Barangay Virac and Poblacion, itogon, Benguet

Assistance to the Nutrition Feeding Program	Barangay Virac and Poblacion, Itogon, Benguet
Provision of Health Care Paraphernalia	Barangay Virac, Itogon, Benguet
Medical, Dental, Surgical & Optical Mission	Barangay Poblacion, Itogon, Benguet
Assistance to Barangay Peacekeeping Action Team (BPATs)	Barangay Virac, Itogon, Benguet
Task Force Dengue Program	Barangay Wide
Organization workshops; Barangay Consultations	Barangay Wide
Lakbay Aral, forums, conventions, trainings	Barangay Wide
Equipment Capital Outlay	IEC Team
Construction of Railings @ Keymens Hill	Barangay Virac, Itogon, Benguet
Universal Childrens Day Celebration	Barangay Virac and Poblacion, Itogon, Benguet
Participation to the Barangay Foundation Day	Barangays Virac and Poblacion, Itogon, Benguet
Support assistance to May Mother of God Chapel	Barangay Ampucao, Itogon, Benguet
Support assistance to St. Jude Chapel	Barangay Ampucao, Itogon, Benguet
Communication Assistance	Barangay Poblacion, 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	<i>Reprimand</i>
Second Violation	<i>Suspension. The duration of the suspension shall depend on the gravity of the offense</i>
Third Violation	<i>Removal from office may be imposed depending on the gravity of the offense.</i>

¹³Section 16, Revised Manual on Corporate Governance



CONSULADO PANGKATAHANG PILIPINAS CONSULATE GENERAL OF THE PHILIPPINES

NEW YORK

Foreign Service of the Philippines)
Consulate General of the Philippines)
New York, New York) S.S.
United States of America)

CERTIFICATE OF AUTHENTICATION

I, **KHRYSTINA P. CORPUZ**, Vice Consul of the Republic of the Philippines, in
for the Consular District of New York, duly commissioned and qualified in the
States of New York, Connecticut, Delaware, Maine, Massachusetts, New Hampshire,
New Jersey, Pennsylvania, Rhode Island, and Vermont, do hereby certify that

*** ANDREW CASINO ***

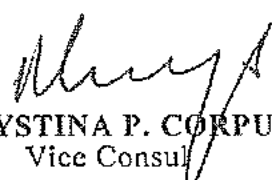
at the time he/she signed and affixed his/her official seal to the annexed certificate,

**NOTARY PUBLIC
STATE OF NEW YORK**

and full faith and credit ought to be given to his/her official act.

This Consulate General assumes no responsibility for the contents of the
annexed document.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of
Consulate General of the Philippines to be affixed 4th day of April 2016.


KHRYSTINA P. CORPUZ
Vice Consul

03813

Doc. No.
Service No. 065
Series of 2016
Fee. \$ 25.00

This document is not valid if it is altered in any way whatsoever

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 New York, U.S.A. on

APRIL 30 2016.

SIGNATURE

DANIEL G. ROMUALDEZ
Chairman, Board of Directors

ACKNOWLEDGMENT

STATE OF NEW YORK }
COUNTRY OF QUEENS } SS.

SUBSCRIBED AND SWORN to before me this 30th day of April, 2016 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 2016 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. 02CA6073375
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 _____ on _____, 2016.

SIGNATURE


DANIEL G. ROMUALDEZ
Chairman of the Board



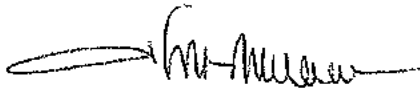
BENJAMIN PHILIP G. ROMUALDEZ
President and Chief Executive Officer



ALBERTO C. AGRA
Independent Director



BERNARDO M. VILLEGAS
Independent Director



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

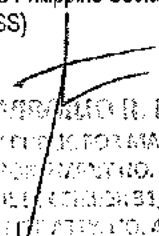
Republic of the Philippines)
City of MAKATI S.S.

APR 18 2016

SUBSCRIBED AND SWORN to before me this ____th day of _____, 2016, affiants exhibiting to me their competent proof of identification with details appearing opposite their respective names, as follows:

<u>Name</u>	<u>ID Number</u>	<u>Date/Place of Issue</u>
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. 102
Page No. 22
Book No. 214
Series of 2016.



ATTY. MRS. RINA D. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
AL. REG. NO. 1452
EXPIRES FEBRUARY 31, 2016
PHONE NO. 49843
MORNING STAR SEC. CO. 4980003/2-30-2015
IBP O.P. SEC. CO. MAKATI CITY MEMBER JAN. 29, 2007
PTH. U.S. SEC. CO. 2015/04/2015 MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

7	t	h	F	l	o	o	r	,	U	n	i	v	e	r	s	a	l	-	R	e	B	u	i	l	d	i	
n	g	,	1	0	6	P	a	s	e	o	d	e	R	o	x	a	s	,	1	2	2	6	M				
a	k	a	t	i	C	i	t	y																			

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M
---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address admin@benguetcorp.com	Company's Telephone Number (02) 812-1380	Mobile Number N/A
No. of Stockholders 16,891	Annual Meeting (Month / Day) 5 / 31	Fiscal Year (Month / Day) 12 / 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

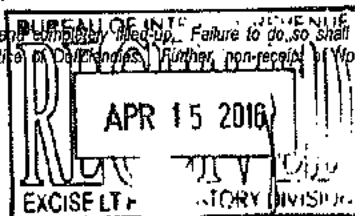
Name of Contact Person Atty. Lina G. Fernandez	Email Address lfernandez@benguetcorp.com	Telephone Number/s (02) 813-6663	Mobile Number N/A
--	--	--	-----------------------------

CONTACT PERSON'S ADDRESS

65 Sikap Street, Mandaluyong City
--

NOTE 1: 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.

NOTE 2: All Boxes must be properly and completely filled up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



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, 2015, 2014 and 2013, 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 ANDREW G. ROMUALDEZ
Chairman, Board of Directors

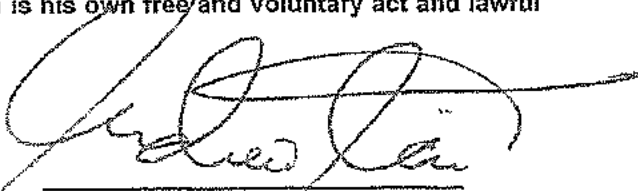
Signed this 4 day of April, 2016.

ACKNOWLEDGMENT

STATE OF NEW YORK }
COUNTRY OF QUEENS} SS.

SUBSCRIBED AND SWORN to before me this 4 th day of April, 2016 at Woodside, Queens, New York, personally appeared DANIEL ANDREW 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



CONSULATE GENERAL OF THE PHILIPPINES

NEW YORK

Foreign Service of the Philippines)
Consulate General of the Philippines)
New York, New York) S.S.
United States of America)

CERTIFICATE OF AUTHENTICATION

I, **KHRYSTINA P. CORPUZ**, Vice Consul of the Republic of the Philippines, in and for the Consular District of New York, duly commissioned and qualified in the States of New York, Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, Pennsylvania, Rhode Island, and Vermont, do hereby certify that

*** ANDREW CASINO ***

at the time he/she signed and affixed his/her official seal to the annexed certificate,

**NOTARY PUBLIC
STATE OF NEW YORK**

and full faith and credit ought to be given to his/her official act.

This Consulate General assumes no responsibility for the contents of the document.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Consulate General of the Philippines to be affixed 4th day of April 2016.


KHRYSTINA P. CORPUZ
Vice Consul

03818

Doc. No.
Service No. 065
Series of 2016
Fee. \$ 25.00

This document is not valid if it is altered in any way whatsoever



BenguetCorp

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

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

The management of Benguet Corporation (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015, 2014 and 2013, 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
President & Chief Executive Officer

LINA G. FERNANDEZ
Senior Vice President - Finance

APR 07 2016

Signed this ____ day of _____, 2016.

APR 07 2016

SUBSCRIBED AND SWORN to before me this ____th day of _____, 2016 at Makati City, affiants exhibited to me their identifications, to wit: Mr. Benjamin Philip G. Romualdez with Social Security System No. 33-5820866-8 and Ms. Lina G. Fernandez with SSS No. 03-75370258, both issued by the Office of the Social Security System, Philippines.

Doc. No. 340
Page No. 169
Book No. 105
Series of 2016.

APR 07 2016
OFFICE OF THE SECRETARY
SECURITIES AND EXCHANGE COMMISSION
1000 SHAW BLVD. SUITE 1000
MAYAPOWEN, MARIKINA CITY 1800
TEL. (02) 8768-1000
FAX (02) 8768-1000
WWW.SEC.GOV.PH



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 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

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, 2015 and 2014, 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, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

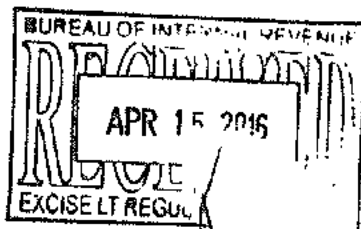
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements 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.





Building a better
working world

- 2 -

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, 2015 and 2014, and their financial performance and cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario

Partner

CPA Certificate No. 56915

SEC Accreditation No. 0076-AR-3 (Group A),

March 21, 2013, valid until March 20, 2016

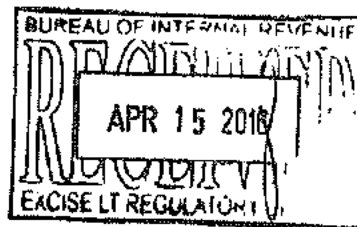
Tax Identification No. 102-096-009

BIR Accreditation No. 08-001998-72-2015,

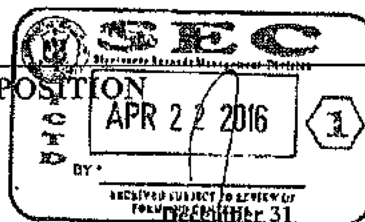
March 24, 2015, valid until March 23, 2018

PTR No. 5321628, January 4, 2016, Makati City

March 17, 2016

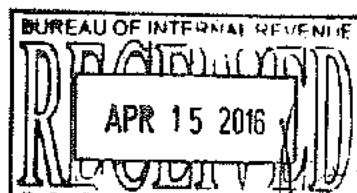


BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands, Except Number of Shares)



	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P56,945	P167,547
Trade and other receivables (Note 5)	808,177	987,918
Inventories (Note 6)	136,126	94,886
Other current assets (Note 7)	722,341	810,143
Total Current Assets	1,723,589	2,060,494
Assets classified as held for sale (Note 8)	-	53,544
	1,723,589	2,114,038
Noncurrent Assets		
Property, plant and equipment (Note 10)		
At revalued amount	2,639,868	2,639,758
At cost	1,301,712	1,402,383
Available-for-sale (AFS) financial assets (Note 9)	11,970	11,423
Investment property (Note 11)	209,558	166,693
Deferred mine exploration costs (Note 12)	544,020	572,546
Other noncurrent assets (Note 13)	219,861	221,391
Total Noncurrent Assets	4,926,989	5,014,194
TOTAL ASSETS	P6,650,578	P7,128,232
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Note 14)	P789,165	P882,838
Trade and other payables (Note 15)	857,468	1,388,649
Obligations under finance lease (Note 34)	13,783	12,532
Income tax payable	37	30,170
Total Current Liabilities	1,660,453	2,314,189
Noncurrent Liabilities		
Loans payable – net of current portion (Note 14)	2,890	33,575
Obligations under finance lease – net of current portion (Note 34)	2,427	16,210
Liability for mine rehabilitation (Note 16)	37,393	50,513
Pension liability (Note 29)	76,808	73,017
Other noncurrent liabilities (Note 17)	330,760	388,872
Deferred income tax liabilities – net (Note 30)	726,177	750,033
Total Noncurrent Liabilities	1,176,455	1,312,220
Total Liabilities	2,836,908	3,626,409
Equity		
Capital stock (Note 18)	615,555	586,222
Capital surplus (Note 18)	344,106	269,844
Retained earnings	2,055,314	1,802,112
Other components of equity (Note 18)	806,711	814,890
Revaluation increment of assets held for sale (Note 8)	-	36,771
	3,821,686	3,509,839
Cost of 116,023 shares held in treasury, P69 per share (Note 18)	(8,016)	(8,016)
Total Equity	3,813,670	3,501,823
TOTAL LIABILITIES AND EQUITY	P6,650,578	P7,128,232

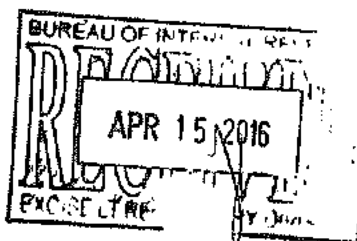
See accompanying Notes to Consolidated Financial Statements.



BENGUET CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Earnings Per Share)

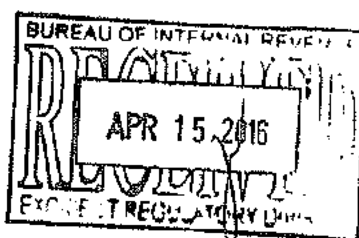
	Years Ended December 31		
	2015	2014	2013
REVENUES			
Sale of mine products (Note 20)	P3,137,452	P2,861,290	P2,073,551
Sale of services	96,303	113,925	211,787
Trucking and warehousing services	16,091	30,138	13,044
Rental income and others	7,924	12,265	14,675
	<u>3,257,770</u>	<u>3,017,618</u>	<u>2,313,057</u>
COSTS AND OPERATING EXPENSES			
Costs of mine products sold (Note 21)	1,430,396	1,428,041	1,406,546
Costs of services and other sales (Note 22)	144,410	276,007	276,995
Selling and general expenses (Note 23)	1,064,027	818,794	617,773
Excise taxes and royalty fees (Note 20)	181,105	154,867	104,412
	<u>2,819,938</u>	<u>2,677,709</u>	<u>2,405,726</u>
INTEREST EXPENSE (Notes 14 and 34)	(37,735)	(86,130)	(126,115)
OTHER INCOME (EXPENSES) – net (Note 26)	(102,667)	(142,714)	216,698
INCOME (LOSS) BEFORE INCOME TAX	297,430	111,065	(2,086)
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 30)	(96,758)	(13,855)	9,755
NET INCOME	<u>P200,672</u>	<u>P97,210</u>	<u>P7,669</u>
BASIC EARNINGS PER SHARE (Note 31)	<u>P1.01</u>	<u>P0.51</u>	<u>P0.04</u>
DILUTED EARNINGS PER SHARE (Note 31)	<u>P1.01</u>	<u>P0.51</u>	<u>P0.04</u>

See accompanying Notes to Consolidated Financial Statements.

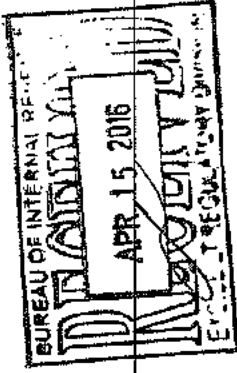
BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
NET INCOME	₱200,672	₱97,210	₱7,669
OTHER COMPREHENSIVE INCOME (LOSS) – NET OF TAX			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Translation adjustment of foreign subsidiaries	1,885	64	(3,434)
Unrealized gain (loss) on AFS financial assets (Note 9)	(129)	261	251
Realized gain on disposal of AFS financial assets (Note 9)	–	–	(346)
	1,756	325	(3,529)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on defined benefit plans (Note 29)	588	15,805	(6,430)
Revaluation of artworks (Note 10)	367	–	–
Revaluation of land (Note 10)	–	872	85,900
	955	16,677	79,470
TOTAL OTHER COMPREHENSIVE INCOME – NET OF TAX	2,711	17,002	75,941
TOTAL COMPREHENSIVE INCOME	₱203,383	₱114,212	₱83,610

See accompanying Notes to Consolidated Financial Statements.



BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Thousands)



	Other Components of Equity										Total	
	Capital stock (Note 18)	Capital surplus (Note 18)	Revaluation increment (Note 18)	Deposits for future stock subscriptions (Note 18)	Cost of share-based payment (Notes 18 and 19)	Cumulative adjustment of foreign subsidiaries (Note 18)	Remeasurement gain (loss) on pension liability (Note 29)	Unrealized gain (loss) on AFS financial assets (Note 9)	Retained earnings	Revaluation increment of assets held for sale (Note 8)		Treasury shares (Note 18)
Balances at January 1, 2013	P492,454	P21,131	P665,930	P180,000	P51,616	P32,384	(P8,771)	P844	P1,697,233	P-	(P8,016)	P3,127,905
Issuance of stock	39,706	140,294	-	(180,000)	-	-	-	-	-	-	-	-
Deposits for future stock subscriptions (Note 18)	-	-	-	162,000	-	-	-	-	-	-	-	162,000
Employees' exercise of stock options	62	419	-	-	(304)	-	-	-	-	-	-	177
Stock options vested (Note 19)	-	-	-	-	6,871	-	-	-	-	-	-	6,871
Net income	-	-	-	-	-	-	-	-	7,669	-	-	7,669
Other comprehensive income (loss)	-	-	85,900	-	-	(3,434)	(6,430)	(95)	-	-	-	75,941
Total comprehensive income (loss)	-	-	85,900	-	-	(3,434)	(6,430)	(95)	7,669	-	-	83,610
Balances at December 31, 2013	P532,222	P161,844	P751,830	P102,000	P58,183	P28,950	(P12,201)	P749	P1,704,902	P-	(P8,016)	P3,389,463
Private placement	54,000	108,000	-	(162,000)	-	-	-	-	-	-	-	-
Stock options vested (Notes 18 and 19)	-	-	-	-	7,148	-	-	-	-	-	-	7,148
Assets classified as held for sale	-	-	(36,771)	-	-	-	-	-	-	36,771	-	-
Net income	-	-	872	-	-	64	15,805	261	97,210	-	-	97,210
Other comprehensive income	-	-	872	-	-	64	15,805	261	97,210	-	-	17,002
Total comprehensive income	-	-	872	-	-	64	15,805	261	97,210	-	-	114,212
Balances at December 31, 2014	P686,222	P269,844	P715,931	P-	P65,331	P29,014	P3,694	P1,010	P1,802,112	P36,771	(P8,016)	P3,501,823
Issuance of stock	29,333	58,667	-	-	-	-	-	-	-	-	-	88,000
Stock options vested (Notes 18 and 19)	-	-	-	-	4,705	-	-	-	-	-	-	4,705
Cancellation of stock options (Note 18)	-	-	-	-	(15,595)	-	-	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	36,771	(36,771)	-	-
Deferred tax liability pertaining to realization of revaluation increment (Note 8)	-	-	-	-	-	-	-	-	15,759	-	-	15,759
Net income	-	-	367	-	-	1,885	588	(129)	200,672	-	-	200,672
Other comprehensive income	-	-	367	-	-	1,885	588	(129)	200,672	-	-	2,711
Total comprehensive income	-	-	367	-	-	1,885	588	(129)	200,672	-	-	203,383
Balances at December 31, 2015	P615,555	P344,106	P716,298	P-	P54,441	P30,899	P4,192	P881	P2,055,314	P-	(P8,016)	P3,813,670

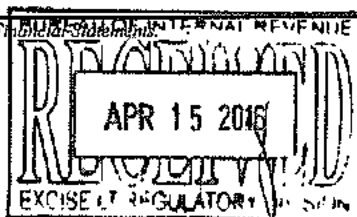
See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	P297,430	P111,065	(P2,086)
Adjustments for:			
Depreciation and depletion (Note 25)	148,241	117,064	121,308
Revaluation gain on investment property (Note 11)	(42,865)	-	-
Interest expense (Notes 14 and 34)	37,735	86,130	126,115
Loss (gain) on disposal of property, plant and equipment (Notes 10 and 26)	30,278	8,191	(7,152)
Interest income (Notes 4, 13 and 26)	(7,356)	(2,179)	(15,605)
Net foreign exchange losses	6,702	2,111	52,397
Stock option expense (Notes 19 and 24)	4,705	7,148	6,871
Movements in pension liability	4,630	(2,422)	13,384
Accretion expense (Notes 16 and 26)	1,545	2,401	2,222
Loss (gain) on disposal of AFS financial assets (Note 9)	-	653	(346)
Gain on settlement of loans and other liabilities (Note 26)	-	-	(104,812)
Reversal of impairment on property, plant and equipment	-	-	(2,295)
Operating income before working capital changes	481,045	330,162	190,001
Decrease (increase) in:			
Trade and other receivables	179,741	(7,040)	20,772
Inventories	(41,240)	201,138	(121,344)
Other current assets	87,802	(253,530)	(298,365)
Short-term investments	-	-	206,092
Increase (decrease) in trade and other payables	(528,406)	371,499	475,418
Cash flows generated from operations	178,942	642,229	472,574
Interest received	7,356	2,179	15,605
Income taxes paid	(136,131)	(61,575)	(51,958)
Interest expense paid	(29,986)	(86,130)	(87,913)
Net cash flows from operating activities	20,181	496,703	348,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of:			
Property, plant and equipment (Note 10)	75,815	21,079	7,950
AFS financial assets (Note 9)	-	4,040	4,401
Additions to:			
Property, plant and equipment (Note 10)	(86,093)	(148,516)	(244,018)
Deferred mine exploration costs (Note 12)	(32,526)	(22,221)	(236,603)
AFS financial assets (Note 9)	(750)	(1,700)	(2,687)
Decrease (increase) in other noncurrent assets	1,530	(57,395)	(36,602)
Net cash flows used in investing activities	(12,024)	(204,713)	(507,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans payable (Note 14)	(319,771)	(922,477)	(510,380)
Obligations under finance lease (Note 34)	(12,532)	(11,395)	(10,361)
Proceeds from:			
Availment of loans (Note 14)	250,000	201,322	275,000
Issuance of stock (Note 18)	88,000	-	162,000
Employees' exercise of stock options	-	-	177
Increase (decrease) in other noncurrent liabilities	(126,942)	249,024	72,599
Net cash flows used in financing activities	(121,245)	(483,526)	(10,965)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(113,088)	(191,536)	(170,216)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,486	668	20,962
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	167,547	358,415	507,669
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P56,945	P167,547	P358,415

See accompanying Notes to Consolidated Financial Statements.



BENGUET CORPORATION AND SUBSIDIARIES

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 the Issuance 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 currently engaged in gold, nickel, and other metallic and nonmetallic mineral production, exploration, research and development and natural resource projects. The nature of business of the Parent Company's subsidiaries are 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	1,561,048	(1,010,848)	550,200
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)



After the quasi-reorganization, the Parent Company made an additional deposit for future stock subscriptions in BMC amounting to ₱160.0 million.

Of the ₱27.2 million retained earnings of BMC as at December 31, 2015, the amount of ₱12.0 million representing the revaluation increment that was offset against the deficit cannot be declared as dividends.

Significant developments in the Parent Company and its subsidiaries' (collectively, 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.

The related feasibility study for AGP was approved in 2013 and the Parent Company is still raising the necessary funds to start the execution of the project.

Sta. Cruz Nickel Project (SCNP)

On December 10, 2010, the Parent Company and BNMI entered into a Deed of Exchange, whereby the Parent Company transferred its interest in the nickel laterite mine in Sta. Cruz, Zambales. The transfer covers Mineral Production Sharing Agreement (MPSA) No. 226-2005-III, mine technical data and all related environmental and other permits of the nickel laterite mine. BNMI is to issue 1.0 billion ordinary shares to the Parent Company, with par value of ₱1 per share, as consideration for the transfer. 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 transfer of the MPSA was approved by the Mines and Geosciences Bureau (MGB) on January 16, 2012.

On February 28, 2011, the Philippine SEC approved the amended Articles of Incorporation of the Company covering the increase in authorized capital stock from 10.0 million to 2.0 billion shares, with par value of ₱1 per share, increase in number of directors from five to seven, and denial of the pre-emptive right of stockholders.

On June 09, 2014, a suspension order was issued by the Environmental Management Bureau (EMB) – Region III 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 a suspension 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 profiles 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 III 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 III 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.

On June 15, 2015, a suspension order was issued again by MGB – Region III to BNMI. The suspension order was issued after the validation on BNMI's compliance with the conditions attached to the temporary lifting order issued on February 20, 2015, where it was found that compliance of the four environmental conditions has not yet been completed. The suspension order coincided with the slowdown of mining operation due to onset of rainy season.

On August 24, 2015, MGB – Region III issued a permanent lifting suspension order on the mine hauling operations of BNMI subject to the final compliance of the remaining environmental requirements. As at December 31, 2015, the remaining condition which is for completion is the ongoing construction of one mine haul road in Candelaria, Zambales.

On March 11, 2016, BNMI was notified by TUV Rheinland, an independent evaluation and certification service body, that it has been issued ISO 14001:2015, which is an internationally accepted certification and standard for environmental management system. The issuance of the said certification, which is valid until March 10, 2019, makes BNMI fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Department Administrative Order (DAO) 2015-07.

Benguet Gold Operations (BGO)

The Parent Company's BGO in Itogon, Benguet, consisting of the Acupan and Kelly underground mines, have been suspended since 1992, following the 1991 earthquake, which flooded the said underground 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.

In 2015, the Parent Company suspended its own line of operations as a means of cost reduction while gold prices are still on the low, leaving its production dependent on mining contractors.

On March 11, 2016, the Parent Company was notified by TUV Rheinland, an independent evaluation and certification service body, that it has been issued ISO 14001:2015, which is an internationally accepted certification and standard for environmental management system. The issuance of the said certification, which is valid until March 10, 2019, makes the Parent Company fully compliant with the requirement of DENR DAO No. 2015-07.

Irisan Lime Project (ILP)

The Parent Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 7,892 tons, 9,812 tons and 9,070 tons of quicklime in 2015, 2014



and 2013, 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 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 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 related 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 P10.0 million research and development fund for the Balatoc Tailings Project (BTP) in Itogon, Benguet for the study on the feasibility of reprocessing 16.7 million tons of tailings resource with an average of 0.69 grams gold per ton and is estimated to contain 371,000 ounces of gold. A core research and development team, together with the Beijing Geological Research Institute of Mining and Metallurgy, has done the analysis toward the preparation and completion of the bankable feasibility study. The BTP involves a second phase of roasting of pyrite concentrate to improve gold recovery.

On October 21, 2009, the Group appointed ATR Kim Eng Capital Partners, Inc. as financial advisor to raise additional development capital for the BTP.

On the same date, the Parent Company entered into a processing agreement with the BGRC to implement the BTP. The Parent Company has completed the bankable feasibility study of the BTP and engaged external Competent Persons to prepare and review reports as required under the Philippine Mineral Reporting Code as modeled after the Joint Ore Reserve Committee of Australia.

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

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



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

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 of BGRC's shares.

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

On May 31, 2015, the BGRC's MPP expired. As at December 31, 2015, the application for the renewal of MPP is still with the MGB pending approval.

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 mine, 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 from the Otek marginal grade material dump and from the numerous illegal miners' workings, found its 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 the BAGO, which 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.

As at December 31, 2015, the Parent Company intends to transfer to BPGC, a wholly-owned subsidiary of the Parent Company through BMC, the planned ATP.

Surigao Coal Prospect (SCP)

Pre-development activities for the SCP were put on hold in 2011 due to DENR Circular Executive Order (EO) 23, series of 2011, which declares a moratorium on the cutting of timber in the natural and residual forests. The City Environment and Natural Resources Office of the Municipality of Lianga denied the Group's request for a tree inventory, which is 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 the said EO. 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.

As at December 31, 2015, the Parent Company plans to transfer the SCP to Batong Buhay Mineral Resources Corporation (BBMRC) when the said prospect materializes.



Ampucao Copper-Gold Prospect (Ampucao 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, which also covers the BAGO.

Pantingan Gold Prospect (PGP)

The PGP in Balanga, Bataan consists of 1,410 hectares covered by MPSA No. 154-2000-III. The property is under an operating agreement with an 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 an 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 for 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 cited 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 raised a concern 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.

Water Rights of ADOVC

ADOVC has water rights in various locations in Tuba, Benguet: Kairuz Spring granted on September 12, 2001, Amliang Spring granted on October 17, 2002, and Kias Creek granted on August 13, 2004. As at December 31, 2015 and 2014, the cost and accumulated amortization of water rights amounted to ₱4.6 million.

In 2014, ADOVC was granted permit to use water from Kairuz Spring in Brgy. Irisan, Tuba, Benguet.

d. Land Development Project

Kelly Special Economic Zone (KSEZ)

The Parent Company has approved an initial ₱4.9 million budget for the feasibility study covering the 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 March 16, 2016, the BOD of KPLMSC authorized and approved the appropriation of its retained earnings amounting to ₱2.5 million for additional working capital requirements, repairs to be done in its port facilities and acquisition of new stockpile area in the ensuing year.

On the same date, AFC declared cash dividends amounting to ₱23.1 million, which is equivalent to ₱11.25 per share.

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.

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 FTAAAs pursuant to DAO No. 2013-11.

Authorization for the Issuance of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, were authorized for issuance by the BOD on March 17, 2016.

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, artworks, AFS financial assets and investment properties, which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency under PFRS. All values are rounded to the nearest thousands (P000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional consolidated statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements.

Basis of Consolidation and Group Information

As at December 31, 2015 and 2014, 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



	Nature of business	Country of incorporation	Effective percentage of ownership
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
BBMRC*	Exploration and development	Philippines	100.00
Ifaratoc Mineral Resources Corporation *	Exploration and development	Philippines	100.00
AGMI*	Exploration and development	Philippines	100.00
BLI	Health services	Philippines	100.00

* Preoperating

** Nonoperating

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

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, 2015. The adoption of these amendments did not have any significant impact on the consolidated financial statements.

- Amendments to PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- *Annual Improvements to PFRSs (2010 to 2012 cycle)*
 - PFRS 2, *Share-based Payment – Definition of Vesting Condition*
 - PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
 - PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
 - PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method: Proportionate Restatement of Accumulated Depreciation and Amortization*
 - PAS 24, *Related Party Disclosures – Key Management Personnel*
- *Annual Improvements to PFRSs (2011 to 2013 cycle)*
 - PFRS 3, *Business Combinations – Scope Exceptions for Joint Ventures*
 - PFRS 13, *Fair Value Measurement – Portfolio Exception*
 - PAS 40, *Investment Property – Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property*

Standards Issued but not yet Effective

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 financial statements.

Effective beginning January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures – Investment entities: Applying the consolidation Exception (Amendments)*
- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements (Amendments)*
- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests (Amendments)*



- PAS 1, *Presentation of Financial Statements – Disclosure Initiative (Amendments)*
- PAS 14, *Regulatory Deferral Accounts*
- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants*
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
- *Annual Improvements to PFRSs (2012–2014 cycle)*
 - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
 - PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
 - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - PAS 19, *Employee Benefits – regional market issue regarding discount rate*
 - PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*

Effective beginning January 1, 2018

- PFRS 9, *Financial Instruments*

In July 2014, the International Accounting Standards Board (IASB) issued the final version of PFRS 9. The new standard (renamed PFRS 9) reflects all the phases of the financial instruments project and replaces PAS 39 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 providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9. The Group is currently assessing the impact of adopting this standard.

No definite adoption date prescribed by the SEC and FRSC

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Group is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers* (effective January 1, 2018)

IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized 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 recognizing 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 January 1, 2018 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.



- IFRS 16, *Leases* (effective January 1, 2019)
On January 13, 2016, the IASB issued its new standard, IFRS 16, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related interpretations.

Under the new leases standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Lease with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective approach, with options to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 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.

Current versus Noncurrent Classification

The Group presents assets and liabilities in statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purposes of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.



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 and Measurement

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. Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs. In case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial assets are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets or derivatives designated as hedging instruments in an effective hedge, as appropriate.

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 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 the end of each reporting period.

The Group's financial instruments are in the nature of loans and receivables, AFS financial assets, loans and borrowings, and payables. As at December 31, 2015 and 2014, 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

This category is the most relevant to the Group. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, receivables are measured at amortized cost using the effective interest rate (EIR) method, less impairment. 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 EIR 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 loss 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).

This accounting policy applies to trade receivables and receivables from lessees of bunkhouses under trade and other receivables.

AFS Financial Assets

AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses arising from the fair valuation of AFS financial assets being reported as unrealized gain (loss) on AFS financial assets under other components of equity of the consolidated statement of financial position until the investment is derecognized. These are also reported as OCI in the consolidated statement of comprehensive income. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method. Any dividend earned on holding AFS financial assets is recognized in the consolidated statement of income when the right of payment has been established.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for a foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

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.

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.

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 costs. 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 and obligations under finance lease.

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 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 applies to the Group's trade and nontrade payables and accrued expenses under trade and other payables, and equity of claimowners on contract operations under other noncurrent liabilities.

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 has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts of a



financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or assumed is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlated with defaults.

Financial Assets Carried at Amortized Cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines 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.

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. 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. 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.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The amount of the loss shall be recognized in consolidated statement of income.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. 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 or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. 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.



AFS Financial Assets

For AFS financial assets, the Group assesses at the end of each reporting period 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. Significant is evaluated against the original cost of the investment and prolonged against the period in which the fair value has been below its original cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. The Group treats significant generally as 20% or more of the original cost of investment, and prolonged as greater than 12 months.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of income.

If an AFS financial asset 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. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

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.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle the liability simultaneously, or to realize the asset and the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.



Fair Value Measurement

An analysis of the fair values of financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed and further details as to how they are measured are provided in the following notes:

- | | |
|--|---------|
| • Disclosures on significant judgments and estimates | Note 3 |
| • AFS financial assets | Note 9 |
| • Land | Note 10 |
| • Artworks | Note 10 |
| • Investment property | Note 11 |

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 price less purchase discount, returns and rebates on a first-in, first out method |
| Gold bullions or buttons | - | at cost on a moving average production method |
| Beneficiated nickel ore | - | at cost on a moving average production method 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 gold bullions or buttons and 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.

Deferred Mine Exploration Costs

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

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.

Other Current Assets

Other current assets include various prepayments, creditable withholding taxes (CWTs) and excess input Value-Added Tax (VAT) and deferred input VAT.

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 output VAT. Input VAT arising from zero-rated sales can be recovered as tax credits against future tax liabilities of the Group upon approval by the Philippine Bureau of Internal Revenue (BIR) and/or the Philippine Bureau of Customs, as applicable. Input VAT is stated at its estimated NRV.

Output VAT represents indirect taxes passed on to the Group's customers resulting from sale of goods and services and other income, as applicable.

Deferred input VAT arises from the Company's unsettled purchases of services and purchases of capital assets exceeding the threshold of the BIR.

Creditable Withholding Taxes

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. CWTs are stated at the 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 and artworks, are 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 and borrowing costs for long-term construction projects if the recognition criteria are met.



When significant parts of property, plant and equipment are to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a 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. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Construction in progress (CIP) is recorded at cost. This includes costs of construction and other direct costs. CIP is not depreciated until such time that the relevant asset is completed, transferred to the appropriate account and put into operational use.

Land is carried at revalued amount less any impairment in value. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Artworks, which the Group holds for aesthetic purposes, are also stated at revalued amount less any impairment in value. The initial cost of artworks includes purchase consideration, the fair value in the case of vested assets, and those costs that are directly attributable to bringing the asset to its location and condition necessary for its intended purpose.

The increment from valuation of land and artworks, net of deferred income tax liability, resulting from the revaluation of land is credited to revaluation increment under the other components of equity caption included in the equity section in the consolidated statement of financial position. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. 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:

<u>Category</u>	<u>Number of years</u>
Port facilities	25
Land improvements	10-25
Buildings	10-20
Machinery, tools and equipment	2-15

Depreciation 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 manner intended by management. Depreciation, depletion and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5 and the date the asset is derecognized.

The estimated useful lives, residual values and depreciation method are reviewed periodically to ensure these are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The useful lives and residual values are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.



Fully depreciated assets are retained in the accounts until these are no longer in use. No further depreciation is charged to current operation for these items.

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 and any significant part initially recognized 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.

Mine and Mining Properties

Capitalized expenditure is assessed for impairment and is transferred from deferred exploration costs to mine development costs when it has been established that a mineral deposit is commercially mineable, development sanctioned, and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit).

After transfer of the deferred exploration costs, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in mine development costs. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. If these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of income.

No depletion is charged during the mine exploration or development phases.

When the Group has already achieved commercial levels of production, mine development costs are moved to mine and mining properties. Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued.

The carrying value of mine and mining properties represents total expenditures incurred to date on the area of interest, less accumulated depletion and any impairment.

When a mine construction project moves into the production phase, the capitalization of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Mine and mining properties are subject to depletion, which is computed using the units- of production method based on the economically recoverable reserves. Mine and mining properties include the initial estimate of provision for mine rehabilitation and decommissioning, for which the Group is constructively liable.



Investment Properties

Investment properties pertain to of properties, which are held to earn rentals or for capital appreciation that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are 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 properties are recognized in the consolidated statement of income in the period in which these arise. Fair values are determined based on an annual revaluation performed by an accredited external independent appraiser.

Investment properties are derecognized either when these have been disposed of or when these investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties 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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a project of the Group, which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Borrowing costs consist of interest on borrowed funds used to finance the construction of the asset and other financing costs that the Group incurs in connection with the borrowing of funds. The capitalization of the borrowing cost as part of the cost of the asset commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress and ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. Capitalized borrowing costs are based on the applicable borrowing rate agreed in the agreement

Other Noncurrent Assets

Other noncurrent assets include prepaid rentals and various bank deposits for the settlement of environmental obligations. These are initially recognized at cost and are carried at NRV.

Impairment of Nonfinancial Assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures on significant judgments and estimates Note 3
- Nonfinancial receivables Note 5
- Inventories Note 6
- Other current assets Note 7



• Property, plant and equipment	Note 10
• Investment properties	Note 11
• Deferred mine exploration costs	Note 12
• Nonfinancial other noncurrent assets	Note 13

The Group assesses, at the end of each reporting period, 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 cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable value 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 or CGU 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets (except goodwill), an assessment is made at each end of the reporting period to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, depletion or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Deferred Mine Exploration Costs

The Group assesses whether facts and circumstances suggest that the carrying amount of deferred mine exploration costs may exceed its recoverable amount. Below are some of the facts and circumstances, which the Group considers in determining whether there is impairment on deferred mine exploration costs:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed



- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area, and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the deferred mine exploration costs is unlikely to be recovered in full from successful development or by sale.

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.

Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When 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

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognizes a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and re-vegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development or construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognized as part of the related inventory item. Additional disturbances which arise due to further development or construction at the mine are recognized as additions or charges to the corresponding assets and



rehabilitation liability when these occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognized as part of an asset measured in accordance with PAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income as part of interest expense.

For closed sites, changes to estimated costs are recognized immediately in 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 less any incremental costs directly attributable to the issuance, net of tax, is credited to capital surplus.

Other Components of Equity

The 'Other components of equity' caption in the consolidated statement of financial position consists of:

- Revaluation increment
- Cost of share-based payment
- Cumulative translation adjustment of foreign subsidiaries
- Remeasurement gain on retirement obligation
- Unrealized gain on AFS financial assets

Deposits for Future Stock Subscriptions

Deposits for future stock subscriptions represent advance payments of stockholders for subscriptions of shares to be issued in the future but for which the Group has no sufficient unissued authorized capital stock.



In instances where the Group does not have sufficient unissued authorized capital stock, the following elements should be present as of the balance sheet date in order for the deposits for future subscriptions to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract
- There is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation)
- There is stockholders' approval of said proposed increase and
- The application for the approval of the proposed increase has been filed with the Philippine SEC

Otherwise, these are recognized as noncurrent liabilities.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policies 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.

Appropriation of retained earnings is the allocation of a portion of the Group's retained earnings for a specific purpose. Costs and losses cannot be charged for such appropriations. The reasons for appropriations may include legal or contractual restrictions, existence of possible or expected loss, expansion projects, and protection of working capital position.

Dividend Distribution

Dividend distribution to the Parent Company's stockholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are declared and approved by the BOD.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in capital surplus under the equity section of the consolidated statement of financial position.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, 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 and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.



Sale of Mine Products

Revenue is recognized when the significant risks and rewards of ownership have transferred to the buyer, which is normally at the time of shipment, and the selling prices are known or can be reasonably estimated.

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 and can be reasonably estimated.

Rental Income and Others

Included under this caption are rental income, sale of real estate, sale of goods, interest and other income.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature.

Revenue from the sale of real estate, which pertains to the sale of subdivision lots, is recognized on an installment basis and when the collectibility of the sales price is reasonably assured.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as AFS, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in other income (expense) – net in the consolidated statement of income.

Other income not directly related to the Group's normal operations is recognized when the earnings process is virtually complete. 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. Costs and expenses are generally recognized when these arise following the accrual basis of accounting.

Cost of Mine Products Sold

Cost 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, contractor fees, depreciation, depletion and amortization, personnel expenses, power and utilities and others, which are recognized as expenses in the period when the mine products are delivered.



Cost of Services and Other Sales

Cost of services and other sales incurred in the normal course of business are recognized when the services are rendered, the goods are delivered or the earnings process is virtually complete.

Included under this caption is the cost of real estate sold. Cost of real estate sold is recognized when the significant risks and rewards over the subdivision lots have been transferred to the buyer. This includes land cost, costs of site preparation, professional fees for legal services, property transfer taxes, 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 subdivision lot and an allocation of any non-specific costs based on the relative size of the subdivision lot.

Selling, General and Administrative Expenses

Selling, general and administrative 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 incurred.

Excise Taxes and Royalty Fees

Excise taxes and royalty fees pertain to the taxes paid or accrued by the Group arising from the production of gold and nickel ore. These taxes and royalties are recognized once revenue from the sale of the related mine product is recognized.

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 the lease. The arrangement is, or contains, a lease if 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 or assets, even if that right is not explicitly specified in an arrangement.

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).

Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognized in finance costs in the consolidated statement of income.



A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as operating expenses in the consolidated statement of income on a straight-line basis over the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging 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. Contingent rents are recognized as revenue in the period in which these are earned.

Pension and other post-employment benefits

The Parent Company and AFC have separate, noncontributory, defined benefit pension plans, 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, 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 plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains or losses, the effect of the ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which these occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past services costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under costs of mine products sold, costs of services and selling, general and administrative expenses in the consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

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 is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, in employee benefits expense.

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 and is recognized in employee benefits.

No expense is recognized for awards that do not ultimately vest, except for equity settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment transaction, 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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Foreign Currencies

The Group's consolidated financial statements are presented in Philippine peso, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.



Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss on translation of non-monetary items measured at fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized loss is recognized in OCI or profit or loss, respectively).

Foreign Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into Philippine peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component, the component of OCI relating to that particular foreign operation is recognized in the consolidated statement of income.

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 in the country where the Group operates and generates taxable income.

Current income tax relating to items recognized in equity is recognized in equity and not in the statement of income.

Deferred Income Tax

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

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 carry-over (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.

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 cumulative 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, and the disclosure of contingent liabilities. 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include capital management, financial risk management and policies and sensitivity analyses disclosures (see Note 33).

Judgments

In the process of applying the Group's accounting policies, management has made following judgments, which have 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 the functional currency of each entity 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. The Group has determined, based on the evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks.



Determining Operating Lease Commitments – Group as Lessor

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

Assessment Whether a Noncurrent Asset is Held for Sale

In 2014, the AFC's BOD announced its decision to dispose the property, which includes building and land, in San Diego Street, Veinte Reales, Valenzuela City and, therefore classified such as "assets classified as held for sale". The BOD considered the assets met the criteria to be classified as held for sale due to the following reasons:

- The property is available for immediate sale and can be sold to a potential buyer in its current condition.
- AFC had a plan to sell the assets and had entered into preliminary negotiations with a potential buyer. Should negotiations with the party not lead to a sale, a number of potential buyers who signified intent of buying the property have been identified.
- The BOD expects the negotiations to be finalized and the sale to be completed within the next 12 months from the end of the reporting period.

For more details on assets held for sale, refer to Note 8.

Assessing Provisions and Contingencies

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 34).

Assessing Production Start Date

The Group assesses the stage of each mine under development or construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from mine development costs to mine and mining properties. Some of the criteria used to identify the production start date 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 mine property, plant and equipment
- ability to produce ore or metal in saleable form and
- ability to sustain ongoing production of ore or metal

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depletion, depreciation or amortization commences.



The Group did not perform any assessment of production start date for a mine project during the year.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when these occur.

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 loss on trade and other receivables amounting to ₱122, ₱1,623 and ₱1,351 were recognized in 2015, 2014 and 2013, respectively (see Notes 5 and 23). As at December 31, 2015 and 2014, the carrying value of trade and other receivables amounted to ₱808,177 and ₱987,918, respectively, net of allowance for impairment losses of ₱146,473 and ₱147,398 as at December 31, 2015 and 2014, respectively (see Note 5).

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, 2015 and 2014, the carrying value of inventories amounted to ₱136,126 and ₱94,886, respectively (see Note 6).

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 ₱544,020 and ₱572,546 as at December 31, 2015 and 2014, respectively (see Note 12).

Assessing Impairment of Property, Plant and Equipment, 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 2015, 2014 and 2013.

As at December 31, 2015 and 2014, property, plant and equipment (at revalued amount and at cost), deferred mine exploration costs, other current assets and other noncurrent assets amounted to ₱5,427,802 and ₱5,646,221, respectively (see Notes 7, 10, 12 and 13).

Estimating Impairment of AFS Financial Assets

The determination of impairment loss for AFS financial assets 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 20% 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 2015, 2014 and 2013. As at December 31, 2015 and 2014, the carrying value of AFS financial assets amounted to ₱11,970 and ₱11,423, respectively (see Note 9).

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, 2015 and 2014, the appraised value of land amounted to ₱2,623,387 and ₱2,623,800, respectively (see Note 10).

Determining the Fair Value of Artworks

The appraised value of artworks is based on a valuation by a third party artwork and antique appraiser. The assigned value was estimated using the sales comparison approach, which considers the sales of similar or substitute properties and related market values and establishes value estimates by processes involving comparisons. The latest appraisal on the Group's artworks was made and became effective on October 19, 2015. As at December 31, 2015 and 2014, the appraised value of artworks amounted to ₱16,481 and ₱15,958, respectively (see Note 10).

Determining the Fair Value of Investment Property

The Group carries investment property at fair value. The Group engaged an independent valuation specialist to determine fair value as at December 31, 2015 and 2014. The appraised value of investment property amounted to ₱209,558 and ₱166,693 as at December 31, 2015 and 2014, respectively (see Note 11).

Estimating Liability for Mine Rehabilitation

The Group estimates the costs of mine rehabilitation based on previous experience in rehabilitating fully mined areas in sections of the mine site. These costs are adjusted for inflation factor based on the average annual inflation rate as of adoption date or re-evaluation of the asset dismantlement, removal or restoration costs. Such adjusted costs are then measured at present value using the market interest rate for a comparable instrument adjusted for the Group's credit standing. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's liability for mine rehabilitation. Liability for mine rehabilitation amounted to ₱37,393 and ₱50,513 as at December 31, 2015 and 2014, respectively (see Note 16).

Estimating Cost of Share-Based Payment

The Parent Company's Nonqualified Stock Option Plan grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The ESOP recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including



the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations. Cost of share-based payment amounted to ₱54,441 and ₱65,331 as at December 31, 2015 and 2014, respectively (see Notes 18 and 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 the end of each reporting period. Net pension liability of Parent Company amounted to ₱70,851 and ₱67,072 as at December 31, 2015 and 2014, respectively (see Note 29). Net pension liability of AFC amounted to ₱5,957 and ₱5,945 as at December 31, 2015 and 2014, respectively (see Note 29).

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

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

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

Assessing Realizability of Deferred Income Tax Assets

The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit 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 ₱159,321 and ₱153,106 as at December 31, 2015 and 2014, respectively. The Group has unused NOLCO and deductible temporary differences amounting to ₱312,450 and ₱297,257, respectively, as at December 31, 2015 and 2014 for which deferred income tax assets were not recognized as it is not probable that sufficient future taxable profits will be available against which the benefit of the deferred income tax assets can be utilized (see Note 30).

4. Cash and Cash Equivalents

	2015	2014
Cash on hand and in banks	₱56,897	₱120,766
Short-term deposits	48	46,781
	<u>₱56,945</u>	<u>₱167,547</u>

Cash in banks earns 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 prevailing short-term investment rates. Interest income from cash



and cash equivalents amounted to ₱6.8 million, ₱1.9 million and ₱12.7 million in 2015, 2014 and 2013, respectively (see Note 26).

Cash in banks denominated in United States Dollar (US\$) as at December 31, 2015 and 2014, amounted to ₱0.3 million and ₱91.9 million, respectively.

5. Trade and Other Receivables

	2015	2014
Trade	₱231,516	₱426,269
Nontrade	427,005	397,792
Advances to officers and employees	79,288	82,024
Advances to contractors	42,762	63,490
Executive Stock Option Incentive Plan (ESOIP) (Note 27)	58,415	58,415
Loans receivable	49,763	49,763
Receivables from lessees of bunkhouses	35,797	32,176
Others	30,104	25,387
	954,650	1,135,316
Less allowance for impairment losses	146,473	147,398
	₱808,177	₱987,918

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

Nontrade receivables, which pertain to advances made to suppliers, and advances to contractors comprise mainly of advance payments made by the Group relating to services, materials and supplies necessary in the Group's operations. These are non-interest bearing and will be realized through offsetting against future billings from suppliers and contractors.

Other receivables are comprised of various receivable items from different debtors of the Group, while advances to officers and employees pertain to cash advances made to officers and employees used in the operations of the Group.

Most of the receivables of the Group consist of individually significant accounts and are therefore subject to specific impairment assessment. Based on the impairment assessment performed, the Group recognized allowance for impairment loss amounting to ₱146.5 million and ₱147.4 million as at December 31, 2015 and 2014, respectively, covering the said receivables, which are considered as individually impaired.

Receivables, which were not individually significant and individually significant loans for which no specific impairment assessment was made, were subjected to collective assessment.

The Group recognized provision for impairment loss on trade and other receivables amounting to ₱0.1 million, ₱1.6 million and ₱1.4 million in 2015, 2014 and 2013, respectively.

In 2015 and 2014, the Group has written off nontrade receivables amounting to ₱1.0 million and nil, respectively, which were already provided with allowance for impairment loss, as such were assessed to be impaired.



The Group has also written off receivables amounting to ₱28.2 million as such were assessed to be uncollectible, resulting to a loss for the same amount in 2015 (see Note 26).

Movements of allowance for impairment loss are as follows:

	2015							Total
	Trade receivables	Nontrade receivables	Advances to officers and employees	ESOIIP	Advances to contractors	Receivables from lessees of bunkhouses	Others	
Balances at beginning of year	₱3,167	₱42,851	₱2,061	₱58,415	₱11,979	₱26,203	₱2,722	₱147,398
Provisions (Note 23)	-	67	55	-	-	-	-	122
Write-off	-	(1,047)	-	-	-	-	-	(1,047)
Balances at end of year	₱3,167	₱41,871	₱2,116	₱58,415	₱11,979	₱26,203	₱2,722	₱146,473

	2014							Total
	Trade receivables	Nontrade receivables	Advances to officers and employees	ESOIIP	Advances to contractors	Receivables from lessees of bunkhouses	Others	
Balances at beginning of year	₱3,203	₱42,574	₱1,903	₱58,415	₱11,979	₱25,040	₱2,722	₱145,836
Provisions (Note 23)	-	302	158	-	-	1,163	-	1,623
Recoveries	(36)	(1)	-	-	-	-	-	(37)
Write-off	-	(24)	-	-	-	-	-	(24)
Balances at end of year	₱3,167	₱42,851	₱2,061	₱58,415	₱11,979	₱26,203	₱2,722	₱147,398

Except for those impaired accounts, the Group assessed 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, amounted to ₱49.8 million as at December 31, 2015 and 2014.

6. Inventories

	2015	2014
Beneficiated nickel ore – at cost	₱101,359	₱64,834
Materials and supplies – at NRV	28,301	20,546
Subdivision lots – at cost	6,466	9,506
	₱136,126	₱94,886

Movements in subdivision lots – at cost are as follows:

	2015	2014
Balances at beginning of year	₱9,506	₱10,598
Sales (recognized as cost of real estate sales; Note 22)	(3,040)	(1,092)
Balances at end of year	₱6,466	₱9,506

As at December 31, 2015 and 2014, the NRV of the Group's beneficiated nickel ore and subdivision lots is higher than the related cost.

The amount of beneficiated nickel ore inventory recognized as expense, included in the costs of mine products sold in the consolidated statements of income, amounted to ₱819.6 million, ₱434.3 million and ₱373.6 million in 2015, 2014 and 2013, respectively.



The cost of materials and supplies, which are carried in the books at NRV, amounted to ₱322.5 million and ₱314.8 million as at December 31, 2015 and 2014, respectively.

Movements of allowance for impairment loss on materials and supplies are as follows:

	2015	2014
Balances at beginning of year	₱294,266	₱294,866
Write-off	(112)	(600)
Balances at end of year	₱294,154	₱294,266

Materials and supplies amounting to ₱0.1 million and ₱0.6 million, which were already provided with allowance for impairment loss, were written off in 2015 and 2014 as the Group assessed that such can no longer be used.

Materials and supplies charged to current operations amounted to ₱248.7 million, ₱307.9 million and ₱258.9 million in 2015, 2014 and 2013, respectively (see Notes 21, 22 and 23). There are no purchase commitments related to inventories or inventories pledged as security for liabilities as at December 31, 2015 and 2014.

7. Other Current Assets

	2015	2014
Input VAT – net	₱389,923	₱422,344
CWT	154,446	140,378
Prepaid expenses	97,739	94,142
Deferred input VAT	70,929	43,821
Restricted cash	–	90,566
Others	9,304	18,892
	₱722,341	₱810,143

Prepaid expenses include tax credit certificates (TCC), which can be utilized as payment for income taxes. These also include prepayments for insurance, rent and other services.

BIR disallowed input VAT claims filed for TCC by BNMI and KPLMSC totaling ₱78.9 million and ₱10.7 million, respectively (see Note 26).

Restricted cash pertains to a Debt Service Reserve Account (DSRA) as at December 31, 2015 and 2014 amounting to nil and ₱89.4 million, respectively, and a collection account with a balance of nil and ₱1.1 million, as at December 31, 2015 and 2014. The said accounts are related to the Group's term loan facility with Amsterdam Trade Bank (ATB; see Note 14).

Others include security deposits, which pertain to deposits to satisfy lease obligations of the Group. These are refundable at the end of the lease term.

8. Assets Classified as Held for Sale

In 2014, AFC's BOD announced its decision to dispose the property, which includes building and land, in San Diego Street, Veinte Reales, Valenzuela City and, therefore classified such as assets classified as held for sale.



The assets classified as held for sale in 2014, with revalued amount of ₱53.5 million and original cost of ₱1.0 million, were subsequently sold on January 21, 2015 for ₱59.3 million, resulting to a gain of ₱5.7 million. The related revaluation increment and deferred tax liability amounting to ₱36.8 million and ₱15.8 million, respectively, were transferred to retained earnings as a result of

10. Property, Plant and Equipment

a. Property, plant and equipment – at revalued amount

The Group's property, plant and equipment items carried at revalued amounts are as follows:

	2015	2014
Land	₱2,623,387	₱2,623,800
Artworks	16,481	15,958
	₱2,639,868	₱2,639,758

i. Land – at revalued amount

	2015		
	Cost	Revaluation increment	Total
Balances at beginning of year	₱40,334	₱2,583,466	₱2,623,800
Disposal	–	(413)	(413)
Balances at end of year	₱40,334	₱2,583,053	₱2,623,387

	2014		
	Cost	Revaluation increment	Total
Balances at beginning of year	₱41,348	₱2,634,750	₱2,676,098
Change in fair value	–	1,246	1,246
Reclassification (Note 8)	(1,014)	(52,530)	(53,544)
Balances at end of year	₱40,334	₱2,583,466	₱2,623,800

Increases in the revaluation increment on land in 2014 and 2013, net of deferred tax liability, amounting to ₱0.9 million and ₱85.9 million, are presented under OCI in the consolidated statements of comprehensive income.

ii. Artworks – at revalued amount

	2015		
	Cost	Revaluation increment	Total
Balances at beginning of year	₱896	₱15,062	₱15,958
Change in fair value	–	523	523
Balances at end of year	₱896	₱15,585	₱16,481

	2014		
	Cost	Revaluation increment	Total
Balances at beginning and end of year	₱896	₱15,062	₱15,958

The Group adopted the revaluation model and engaged independent firms of appraisers to determine the fair value of its land and artworks classified under property, plant and equipment in the consolidated statements of financial position. The appraisers determined the



fair value of the Group's land based on its market value as at February 23, 2013, and of the Group's artworks as at October 19, 2015. The assigned values were estimated using the sales comparison approach, which considers the sales of similar or substitute properties and their related market values, and establishes value estimates through processes involving comparisons. The management has assessed that the difference of the fair values at time of latest valuation and at December 31, 2015 is immaterial.

In 2015, the Group recognized revaluation increment on artworks amounting to ₱0.4 million, net of deferred tax liability of ₱0.2 million.



b. Property, Plant and Equipment -- at cost

2015

	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Total
Cost:							
Beginning balance	P125,300	P333,658	P1,572,529	P1,504,551	P100,533	P197,353	P3,833,924
Additions	-	2,079	27,310	13,167	-	13,537	56,093
Disposals	(19,747)	-	(28,312)	-	-	(49,091)	(97,150)
Retirement	-	-	(3,271)	-	-	-	(3,271)
Change in estimate of the liability for mine rehabilitation (Note 16)	-	-	-	(14,665)	-	-	(14,665)
Reclassifications	-	3,657	24,837	1,610	-	(30,936)	(832)
Reclassifications from deferred mine exploration costs (Note 12)	-	-	-	61,052	-	-	61,052
Ending balance	105,553	339,394	1,593,093	1,565,715	100,533	130,863	3,835,151
Accumulated depreciation and depletion:							
Beginning balance	74,181	284,373	1,315,201	751,442	6,344	-	2,431,541
Depreciation and depletion (Note 25)	1,963	9,468	99,485	33,139	4,186	-	148,241
Disposals	(14,821)	-	(27,419)	-	-	-	(42,240)
Retirement	-	-	(3,271)	-	-	-	(3,271)
Reclassifications	-	(832)	-	-	-	-	(832)
Ending balance	61,323	293,009	1,383,996	784,581	10,530	-	2,533,439
Net book values	P44,230	P46,385	P209,097	P781,134	P90,003	P130,863	P1,301,712



2014

	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Total
Cost:							
Beginning balance	P125,200	P318,738	P1,496,344	P1,083,287	P64,187	P253,354	P3,341,110
Additions	100	14,332	54,669	44,570	230	34,615	148,516
Disposals	-	-	(3,233)	-	-	(28,835)	(32,068)
Change in estimate of the liability for mine rehabilitation (Note 16)	-	-	-	(11,818)	-	-	(11,818)
Reclassifications	-	588	24,749	328	36,116	(61,781)	-
Reclassifications from deferred mine exploration costs (Note 12)	-	-	-	388,184	-	-	388,184
Ending balance	125,300	333,658	1,572,529	1,504,551	100,533	197,353	3,833,924
Accumulated depreciation and depletion							
Beginning balance	72,460	277,788	1,212,280	748,314	2,830	-	2,313,672
Disposals	-	-	(2,798)	-	-	-	(2,798)
Depreciation and depletion (Note 25)	1,721	6,585	105,719	3,128	3,514	-	120,667
Ending balance	74,181	284,373	1,315,201	751,442	6,344	-	2,431,541
Net book values	P51,119	P49,285	P257,328	P753,109	P94,189	P197,353	P1,402,383



Certain items of property, plant and equipment totaling to ₱35.4 are used as collateral for the Philippine Export-Import Credit Facility (PhilExim) loan of the Group.

In 2015, the loan was fully settled releasing the mortgages over the said property, plant and equipment items.

Proceeds totaling to ₱75.8 million and ₱21.1 million in 2015 and 2014 from the disposal of property, plant and equipment items resulted to net losses of ₱30.3 million and ₱8.2 million, respectively (see Note 26).

The cost of fully depreciated property, plant and equipment still being used in the Group's operations amounted to ₱1.2 billion as at December 31, 2015 and 2014.

Movements in mine and mining properties in 2015 and 2014 are as follows:

	2015			Total
	Mine and mining properties	Mine development costs	Mine rehabilitation asset	
Cost:				
Balances at beginning of year	₱1,157,899	₱243,249	₱103,403	₱1,504,551
Additions	13,167	-	-	13,167
Change in estimate of the liability for mine rehabilitation (Note 16)	-	-	(14,665)	(14,665)
Reclassifications	1,610	-	-	1,610
Reclassifications from mine development costs to mine and mining properties	756	(756)	-	-
Reclassifications from deferred mine exploration costs (Note 12)	61,052	-	-	61,052
Balances at end of year	1,234,484	242,493	88,738	1,565,715
Accumulated depletion:				
Balances at beginning of year	729,137	-	22,305	751,442
Depletion (Note 25)	29,665	-	3,474	33,139
Balances at end of year	758,802	-	25,779	784,581
Net book values	₱475,682	₱242,493	₱62,959	₱781,134

	2014			Total
	Mine and mining properties	Mine development costs	Mine rehabilitation asset	
Cost:				
Balances at beginning of year	₱968,066	₱-	₱115,221	₱1,083,287
Additions	44,570	-	-	44,570
Change in estimate of the liability for mine rehabilitation (Note 16)	-	-	(11,818)	(11,818)
Reclassifications	328	-	-	328
Reclassifications from deferred mine exploration costs (Note 12)	144,935	243,249	-	388,184
Balances at end of year	1,157,899	243,249	103,403	1,504,551

(Forward)



	2014			Total
	Mine and mining properties	Mine development costs	Mine rehabilitation asset	
Accumulated depletion:				
Balances at beginning of year	P726,331	P-	P21,983	P748,314
Depletion (Note 25)	2,806	-	322	3,128
Balances at end of year	729,137	-	22,305	751,442
Net book values	P428,762	P243,249	P81,098	P753,109

11. Investment Property

	2015	2014
Balances at beginning of year	P166,693	P166,693
Revaluation (Note 26)	42,865	-
Balances at end of year	P209,558	P166,693

Investment property consists of land located in Cabuyao, Laguna with a net total land area of 47,626.7 square meters and a cost of P39.4 million. This land is being held by the Group for a currently undetermined future use.

On September 18, 2015, the Group engaged an independent firm of appraisers to assess the fair market value of the investment property. The valuation was performed in accordance with the Philippine Valuation Standards. The value of the land was estimated by using the sales comparison approach. The fair value based on the appraisal report is estimated at Php4,400 per square meter, or a total value of P209.6 million for the 47,626.7-square meter subject land area. The management has assessed that the difference of the fair value at time of latest valuation and at December 31, 2015 is immaterial.

The Group recognized an unrealized gain amounting to P42.9 million from the revaluation of the investment property in 2015 (see Note 26).

12. Deferred Mine Exploration Costs

Movements in deferred mine exploration costs are as follows:

	2015	2014
Balances at beginning of year	P572,546	P934,906
Additions	32,526	25,824
Reclassifications to mine and mining properties (Note 10)	(61,052)	(388,184)
Balances at end of year	P544,020	P572,546

Additions pertain to drilling, hauling, and other ongoing exploration, research and development activities of the Group.

The Parent Company is currently working on exploration and drilling programs to upgrade AGP's capacity.



BNMI currently conducts confirmatory exploration drilling activities of BNMI in Area 1, which commenced in the third quarter of 2015. The said drilling activities are intended to confirm the resource estimate for the remaining resource potential of the said area. Depreciation capitalized as part of deferred mine exploration costs amounted to nil, ₱3.6 million and ₱9.2 million in 2015, 2014 and 2013 respectively (see Note 25).

13. Other Noncurrent Assets

	2015	2014
Advances to contractors and suppliers	₱146,485	₱154,719
MRF	53,199	39,185
Prepaid rent	11,928	11,840
Advance royalties	4,983	4,983
Others	3,266	10,664
	<u>₱219,861</u>	<u>₱221,391</u>

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

MRF pertains to accounts opened with local banks in compliance with the requirements of DAO No. 2010-21, otherwise known as The Revised Implementing Rules and Regulations of the Philippine Mining Act of 1995. 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 earned from MRF amounted to ₱0.6 million, ₱0.3 million and ₱0.9 million in 2015, 2014 and 2013, respectively (see Note 26).

Prepaid rent represents the noncurrent portion of advance rentals made by the Group for various lease obligations.

On May 23, 1995, the Group entered into a Royalty Agreement with an Option to Purchase (Agreement) with Pantukan Mineral Corporation (PMC). Under this Agreement, the Group is allowed to perform exploration, development and mining activities over the mining properties of PMC, located in Pantukan, Davao del Norte and Davao Oriental. The Group shoulders all the costs of such activities. PMC is entitled to royalty calculated on the bases as specified in the Agreement.

Others pertain to various assets of the Group that are immaterial individually and are expected to be realized within 12 months after the reporting period.



14. Loans Payable

	2015	2014
Unsecured loans	P281,654	P213,302
Accrued interest and penalties	250,241	240,738
Secured bank loans	146,638	284,698
Others	113,522	177,675
	792,055	916,413
Less noncurrent portion	2,890	33,575
Current portion	P789,165	P882,838

a. Unsecured bank loans

These represent unsecured peso-denominated, short-term loans obtained from local banks and other financial institutions, which bear annual interest based on Philippine Treasury bill (T-bill) rates plus 2.5% spread over the base rate. These loans have a total remaining balance of P106.7 million and P163.3 million as at December 31, 2015 and 2014, respectively.

BNMI obtained a new loan from Trans Middle East Phils. Equities, Inc. amounting to P250.0 million in 2015. Interest rate for the loan is 4.25% and is due on demand. Outstanding balance from this loan amounted to P175.0 million as at December 31, 2015.

Unsecured bank loans also include a short-term loan from Banco de Oro Unibank, Inc. amounting to nil and P50.0 million in 2015 and 2014, respectively, with an interest rate of 6.5% per annum.

b. Secured bank loans

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 working capital and capital expenditure requirements. The loan facility was fully drawn as at December 31, 2012. Interest rate for the loan is 6.0% plus any applicable screen rate and mandatory costs.

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.

Transaction costs related to the term loan have been amortized as follows:

	2015	2014
Capitalized transaction costs	P53,094	P53,094
Amortization of transaction costs:		
Balances at beginning of year	51,932	36,693
Amortization	(51,932)	15,239
Balances at ending of year	-	51,932
	P53,094	P1,162
Current portion	P-	P1,162
Noncurrent portion	-	-
	P-	P1,162



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, BNMI maintains a collection account with ATB with balances of nil and ₱1.1 million as at December 31, 2015 and 2014, respectively (see Note 7).
- Establishment of a DSRA which shall be used as security of the account pledged in connection with the loan facility. The DSRA cash balance amounted to nil and ₱89.4 million as at December 31, 2015 and 2014, respectively (see Note 7).

In 2015, BNMI's 2014 outstanding loans related to the term loan, net of unamortized transactions costs, amounting to ₱88.3 million with ATB and Maybank have been repaid in full.

Other secured bank loans

- The Group has various loans, which are currently being renegotiated and are undergoing restructuring. 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 3.5% for secured loans. Remaining balance related to these loans amounted to ₱121.6 million and ₱119.8 million as at December 31, 2015 and 2014, respectively.
- The Group's secured bank loans include BLRI's unsecured loans include a five-year credit facility from PhilExim amounting to ₱150.0 million subject to interest of 11.25% per annum and is subject to annual re-pricing. Remaining balance from this loan amounted to ₱25.0 million and ₱75.0 million as at December 31, 2015 and 2014, respectively.
- In 2012, AFC availed a medium term loan under PhilExim's Medium to Long Term Direct Lending Program for the purpose of financing the purchase of transportation equipment. The balance amounting to ₱1.6 million as at December 31, 2014 has been repaid in full in 2015.

c. Others

Nickel Off-take Agreements

On August 24, 2011, BNMI signed 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 nickel ore 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.

As at December 31, 2015 and 2014, the remaining advances amounted to \$2.4 million (₱113.5 million) and \$4.0 million (₱177.7 million), respectively.

Total proceeds from these availed loans amounted to ₱250.0 million and ₱201.3 million in 2015 and 2014, respectively.



Total principal payments from these loans amounted to ₱319.8 million and ₱922.5 million in 2015 and 2014, respectively.

Total interest charged to operations related to loans payable amounted to ₱35.5 million, ₱82.8 million and ₱121.7 million in 2015, 2014 and 2013, respectively.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2015 and 2014.

In 2015 and 2014, the Group has been compliant with the covenants, warranties and requirements of its long-term debts.

15. Trade and Other Payables

	2015	2014
Trade	₱560,482	₱865,962
Withholding taxes	135,602	152,119
Customer advances	52,771	104,976
Nontrade	31,483	155,184
Accrued expenses:		
Professional fees and contracted services	18,819	24,669
Power and utilities	20,032	21,400
Others	21,499	33,259
Payables to officers and employees	9,510	1,433
Excise taxes and royalties	5,048	2,779
Others	2,222	26,868
	<u>₱857,468</u>	<u>₱1,388,649</u>

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 in 60 to 90 days' terms.

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

Customer advances pertain to cash advances from BNMI's customers, which can be settled through future nickel ore shipments to the said customers.

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

Payables to officers and employees include unclaimed wages, accrued vacation and sick leave credits and accrued payroll which are payable within 30 days.

Excise taxes and royalties pertain to taxes payable by the Group for its legal obligation arising from the production of mine products.

Others represent unpaid minor operating and administrative expenses.



16. Liability for Mine Rehabilitation

	2015	2014
Balances at beginning of year	₱50,513	₱59,930
Change in estimate (Note 10)	(14,665)	(11,818)
Accretion (Note 26)	1,545	2,401
Balances at end of year	₱37,393	₱50,513

This provision is based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which each respective managements believe are a reasonable basis upon which to estimate the future liability.

The final rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in inflation and discount rates.

These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provision established which could affect future financial results.

The provision at the end of each reporting period represents management best estimate of the present value of the rehabilitation cost required. These estimates are reviewed regularly to take into account any material changes in the assumptions. This, in turn, will depend upon future ore prices, which are inherently uncertain.

17. Other Noncurrent Liabilities

	2015	2014
Customer advances	₱247,959	₱307,423
Equity of claimowners in contract operations	49,136	49,136
Deposit for future stock subscriptions	32,000	32,000
Others	1,665	313
	₱330,760	₱388,872

Customer advances of BNMI maybe settled through future nickel ore shipments to the said customers. The current portion is presented as part of trade and other payables.

On September 18, 2013 and April 11, 2014, the Company entered into a new off-take agreement with a Korean trading company for a total amount of US\$8.0 million in exchange for future shipments. The advances are non-interest bearing and will be deducted from the selling price of every shipment.

Equity of claimowners in contract operations pertain to the outstanding liability of the Parent Company to Consolidated Mines, Inc., for which discussions are still on-going.

As at December 31, 2015 and 2014, deposit for future stock subscriptions received by BLI from Almega Management and Investment, Inc. amounted to ₱32.0 million. The related increase in authorized capital stock has been approved by the BLI's BOD and majority of its stockholders on



March 24, 2014. As at December 31, 2015, the application with and approval by the Philippine SEC for increase in authorized capital stock are still pending.

Others pertain to payables of the Group not expected to be paid within 12 months after the reporting period.

18. Equity

Capital Stock

	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Authorized				
Convertible Preferred				
Class A – P3.43 par value	19,652,912	P67,500	19,652,912	P67,500
Common Class A – P3 par value	143,460,000	430,380	120,000,000	360,000
Common Class B – P3 par value	95,640,000	286,920	80,000,000	240,000
	258,752,912	P784,800	219,652,912	P667,500
Issued				
Convertible Preferred Class "A"	217,061	P745	217,061	P745
Common Class "A"	123,399,085	370,197	117,532,388	352,597
Common Class "B"	81,537,899	244,613	77,626,819	232,880
Total shares issued and subscribed	205,154,045	P615,555	195,376,268	P586,222

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

The convertible preferred shares are limited to Philippine nationals and convertible into Common Class A shares at a conversion premium for 2016 of P18.62 per share. Each preferred share is convertible into 3.1625 Common Class A shares. The convertible preferred shares are 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 P180.0 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 P250.0 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 March 28, 2014, the BOD approved the increase in the Company's authorized capital stock from ₱600 million (consisting of 120.0 million Common Class A shares and 80.0 million Common Class B shares, both having par value of ₱3.00 each) to ₱717.3 million (consisting of 143.5 million Common Class A shares and 95.6 million Common Class B shares, both having par value of ₱3.00 each). After the amendment, the total authorized capital stock of the Company have increased from ₱667.5 million to 784.8 million. The application for the increase was approved by the stockholders during the annual meeting held last May 28, 2014 and by Philippine SEC on September 28, 2015.

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. The private placement covers 9,777,777 shares representing 5,866,697 Common Class A shares and 3,911,080 Class B shares. Listing of the said shares is still pending approval of the PSE.

On March 27, 2015, the BOD approved amendments on the Articles of Incorporation of the Parent Company, which include the change in the par value of both Common Class A and Class B shares from ₱3.00 to ₱1.00 per share, and the creation of a new class of redeemable non-retirable Common Class B shares, with par value of 1 per share. During the annual stockholders' meeting on May 28, 2015, the said amendments were approved by a majority vote of the Parent Company's stockholders. As at December 31, 2015, the application for the said amendments have not yet been filed with the Philippine SEC for approval.

The following are the movements in the number of issued shares of the Parent Company:

2015

	Convertible Preferred Class A	Common Class A	Common Class B
Issued shares at beginning of year	217,061	117,532,388	77,626,819
Private placement	-	5,866,697	3,911,080
Issued shares at end of year	217,061	123,399,085	81,537,899

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



All issuances of capital stock made in 2015 and 2014 were exempted from the registration requirements of Securities Regulation Code (SRC) Rule 10.1 and 10.2.

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	P1.00	P18,000
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: Common shares	20,000,000	3.00	60,000
October 22, 1968	Increase in number of common shares and introduction of preferred shares: Common shares Preferred shares	50,000,000 6,000,000	3.00 5.00	150,000 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 Common class B Convertible preferred shares	30,000,000 20,000,000 19,652,912	3.00 3.00 3.44	90,000 60,000 67,600
July 27, 1989	Increase in number of common shares Common class A Common class B Convertible preferred shares	120,000,000 80,000,000 19,652,912	3.00 3.00 3.44	360,000 240,000 67,600
September 28, 2015	Increase in number of common shares Common class A Common class B Convertible preferred shares	143,460,000 95,640,000 19,652,912	3.00 3.00 3.44	430,380 286,920 67,600
Total Authorized Capital:	Common class A	143,460,000	P3.00	P430,380
	Common class B	95,640,000	P3.00	P286,920
	Convertible preferred shares	19,652,912	P3.44	P67,600

As at December 31, 2015, 2014 and 2013, the Parent Company has 16,891, 16,925 and 16,952 stockholders, respectively.

Other Components of Equity

	2015	2014
Revaluation increment – net of deferred tax	P716,298	P715,931
Cost of share-based payment (Note 19)	54,441	65,331
Cumulative translation adjustments of foreign subsidiaries – net of deferred tax	30,899	29,014
Remeasurement gain (loss) on retirement obligation – net of deferred tax (Note 29)	4,192	3,604
Unrealized gain on AFS financial assets – net of deferred tax (Note 9)	881	1,010
	P806,711	P814,890

As at December 31, 2015 and 2014, the Parent Company has 0.1 million shares held in treasury amounting to P8.0 million.



Movements in cost of share-based payment are as follows:

	2015	2014
Balances at beginning of year	P65,331	P58,183
Stock options vested during the year	4,705	7,148
Cancellation	(15,595)	-
Balances at end of year	P54,441	P65,331

Capital Surplus

	2015	2014
Balances at beginning of year	P269,844	P161,844
Cancellation of stock options	15,595	-
Private placement	58,667	108,000
Balances at end of year	P344,106	P269,844

19. Stock Option Plan

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

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

As per amendments, there will be an increase in the maximum award per employee from 200,000 shares over the life of the plan to 500,000 shares per grant. Increase the shares reserved for issuance under the Plan from the total of 9,906,661 to 22,000,000.

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 non-transferable 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:

	2015	2014
Outstanding at beginning of year	4,924,194	4,778,127
Grant	-	600,000
Forfeitures	(204,800)	(453,933)
Outstanding at end of year	4,719,394	4,924,194
Exercisable at end of year	4,479,394	4,256,194

Exercise prices of outstanding options at grant date:

Class A – April 2006 Grant	₱8.50
– May 2011 Grant	16.50
– September 2012 Grant	17.96
– May 2014 Grant	7.13
Class B – April 2006 Grant	29.07
– May 2011 Grant	17.50
– September 2012 Grant	17.63
– May 2014 Grant	7.13

	2015	2014
Average exercise price per share	₱18.20	₱18.34
Shares available for future option grants	13,075,514	12,870,714

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:

	Share price	Exercise price	Expected volatility	Option life	Expected dividends	Risk-free Interest rate
April 6, 2006 Grant	8.5	8.5	29.51%	10 years	5.38%	10.30%
May 3, 2011 Grant	29.07	29.07	29.51%	10 years	5.38%	10.30%
May 3, 2011 Grant	16.5	16.5	91.20%	10 years	0.00%	6.46%
Sep 9, 2012 Grant	17.5	17.5	155.57%	10 years	0.00%	6.46%
Sep 9, 2012 Grant	23.95	17.96	57.35%	10 years	0.00%	4.80%
May 26, 2014 Grant	23.5	17.63	65.53%	10 years	0.00%	4.80%
May 26, 2014 Grant	9.5	7.13	77.28%	10 years	0.00%	3.90%
May 26, 2014 Grant	9.5	7.13	84.29%	10 years	0.00%	3.90%

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 Plan recognized in 2015 and 2014 amounted to ₱4.7 million and ₱7.1 million, respectively (see Note 24). The cost of share-based payment amounted to ₱54.4 million and ₱65.3 million as at December 31, 2015 and 2014, respectively (Note 18).



20. Sale of Mine Products

	2015	2014	2013
Nickel	₱2,390,520	₱1,983,208	₱1,289,326
Gold	679,019	795,846	705,669
Lime	64,791	75,945	76,291
Silver	3,122	6,291	2,265
	₱3,137,452	₱2,861,290	₱2,073,551

Sale of mine products sold include sales of nickel, gold, silver and lime, which are subject to 2% excise tax based on gross revenue.

As a requirement under DAO No. 2010-21, "The Mining Act Implementing Rules and Regulations BNMI pays royalty to the MGB for every shipment of nickel ore equivalent to 5% of the peso equivalent of the nickel ore shipped.

Excise taxes and royalty fees related to the sale of mine products amounted to ₱181.1 million, ₱154.9 million and ₱104.4 million in 2015, 2014 and 2013, respectively.

21. Costs of Mine Products Sold

	2015	2014	2013
Outside services	₱735,788	₱646,882	₱719,817
Contractor fees	248,440	212,768	368,829
Materials and supplies (Note 6)	184,746	133,978	142,312
Personnel expenses (Note 24)	101,481	104,512	103,604
Depreciation and depletion (Note 25)	80,824	55,521	65,866
Power, rent and utilities	47,596	49,906	55,901
Repairs and maintenance	29,914	28,766	19,018
Contractor labor	24,891	25,719	43,333
Smelting, refining and marketing	9,993	8,636	4,585
Travel and transportation	811	2,532	1,992
Taxes and licenses	174	97	5,027
Freight and handling	151	824	820
Others	2,112	1,644	2,188
	1,466,921	1,271,785	1,533,292
Net change in beneficiated nickel ore	(36,525)	156,256	(126,746)
	₱1,430,396	₱1,428,041	₱1,406,546

Outside services pertain to the amounts paid to contractors and consultants involved in the mining operations of the Group.

Other expenses consist of various direct charges to cost of mine products, which are individually immaterial.



22. Costs of Services and Other Sales

	2015	2014	2013
Personnel expenses (Note 24)	₱35,595	₱36,814	₱24,424
Depreciation and depletion (Note 25)	34,013	30,746	31,610
Materials and supplies (Note 6)	22,185	144,743	98,208
Rent	17,000	33,851	95,291
Travel and transportation	11,200	8,402	6,489
Professional fees	9,842	8,249	3,543
Retainers and consultancy fees	6,274	3,227	3,010
Cost of real estate sales (Note 6)	3,040	1,092	7,237
Taxes and licenses	867	831	1,593
Repairs and maintenance	863	1,061	1,660
Outside services	-	5,056	2,261
Power consumption	-	377	564
Others	3,531	1,558	1,105
	₱144,410	₱276,007	₱276,995

Others consist of various direct charges, which are individually immaterial.

23. Selling and General Expenses

	2015	2014	2013
Rent	₱251,749	₱159,225	₱87,241
Personnel expenses (Note 24)	189,359	215,243	217,488
Outside services	163,930	216,282	122,053
Community development programs	64,193	10,874	20,983
Contract labor	63,382	34,639	23,344
Repairs and maintenance	53,832	20,211	11,127
Professional fees	45,586	10,234	9,342
Materials and supplies (Note 6)	41,791	29,195	18,414
Taxes and licenses	36,647	21,609	13,905
Representation	35,687	16,826	8,135
Depreciation and depletion (Note 25)	33,404	30,797	23,832
Transportation and travel	19,267	15,410	16,931
Communication, light and power	12,220	13,287	10,448
Wharfage fees	14,265	10,118	8,284
Insurance	7,690	7,876	5,432
Freight and handling	4,800	2,345	3,489
Provision for impairment loss (Note 5)	122	1,623	1,351
Others	26,103	3,000	15,974
	₱1,064,027	₱818,794	₱617,773

Others consist of various administrative expenses, which are individually immaterial.



24. Personnel Expenses

	2015	2014	2013
Salaries and wages	₱238,571	₱287,466	₱280,718
Benefits and allowances	70,375	44,569	43,632
Pension expense (Note 29)	12,784	17,386	14,295
Stock option expense (Note 19)	4,705	7,148	6,871
	₱326,435	₱356,569	₱345,516

The amounts were distributed as follows:

	2015	2014	2013
Selling and general expenses (Note 23)	₱189,359	₱215,243	₱217,488
Cost of mine products sold (Note 21)	101,481	104,512	103,604
Cost of services and other sales (Note 22)	35,595	36,814	24,424
	₱326,435	₱356,569	₱345,516

25. Depreciation and Depletion

Total depreciation and depletion is composed of the following (see Note 10):

	2015	2014	2013
Depreciation	₱115,102	₱117,539	₱102,917
Depletion	33,139	3,128	27,579
	₱148,241	₱120,667	₱130,496

Depreciation and depletion are broken down as follows:

	2015	2014	2013
Cost of mine products sold (Note 21)	₱80,824	₱55,521	₱65,866
Selling and general expenses (Note 23)	33,404	30,797	23,832
Cost of services and other sales (Note 22)	34,013	30,746	31,610
Capitalized as part of deferred mine exploration costs (Note 12)	-	3,603	9,188
	₱148,241	₱120,667	₱130,496



26. Other Income (Expenses) – net

	2015	2014	2013
Loss on disallowed input VAT (Note 7)	(₱78,858)	(₱10,716)	₱–
Gain on revaluation of investment property (Note 11)	42,865	–	–
Gain (loss) on sale of property, plant and equipment – net (Note 10)	(30,278)	(8,191)	7,152
Loss on write-off of receivable (Note 5)	(28,242)	–	–
Interest income (Notes 4 and 13)	7,356	2,179	15,605
Foreign currency exchange gains (losses) – net	(6,843)	(9,495)	(31,055)
Despatch (demurrage)	4,191	(96,179)	6,645
Accretion (Note 16)	(1,545)	(2,401)	(2,222)
Gain (loss) on disposal of AFS financial assets	–	(653)	346
Recovery of allowance for impairment loss	–	–	107,202
Gain on settlement of loans and other liabilities	–	–	104,812
Others – net	(11,313)	(17,258)	8,213
	(₱102,667)	(₱142,714)	₱216,698

In 2013, the Group earned interest income amounting to ₱2.0 million from a short-term investment, which was subsequently reclassified to short-term deposits before being pre-terminated in the same year.

Others consist of various income and expenses, which are not directly related to the operations of the Company.

27. ESOP

The ESOP, as approved by the stockholders in 1986, allows employees of the Parent Company to buy up to 6,000,000 shares of the Common Class A shares of the Parent Company at either of two prices. If the shares are acquired by the Parent Company 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 Parent Company, 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 Parent Company on behalf of the employees and repaid through salary deduction without interest. The shares acquired by employees under the ESOP 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 Parent Company (but excluding directors of the Parent Company) to buy, basically under similar terms and conditions as that of the ESOP, 2,000,000 shares of the Common Class A shares of the Parent Company.



The balance of the employees stock ownership pursuant to the said plans shown as part of the trade and other receivables in the consolidated statements of financial position amounted to P58.4 million as at December 31, 2015 and 2014 and was provided an allowance for the same amount (see Note 5).

28. 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 considered all senior officers as key management personnel. Below are the details of compensation of the Group's key management personnel.

	2015	2014	2013
Salaries	P73,317	P86,188	P90,156
Employee benefits	8,632	10,560	16,272
	<u>P81,949</u>	<u>P96,748</u>	<u>P106,428</u>

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).

29. Pension Benefits Plans

The Parent Company has a funded, noncontributory pension benefit plan, while AFC has an unfunded noncontributory 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 statements of financial position.



Net pension expense

	2015	2014	2013
<i>Parent Company</i>			
Current service cost	₱8,913	₱12,319	₱9,706
Interest cost	2,810	3,565	3,153
	11,723	15,884	12,859
<i>AFC</i>			
Current service cost	781	1,053	833
Interest cost	280	449	603
	1,061	1,502	1,436
Net pension expense	₱12,784	₱17,386	₱14,295

Pension liability as at December 31, 2015 and 2014

	2015			2014		
	Parent Company	AFC	Total	Parent Company	AFC	Total
Present value of defined benefit obligation	₱75,794	₱5,957	₱81,751	₱71,983	₱5,945	₱77,928
Fair value of plan assets	(4,943)	-	(4,943)	(4,911)	-	(4,911)
Pension liability	₱70,851	₱5,957	₱76,808	₱67,072	₱5,945	₱73,017

Reconciliation of other comprehensive income:

	2015			2014		
	Parent Company	AFC	Total (Note 19)	Parent Company	AFC	Total (Note 19)
Balances at beginning of year	(₱6,095)	₱2,491	(₱3,604)	₱8,622	₱3,579	₱12,201
Loss (gain) on remeasurement of pension liability	147	(735)	(588)	(14,717)	(1,088)	(15,805)
Balances at end of year	(₱5,948)	₱1,756	(₱4,192)	(₱6,095)	₱2,491	(₱3,604)

Changes in the present value of defined benefit obligation follow:

	2015			2014		
	Parent Company	AFC	Total	Parent Company	AFC	Total
Balances at beginning of year	₱71,983	₱5,945	₱77,928	₱87,605	₱10,417	₱98,022
Interest cost	3,016	781	3,797	3,565	449	4,014
Current service cost	8,913	280	9,193	12,319	1,053	13,372
Actuarial losses (gains)	36	(1,049)	(1,013)	(27,301)	(1,552)	(28,853)
Benefits paid	(8,154)	-	(8,154)	(4,205)	(4,422)	(8,627)
Balances at end of year	₱75,794	₱5,957	₱81,751	₱71,983	₱5,945	₱77,928

Breakdown of actuarial gains (losses) on obligation follows:

	2015			2014		
	Parent Company	AFC	Total	Parent Company	AFC	Total
Change in financial assumptions	₱5,168	₱187	₱5,355	₱24,391	₱249	₱24,640
Experience adjustments	(4,614)	862	(3,752)	2,921	-	2,921
Return on plan assets (excluding amounts included in net interest expense)	(590)	-	(590)	(211)	-	(211)
Change in demographic assumptions	-	-	-	-	1,303	1,303
	(₱36)	₱1,049	₱1,013	₱27,301	₱1,552	₱28,853



Remeasurement loss under changes in the fair value of plan assets of the Parent Company follow:

	2015	2014
Balances at beginning of year	P4,911	P4,888
Asset return in net interest cost	206	211
Remeasurement	(174)	(188)
Balances at end of year	P4,943	P4,911

The plan assets of the Parent Company comprised mostly of cash in bank as at December 31, 2015 and 2014.

	2015	2014
Fixed income securities	1.77%	1.91%
Investment in shares	2.03%	1.52%
Cash	96.20%	96.57%
	100.00%	100.00%

The Parent Company's plan assets are being managed by trustee banks. The retirement fund include time deposits, shares of stocks which 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.

In 2015, there were benefits paid directly by the Parent Company to the beneficiaries of the pension benefits plan amounting to P8.2 million, resulting to a net movement in pension liability of P3.6 million.

The Parent Company expects to contribute P23.7 million to the defined benefits retirement plan in 2015.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2015:

Plan Year	Expected benefit payments	
	Parent Company	AFC
Less than 1 year	P9,018	P2,022
More than 1 year to 5 years	24,636	2,068
More than 5 years to 10 years	95,578	2,726
More than 10 years to 15 years	41,434	945
More than 15 years to 20 years	45,116	5,517
More than 20 years	419,002	41,200

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	
	2015	2014	2015	2014
Discount rate	4.99%	4.19%	5.10%	4.71%
Salary increase rate	5.00%	5.00%	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, 2015	
	Increase (decrease)	Present value of the defined benefit obligation
Discount rates	5.99% (+1.00%)	₱64,426
	4.99% actual	70,853
	3.99% (-1.00%)	89,081
Salary increase rate	6.00% (+1.00%)	₱88,232
	5.00% actual	70,853
	4.00% (-1.00%)	64,935

	December 31, 2014	
	Increase (decrease)	Present value of the defined benefit obligation
Discount rates	5.19% (+1.00%)	₱63,153
	4.19% actual	67,072
	3.19% (-1.00%)	71,494
Salary increase rate	6.00% (+1.00%)	₱71,153
	5.00% actual	67,072
	4.00% (-1.00%)	63,375

AFC

	December 31, 2015	
	Increase (decrease)	Present value of the defined benefit obligation
Discount rates	6.10% (+1.00%)	₱5,464
	5.10% actual	5,996
	4.71% (-1.00%)	6,554
Salary increase rate	12.00% (+1.00%)	₱6,492
	11.00% actual	5,996
	10.00% (-1.00%)	5,503



	Increase (decrease)	December 31, 2014
		Present value of the defined benefit obligation
Discount rates	5.71% (+1.00%)	₱6,655
	4.71% actual	5,995
	3.71% (-1.00%)	6,451
Salary increase rate	12.00% (+1.00%)	₱6,587
	11.00% actual	5,995
	10.00% (-1.00%)	5,493

30. Income Taxes

The provision for (benefit from) current and deferred income tax in 2015, 2014 and 2013 are as follows:

	2015	2014	2013
RCIT	₱136,211	₱68,181	₱25,062
MCIT	61	12,054	14,346
Benefit from deferred income taxes	(39,514)	(66,380)	(49,163)
	₱96,758	₱13,855	(₱9,755)

The components of the Group's deferred income tax assets and liabilities are as follows:

	2015	2014
Deferred income tax assets on:		
Allowance for inventory loss, impairment loss and others	₱127,898	₱123,049
Accrued pension liability	26,373	24,984
Unrealized foreign exchange loss	2,312	2,398
Depletion of asset retirement obligation	1,282	1,561
Accumulated accretion on liability for mine rehabilitation	1,026	738
Straight-line amortization of accrued rent	430	376
MCIT	168	30,629
	159,489	183,735
Allowance for impairment loss on MCIT	(168)	(30,629)
	159,321	153,106
Deferred income tax liabilities on:		
Revaluation increment on land	842,014	843,037
Capitalized interest	26,308	41,023
Cumulative translation adjustment of foreign subsidiaries	13,243	12,435
Remeasurement gain on retirement liability	3,330	3,078
Unrealized foreign exchange gains	463	3,072
Unrealized gain on AFS financial assets	140	216
Transactions costs	-	248
Straight-line amortization of accrued rent	-	23
Unearned revenue	-	7
	885,498	903,139
Net deferred income tax liabilities	₱726,177	₱750,033



The Group has deductible temporary differences and unused NOLCO, 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:

	2015	2014	2013
NOLCO	₱177,412	₱161,088	₱69,049
Share-based payment	54,441	65,331	58,183
Allowance for inventory loss, impairment loss and others	24,762	23,257	42,623
Accumulated accretion on liability for mine rehabilitation	21,466	20,880	19,401
Accumulated depletion on asset retirement obligation	18,072	15,976	15,976
Accrued expenses	8,002	8,002	8,173
Unrealized foreign exchange losses	7,579	2,723	215,973
Straight-line amortization of accrued rent	716	-	-
	₱312,450	₱297,257	₱429,378

As at December 31, 2015, the Group has NOLCO and MCIT that can be claimed against future taxable income and income tax liabilities, respectively, as follows:

Movements of NOLCO follow:

	2015	2014	2013
Balances at beginning of year	₱161,088	₱69,049	₱30,753
Additions	77,492	93,797	40,513
Application	(34,537)	-	-
Expirations	(26,631)	(1,758)	(2,217)
Balances at end of year	₱177,412	₱161,088	₱69,049

Movements of MCIT follow:

	2015	2014	2013
Balances at beginning of year	₱30,629	₱19,336	₱4,990
Additions	61	12,054	14,346
Application	(30,273)	-	-
Expirations	(249)	(761)	-
Balances at end of year	₱168	₱30,629	₱19,336

The Company has NOLCO and MCIT that can be claimed as deduction from future taxable income and future tax due, as follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2013	2016	₱41,378	₱62
2014	2017	58,542	45
2015	2018	77,492	61
		₱177,412	₱168



The reconciliation of income tax computed at the statutory income tax rate to provision for (benefit from) income tax shown in the consolidated statements of income is summarized as follows:

	2015	2014	2013
Income (benefit from) tax computed at statutory rate	₱89,229	₱29,163	₱2,301
Changes in unrecognized deferred income tax assets and others	4,558	(39,636)	(3,933)
Application of MCIT	(30,273)	—	—
Nondeductible expenses	40,981	24,455	8,909
Interest income subject to final tax	(2,207)	(654)	(4,682)
Expiration of NOLCO	7,989	527	665
Nontaxable income	(13,519)	—	(13,015)
	₱96,758	₱13,855	(₱9,755)

31. 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 did not consider the effect of stock options outstanding because these are anti-dilutive as at December 31, 2015.

	2015	2014	2013
Net income	₱200,672	₱97,210	₱7,669

Number of shares for computation of:

	2015	2014	2013
Basic EPS			
Weighted average common shares issued	198,418,466	189,159,207	174,948,102
Less: treasury shares	116,023	116,023	116,023
Weighted average common shares outstanding	198,302,443	189,043,184	174,832,079
Diluted EPS			
Weighted average common shares issued	198,418,466	189,159,207	174,948,102
Less: treasury shares	116,023	116,023	116,023
	198,302,443	189,043,184	174,832,079
Stock options	—	92,527	—
Convertible preferred shares	686,455	686,455	686,455
Conversion of deposit for future stock subscription	—	—	18,000,000
Weighted average common shares outstanding	198,988,898	189,822,166	193,518,534
Basic EPS	₱1.01	₱0.51	₱0.04
Diluted earnings per share	₱1.01	₱0.51	₱0.04



32. 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 mining segment is engaged in exploration, nickel and gold mining operations. The real estate segment is engaged in the sale of subdivision 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 in 2015, 2014 and 2013:

2015

	Mining	Real estate	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	3,137,452	7,924	43,438	68,956	3,257,770	-	3,257,770
Interest income	6,900	422	23	11	7,356	-	7,356
Inter-segment	-	-	822,920	20,406	843,326	(843,326)	-
Other income	296,688	76	5,709	44,050	346,523	(310,340)	36,183
	<u>3,441,040</u>	<u>8,422</u>	<u>872,090</u>	<u>133,423</u>	<u>4,454,975</u>	<u>(1,153,666)</u>	<u>3,301,309</u>
Cost and Expenses							
Interest expense	32,397	-	578	4,760	37,735	-	37,735
Direct costs	1,420,788	3,040	790,636	50,520	2,264,984	(805,015)	1,459,969
Selling and general expenses	1,315,210	3,041	25,352	37,676	1,381,279	(350,656)	1,030,623
Accretion expense	1,546	-	-	-	1,546	-	1,546
Impairment loss	107,700	-	-	-	107,700	-	107,700
Depreciation, depletion and amortization	181,238	-	8,906	33,252	223,396	(75,155)	148,241
Excise taxes and royalty fees	181,105	-	-	-	181,105	-	181,105
Other expenses	4,190	-	32,745	25	36,960	-	36,960
	<u>3,244,174</u>	<u>6,081</u>	<u>858,217</u>	<u>126,233</u>	<u>4,234,705</u>	<u>(1,230,826)</u>	<u>3,003,879</u>
Provision for income tax	68,717	282	15,088	12,671	96,758	-	96,758
Net income (loss)	₱128,149	₱2,059	(₱1,215)	(₱5,481)	₱123,512	₱77,160	₱200,672
Operating assets	₱6,719,776	₱87,137	₱910,276	₱3,695,179	₱11,412,368	(₱4,761,798)	₱6,650,578
Operating liabilities	(₱1,875,784)	(₱59,851)	(₱814,137)	(₱1,827,326)	(₱4,577,098)	₱1,740,190	(₱2,836,908)
Other disclosure:							
Capital expenditure	₱52,435	₱13,345	₱12,213	₱10,626	₱88,619	₱-	₱88,619



2014

	Mining	Real estate	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	P2,884,572	P4,477	P110,368	P18,201	P3,017,618	P-	P3,017,618
Interest income	1,581	475	112	11	2,179	-	2,179
Inter-segment	-	-	635,648	104,823	740,471	(740,471)	-
Other income	253,900	113	9,905	2,911	266,829	(211,722)	55,107
	<u>3,140,053</u>	<u>5,065</u>	<u>756,033</u>	<u>125,946</u>	<u>4,027,097</u>	<u>(952,193)</u>	<u>3,074,904</u>
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	2,401	-	-	-	2,401	-	2,401
Impairment losses	10,481	-	-	-	10,481	-	10,481
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	238,365	639	4,128	8,644	251,776	-	251,776
	<u>3,090,342</u>	<u>5,480</u>	<u>718,598</u>	<u>150,734</u>	<u>3,965,154</u>	<u>(1,001,315)</u>	<u>2,963,839</u>
Provision for income tax	4,585	670	6,735	1,865	13,855	-	13,855
Net income (loss)	P45,126	(P1,085)	P30,700	(P26,653)	P48,088	P49,122	P97,210
Operating assets	P9,955,678	P47,606	P725,314	P676,470	P11,405,068	(P4,276,836)	P7,128,232
Operating liabilities	(P3,991,674)	(P47,625)	(P438,242)	(P327,751)	(P4,805,292)	P1,178,883	(P3,626,409)
Other disclosure:							
Capital expenditure	P96,781	P21,429	P16,383	P36,144	P170,737	P-	P170,737

2013

	Mining	Real estate	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	P2,121,093	P9,572	P167,125	P15,267	P2,313,057	P-	P2,313,057
Interest income	11,131	543	3,883	48	15,605	-	15,605
Inter-segment	26,698	-	719,181	60,856	806,735	(806,735)	-
Other income	355,623	195	25,953	46,182	427,953	(141,934)	286,019
	<u>2,514,545</u>	<u>10,310</u>	<u>916,142</u>	<u>122,353</u>	<u>3,563,350</u>	<u>(948,669)</u>	<u>2,614,681</u>
Cost and Expenses							
Interest expense	121,802	-	4,312	1	126,115	-	126,115
Direct costs	850,608	7,236	836,556	65,270	1,759,670	(333,613)	1,426,057
Selling and general expenses	1,430,012	2,670	23,549	11,806	1,468,037	(608,687)	859,350
Accretion expense	2,222	-	-	-	2,222	-	2,222
Impairment losses	-	100	-	-	100	-	100
Depreciation, depletion and amortization	230,519	698	10,072	1,352	242,641	(66,667)	175,974
Excise taxes and royalty fees	104,412	-	-	-	104,412	-	104,412
Other expenses	(30,104)	(3,489)	(21,519)	(22,351)	(77,463)	-	(77,463)
	<u>2,709,471</u>	<u>7,215</u>	<u>852,970</u>	<u>56,078</u>	<u>3,625,734</u>	<u>(1,008,967)</u>	<u>2,616,767</u>
Provision for (benefit from) income tax	(16,260)	(467)	7,133	(161)	(9,755)	-	(9,755)
Net income (loss)	(P178,666)	P3,562	P56,039	P66,436	(P52,629)	P60,298	P7,669
Operating assets	P10,040,919	P88,702	P889,530	P638,796	P11,657,947	(P4,472,937)	P7,185,010
Operating liabilities	(P4,079,688)	(P87,665)	(P614,746)	(P263,685)	(P5,045,784)	P1,249,408	(P3,796,376)
Other disclosure:							
Capital expenditure	P377,729	P62,754	P3,428	P36,710	P480,621	P-	P480,621



Capital expenditures consist of additions to property, plant and equipment and deferred mine exploration costs.

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments 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 receivables, 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 financial assets.

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 these 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, 2015 and 2014, cash and cash equivalents may be withdrawn anytime while quoted AFS financial assets may be converted to cash by selling them during the normal trading hours in any business day. The tables below summarize maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at December 31, 2015 and 2014, respectively.

2015	On demand	More than 90 days	More than one year	Total
Loans payable	P396,879	P392,286	P2,890	P792,055
Trade and other payables				
Trade	280,241	168,145	112,096	560,482
Nontrade	15,611	15,872	-	31,483
Accrued expenses*	41,351	18,999	-	60,350
Other noncurrent liabilities				
Equity of claimowner in contract operations	-	-	49,136	49,136
Total	P734,082	P595,302	P164,122	P1,493,506

*Excludes statutory payables

2014	On Demand	More than 90 days	More than one year	Total
Loans payable	P457,026	P425,812	P33,575	P916,413
Trade and other payables				
Trade	749,690	116,272	-	865,962
Nontrade	103,456	51,728	-	155,184
Accrued expenses*	32,659	24,669	-	57,328
Other noncurrent liabilities				
Equity of claimowner in contract operations	-	-	49,136	49,136
Total	P1,342,831	P618,481	P82,711	P2,044,023

*Excludes statutory payables



Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations as these 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, receivables from lessees of bunkhouses and loans receivable under trade and other receivables, and AFS financial 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.

	2015	2014
Cash and cash equivalents		
Cash in banks	P56,897	P120,766
Short-term deposits	48	46,781
Trade and other receivables		
Trade	231,516	426,269
Receivables from lessees of bunkhouses	35,797	32,176
Loans receivable	49,763	49,763
AFS financial assets		
UITF	6,428	5,080
Quoted shares	4,932	1,334
Unquoted shares	610	5,009
	P385,991	P687,178

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

2015	Neither past due nor impaired			Past due but not impaired	Impaired	Total
	High-grade	Standard- grade				
Cash and cash equivalents						
Cash in banks	P56,897	P-		P-	P-	P56,897
Short-term deposits	48	-		-	-	48
Trade and other receivables						
Trade	127,116	54,010		30,234	20,156	213,516
Receivables from lessees of bunkhouses	-	-		8,469	27,328	35,797
Loans receivable	-	49,763		-	-	49,763

(Forward)



2015	Neither past due nor impaired			Impaired	Total
	High-grade	Standard-grade	Past due but not impaired		
AFS financial assets					
UITF	P6,428	P-	P-	P-	P6,428
Quoted shares	4,932	-	-	-	4,932
Unquoted shares	-	610	-	-	610
Total credit risk exposure	P195,421	P104,383	P38,703	P47,484	P385,991

2014	Neither past due nor impaired			Impaired	Total
	High-grade	Standard-grade	Past due but not impaired		
Cash and cash equivalents					
Cash in bank	P120,766	P-	P-	P-	P120,766
Short-term deposits	46,781	-	-	-	46,781
Trade and other receivables					
Trade	344,235	64,272	17,629	133	426,269
Receivables from lessees of bunkhouses	-	-	4,848	27,328	32,176
Loans receivable	-	49,763	-	-	49,763
AFS financial assets					
UITF	5,080	-	-	-	5,080
Quoted shares	1,334	-	-	-	1,334
Unquoted shares	-	5,009	-	-	5,009
Total credit risk exposure	P518,196	P119,044	P22,477	P27,461	P687,178

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

- Cash and cash equivalents are assessed as high-grade since these are deposited in reputable banks, which have a low probability of default.
- Trade receivables, which pertain mainly to receivables from sale of nickel ore, were assessed as high-grade. Included in trade receivables are receivables from sales of services, some of which were assessed other than high-grade. These were assessed based on past collection experience and the debtors' ability to pay.
- UITF and quoted AFS financial assets were assessed as high-grade since these are instruments from companies with good financial condition and operate in an industry which has potential growth.
- Other financial assets such as receivables from lessees of bunkhouses, loans receivables and unquoted shares were assessed as standard-grade, based on past collection experience and debtors' ability to pay.

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, 2015 and 2014, 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:

	Change in interest rates (in basis points)	Sensitivity of pretax income
2015		
PHP	+100	(₱4,604)
PHP	-100	4,604
US\$	+100	(2,756)
US\$	-100	2,756
	Change in interest rates (in basis points)	Sensitivity of pretax income
2014		
PHP	+100	(₱1,989)
PHP	-100	1,989
US\$	+100	(2,723)
US\$	-100	2,723

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 US\$ 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 and nickel ore and the purchase of certain goods and services denominated in US\$. All sales of gold and nickel ore are denominated in US\$. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.

The Group's policy is to maintain foreign currency exposure within acceptable limits. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is involved. The Group did not seek to hedge the exposure on the change in foreign exchange rates between the US\$ 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, 2015 and 2014 follow:

	2015		2014	
	US\$	Peso equivalent	US\$	Peso equivalent
Financial Assets				
Cash (Note 4)	6	292	2,056	91,929
Trade receivables under trade and other receivables	1,999	94,093	6,418	287,000
AFS financial assets	-	-	40	1,789
Total monetary assets	2,005	94,385	8,514	380,718
Financial Liabilities				
Accrued interest and penalties	6,344	298,548	4,750	212,430
Other loans	1	37	-	-
Secured bank loans	2	114	2,000	89,440
Total monetary liabilities	6,347	298,699	6,750	301,870
Net asset (liability) position	(4,342)	(204,314)	1,764	78,848

As at December 31, 2015 and 2014, the exchange rates of the Philippine peso to the US\$ based on the Philippine Dealing System are ₱47.06 and ₱44.72, respectively.

The sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's income before income tax as at December 31, 2015 and 2014 is as follows:

2015	Change in foreign exchange rate	Sensitivity of pretax income
	Strengthens by ₱0.55	(₱2,388)
	Weakens by ₱0.23	999
2014	Change in foreign exchange rate	Sensitivity of pretax income
	Strengthens by Php0.40	(₱705)
	Weakens by Php0.41	723

There is no other impact on the Group's equity other than those already affecting the consolidated statement 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 financial assets 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, 2015 and 2014:

	Carrying amounts		Fair values	
	2015	2014	2015	2014
Financial Assets:				
AFS financial assets:				
UITF	₱6,428	₱6,438	₱6,438	₱5,080
Quoted	4,932	6,932	4,932	1,334
Unquoted	610	610	610	5,009
Financial Liabilities:				
Loans payable	₱792,055	₱916,413	₱792,055	₱916,413

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, trade receivables and receivable from lessees of bunkhouses under Trade and Other Receivables, trade and accrued expenses under Trade and Other Payables, and equity of claimowner in contract operations under Other Noncurrent Liabilities
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 Financial Assets

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.

As at December 31, 2015 and 2014, the Group had quoted AFS financial assets amounting to ₱6.9 million and ₱6.4 million, respectively, carried at fair value in the consolidated statement of financial position. The quoted AFS financial assets 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 2015 and 2014.

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%.



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 or issue new shares. No changes were made in the objectives, policies or processes in 2015, 2014 and 2013. The Group monitors capital using the parent company financial statements. As at December 31, 2015 and 2014, the Group has met its capital management objectives.

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

	2015	2014
Capital stock	P615,555	P586,222
Capital surplus	344,106	269,844
Retained earnings	2,055,314	1,802,112
Other components of equity	806,711	814,890
Revaluation increment of asset held for sale	-	36,771
Treasury shares	(8,016)	(8,016)
	P3,813,670	P3,501,823

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, 2015 and 2014 are as follows:

	2015	2014
Total liabilities (a)	P2,836,908	P3,626,409
Total equity (b)	3,813,670	3,501,823
Debt-to-equity ratio (a/b)	0.74:1	1.04:1

34. Leases, Agreements, Contingencies and Other Matters

Lease Agreements

Operating Leases

The Group leases its office spaces until to June 30, 2020 and parcels of land on which its mine site offices are located for varying periods. These leases are renewable upon mutual agreement with the lessors. Total rental expense on these leases amounted to P4.1 million in 2015, 2014 and 2013. Future minimum lease payments for the said operating leases are as follows:

	2015	2014
Lease payments due in:		
Less than one year	P12,147	P20,241
Between one and five years	20,708	17,429
More than five years	5,095	5,732
Future minimum lease payments	P37,950	P43,402



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 the said finance lease together with the present value of the net minimum lease payments are as follows:

	2015	2014
Lease payments due in:		
Less than one year	P14,738	P14,738
Between one and five years	2,456	17,194
Future minimum lease payments	17,194	31,932
Less amount representing interest	984	3,190
Present value of future minimum lease payments	16,210	28,742
Less current portion	13,783	12,532
Noncurrent portion	P2,427	P16,210

Principal payments made amounted to P12.5 million, P11.4 million and P10.4 million in 2015, 2014, and 2013, respectively.

Interest expense recognized on the above finance lease obligations amounted to P2.3 million, P3.3 million and P4.4 million in 2015, 2014 and 2013, respectively.

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 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.
- c. 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.
- d. 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.

- e. On September 18, 2013, BNMI entered into an off-take agreement with a Korean trading company, for the sale of nickel ore. In accordance with the agreement, the Korean trading company extended advances of US\$2.0 million to 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 the Korean trading company. In conformity with the contract, the Korean trading Company 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 Korean trading company pursuant to a separate contract between Korean trading company 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 Korean trading company.
- f. 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.





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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

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, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated March 17, 2016. 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
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March 21, 2013, valid until March 20, 2016
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March 24, 2015, valid until March 23, 2018
PTR No. 5321628, January 4, 2016, Makati City

March 17, 2016



BENGUET CORPORATION AND SUBSIDIARIES
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A map showing the relationships of the Companies within the Group	III
Schedule of effective standards and interpretations under the PFRS	IV
Required schedules under Annex 68-E	
Financial assets	A
Amounts receivable from directors, officers, employees, related parties and principal stockholders	B
Amounts receivable from related parties which are eliminated during the consolidation of financial statements	C
Intangible assets – other assets	D
Long-term debt	E
Indebtedness to related parties	F
Guarantees of securities of other issuers	G
Capital stock	H



SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As at December 31, 2015

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

Items	Amount
Unappropriated Retained Earnings, beginning	P2,040,180
Adjustment: (see adjustments in previous year's reconciliation)	
Effect of quasi-reorganization on revaluation increment	(1,010,848)
Unappropriated Retained Earnings, as adjusted, beginning	P1,029,332
Net Income based on the annual financial statements	6,906
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)	(5,890)
• Unrealized actuarial gain	-
• 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	-
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)	-
Net income actually incurred during the period	1,016
Unappropriated Retained Earnings, as adjusted, ending	P1,030,348

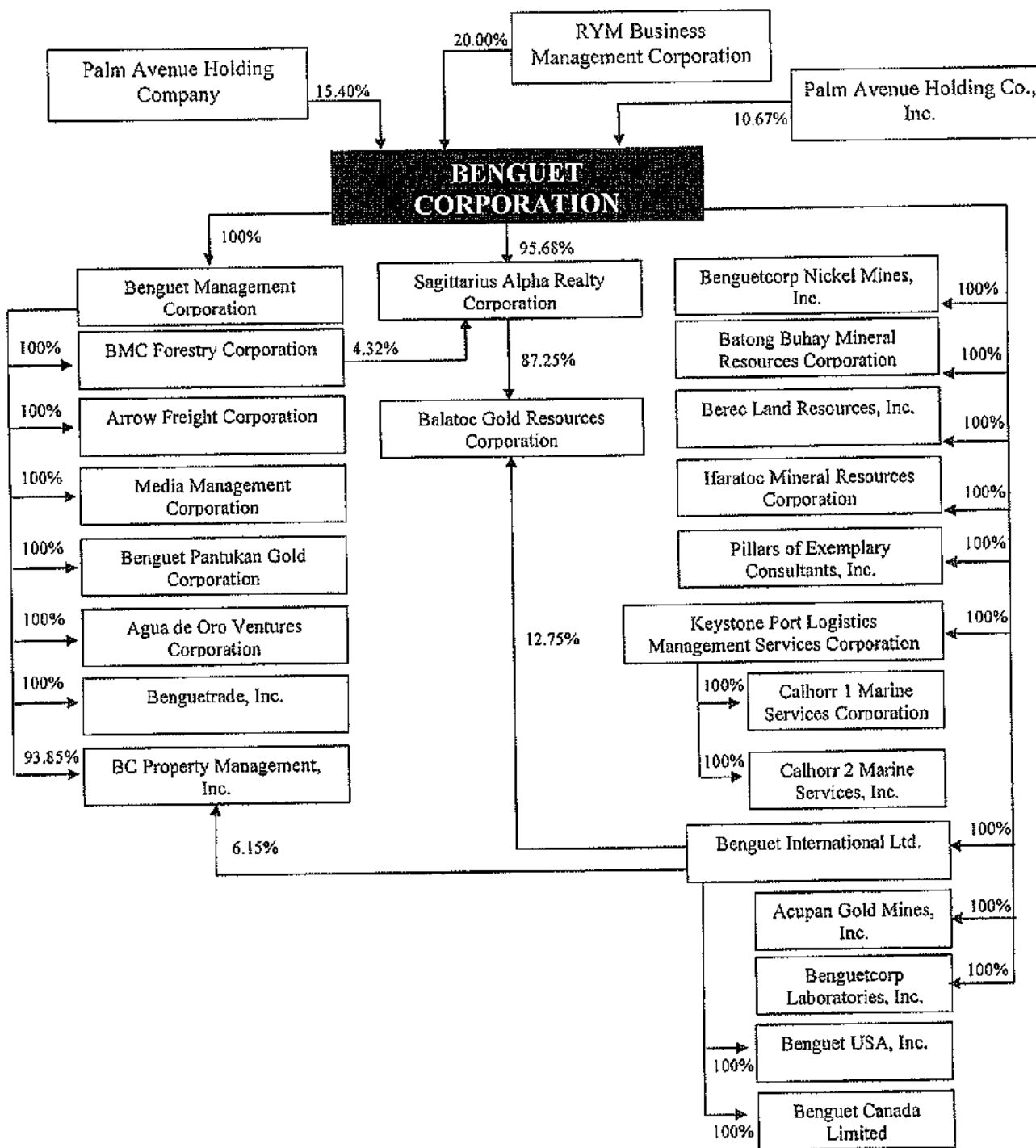


SCHEDULE II
BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

	2015	2014
<u>Profitability Ratios:</u>		
Return on assets	3.02%	1.36%
Return on equity	5.26%	2.78%
Gross profit margin	46.10%	38.40%
Operating profit margin	13.44%	11.26%
Net profit margin	6.16%	3.22%
<u>Liquidity and Solvency Ratios:</u>		
Current ratio	1.04:1	0.91:1
Quick ratio	0.52:1	0.50:1
Solvency ratio	2.34:1	1.97:1
<u>Financial Leverage Ratios:</u>		
Asset to equity ratio	1.74:1	2.04:1
Debt ratio	0.43:1	0.51:1
Debt to equity ratio	0.74:1	1.04:1
Interest coverage ratio	8.88:1	2.29:1



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, 2015



SCHEDULE IV
BENGUET CORPORATION AND SUBSIDIARIES
SCHEDULE OF EFFECTIVE STANDARDS
AND INTERPRETATIONS UNDER THE PFRS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as at December 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		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	✓		
PFRS for SMEs				✓
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	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 (Amended)	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	✓		



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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue – Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets – Web Site Costs			✓



SCHEDULE A

BENGUET CORPORATION AND SUBSIDIARIES
 FINANCIAL ASSETS
 DECEMBER 31, 2015
 (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	P2,828	P103
Pitrel Corporation	750	50	-
BDO UITF – Dollar	376	2,252	183
Philippine Long Distance Telephone Co.	206	599	50
Metro Theater	100	0.001	-
Shape Center, Inc.	1	66	-
Club Filipino	1	180	40
Sherwood Hills Development Inc.	1	285	-



SCHEDULE B

**BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)**

**DECEMBER 31, 2015
(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 <i>SVP - Public Affairs, Asst. Corp. Sec. (Legal)</i>	84,685	P-	83,786	P-	899	P-	899
Camilo Bernaldo <i>Section Mgr - Gov't Liaison (Legal)</i>	4,594	--	4,278	--	316	--	316
V. Tomas R. Careg <i>Consultant, (Business Development)</i>	3,287	--	3,287	--	--	--	--
Lee Owen P. Cortez <i>Section Manager (Legal)</i>	2,442	--	2,442	--	--	--	--
Romy L. Tangalin <i>Legal Assistant (Legal)</i>	1,684	--	1,684	--	--	--	--
Pablo Gabriel R. Malvar <i>Vice President (Business Development)</i>	1,682	--	1,682	--	--	--	--
Cynthia Lazaro <i>Sec. Mgr - Insurance (Treasury)</i>	1,314	--	690	--	624	--	624
Marcelo A. Bolano <i>SVP-Operations (CHO)</i>	1,305	--	1,162	--	143	--	143
Rebecca R. Rapsura <i>Div. Mgr - Gov't. Liaison & Claims Mgmt (Consultant)</i>	848	--	774	--	74	--	74
Eden Barcelona <i>Asst. to the Chief of Staff (Corplan)</i>	750	--	630	--	120	--	120
Hermilia M. Mangundon <i>Sec. Mgr - Accounting</i>	625	--	625	--	--	--	--
Pamela Genitrato <i>APP - Environmental Compliance (Compliance)</i>	565	--	484	--	81	--	81
Sheila C. Conit <i>Unit Mgr - Legal (Corplan)</i>	518	--	518	--	--	--	--
Chuchi Del Prado <i>PP - HR, Admin & Compliance Officer for Corp Governance (HRA)</i>	423	400	--	--	823	--	823
Luis Antonio Javelosa <i>Intern (Business Development)</i>	21	--	21	--	--	--	--
Lina G. Fernandez <i>PP - Corporate Planning, Nickel Marketing Asst. Treasurer & Risk Management Officer (Corplan)</i>	--	3,972	--	--	3,972	--	3,972



Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
Max D. Arceno <i>VP - Accounting & Treasurer (Treasury)</i>	--	2,420	--	--	2,420	--	2,420
Shena Irish Barrá <i>Finance Manager (Accounting)</i>	--	251	--	--	251	--	251
Ana Margarita Hontiveros <i>VP-Healthcare (Office of the President)</i>	--	166	--	--	166	--	166
Leonila C. Villegas <i>Sec. Mgr - Administration (HR & Admin)</i>	--	160	--	--	160	--	160
Miribel Ulep <i>Group Asst. for SVP-Finance & SVP-Nickel Op'n (Logistics)</i>	--	146	--	--	146	--	146
Mario Ymbang <i>Division Mgr - Projects-Technical Grp (Eng'g & Projects)</i>	--	120	--	--	120	--	120
Mary Jean Dalit <i>Accountant (Accounting)</i>	--	107	--	--	107	--	107
Michael M. Monsalud <i>Liaison/Permits Officer (Human Resource)</i>	--	104	--	--	104	--	104
James E. Marcelo <i>Treasurer (Accounting)</i>	--	99	--	--	99	--	99
Lanilyn Pangilinan <i>Sec. Mgr - Programmer (Accounting)</i>	--	94	--	--	94	--	94
Mariane Quiron <i>Purchasing Asst (Materials)</i>	--	38	--	--	38	--	38
Edgar Movilla <i>Supervisor, Area Coordination (Community Relations)</i>	--	95	--	--	95	--	95
Antonio A. Tolentino, Jr. <i>Manager (Environment)</i>	--	81	--	--	81	--	81
Fulcita Rabina <i>Sec. Mgr - Accounting (Accounting)</i>	--	79	--	--	79	--	79
Leopoldo S. Sison III <i>SVP - Nickel Operations (Logistics)</i>	--	77	--	--	77	--	77
Miriam San Pedro <i>Sec. Mgr - Accounting (Accounting)</i>	--	73	--	--	73	--	73
JRB Mata <i>Administrative Officer, ACMP</i>	--	66	--	--	66	--	66
Dandy Movilla <i>Area Coordinator (Community Relations)</i>	--	60	--	--	60	--	60
Benjamin Santos Jr. <i>Shipping and Port Operations Analyst (Operation)</i>	--	59	--	--	59	--	59
Reynaldo N. Ecobisag <i>AUM (Accounting)</i>	--	55	--	--	55	--	55
Benedicto Ballares <i>Grade Control / Geologic Supervisor (Mine Engineering)</i>	--	50	--	--	50	--	50



Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
Cesar Duchayan	-	42	-	-	42	-	42
Coak (Admin Services)	-	40	-	-	40	-	40
Jeyreyko Ay-yato	-	33	-	-	33	-	33
Mechante 2C-UC (Mine Mechanical)	-	31	-	-	31	-	31
Ma. Onor Moselina	-	20	-	-	20	-	20
Finance Manager (Accounting)	-	20	-	-	20	-	20
Abelardo Magpali	-	20	-	-	20	-	20
(Chief operating officer, BNKH)	-	20	-	-	20	-	20
Lourdes O. Calub	-	18	-	-	18	-	18
Finance Manager (Finance)	-	17	-	-	17	-	17
Glenn Duka	-	17	-	-	17	-	17
APP Mine Operation (Mine Operations)	-	15	-	-	15	-	15
Bernardo Requero, Jr	-	15	-	-	15	-	15
Security Manager (Security)	-	13	-	-	13	-	13
Kristen M. Descrepito	-	11	-	-	11	-	11
HRA Manager (Human Resource)	-	10	-	-	10	-	10
Ryan L. Corpuz	-	10	-	-	10	-	10
AUM - Accounting Ass't (Accounting)	-	10	-	-	10	-	10
Ercesto Dedel	-	10	-	-	10	-	10
Port Operation & Lab Manager (Engg & Projects)	-	9	-	-	9	-	9
Eleanor Deltan	-	8	-	-	8	-	8
Sec. Mgr - Accounting (Accounting)	-	7	-	-	7	-	7
Nielson Ofindo	-	6	-	-	6	-	6
HR Clerk (HRM)	-	6	-	-	6	-	6
Honey Jill Venturazo	-	8	-	-	8	-	8
Technical Assistant GIS (Geology)	-	8	-	-	8	-	8
Hizon Fernando	-	7	-	-	7	-	7
Instrumentation (Engg & Projects)	-	7	-	-	7	-	7
Jose Ramon C. Diaz	-	6	-	-	6	-	6
Manager(Geology)	-	6	-	-	6	-	6
Joey Machiamen	-	6	-	-	6	-	6
(Unit Mgr. Mine Operations)	-	6	-	-	6	-	6
Joy Oropesa	-	6	-	-	6	-	6
Accounting Manager (Operation)	-	6	-	-	6	-	6
Antonio Awao	-	6	-	-	6	-	6
Mine Operation Division Manager	-	6	-	-	6	-	6
(Mine Operation)	-	6	-	-	6	-	6
Ana Marie Madro	-	6	-	-	6	-	6
Admin. Assistant (Admin)	-	6	-	-	6	-	6
Ramuel R. Landingin	-	6	-	-	6	-	6
Safety Engineer (Safety)	-	6	-	-	6	-	6
Dennario S. Mayo	-	6	-	-	6	-	6
AWQWMS Monitoring (Environment)	-	6	-	-	6	-	6
Teresta Ebalobar	-	6	-	-	6	-	6



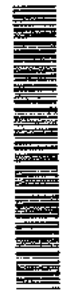
Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
Mejia Daisy Accounting Clerk (Accounting) Sec. Mgr - HR (HR4)	-	5	-	-	5	-	5



SCHEDULE C

**BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Amounts in Thousands)**

Name and Designation of Debtor	Balance at Beginning period (P607,951)	Additions	Amounts Collected / Settlements (P-)	Amounts Written off	Current		Balance at end period (P600,066)
					Current	Not Current	
Benguetcorp Nickel Mines, Inc.	22,183	P7,885	-	-	22,184	-	22,184
Media Management Corporation	5,311	962	-	-	6,273	-	6,273
Keystone Port Logistics Management Services Corporation	29,377	40	-	-	29,417	-	29,417
Benguet-Paritukan Gold Corporation	29,515	163	-	-	29,678	-	29,678
BC Property Management, Inc.	12,115	-	(2,493)	-	9,622	-	9,622
Berec Land Resources, Inc.	4,333	-	(121)	-	4,212	-	4,212
Benguet Management Corporation	(13,351)	-	(2,928)	-	(16,279)	-	(16,279)
BMC Forestry Corporation	242,718	26,825	-	-	269,543	-	269,543
Balatoe Gold Resources Corporation	773	512	-	-	1,285	-	1,285
Arrow Freight Corporation	10,717	129	-	-	10,846	-	10,846
Agua de Oro Ventures Corporation	(65,089)	17,845	-	-	(47,244)	-	(47,244)
Benguetrade, Inc.	(2,850)	-	(202)	-	(3,052)	-	(3,052)
Sagittarius Alpha Realty Corporation	1,709	594	-	-	2,303	-	2,303
Batong Buhay Mineral Resources Corporation	496	40	-	-	536	-	536
Pillars of Exemplary Consultants, Inc.	1,489	875	-	-	2,364	-	2,364
BenguetCorp International Limited	(2,254)	40	-	-	(2,214)	-	(2,214)
Ifaratoe Mineral Resources Corporation	(2,313)	41	-	-	(2,272)	-	(2,272)
Acupan Gold Mines, Inc.	77,297	3,932	-	-	81,229	-	81,229
Benguetcorp Laboratories, Inc.	13,418	-	(12,968)	-	450	-	450
Calhorr 1 Marine Services Corporation	(1,924)	-	-	-	(1,924)	-	(1,924)
Calhorr 2 Marine Services, Inc.	-	-	-	-	-	-	-



SCHEDULE D

BENGUET CORPORATION AND SUBSIDIARIES
INTANGIBLE ASSETS – OTHER ASSETS
DECEMBER 31, 2015
(Amounts in Thousands)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Defered mine exploration costs	₱572,546	₱32,526	₱-	(₱61,052)	₱-	₱544,020



SCHEDULE E

**BENGUET CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2015
(Amounts in Thousands)**

Title of issue and type of obligation	Amount shown under the caption		Amount shown under the caption 'Long-term borrowings- net of current portion' in related balance sheet
	Amount authorized by indenture	'Current Portion of long-term borrowings' in related balance sheet	
Unsecured bank loans	₱281,654	₱278,764	₱2,890
Secured bank loans	146,638	146,638	
Other loans			
Nickel ore customers	113,522	113,522	-
Others	250,241	250,241	-
	₱792,055	₱789,165	₱2,890



SCHEDULE F

**BENGUET CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2015**

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, 2015

Name of issuing entity of securities guaranteed by the Group 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, 2015**

The Parent Company's authorized share capital is ₱0.7 million divided into 258,752,912 shares consisting of 19.7 million Convertible Preferred Class A shares with par value of ₱3.43 each and 143.5 million Class A common shares and 95.6 million Class "B" common shares with par value of ₱3.00 each. As at December 31, 2014, shares issued and outstanding totaled 205,038,022 held by 16,925 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	No of shares held by		
				Affiliates	Directors and Officers	Others
Convertible Preferred Stock						
Class A	19,652,912	217,061	-	-	-	217,061
Common Stock						
Class A	143,460,000	123,399,085*	-	-	1,646,904	121,752,181
Class B	95,640,000	81,537,899*	-	-	23,854	81,514,045

*Listing of the additional 9,777,777 shares (representing 5,866,697 Common Class A shares and 3,911,080 Class B shares) is still pending approval of the PSE.



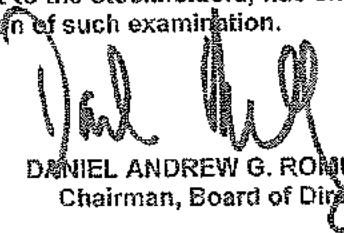
STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

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 financial statements for the years ended December 31, 2015, 2014 and 2013, 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 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 financial statements and submit the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the 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 ANDREW G. ROMUALDEZ
Chairman, Board of Directors

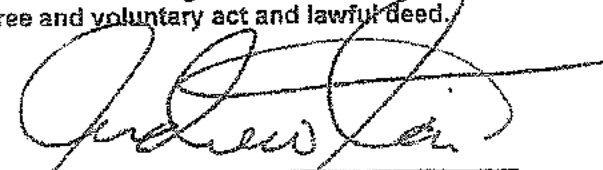
Signed this 4 day of April, 2016.

ACKNOWLEDGMENT

STATE OF NEW YORK }
COUNTRY OF QUEENS) SS.

SUBSCRIBED AND SWORN to before me this 4 th day of April, 2016 at Woodside, Queens, New York, personally appeared DANIEL ANDREW 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 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. 02CA0073675
Qualified in Queens County



REPUBLIC OF THE PHILIPPINES CONSULATE GENERAL OF THE PHILIPPINES

NEW YORK

Foreign Service of the Philippines)
Consulate General of the Philippines)
New York, New York) S.S.
United States of America)

CERTIFICATE OF AUTHENTICATION

I, KHRYSTINA P. CORPUZ, Vice Consul of the Republic of the Philippines, in
for the Consular District of New York, duly commissioned and qualified in the
of New York, Connecticut, Delaware, Maine, Massachusetts, New Hampshire,
New Jersey, Pennsylvania, Rhode Island, and Vermont, do hereby certify that

* ANDREW CASINO *

at the time he/she signed and affixed his/her official seal to the annexed certificate.

NOTARY PUBLIC
STATE OF NEW YORK

that full faith and credit ought to be given to his/her official act.

This Consulate General assumes no responsibility for the contents of the
annexed document.

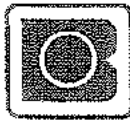
IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of
the Consulate General of the Philippines to be affixed 4th day of April 2016.

KHRYSTINA P. CORPUZ
Vice Consul

03810

Doc. No.
Service No. 065
Series of 2016
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This document is not valid if it is altered in any way whatsoever



BenguetCorp

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR 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 financial statements for the years ended December 31, 2015, 2014 and 2013, 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 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 financial statements and submit the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the 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
President & Chief Executive Officer

LINA G. FERNANDEZ
Senior Vice President - Finance

APR 07 2016

Signed this ____ day of _____, 2016.

APR 07 2016

SUBSCRIBED AND SWORN to before me this ____th day of _____, 2016 at Makati City, affiants exhibited to me their identifications, to wit: Mr. Benjamin Philip G. Romualdez with Social Security System No. 33-5820866-8 and Ms. Lina G. Fernandez with SSS No. 03-75370258, both issued by the Office of the Social Security System, Philippines.

Doc. No. 341
Page No. 30
Book No. 70
Series of 2016.

~~ATTY. VIRGILIO B. BAYALAN
NOTARY PUBLIC FOR MAKATI CITY
ALL DOCUMENTS REGISTERED
DATE OF REG. APR 21, 2016
OFFICE OF ATTY. VIRGILIO B. BAYALAN
LATEST EXAMINATION OF TITLE APRIL 21, 2013
MFP OLS No. 2009-0017 FOR C. T. BAYALAN, JR. 29, 2007
MFR No. 000106-00000001, C. T. BAYALAN, JR.
EXECUTIVE DIRECTOR
MAKATIANS, COR., INCORP.~~

INDEPENDENT AUDITORS' REPORT

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

Report on the Parent Company Financial Statements

We have audited the accompanying parent company financial statements of Benguet Corporation, which comprise the parent company statements of financial position as at December 31, 2015 and 2014, and the parent company statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial Statements

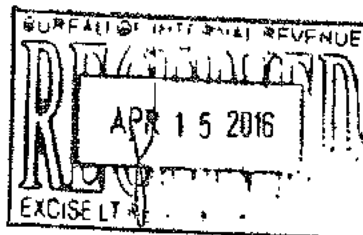
Management is responsible for the preparation and fair presentation of these parent company financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements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

Auditors' Responsibility

Our responsibility is to express an opinion on these parent company 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 parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the parent company 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 parent company 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 parent company financial statements.

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



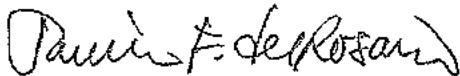
Opinion

In our opinion, the parent company financial statements present fairly, in all material respects, the financial position of Benguet Corporation as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

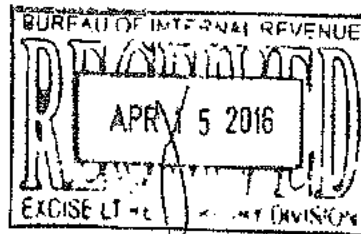
The supplementary information required under Revenue Regulations No. 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Benguet Corporation in a separate schedule. Revenue Regulations No. 15-2010 require the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

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. 5321628, January 4, 2016, Makati City

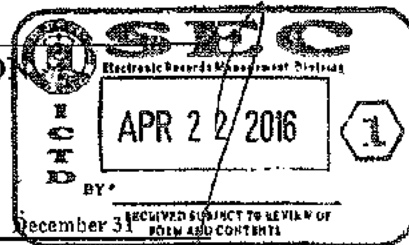
March 17, 2016



BENGUET CORPORATION

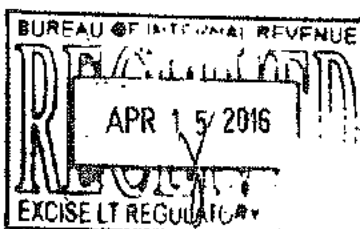
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Number of Shares)



	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱39,770	₱119,388
Trade and other receivables (Note 5)	990,615	1,037,263
Inventories (Note 6)	26,969	19,594
Other current assets (Note 7)	247,320	236,293
Total Current Assets	1,304,674	1,412,538
Noncurrent Assets		
Investments in subsidiaries (Note 8)	2,024,454	2,024,454
Available-for-sale (AFS) financial assets (Note 9)	1,010	1,180
Property, plant and equipment (Note 10):		
At revalued amount – land	2,565,124	2,565,124
At cost	780,341	816,271
Deferred mine exploration costs (Note 11)	294,301	285,245
Other noncurrent assets (Note 12)	162,183	167,226
Total Noncurrent Assets	5,827,413	5,859,500
TOTAL ASSETS	₱7,132,087	₱7,272,038
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	₱903,231	₱997,504
Current portion of loans payable (Note 13)	578,231	690,546
Current portion of obligations under finance lease (Note 32)	13,783	12,532
Total Current Liabilities	1,495,245	1,700,582
Noncurrent Liabilities		
Loans payable – net of current portion (Note 13)	2,890	8,481
Obligations under finance lease – net of current portion (Note 32)	2,427	16,210
Liability for mine rehabilitation (Note 16)	19,057	21,933
Pension liability (Note 26)	70,852	67,072
Other noncurrent liability (Note 15)	49,136	49,136
Deferred income tax liabilities – net (Note 27)	648,487	663,976
Total Noncurrent Liabilities	792,849	826,808
Total Liabilities	2,288,094	2,527,390
Equity		
Capital stock (Note 17)	615,555	586,222
Capital surplus (Note 17)	344,106	269,844
Other components of equity:		
Unrealized gain on transfer of mining rights (Note 1)	1,000,000	1,000,000
Revaluation increment on land (Note 10)	784,738	784,738
Cost of share-based payment (Note 17)	54,441	65,332
Remeasurement gain on pension liability (Note 26)	5,948	6,095
Unrealized gain on AFS financial assets (Note 9)	135	253
Retained earnings	2,047,086	2,040,180
	4,852,009	4,752,664
Cost of 116,023 shares held in treasury, ₱69 per share	(8,016)	(8,016)
Total Equity	4,843,993	4,744,648
TOTAL LIABILITIES AND EQUITY	₱7,132,087	₱7,272,038

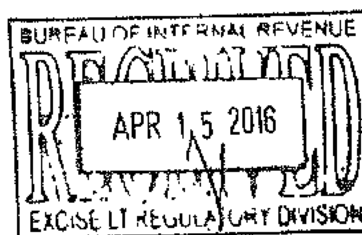
See accompanying Notes to Financial Statements.



BENGUET CORPORATION
PARENT COMPANY STATEMENTS OF INCOME
(Amounts in Thousands)

	Years Ended December 31	
	2015	2014
REVENUES		
Sales of mine products (Note 19)	P746,932	P878,082
Sales of services	-	613
	<u>746,932</u>	<u>878,695</u>
OPERATING COSTS AND EXPENSES		
Cost of mine products sold (Note 20)	671,556	717,515
Selling, general and administrative (Note 21)	333,795	291,604
Taxes on sale of mine products (Note 19)	13,768	16,043
	<u>1,019,119</u>	<u>1,025,162</u>
INTEREST EXPENSE (Notes 13 and 32)	16,257	74,808
OTHER INCOME – net (Note 23)	296,807	189,562
INCOME (LOSS) BEFORE INCOME TAX	8,363	(31,713)
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 27)	(1,457)	51,405
NET INCOME	<u>P6,906</u>	<u>P19,692</u>
BASIC EARNINGS PER SHARE (Note 28)	<u>P0.03</u>	<u>P0.10</u>
DILUTED EARNINGS PER SHARE (Note 28)	<u>P0.03</u>	<u>P0.10</u>

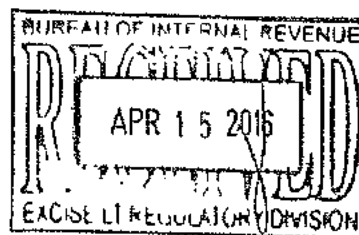
See accompanying Notes to Financial Statements.



BENGUET CORPORATION**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands)

	Years Ended December 31	
	2015	2014
NET INCOME	₱6,906	₱19,692
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item to be reclassified to profit or loss in subsequent periods:</i>		
Unrealized gain (loss) on AFS financial assets, net of related deferred income tax (Note 9)	(118)	63
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gain (loss) on pension liability, net of related deferred income tax (Note 26)	(147)	19,127
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(265)	19,190
TOTAL COMPREHENSIVE INCOME	₱6,641	₱38,882

See accompanying Notes to Financial Statements.

BENGUET CORPORATION

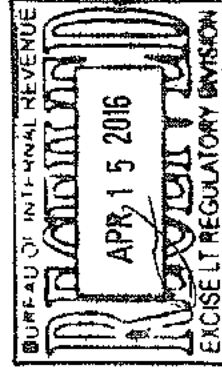
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

(Amounts in Thousands)

	Other components of equity										Total
	Capital stock (Note 17)	Capital surplus (Note 17)	Deposit for future stock subscription (Note 17)	Unrealized gain from transfer of mining right (Note 1)	Revaluation increment on land (Note 10)	Cost of share-based payment (Note 17)	Re-measurement gain (loss) on pension liability (Note 26)	Unrealized gain (loss) on AFS financial assets (Note 9)	Retained earnings	Treasury stock	
Balances at January 1, 2014	P\$32,222	P\$161,844	P\$162,000	P\$1,000,000	P\$784,738	P\$8,183	P\$13,032	P\$190	P\$2,020,488	P\$8,016	P\$4,677
Issuance of shares from deposit for future stock	54,000	168,000	(162,000)	-	-	7,149	-	-	-	-	7,149
Stock options vested during the year (Note 17)	-	-	-	-	-	-	-	-	19,692	-	19,692
Net income for the year	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year (Notes 9 and Note 26)	-	-	-	-	-	-	19,127	63	-	-	19,190
Total comprehensive income for the year	-	-	-	-	-	-	19,127	63	19,692	-	38,882
Balances at December 31, 2014	586,222	269,844	-	1,000,000	784,738	65,332	6,095	253	2,040,180	(8,016)	4,744,648
Stock issuance (Note 17)	29,333	58,667	-	-	-	(15,595)	-	-	-	-	4,704
Stock options cancelled (Note 17)	-	15,595	-	-	-	4,704	-	-	-	-	-
Stock options vested (Note 17)	-	-	-	-	-	-	-	-	-	-	-
Net income for the year	-	-	-	-	-	-	-	-	6,906	-	6,906
Other comprehensive loss for the year (Notes 9 and Note 26)	-	-	-	-	-	-	(147)	(118)	-	-	(265)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	(147)	(118)	6,906	-	6,641
Balances at December 31, 2015	P\$615,555	P\$344,106	P-	P\$1,000,000	P\$784,738	P\$54,441	P\$5,948	P\$135	P\$2,047,086	P\$8,016	P\$4,843,993

See accompanying Notes to Financial Statements.

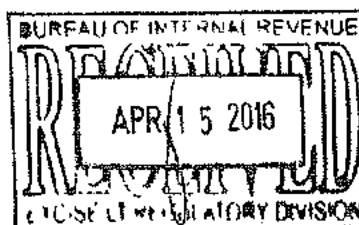


BENGUET CORPORATION**PARENT COMPANY STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)

	Years Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before tax	₱8,363	(₱31,713)
Adjustments for:		
Depreciation and depletion (Notes 20 and 21)	76,219	68,312
Interest expense (Note 13 and 32)	16,257	74,808
Interest income (Notes 4 and 23)	(6,598)	(1,408)
Net foreign exchange losses	5,283	3,988
Cost of share-based payment (Note 17)	4,704	7,149
Movements in pension liability (Note 26)	3,570	15,884
Accretion expense (Notes 16 and 23)	586	1,478
Gain from sale of property, plant and equipment (Note 10)	(535)	-
Provision for impairment loss on trade and other receivables (Note 5)	-	1,125
Operating income before working capital changes	107,849	139,623
Decrease (increase) in:		
Trade and other receivables	29,856	(153,137)
Inventories	(7,375)	4,037
Other current assets	5,765	(61,645)
Increase (decrease) in trade and other payables	(162,566)	574,851
Net cash from (used in) operations	(26,471)	503,729
Interest paid	(16,937)	(43,535)
Income taxes paid	(16,832)	(11,188)
Interest received	6,598	1,408
Net cash from (used in) operating activities	(27,171)	450,414
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment (Note 10)	1,600	-
Additions to:		
Property, plant and equipment (Note 10)	(45,352)	(95,568)
Deferred mine exploration costs (Note 11)	(9,056)	(3,657)
Decrease in other noncurrent assets	5,043	(61,523)
Net cash used in investing activities	(47,765)	(160,748)
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of loans	(54,892)	(537,569)
Lease payments under finance lease (Note 32)	(12,532)	(11,395)
Proceeds from:		
Issuance of shares (Note 17)	88,000	-
Availment of loans	-	151,322
Net cash flows generated from (used in) financing activities	20,576	(397,642)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(80,831)	(107,976)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,213	1,635
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	119,388	225,729
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱39,770	₱119,388

See accompanying Notes to Financial Statements.



BENGUET CORPORATION

NOTES TO PARENT COMPANY 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 the Issuance of the Parent Company Financial Statements

Corporate Information

Benguet Corporation (the Company) was incorporated on August 12, 1903, 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 the Company's corporate life for another 50 years. The Company is currently engaged in gold and other metallic and nonmetallic mineral production, exploration, research and development and natural resource projects.

The 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 Company's application for quasi-reorganization to wipe out its deficit as at December 31, 2010 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	1,561,048	(1,010,848)	550,200
Deficit	(2,164,427)	2,164,427	-

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

On December 10, 2010, the Company and Benguetcorp Nickel Mines, Inc. (BNMI) entered into a Deed of Exchange, whereby the Company transferred its interest in the nickel laterite mine in Sta. Cruz, Zambales. The transfer covers Mineral Production Sharing Agreement (MPSA) No. 226-2005-III, mine technical data and all related environmental and other permits of the nickel laterite mine. BNMI is to issue 1,000,000,000 ordinary shares to the Company, with par value of 1 per share, as consideration for the transfer. The transfer of the MPSA was approved by the Mines and Geosciences Bureau (MGB) on January 16, 2012.



Business Operations

Significant developments of the Company's operations follow:

a. Mining Projects

Acupan Gold Project (AGP)

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

The Company is currently working on exploration and drilling programs to increase 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.

The related feasibility study for AGP was approved in 2013 and the Company is still raising the necessary funds to start the execution of the project.

Benguet Gold Operations (BGO)

The Company's BGO in Itogon, Benguet, consisting of the Acupan and Kelly underground mines, have been suspended since 1992, following the 1991 earthquake, which flooded the said underground mines. In 2004, BGO resumed operations of the ACMP. 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.

In 2015, the Company suspended its own line of operations as a means of cost reduction while gold prices are still on the low, leaving its production dependent on mining contractors.

On March 11, 2016, the Company was notified by TUV Rheinland, an independent evaluation and certification service body, that it has been issued ISO 14001:2015, which is an internationally accepted certification and standard for environmental management system. The issuance of the said certification, which is valid until March 10, 2019, makes the Company fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Department Administrative Order (DAO) No. 2015-07.

Irisan Lime Project (ILP)

The Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 7,982 tons and 9,812 tons of quicklime in 2015 and 2014, respectively. On August 22, 2011, the renewal of the lime plant Mineral Processing Permit (MPP) for the ILP was approved and is valid for another five years until 2016.

Benguet Antamok Gold Operation (BAGO)

The Company's BAGO in Itogon, Benguet 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 Company's Application for Mineral Production Sharing Agreement (APSA) No. 009-Cordillera Administrative Region (CAR) which was denied on February 8, 2011. Subsequently, the 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 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 Company and CMI are in discussion for the transfer to the latter of the related Mineral Production Sharing Agreement (MPSA) and liquidation of assets (see Note 15).

b. Exploration, Research and Development Projects

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 the Balatoc Tailings Project. The BAGO tailings pond, located a few hundred meters downstream from the BAGO open pit mine, 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 from the Otek marginal grade material dump and from the numerous illegal miners workings, found its 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 Company has approved an initial ₱7.5 million research fund for the ATP for the feasibility study on the reprocessing. The Company is conducting a feasibility study on the reprocessing of tailings from the BAGO, which 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.

As at December 31, 2015, the Company intends to transfer to Benguet-Pantukan Gold Corporation (BPGC), a wholly owned subsidiary of the Company through Benguet Management Corporation (BMC), the planned ATP.

Surigao Coal Prospect (SCP)

Pre-development activities for the SCP were put on hold in 2011 due to Executive Order (EO) 23, s. 2011, which declares a moratorium on the cutting and harvesting of timber in the natural and residual forests. The City Environment and Natural Resources Office of the Municipality of Lianga denied the Company's request for a tree inventory, which is 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 the said EO. The 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 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.

As at December 31, 2015, the Company plans to transfer the SCP to Batong Buhay Mineral Resources Corporation (BBMRC) when the said prospect materializes.

Ampucao Copper-Gold Prospect (Ampucao Prospect)

The Ampucao Prospect is located inside the Pugo Mining Company claims in the southern part of Benguet's Acupan gold mine. The initial exploration work conducted by the 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 APSA, which also covers the BAGO.

Pantingan Gold Prospect (PGP)

The PGP in Balanga, Bataan consists of 1,410 hectares covered by MPSA No. 154-2000-III. The property is under an operating agreement with an 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 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 Orelina Mining Company. A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of APSA No. IX-015 of OMC. The APSA, denied on May 12, 2010, and with an appeal filed on January 30, 2013, is still undergoing evaluation by the DENR.

Financial and Technical Assistance Agreement (FTAA) Application

The Company and its subsidiary, Sagittarius Alpha Realty Corporation (SARC) have two pending FTAA applications consisting of land area totaling 72,806,291 hectares. The 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 for 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 Company a Notice of Award covering the BCBWSP. The 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 cited 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 Company raised a concern on the delay in implementation and its effect on the viability of the project as justification for the contract provisions. The Company has likewise requested the BWD to conduct a public hearing on these issues, which the BWD has deemed premature. The Company filed a request for reconsideration on September 13, 2007.

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



d. Land Development Projects

Kelly Special Economic Zone (KSEZ)

The Company has approved an initial ₱4.9 million budget for the feasibility study covering the KSEZ and the potential of other real estate properties of the Company. The 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 Company in BCPMI.

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 Company believes that EO 79 has no major impact on its operations since the Company's mines in Acupan 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 Company'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 FTAs pursuant to DENR Administrative Order No. 2013-11.

Authorization for the Issuance of the Parent Company Financial Statements

The accompanying parent company financial statements as at December 31, 2015 and 2014 and for the years then ended were authorized for issuance by the Board of Directors (BOD) on March 17, 2016.

2. **Basis of Preparation and Summary of Significant Accounting Policies**

Basis of Preparation

The parent company financial statements have been prepared in accordance with the Philippine Financial Reporting Standard (PFRS).

The parent company financial statements have been prepared on a historical cost basis, except for land and AFS financial assets that have been measured at fair value. The parent company financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts are rounded to the nearest thousands, except as otherwise indicated.



Changes in Accounting Policies

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, 2015. The adoption of these amendments did not have any significant impact on the parent company financial statements.

- Amendments to PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- *Annual Improvements to PFRSs (2010 to 2012 cycle)*
 - PFRS 2, *Share-based Payment – Definition of Vesting Condition*
 - PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
 - PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
 - PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method: Proportionate Restatement of Accumulated Depreciation and Amortization*
 - PAS 24, *Related Party Disclosures – Key Management Personnel*
- *Annual Improvements to PFRSs (2011 to 2013 cycle)*
 - PFRS 3, *Business Combinations – Scope Exceptions for Joint Ventures*
 - PFRS 13, *Fair Value Measurement – Portfolio Exception*
 - PAS 40, *Investment Property – Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property*

Standards Issued but not yet Effective

The Company will adopt the standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have significant impact on its parent company financial statements.

Effective beginning January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures – Investment entities: Applying the consolidation Exception (Amendments)*
- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements (Amendments)*
- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests (Amendments)*
- PAS 1, *Presentation of Financial Statements – Disclosure Initiative (Amendments)*
- PAS 14, *Regulatory Deferral Accounts*
- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants*
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
- *Annual Improvements to PFRSs (2012–2014 cycle)*
 - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
 - PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
 - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - PAS 19, *Employee Benefits – regional market issue regarding discount rate*
 - PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*



Effective beginning January 1, 2018

- *PFRS 9, Financial Instruments*

In July 2014, the International Accounting Standards Board (IASB) issued the final version of PFRS 9. The new standard (renamed PFRS 9O reflects all the phases of the financial instruments project and replaces replaces PAS 39 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 providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company did not early adopt PFRS 9. The Company is currently assessing the impact of adopting this standard.

No definite adoption date prescribed by the SEC and Financial Reporting Standards Council (FRSC)

- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Company is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- *International Financial Reporting Standards (IFRS) 15, Revenue from Contracts with Customers (effective January 1, 2018)*

IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized 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 recognizing 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 January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- *IFRS 16, Leases (effective January 1, 2019)*

On January 13, 2016, the IASB issued its new standard, IFRS 16, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related interpretations.

Under the new leases standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Lease with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.



The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective approach, with options to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Summary of Parent Company Significant Accounting Policies

Presentation of Parent Company Financial Statements

The Company has elected to present all items of recognized income and expense in two statements: a parent company statement of income and a parent company statement of comprehensive income.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purposes of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

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 and Measurement

Financial instruments are recognized in the parent company statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company 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. Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. In case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial assets are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets or derivatives designated as hedging instruments in an effective hedge, as appropriate.

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 Company commits to purchase or sell the asset.

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 Company determines the classification at initial recognition and, where allowed and appropriate, re-evaluates such designation at the end of each reporting period.

The Company's financial instruments are in the nature of loans and receivables, AFS financial assets, loans and borrowings, and payables. As at December 31, 2015 and 2014, the Company 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

This category is the most relevant to the Company. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, receivables are measured at amortized cost using the effective interest rate (EIR) method, less impairment. 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 EIR amortization, if any, is included in the other income – net caption in the parent company statement of income. The losses arising from impairment of receivables, if any, are recognized as provision for impairment loss under selling, general and administrative expenses in the parent company 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).

This accounting policy applies to trade and nontrade receivables, amounts owed by related parties, advances to contractors and receivables from lessees of bunkhouses, under trade and other receivables.



AFS Financial Assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses arising from the fair valuation of AFS financial assets being reported as unrealized gain (loss) on AFS financial assets under other components of equity of the parent company statement of financial position until the investment is derecognized. These are also reported as other comprehensive income (OCI) in the parent company statement of comprehensive income. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method. Any dividend earned on holding AFS financial asset is recognized in the parent company statement of income when the right of payment has been established.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for a foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the parent company statement of income.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the parent company statement of income. Where the Company holds more than one investment in the same security, the disposal is deemed on a first-in, first-out basis.

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 statement of financial position.

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 Company 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 costs. 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) – net under other income – net in the parent company statement of income.

This accounting policy relates to the Company's loans payable and obligations under finance lease.

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 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 Company's trade, amounts owed to related parties, nontrade, accrued expenses and others under trade and other payables, and other noncurrent liability.

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 Company 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 Company 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 Company 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 Company'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 Company 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 parent company statement of income.



Impairment of Financial Assets

The Company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlated with defaults.

Financial Assets Carried at Amortized Cost

The Company 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 effective interest rate computed at initial recognition). The amount of the loss shall be recognized in the parent company 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 Company's statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company 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 financial assets

For AFS financial assets, the Company 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 Company treats significant generally as 20% or more



of the original cost of investment, and prolonged as greater than 12 months. If an AFS financial asset 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 the parent company statement of income, is transferred from equity to the parent company statement of income as part of the provision for impairment losses, under selling, general and administrative expenses account. Reversals in respect of equity instruments classified as AFS are not recognized in the parent company 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 of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Fair Value Measurement

An analysis of the fair values of financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed and further details as to how they are measured are provided in the following notes:

- Disclosures on significant judgments and estimates Note 3
- AFS financial assets Note 9
- Land Note 10

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 Company. 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 economic best 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company 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 Company 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 and net realizable value (NRV). NRV for materials and supplies represents the current replacement cost. Cost of inventory is the total purchase price less

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Company concludes that a future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

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.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, depletion and accumulated impairment in value. Such cost includes the cost of replacing part of such property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a 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. All other repair and maintenance costs are recognized in the parent company statement of income as incurred. The present value of the expected cost for the decommissioning



of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Construction in progress (CIP) is recorded at cost. This includes costs of construction and other direct costs. CIP is not depreciated until such time that the relevant asset is completed, transferred to the appropriate account and put into operational use.

Land is carried at revalued amount less any impairment in value. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

The increment from valuation of land, net of deferred income tax liability, resulting from the revaluation of land is credited to revaluation increment under the other components of equity caption included in the equity section in the parent company statement of financial position. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the parent company statement of income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. 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:

<u>Category</u>	<u>Number of years</u>
Land improvements	10-25
Buildings	10-20
Machinery, tools and equipment	2-15

Depreciation 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 manner intended by management. Depreciation and depletion ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5 and the date the asset is derecognized.

The estimated useful lives, residual values and depreciation method are reviewed periodically to ensure these are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The useful lives and residual values and are reviewed at each end of the reporting period and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until these are no longer in use. No further depreciation is charged to current operation for these items.

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 and any significant part initially recognized 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 parent company statement of income in the year the asset is derecognized.



Mine and Mining Properties

Capitalized expenditure is assessed for impairment and is transferred from deferred exploration costs to mine development costs when it has been established that a mineral deposit is commercially mineable, development sanctioned, and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit).

After transfer of the deferred exploration costs, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in mine development costs. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. If these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of income.

No depletion is charged during the mine exploration or development phases.

When the Company has already achieved commercial levels of production, mine development costs are moved to mine and mining properties. Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued.

The carrying value of mine and mining properties represents total expenditures incurred to date on the area of interest, less accumulated depletion and any impairment.

When a mine construction project moves into the production phase, the capitalization of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Mine and mining properties are subject to depletion, which is computed using the units- of production method based on the economically recoverable reserves. Mine and mining properties include the initial estimate of provision for mine rehabilitation and decommissioning, for which the Company is constructively liable.

Investments in Subsidiaries

A subsidiary is an entity that is controlled by another entity (which is the parent). The Company controls a subsidiary when it 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.

Investments in subsidiaries are accounted for under the cost method less any impairment losses. Cost method is a method of accounting for an investment whereby the investment is recognized at cost. The investor recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.



Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which these occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Other Noncurrent Assets

Other noncurrent assets include prepaid rentals and various bank deposits for the settlement of environmental obligations. These are initially recognized at cost and are carried at NRV.

Impairment of Nonfinancial Assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures on significant judgments and estimates Note 3
- Trade and other receivables Note 5
- Inventories Note 6
- Investments in subsidiaries Note 8
- Property, plant and equipment Note 10
- Deferred mine exploration costs Note 11

The Company assesses, at each of the reporting period, 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 Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable value 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 or CGU 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the parent company statement of income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets (except goodwill), an assessment is made at the end of each reporting period to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a



change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, depletion or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Deferred Mine Exploration Costs

The Group assesses whether facts and circumstances suggest that the carrying amount of deferred mine exploration costs may exceed its recoverable amount. Below are some of the facts and circumstances, which the Group considers in determining whether there is impairment on deferred mine exploration costs:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area, and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the deferred mine exploration costs is unlikely to be recovered in full from successful development or by sale.

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 parent company statement of income.

Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the parent company statement of income.



Liability for Mine Rehabilitation

Mine rehabilitation costs will be incurred by the Company either while operating, or at the end of the operating life of, the Company's facilities and mine properties. The Company assesses its mine rehabilitation provision at each reporting date. The Company recognizes a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and re-vegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development or construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognized as part of the related inventory item. Additional disturbances which arise due to further development or construction at the mine are recognized as additions or charges to the corresponding assets and rehabilitation liability when these occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognized as part of an asset measured in accordance with PAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the parent company statement of income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the parent company statement of income as part of interest expense.

For closed sites, changes to estimated costs are recognized immediately in the statement of income.

Rehabilitation trust funds committed for use in satisfying environmental obligations are included in other noncurrent assets in the parent company 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 less any incremental costs directly attributable to the issuance, net of tax, is credited to capital surplus.



Other Components of Equity

The other components of equity caption in the parent company statement of financial position consist of:

- Revaluation increment on land
- Cost of share-based payment
- Unrealized gain on transfer of mining right
- Unrealized gain on AFS financial assets
- Remeasurement gain on pension liability

Deposits for Future Stock Subscriptions

Deposits for future stock subscriptions represent advance payments of stockholders for subscriptions of shares to be issued in the future but for which the Company has no sufficient unissued authorized capital stock.

In instances where the Company does not have sufficient unissued authorized capital stock, the following elements should be present as of the balance sheet date in order for the deposits for future subscriptions to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract
- There is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation)
- There is stockholders' approval of said proposed increase and
- The application for the approval of the proposed increase has been filed with the Philippine SEC

Otherwise, these are recognized as noncurrent liabilities.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policies 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.

Appropriation of retained earnings is the allocation of a portion of the Company's retained earnings for a specific purpose. Costs and losses cannot be charged for such appropriations. The reasons for appropriations may include legal or contractual restrictions, existence of possible or expected loss, expansion projects, and protection of working capital position.

Dividend Distribution

Dividend distribution to the Company's stockholders is recognized as a liability in the parent company financial statements in the period in which the dividends are declared and approved by the BOD.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying



amount and the consideration, if reissued, is recognized in capital surplus under the equity section of the statement of financial position.

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 and 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 has pricing latitude and is also exposed to inventory and credit risks.

Sale of Mine Products

Revenue is recognized when the significant risks and rewards of ownership have transferred to the buyer, which is normally at the time of shipment, and the selling prices are known or can be reasonably estimated.

Sale of Services

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

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the EIR. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Other income not directly related to the Company's regular results of operations are recognized when services or goods are delivered. These are classified under other income - net in the parent company 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. Costs and expenses are generally recognized when these arise following the accrual basis of accounting.

Cost of Mine Products Sold

Cost 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 recognized as expenses in the period when the mine products are delivered.

Selling, General and Administrative Expenses

Selling, general and administrative expenses pertain to costs associated in the marketing and general administration of the day-to-day operations of the Company. These are generally recognized when incurred.



Excise Taxes

Excise taxes pertain to the taxes paid or accrued by the Company arising from the production of gold. These taxes are recognized once revenue from the sale of the related mine product is recognized.

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 the lease. The arrangement is, or contains, a lease if 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 or assets, even if that right is not explicitly specified in an arrangement.

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).

The Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognized in finance costs in the parent company statement of income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as operating expenses in the parent company statement of income on a straight-line basis over the lease term.

Pension and other post-employment benefits

The Company have separate, noncontributory, defined benefit pension plan, 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, 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 plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains or losses, the effect of the ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which these occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past services costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under cost of mine products sold and selling, general and administrative expenses in the parent company statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

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 Company, nor can they be paid directly to the Company. 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 Company 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 is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, in employee benefits expense.

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 Company'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 and is recognized in employee benefits.

No expense is recognized for awards that do not ultimately vest, except for equity settled transactions for which vesting is conditional upon a market or non-vesting condition. These are



treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment transaction, 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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Foreign Currencies

The parent company financial statements are presented in Philippine peso, which is the Company's functional currency. The Company determines the functional currency and items included in the parent company financial statements, which are measured using the said functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss on translation of non-monetary items measured at fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized loss is recognized in OCI or profit or loss, respectively).

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 in the country where the Company operates and generates taxable income.



Current income tax relating to items recognized in equity is recognized in equity and not in the parent company statement of income.

Deferred Income Tax

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

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 carry-over (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.

Earnings Per Share (EPS)

Basic EPS amount is calculated by dividing net income for the year attributable to ordinary equity holders of the 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 Company (after deducting interest on the convertible cumulative 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 parent company statement of changes in equity) that are not recognized in the parent company statement of income.



Operating Segments

The Company'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 and bank loans. Segment assets and liabilities do not include deferred income taxes.

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

Contingencies

Contingent liabilities are not recognized in the parent company 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 parent company 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 Company's position at the end of the reporting period (adjusting events) are reflected in parent company the 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 parent company financial statements in accordance with PFRS requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include financial risk management and policies, and sensitivity analyses disclosures, and are described in Note 29.

Judgments

In the process of applying the Company's accounting policies, management has made following judgments, which have the most significant effect on the amounts recognized in the parent company financial statements.

Determining Functional Currency

The Company, based on the relevant economic substance of the underlying circumstances, has determined the functional currency of each entity to be the Philippine peso. It is the currency of the primary economic environment in which the Company 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 Company are retained by the lessor and, therefore, accounts for such lease as operating leases. Finance leases, which transfer to the Company 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 parent company statement of income.

Operating Leases – The Company 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 parent company statement of income on a straight-line basis over the lease term.

Assessing Provisions and Contingencies

The Company 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 Company's defense in these matters and is based upon an analysis of potential results. The Company 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 32).

Assessing Production Start Date

The Company 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 Company 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 Company did not perform any assessment of production start date for a mine project during the year.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the parent company financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when these occur.



Assessing Recoverability of Deferred Mine Exploration Costs

A valuation allowance is provided for estimated unrecoverable deferred mine exploration costs based on the Company'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 loss, amounted to ₱294,301 and ₱285,245 as at December 31, 2015 and 2014, respectively (see Note 11).

Assessing Impairment of Property, Plant and Equipment, Other Current Assets and Other Noncurrent Assets

The Company 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 Company 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 Company is required to make estimates and assumptions that can materially affect the parent company 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 parent company 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 Company did not recognize any impairment loss in related to property, plant and equipment, other current assets, and other noncurrent assets in 2015 and 2014.

As at December 31, 2015 and 2014, property, plant and equipment (at revalued amount and at cost), other current assets and other noncurrent assets amounted to ₱3,754,968 and ₱3,784,914, respectively (see Notes 7, 10, and 12).

Estimating Allowance for Impairment Loss on Trade and Other Receivables

The Company evaluates specific accounts where the Company has information that certain customers are unable to meet their financial obligations. Factors, such as the Company'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 Company also makes a collective impairment allowance 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. These reserves are re-evaluated and adjusted as



additional information is received. Allowance for impairment loss as at December 31, 2015 and 2014 amounted to ₱127,824 (see Note 5). Trade and other receivables, net of valuation allowance, amounted to ₱990,615 and ₱1,037,263 as at December 31, 2015 and 2014 (see Note 5). Provision for impairment loss in 2015 and 2014 amounted to nil and ₱1,125, respectively (see Note 5).

Estimating Allowance for Inventory Obsolescence

The Company maintains allowance for inventory losses at a level considered adequate to reflect the cost of inventories over its 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. The carrying amounts of inventories, net of allowance for inventory loss of ₱294,154 as at December 31, 2015 and 2014, amounted to ₱26,969 and ₱19,594 as at December 31, 2015 and 2014, respectively (see Note 6).

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.

Estimating Impairment of AFS Financial Assets

The determination of impairment loss for AFS financial assets 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 Company 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 Company treats significant generally as 20% or more and prolonged as greater than 12 months. The Company 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 Company's investments. As at December 31, 2015 and 2014, AFS financial assets amounted to ₱1,010 and ₱1,180, respectively (see Note 9).

Determining the Appraised Value of Land

The appraised value of the land is based on a valuation of 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. Land at revalued amount amounted to ₱2,565,124 as at December 31, 2015 and 2014 (see Note 10).



Estimating Cost of Share-Based Payment

The Company's stock option plan grants qualified participants the right to purchase common shares of the Company at a grant price. The stock option plan recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The 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 18. 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 ₱54,441 and ₱65,332 as at December 31, 2015 and 2014, respectively (see Note 18).

Estimating Liability for Mine Rehabilitation

The Company 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 Company'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 Company's liability for mine rehabilitation. Liability for mine rehabilitation amounted to ₱19,057 and ₱21,933 as at December 31, 2015 and 2014, respectively (see Note 16).

Estimating Impairment of Investments in Subsidiaries

PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the fair value of investment in a subsidiary, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such asset, requires the Company to make estimates and assumptions that can materially affect its parent company financial statements. Future events could cause the Company to conclude that the investment is impaired. Any resulting impairment loss could have a material adverse impact on the parent company statement of financial position and parent company statement of income. Management has determined that there are no events or circumstances that may indicate that the carrying amount of the investment is not recoverable as at December 31, 2015 and 2014; thus, no impairment loss was recognized for the years then ended. The Company's investments in subsidiaries amounted to ₱2,024,454 as at December 31, 2015 and 2014 (see Note 8).

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 amounted to ₱70,852 and ₱67,072 as at December 31, 2015 and 2014, respectively (see Note 26).



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 26.

Assessing Realizability of Deferred Income Tax Assets

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred income tax assets to be utilized. The Company has temporary differences amounting to ₱109,738 and ₱133,384 for which no deferred income tax assets were recognized. The Company has deferred income tax assets amounting to ₱150,398 and ₱149,327 as at December 31, 2015 and 2014, respectively (see Note 27).

4. Cash and Cash Equivalents

	2015	2014
Cash on hand and in banks	₱39,770	₱72,655
Short-term deposits	-	46,733
	₱39,770	₱119,388

Cash in banks earns 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 Company, and earn interest at the respective short-term cash deposit rates. Interest income pertaining to cash amounted to ₱6,598 and ₱1,408 in 2015 and 2014, respectively (see Note 23).

Cash in bank denominated in United States Dollar (US\$) as at December 31, 2015 and 2014, amounted to ₱20,554 and ₱36,183, respectively.

5. Trade and Other Receivables

	2015	2014
Trade	₱54,143	₱64,405
Nontrade	414,482	405,371
Amounts owed by related parties (Note 24)	469,942	451,451
Advances to officers and employees	35,256	26,433
Employee stock ownership incentive plan (ESOIP; Note 25)	58,416	58,416
Advances to contractors	41,947	41,947
Receivables from lessees of bunkhouses	35,797	32,176
Others	8,456	84,888
Total	1,118,439	1,165,087
Less allowance for impairment loss	127,824	127,824
	₱990,615	₱1,037,263



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. Advances to officers and employees are non-interest bearing and are generally subject to liquidation. Advances to officers and employees pertain to cash advances made to officers and employees used in the operations of the Company.

Other receivables comprise mainly of receivables from retainers and suppliers.

Most of the receivables of the Company consist of individually significant accounts and are therefore subject to specific impairment assessment. Based on the impairment assessment performed, the Company recognized allowance for impairment loss amounting to ₱127,824 as at December 31, 2015 and 2014, respectively, covering the said receivables, which are considered as individually impaired.

Receivables which were not individually significant and individually significant accounts for which no specific impairment assessment was made, were subjected to collective assessment. The Company recognized provision for impairment loss on trade and other receivables amounting to nil and ₱1,125 in 2015 and 2014, respectively (see Note 21).

Movements of allowance for impairment loss are as follows:

	2015				
	Trade receivables	Receivables from lessees of bunkhouses	Advances to contractors	ESOP	Total
Balances at beginning and end of year	₱133	₱27,328	₱41,947	₱58,416	₱127,824

	2014				
	Trade receivables	Receivables from lessees of bunkhouses	Advances to contractors	ESOP	Total
Balances at beginning of year	₱133	₱26,203	₱41,947	₱58,416	₱126,699
Provisions (Note 21)	-	1,125	-	-	1,125
Balance at end of year	₱133	₱27,328	₱41,947	₱58,416	₱127,824

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

6. Inventories

The carrying amount of inventories, which include materials and supplies, amounted to ₱26,969 and ₱19,594 as at December 31, 2015 and 2014, respectively. The said amounts are net of allowance for inventory loss on materials and supplies amounting to ₱294,154 as at December 31, 2015 and 2014.

Materials and supplies charged to current operations amounted to ₱164,992 and ₱220,276 as at December 31, 2015 and 2014, respectively (see Notes 20 and 21).

The Company has no inventories pledged as security for liabilities nor has any purchase commitments related to inventories as at December 31, 2015 and 2014.



7. Other Current Assets

	2015	2014
Input VAT – net	₱166,870	₱161,978
CWT	71,486	63,865
Prepaid expenses	3,201	4,519
Others	5,763	5,931
	₱247,320	₱236,293

Prepaid expenses pertain to prepayments for insurance, rent and other services.

8. Investments in Subsidiaries

The details of investments in subsidiaries as at December 31, 2015 and 2014 follow:

Acquisition cost of investments:

BNMI	₱1,250,000
BMC	600,000
Benguetcorp International Ltd. (BIL)	115,565
Berec Land Resources, Inc. (BLRI)	39,463
SARC	7,046
BBMRC	2,500
Ifaratoc Mineral Resources Corporation (IMRC)	2,500
Keystone Port Logistics and Management Services Corporation (KPLMSC)	2,500
Acupan Gold Mines, Inc. (AGMI)	2,500
BLI	1,250
Pillars of Exemplary Consultant Inc. (PECI)	1,130
	₱2,024,454

BMC was organized primarily to invest in projects and enterprises that diversify, stabilize and strengthen the investment portfolio of the Benguet Group of Companies. As at December 31, 2015, BIL, BBMRC, IMRC, and AGMI, which were established to operate mining prospects, are still pre-operating.

BLRI is currently managing the operations of the Company's AGP. BNMI has started its mining operations in 2010. During the last quarter of 2012, KPLMSC started its commercial operations by providing logistics services to BNMI. Also, during the latter part of 2012, BLI started its operations on offering health care services. The other subsidiaries were incorporated to provide support services to the Company.

9. AFS Financial Assets

AFS financial assets as at December 31, 2015 and 2014 follow:

	2015	2014
Quoted shares	₱609	₱779
Unquoted shares	401	401
	₱1,010	₱1,180



Movements in the fair values of AFS financial assets are as follows:

	2015	2014
Balance at beginning of year	₱ 1,180	₱1,090
AFS financial assets	(170)	90
Balance at end of year	₱1,010	₱1,180

The unrealized gain recognized on AFS financial assets, net of deferred tax liability amounting to ₱135 and ₱253 as at December 31, 2015 and 2014, respectively, is shown as part of other component of equity in the parent statement of financial position. Unrealized loss (gain) in December 31, 2015 and 2014 representing changes in the fair value of these investments, net of deferred income tax liability, amounted to ₱118 and (₱63). The fluctuations in value of these investments are also reported as part of other comprehensive income (loss) in the parent company statement of comprehensive income.

Unquoted shares of stock are carried at cost, less any impairment in value, since these investments do not have quoted market prices in an active market and the fair values cannot be reliably measured.

As at December 31, 2015, the Company has no intention to dispose its AFS financial assets.

10. Property, Plant and Equipment

a. Land – at revalued amount

Revalued amount of land as at December 31, 2015 and 2014 amounted to ₱2,565,124. The latest valuation was performed by an independent firm of appraisers, Cuervo Appraisers, Inc. The appraisers determined the fair value of the Company's land based on its market value as at February 23, 2013. The revaluation increment amounting to ₱2,565,124 as at December 31, 2015 and 2014 is not available for distribution to stockholders until the related assets are sold.

Movements in the revaluation increment shown as part of other components of equity follow:

Balance before the quasi-reorganization	₱1,561,048
Effect of the quasi-reorganization in 2011 (Note 1)	(1,010,848)
Balance after the quasi-reorganization	550,200
Revaluation increment in:	
2011	148,638
2013	85,900
Ending balance as at December 31, 2015	₱784,738



b. Property, Plant and Equipment – at cost

	2015					
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	CIP	Total
Cost:						
Balances at beginning of year	₱108,733	₱270,937	₱1,335,891	₱1,078,347	₱90,100	₱2,884,008
Additions	-	1,719	30,358	13,166	109	45,352
Disposals	-	-	(1,788)	-	-	(1,788)
Reclassifications	-	-	113	-	(113)	-
Change in estimate of the liability for mine rehabilitation (Note 16)	-	-	-	(3,462)	-	(3,462)
Retirement	-	-	(3,271)	-	-	(3,271)
Balances at end of year	108,733	272,656	1,361,303	1,088,051	90,096	2,920,839
Accumulated depreciation and depletion:						
Balances at beginning of year	58,841	250,161	1,112,792	645,943	-	2,067,737
Depreciation and depletion (Notes 20 and 21)	1,861	3,657	65,041	6,367	-	76,926
Disposals	-	-	(894)	-	-	(894)
Retirement	-	-	(3,271)	-	-	(3,271)
Balances at end of year	60,702	253,818	1,173,668	652,310	-	2,140,498
Net book values	₱48,031	₱18,838	₱187,635	₱435,741	₱90,096	₱780,341

	2014					
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	CIP	Total
Cost:						
Balances at beginning of year	₱108,368	₱263,212	₱1,275,813	₱707,052	₱108,204	₱2,462,879
Additions	165	7,725	41,944	45,734	-	95,568
Transfers (Note 11)	-	-	-	342,311	-	342,311
Change in estimate of the liability for mine rehabilitation (Note 16)	-	-	-	(16,750)	-	(16,750)
Reclassifications	-	-	18,104	-	(18,104)	-
Balances at end of year	108,533	270,937	1,335,891	1,078,347	90,100	2,884,008
Accumulated depreciation and depletion:						
Balances at beginning of year	57,120	247,060	1,045,698	645,943	-	1,995,821
Depreciation and depletion (Notes 20 and 21)	1,721	3,101	67,091	-	-	71,916
Balances at end of year	58,841	250,161	1,112,792	645,943	-	2,067,737
Net book values	₱49,892	₱20,776	₱223,099	₱432,404	₱90,100	₱816,271

Depreciation expense amounting to ₱707 and ₱3,604 were charged to related parties in 2015 and 2014, respectively.

During 2015, the Company sold equipment with cost of ₱1,788 and related accumulated depreciation amounting to ₱894. Proceeds from the sale amounted to ₱1,600, in which the Company recognized a gain of ₱535.



The cost of fully depreciated property and equipment still being used in the Company's operations amounted to ₱1,103,807 and ₱1,100,536 as at December 31, 2015 and 2014, respectively.

Components of mine and mining properties are as follows:

	2015			Total
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	
Cost:				
Balances at beginning of year	₱756,847	₱243,249	₱78,251	₱1,078,347
Additions	13,166	-	-	13,166
Change in estimate	-	-	(3,462)	(3,462)
Reclassification	756	(756)	-	-
Balances at end of year	770,769	242,493	74,789	1,088,051
Accumulated depletion:				
Balances at beginning of year	629,967	-	15,976	645,943
Depletion	4,271	-	2,096	6,367
Balances at end of year	634,238	-	18,072	652,310
Net book values	₱136,531	₱242,493	₱56,717	₱435,741

	2014			Total
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	
Cost:				
Balances at beginning of year	₱612,051	₱-	₱95,001	₱707,052
Additions	45,734	-	-	45,734
Transfers (Note 11)	99,062	243,249	-	342,311
Change in estimate	-	-	(16,750)	(16,750)
Balances at end of year	756,847	243,249	78,251	1,078,347
Accumulated depletion:				
Balances at beginning and end of year	629,967	-	15,976	645,943
Net book values	₱126,880	₱243,249	₱62,275	₱432,404

11. Deferred Mine Exploration Costs

Movements in deferred mine exploration costs are as follows:

	2015	2014
Balances at beginning of year	₱285,245	₱623,899
Additions	9,056	3,657
Reclassifications (Note 10)	-	(342,311)
Balances at end of year	₱294,301	₱285,245

Additions pertain to drilling, hauling and other ongoing exploration activities of the Company.

The Company is currently working on exploration and drilling programs to increase AGP's capacity.



12. Other Noncurrent Assets

	2015	2014
Advances for exploration and other projects	₱146,784	₱152,382
Mine rehabilitation funds (MRF)	11,914	10,892
Prepaid rent and other deposits	3,485	3,952
	₱162,183	₱167,226

Advances for exploration and other projects pertain to prepayments of the Company to its contractors and suppliers for exploration and other related activities and projects.

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

Others deposits include security deposits, which pertain to deposits to satisfy lease obligations.

MRF pertain to accounts opened with a local bank in compliance with the requirements of DAO No. 2010-21, otherwise known as 'The Revised Implementing Rules and Regulations of the Philippine Mining Act of 1995'. 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.

13. Loans Payable

	2015	2014
Accrued interest and penalties	₱239,307	₱238,232
Secured bank loans	121,638	119,819
Unsecured bank loans	106,654	163,301
Others	113,522	177,675
	581,121	699,027
Less noncurrent portion	2,890	8,481
Current portion	₱578,231	₱690,546

a. Secured bank loans

On July 12, 2012, the Company and BNMI entered into an agreement for a US\$20,000 term loan facility with Amsterdam Trading Bank and Maybank to finance working capital and capital expenditure requirements. The loan facility was fully drawn and was recognized by BNMI in 2012. Interest rate for the loan is 6.0% plus any applicable screen rate and mandatory costs.

During the year, the outstanding loan with ATB has been repaid in full.

b. Unsecured bank loans

These represent unsecured peso-denominated, short-term loans obtained from local banks and other financial institutions, which bear annual interest based on Philippine Treasury bill (T-bill) rates plus 2.5% spread over the base rate. In 2014, the Company repaid a loan amounting to ₱25.0 million, and refinanced other loans amounting to ₱100.0 million and ₱50.0 million, both with 360-day term, for working capital requirements.



c. Others

Nickel Off-take Agreement

On August 24, 2011, BNMI and the Company signed a tri-partite off-take agreement for the sale of nickel ore with a Chinese trading company. In accordance with the agreement, the Chinese trading company shall extend a loan of US\$6,000,000 to the Company and that BNMI will deliver and sell 1,800,000 tons of 1.8% grade nickel ore over a period of 36 months at 600,000 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 partial repayment of the loan to the Company.

From the proceeds of the said loan, the Company invested ₱247,500,000 as additional equity in BNMI in 2011.

As at December 31, 2015 and 2014, the remaining advances amounted to \$2,412 (₱113,522) and \$3,973 (₱177,675), respectively.

d. Accrued interest and penalties

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2015 and 2014.

Interest expense from these loans amounted to ₱13,972 and ₱71,465 in December 31, 2015 and 2014, respectively.

In 2015, the Company has been compliant with the covenants, warranties and requirements of its long-term debts.

14. Trade and Other Payables

	2015	2014
Trade	₱93,186	₱112,825
Amounts owed to related parties (Note 24)	673,851	695,732
Withholding taxes	79,099	96,619
Nontrade	31,483	46,867
Accrued expenses	18,467	42,748
Payables to officers and employees	5,900	215
Others	2,045	2,498
	<u>₱903,231</u>	<u>₱997,504</u>

Trade, nontrade, accrued expenses, and other payables are non-interest bearing and are normally settled in 60 to 90 days' terms. These pertain mainly to operating expenses that are payable to various suppliers and contractors, accrual of professional fees and other expenses of the Company.

Withholding taxes are normally remitted within 10 days from the close of each month. Payables to officers and employees include unclaimed wages, accrued vacation and sick leave credits and accrued payroll which are payable within 30 days.



15. Other Noncurrent Liability

Other noncurrent liability pertains to the Company's outstanding liability to CMI, for which discussions are still on-going. The said liability amounted to ₱49,136 as at December 31, 2015 and 2014 (see Note 1).

16. Liability for Mine Rehabilitation

	2015	2014
Balances at beginning of year	₱21,933	₱37,205
Effect of change in estimate (Note 10)	(3,462)	(16,750)
Accretion (Note 23)	586	1,478
Balances at end of year	₱19,057	₱21,933

This provision is based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability.

The final rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, changes in inflation rates of 4.50% in 2015 and 4.10% in 2014 and changes in discount rates of 5.23% for 2015 and 6.36% in 2014. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provision established which could affect future financial results.

The provision at the end of each reporting period represents management best estimate of the present value of the rehabilitation cost required. These estimates are reviewed regularly to take into account any material changes in the assumptions. This, in turn, will depend upon future ore prices, which are inherently uncertain.

17. Capital Stock

Capital stock as at December 31, 2015 and 2014

	2015		2014	
	No. of shares	Amount	No. of shares	Amount
Authorized				
Convertible Preferred Class "A"	19,652,912	₱67,500	19,652,912	₱67,500
Common Class "A"	143,460,000	430,380	120,000,000	360,000
Common Class "B"	95,640,000	286,920	80,000,000	240,000
	258,752,912	₱784,800	219,652,912	₱667,500
Issued				
Convertible Preferred Class "A"	217,061	₱745	217,061	₱745
Common Class "A"	123,399,085	370,197	117,532,388	352,597
Common Class "B"	81,537,899	244,613	77,626,819	232,880
Total shares issued and subscribed	205,154,045	₱615,555	195,376,268	₱586,222



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

The convertible preferred shares are limited to Philippine nationals and convertible into Common Class A shares at a conversion premium of ₱18.61 a share. Each preferred share is convertible into 3.1625 Common Class A shares. A convertible preferred share is also entitled to have one vote for each full share of Common Class A stock into which such convertible preferred share 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 Company entered into a Stock Subscription Agreement with RYM Business Management Corporation (RBMC) for the subscription of 7,941,240 Class A common shares and 5,294,070 Class B common shares of the 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 ₱180,000 was received on March 31, 2012.

On August 23, 2013, the Company's BOD approved the private placement of RBMC, in which the latter is willing to infuse additional capital up to ₱250,000 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 (average price of last five trading days from August 5 to 15, 2013). The first part of the placement calls for subscription by RBMC to 18,000,000 common shares, which are the remaining available unissued shares of the Company, in the amount of ₱162,000. Additional subscription will follow after the Company has increased its authorized capital stock.

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

On March 28, 2014, the BOD approved the increase in the Company's authorized capital stock from ₱600,000 (consisting of 120,000,000 Common Class A shares and 80,000,000 Common Class B shares, both having par value of ₱3.00 each) to ₱717,300 (consisting of 143,460,000 Common Class A shares and 95,640,000 Common Class B shares, both having par value of ₱3.00 each). After the amendment, the total authorized capital stock of the Company have increased from ₱667,500 to ₱784,800. The application for the increase was approved by the stockholders during the annual meeting held last May 28, 2014 and by Philippine SEC on September 28, 2015.

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. The private placement covers 9,777,777 shares representing 5,866,697 Common Class A shares and 3,911,080 Class B shares. Listing of the said shares is still pending approval of the PSE.

On March 27, 2015, the BOD approved amendments on the Articles of Incorporation of the Company, which include the change in the par value of both Common Class A and Class B shares of the Company from ₱3.00 to ₱1.00 per share, and the creation of a new class of redeemable non-retirable Common Class B shares, with par value of 1 per share. During the annual stockholders' meeting on May 28, 2015, the said amendments were approved by a majority vote of the Company's stockholders. The application for the said amendments have not yet been filed with the Philippine SEC for approval.



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

2015

	Convertible Preferred Class A	Common Class A	Common Class B
Issued shares at beginning of year	217,061	117,532,388	77,626,819
Private placement	—	5,866,697	3,911,080
Issued shares at end of year	217,061	123,399,085	81,537,899

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

All issuances of capital stock made in 2015 and 2014 were exempted from the registration requirements of Securities Regulation Code (SRC) Rule 10.1 and 10.2.

Below is the Company's track record of registration of securities under 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: Common shares	20,000,000	3.00	60,000
(Forward)				
October 22, 1968	Increase in number of common shares and introduction of preferred shares: Common shares Preferred shares	50,000,000 6,000,000	3.00 5.00	150,000 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 Common class B Convertible preferred shares	30,000,000 20,000,000 19,652,912	₱3.00 3.00 3.44	₱90,000 60,000 67,600
July 27, 1989	Increase in number of common shares Common class A Common class B Convertible preferred shares	120,000,000 80,000,000 19,652,912	3.00 3.00 3.44	360,000 240,000 67,600
September 28, 2015	Increase in number of common shares Common class A Common class B Convertible preferred shares	143,460,000 95,640,000 19,652,912	₱3.00 3.00 3.44	₱430,380 286,920 67,600
Total Authorized Capital:	Common class A Common class B Convertible preferred shares	143,460,000 95,640,000 19,652,912	₱3.00 ₱3.00 ₱3.44	₱430,380 ₱286,920 ₱67,600



As at December 31, 2015 and 2014, the Company has 16,891 and 16,925 stockholders, respectively.

For the purpose of dividend declaration, the retained earnings of the Company shall be restricted to the extent of the deficit wiped out by the revaluation increment amounting to ₱1,010,848 on December 5, 2011.

Movements in cost of share-based payment are as follows:

	2015	2014
Balances at beginning of year	₱65,332	₱58,183
Vested	4,704	7,149
Cancelled	(15,595)	-
Balances at end of year (Note 18)	₱54,441	₱65,332

Capital Surplus

	2015	2014
Balances at beginning of year	₱269,844	₱161,844
Private placement	58,667	108,000
Cancellation of stock options	15,595	-
Balances at end of year	₱344,106	₱269,844

18. Stock Option Plan

Under the 1975 Nonqualified Stock Option Plan (Plan), as amended, 9.9 million shares of the unissued common shares of the Company have been reserved for stock options to selected managers, directors and consultants of the Company. The option price is payable on the 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.

The amendments include an increase in the maximum award per employee from 200,000 shares over the life of the plan to 500,000 shares per grant. Increase the shares reserved for issuance under the Plan from the total of 9,906,661 to 22,000,000.

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 non-transferable 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:

	2015	2014
Outstanding at beginning of year	4,924,194	4,778,127
Grant	–	600,000
Forfeitures	(204,800)	(453,933)
Outstanding at end of year	4,719,394	4,924,194
Exercisable at end of year	4,479,394	4,256,194

Exercise prices of outstanding options at grant date:

Class A – April 2006 Grant	₱8.50
– May 2011 Grant	16.50
– September 2012 Grant	17.96
– May 2014 Grant	7.13
Class B – April 2006 Grant	29.07
– May 2011 Grant	17.50
– September 2012 Grant	17.63
– May 2014 Grant	7.13

	2015	2014
Average exercise price per share	₱18.20	₱18.34
Shares available for future option grants	13,075,514	12,870,714

The 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:

	Share price	Exercise price	Expected volatility	Option life	Expected dividends	Risk-free Interest rate
April 6, 2006 Grant	8.5	8.5	29.51%	10 years	5.38%	10.30%
May 3, 2011 Grant	29.07	29.07	29.51%	10 years	5.38%	10.30%
Sep 9, 2012 Grant	16.5	16.5	91.20%	10 years	0.00%	6.46%
May 26, 2014 Grant	17.5	17.5	155.57%	10 years	0.00%	6.46%
April 6, 2006 Grant	23.95	17.96	57.35%	10 years	0.00%	4.80%
May 3, 2011 Grant	23.5	17.63	65.53%	10 years	0.00%	4.80%
Sep 9, 2012 Grant	9.5	7.13	77.28%	10 years	0.00%	3.90%
May 26, 2014 Grant	9.5	7.13	84.29%	10 years	0.00%	3.90%

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 Plan recognized in 2015 and 2014 amounted to ₱4,705 and ₱7,149, respectively (see Note 22).



The cost of share-based payment amounted to ₱54,441 and ₱65,332 as at December 31, 2015 and 2014, respectively (see Note 17).

19. Revenues

Sale of mine products sold pertains to sale of gold to the Bangko Sentral ng Pilipinas (BSP) which is subject to 2% excise tax based on gross revenue, and sale of silver and lime to outside customers.

Mine products sold in 2015 and 2014

	2015	2014
Gold	₱679,019	₱795,846
Silver	3,122	6,291
Lime	64,791	75,945
	₱746,932	₱878,082

In 2015 and 2014, the Company recognized taxes on sale of mine products amounting to ₱13,768 and ₱16,043, respectively.

20. Cost of Mine Products Sold

	2015	2014
Outside services	₱283,092	₱265,004
Materials and supplies (Note 6)	155,314	203,350
Personnel expenses (Note 22)	79,308	86,252
Depreciation and depletion (Note 10)	57,039	45,891
Power and utilities	49,948	54,053
Repairs and maintenance	29,914	7,591
Smelting, refining and marketing	9,351	3,628
Management fee (Note 24)	5,583	20,526
Freight and handling	151	1,638
Taxes and licenses	27	86
Others	1,829	29,496
	₱671,556	₱717,515

Outside services pertain to amounts paid to contractors and consultants involved in the mining operations of the Company.

Other expenses included postage, insurance and maintenance expenses, which are individually immaterial.



21. Selling, General and Administrative Expenses

	2015	2014
Personnel expenses (Note 22)	₱144,241	₱107,178
Outside services	64,121	46,043
Legal and audit expenses	44,780	19,792
Depreciation (Note 10)	19,180	22,421
Travel and transportation	11,952	8,585
Materials and supplies (Note 6)	9,678	16,926
Repairs and maintenance	6,892	23,749
Power consumption	6,789	8,041
Taxes and licenses	6,558	4,142
Freight and handling	4,271	-
Rent and utilities	4,224	7,254
Provision for impairment loss on trade and other receivables (Note 5)	-	1,125
Others	11,109	26,348
	<u>₱333,795</u>	<u>₱291,604</u>

Outside services pertain to professional fees paid for security and other services.

Others consist mainly of insurance and various incidental expenses, which are individually immaterial.

22. Personnel Expenses

	2015	2014
Salaries and wages	₱163,078	₱136,975
Benefits and allowances	44,044	33,422
Pension expense (Note 26)	11,723	15,884
Stock option expense (Note 18)	4,704	7,149
	<u>₱223,549</u>	<u>₱193,430</u>

The above amounts were distributed as follows:

	2015	2014
Cost of mine products sold (Note 20)	₱79,308	₱86,252
Selling, general and administrative expenses (Note 21)	144,241	107,178
	<u>₱223,549</u>	<u>₱193,430</u>



23. Other Income (Expenses) – net

	2015	2014
Marketing income (Note 24)	₱310,340	₱211,819
Interest income (Note 4)	6,598	1,408
Foreign currency exchange losses – net	(5,890)	(3,464)
Accretion expense (Note 16)	(586)	(1,478)
Others – net	(13,655)	(18,723)
	₱296,807	₱189,562

Others include miscellaneous income and various incidental expenses.

24. 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 Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company 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.

In the normal course of business, the Company has dealings with its related parties as follows:

- a. On August 8, 2011, the Company was appointed as the exclusive marketing agent of BNMI for a marketing fee of \$5 per ton of nickel ore shipped, inclusive of VAT. The contract is effective for five years ending 2016. Marketing income recognized in 2015 and 2014 amounted to ₱310,340 and ₱211,819, respectively (see Note 23).
- b. In 2011, Arrow Freight Corporation (AFC), a wholly-owned subsidiary of BMC, started providing trucking services to the Company for the delivery of equipment to various sites. Total amount charged to the Company in 2015 and 2014 amounted to ₱3,743 and ₱8,542, respectively.
- c. On December 6, 2010, the Company and BLRI signed an agreement for the management of the operations of the AGP. 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 Company for the AGP mining operations. In December 2014, the BOD agreed to decrease the basis of the management fee from 25% of the net income of AGP to 15%. Management fees and rentals incurred in 2015 and 2014 amounted to ₱5,583 and ₱2,143, and ₱20,526 and ₱2,143, respectively (see Note 20).
- d. The Company provides and receives unsecured non-interest bearing cash advances to its subsidiaries for working capital requirements, which are settled in cash.



The Company's statements of financial position include the following amounts resulting from transactions with related parties:

Category	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
<i>Amounts owed by related parties:</i>					
Balatoc Gold Resources Corporation	2015	₱26,825	₱269,543	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	₱45,509	₱242,718		
BLI	2015	3,932	81,229	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	26,843	77,297		
BCPMI	2015	163	29,678	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	117	29,515		
Benguet Pantukan Gold Corporation (BPGC)	2015	40	29,417	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	36	29,377		
Media Management Corporation (MMC)	2015	-	22,184	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	-	22,184		
Calhorr I Marine Services Corporation	2015	-	450	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	3,178	13,418		
BLRI	2015	-	9,622	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	12,115	12,115		
Agua De Oro Ventures Corporation	2015	129	10,846	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	115	10,717		
KPLMSC	2015	962	6,273	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	5,311	5,311		
BMC	2015	-	4,212	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	2,072	4,333		
(Forward)					
BBMRC	2015	594	2,303	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	44	1,708		
BIL	2015	875	2,364	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	979	1,489		
AFC	2015	512	1,285	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	773	773		
PECI	2015	40	536	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	40	496		
Total	2015	₱34,072	₱469,942		
Total	2014	₱97,132	₱451,451		



Category	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
<i>Amounts owed to related parties:</i>					
BNMI	2015	P-	P600,066	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	P488,078	P607,951		
Benguetrade, Inc. (BTI)	2015	-	47,244	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	30,272	65,089		
BMC Forestry Corporation (BFC)	2015	2,928	16,279	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	2,523	13,351		
SARC	2015	202	3,052	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	-	2,850		
AGMI	2015	-	2,272	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	-	2,313		
IMRC	2015	-	2,214	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	-	2,254		
Calhorr 2 Marine Services, Inc.	2015	-	1,924	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2014	-	1,924		
Total	2015	P3,130	P673,051		
Total	2014	P520,873	P695,732		

Compensation of Key Management Personnel

The Company considered all senior officers as key management personnel. Below are the details of the compensation of the Company's key management personnel.

	2015	2014
Salaries and short-term benefits	P73,317	P86,188
Retirement benefits	8,632	10,650
	P81,949	P96,838

25. ESOIP

The ESOIP, as approved by the stockholders in 1986, allows employees of the Company to buy up to 6,000,000 shares of the Common Class A shares of the Company at either of two prices. If the shares are acquired by the Company 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 Company, 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 Company on behalf of the employees and repaid through salary deduction without interest. 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 Company (but excluding directors of the Company) to buy, basically under similar terms and conditions as that of the ESOIP, 2,000,000 shares of the Common Class A shares of the Company.



The balance of the employees stock ownership pursuant to the said plans shown as part of the trade and other receivables in the parent company statements of financial position amounted to ₱58,416 as at December 31, 2015 and 2014 and was provided an allowance for the same amount (see Note 5).

26. Pension Benefits Plan

The Company maintains a qualified, noncontributory pension plan covering substantially all of its regular employees.

The following tables summarize the components of net pension expense in the parent company statements of income and fund status, and the amounts recognized in the parent company statements of financial position.

Net pension expense

	2015	2014
Current service cost	₱8,913	₱12,319
Net interest cost	2,810	3,565
Net pension expense (Note 22)	₱11,723	₱15,884

Pension liability as at December 31, 2015 and 2014

	2015	2014
Present value of obligation	₱75,795	₱71,983
Fair value of plan assets	(4,943)	(4,911)
Pension liability	₱70,852	₱67,072

Reconciliation of other comprehensive income

	2015	2014
Balances at beginning of year	(₱6,095)	₱13,032
Loss (gain) on remeasurement of retirement obligation	147	(19,127)
Balances at end of year	(₱5,948)	(₱6,095)

Changes in the present value of defined benefit obligation

	2015	2014
Balances at beginning of year	₱71,983	₱87,605
Interest cost	3,016	3,776
Current service cost	8,913	12,319
Remeasurement losses (gains)	36	(27,512)
Benefits paid	(8,153)	(4,205)
Balances at end of year	₱75,795	₱71,983



Breakdown of remeasurement gain (loss) on obligation

	2015	2014
Change in financial assumptions	₱5,168	₱24,591
Experience adjustments	(4,614)	2,921
Return on plan assets (excluding amounts included in net interest expense)	(590)	-
Remeasurement gain (loss)	(₱36)	₱27,512

Changes in the fair value of plan assets

	2015	2014
Balances at beginning of year	₱4,911	₱4,888
Asset return in net interest cost	206	211
Remeasurement loss	(174)	(188)
Balances at end of year	₱4,943	₱4,911

The major categories of the Company's plan assets as a percentage of the fair value of total plan assets are as follows:

	2015	2014
Cash	96.20%	96.57%
Investment in shares	2.03%	1.52%
Fixed income securities	1.77%	1.91%
	100.00%	100.00%

The Company has no transactions with its retirement fund. The retirement fund has no investments in shares of stocks of the Company.

In the current year, there were benefits paid directly by the Company to the beneficiaries of the pension benefits plan amounting to ₱8,153, resulting to a net movement in pension liability of ₱3,570.

The Company expects to contribute ₱23,699 to the defined benefits retirement plan in 2016.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2015:

Plan year	Expected benefit payments
Less than 1 year	₱9,019
More than 1 year to 5 years	24,636
More than 5 years to 10 years	95,579
More than 10 years to 15 years	41,434
More than 15 years to 20 years	45,116
More than 20 years	419,002



The principal assumptions used in determining the pension benefits obligation of the Company's plan is shown below.

	2015	2014
Discount rate	4.99%	4.19%
Salary increase rate	5.00%	5.00%

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:

	Increase (decrease)	Present value of the defined benefit obligation as at December 31	
		2015	2014
Discount rates	5.99% (+1.00%)	₱64,426	₱63,153
	4.99% actual	70,853	67,072
	3.99% (-1.00%)	89,081	71,494
Salary increase rate	6.00% (+1.00%)	₱88,232	₱71,153
	5.00% actual	70,853	67,072
	4.00% (-1.00%)	64,935	63,375

The Company's weighted average duration of the defined benefit obligation is 18 years as at December 31, 2015. The Company's computation is based on per employee considering other contingencies to normal retirement and weighted by the benefits due.

27. Income Taxes

The provision for (benefit from) current and deferred income tax in 2015 and 2014 are as follows:

	2015	2014
RCIT	₱28,020	₱-
Benefit from deferred income taxes	(26,563)	(62,593)
MCIT	-	11,188
	₱1,457	(₱51,405)

The Company did not recognize deferred income tax assets relating to the following temporary differences because management believes that it is more likely than not that the carry-forward benefits will not be realized in the near future:

	2015	2014
Share-based payment	₱54,441	₱65,332
Accumulated accretion on liability for mine rehabilitation	21,466	20,880
Accumulated depletion on asset retirement obligation	18,072	15,976
NOLCO	-	20,508
Accrued expenses	8,001	8,001
Unrealized foreign exchange losses	7,579	2,687
PAS 17 escalation	179	-
	₱109,738	₱133,384



The following are the movements in NOLCO and MCIT in 2015:

	NOLCO	MCIT
At January 1	₱20,508	₱11,188
Application	(20,508)	(11,188)
At December 31	₱-	₱-

The carry-forward benefit for the excess MCIT of nil and ₱11,188 in 2015 and 2014, respectively is set up as a deferred tax asset but a corresponding valuation allowance has been established since management believes that it is more likely that the carry-forward benefit will not be realized prior to its expiration.

The components of the Company's net deferred income tax liabilities are as follows:

	2015	2014
Deferred income tax liabilities:		
Revaluation increment in land	₱769,537	₱769,537
Capitalized interest	26,308	41,023
Remeasurement gain on retirement obligation	2,549	2,612
Unrealized foreign exchange gain	433	-
Unrealized gain on AFS financial asset	58	108
PAS 17 escalation	-	23
	798,885	813,303
Deferred income tax assets:		
Allowance for impairment loss on:		
Inventories	88,246	88,246
Trade and other receivables	38,347	38,347
Pension liability	23,805	22,734
MCIT	-	11,188
	150,398	160,515
Allowance on impairment loss on MCIT	-	(11,188)
	150,398	149,327
Net deferred income tax liabilities	₱648,487	₱663,976

The deferred income taxes presented above are from the following temporary differences:

	2015	2014
Deferred income tax liabilities:		
Revaluation increment in land	₱2,565,123	₱2,565,123
Capitalized interest	87,693	136,743
Remeasurement gain on retirement obligation	8,497	8,707
Unrealized foreign exchange gain	1,443	-
Unrealized gain on AFS financial asset	193	360
PAS 17 escalation	-	77
	₱2,662,949	₱2,711,010



	2015	2014
Deferred income tax assets:		
Allowance for impairment loss on:		
Inventories	₱294,153	₱294,153
Trade and other receivables	127,823	127,823
Pension liability	79,350	75,780
MCIT	-	11,188
	501,326	508,944
Allowance on impairment loss on MCIT	-	(11,188)
	501,326	497,756
Net deferred income tax liabilities	₱2,161,623	₱2,213,254

The reconciliation of income tax computed at the statutory tax rates to benefit from income tax as shown in the Company's statements of income is summarized as follows:

	2015	2014
Income (benefit from) tax computed at statutory rate	₱2,509	(₱9,514)
Add (deduct) tax effects of:		
Changes in unrecognized deferred income tax assets	(7,093)	(43,320)
Application of MCIT	(11,188)	-
Cancellation of stock options	4,679	-
Nondeductible expenses	14,530	1,852
Interest income subject to final tax	(1,980)	(423)
Provision for (benefit from) income tax	₱1,457	(₱51,405)

The Company did not avail of the optional standard deduction in 2015 and 2014.

28. EPS

Basic EPS is calculated by dividing the net profit by the weighted average number of common shares on issue during the year, excluding any ordinary shares purchased by the Company and held as treasury shares.

In computing for the diluted EPS, the Company did not considered the effect of stock options outstanding as at December 31, 2015.

	2015	2014
Net income	₱6,906	₱19,692

Number of shares for the computation of:

	2015	2014
Basic EPS		
Weighted average common shares issued	198,418,466	189,159,207
Less treasury shares	116,023	116,023
Weighted average common shares outstanding	198,302,443	189,043,184



	2015	2014
Diluted EPS		
Weighted average common shares issued	198,418,466	189,159,207
Less treasury shares	116,023	116,023
	198,302,443	189,043,184
Stock options	-	92,527
Convertible preferred shares	686,455	686,455
Weighted average common shares outstanding	198,988,898	189,822,166
Basic EPS	₱0.03	₱0.10
Diluted EPS	₱0.03	₱0.10

29. Financial Risk Management Objectives and Policies

The Company's principal financial instruments pertain to unsecured and secured bank loans. The main purpose of these financial instruments is to raise funds for the Company's operations.

The Company has various financial instruments such as cash and cash equivalents, AFS financial assets, trade and other receivables, trade and other payables, other noncurrent liability in contract operations and obligations under finance lease.

The risks arising from the Company's financial instruments are liquidity risk, credit risk, foreign currency risk, interest rate risk and equity price 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 Company may encounter difficulties in raising funds to meet commitments from financial instruments. The Company's objective is to maintain a balance between continuity of funding in order to continuously operate and support its exploration activities.

The Company considers its available funds and its liquidity in managing its immediate financial requirements.

As at December 31, 2015 and 2014, cash and cash equivalents may be withdrawn anytime while quoted AFS financial assets may be converted to cash by selling them during the normal trading hours in any business day.



The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2015 and 2014:

	2015			Total
	On demand	Within 90 days	Over 90 days	
Loans payable	₱360,945	₱-	₱220,176	₱581,121
Trade and other payables:				
Amounts owed to related parties	673,051	-	-	673,051
Trade	93,186	-	-	93,186
Nontrade	-	31,483	-	31,483
Accrued expenses	-	18,467	-	18,467
Others	-	2,045	-	2,045
Obligations under finance lease	-	13,783	2,427	16,210
Other noncurrent liability	-	-	49,136	49,136
	₱1,127,182	₱65,778	₱271,739	₱1,464,699

	2014			Total
	On demand	Within 90 days	Over 90 days	
Loans payable	₱358,051	₱3,022	₱337,954	₱699,027
Trade and other payables:				
Amounts owed to related parties	695,732	-	-	695,732
Trade	112,825	-	-	112,825
Nontrade	-	46,867	-	46,867
Accrued expenses	-	42,748	-	42,748
Others	-	2,498	-	2,498
Obligations under finance lease	-	12,532	16,210	28,742
Other noncurrent liability	-	-	49,136	49,136
	₱1,166,608	₱107,667	₱403,300	₱1,677,575

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when these fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The 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.

With respect to credit risk arising from other financial assets of the Company, which comprise of cash and cash equivalents, AFS financial assets under other noncurrent assets, the Company'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 Company trades only with recognized third parties, there is no requirement for collateral.



The table below shows the maximum exposure to credit risk of the components of the parent company 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.

	2015	2014
Cash and cash equivalents		
Cash in banks	₱39,595	₱72,484
Short-term deposits	--	46,729
Trade and other receivables		
Trade	54,143	64,405
Amounts owed by related parties	469,942	451,451
Receivables from lessees of bunkhouses	35,797	32,176
AFS financial assets		
Quoted shares	609	779
Unquoted shares	401	401
	₱600,487	₱668,425

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

	2015				
	Neither past due nor impaired			Impaired portion	Total
	High-grade	Standard-grade	Past due but not impaired		
Cash and cash equivalents:					
Cash in banks	₱39,595	₱-	₱-	₱-	₱39,595
Trade and other receivables:					
Trade	--	54,010	--	133	54,143
Amounts owed by related parties	--	--	469,942	--	469,942
Receivables from lessees of bunkhouses	--	--	8,469	27,328	35,797
AFS financial assets:					
Quoted ordinary shares	609	--	--	--	609
Unquoted ordinary shares	--	401	--	--	401
Total credit risk exposure	₱40,204	₱54,411	₱478,411	₱27,461	₱600,487

	2014				
	Neither past due nor impaired			Impaired portion	Total
	High grade	Standard grade	Past due But not impaired		
Cash and cash equivalents:					
Cash in banks	₱72,484	₱-	₱-	₱-	₱72,484
Short-term deposits	46,729	--	--	--	46,729
Trade and other receivables:					
Trade	--	64,272	--	133	64,405
Amounts owed by related parties	--	--	451,451	--	451,451
Receivables from lessees of bunkhouses	--	--	4,848	27,328	32,176
AFS investments:					
Quoted ordinary shares	779	--	--	--	779
Unquoted ordinary shares	--	401	--	--	401
Total credit risk exposure	₱119,992	₱64,673	₱456,299	₱27,461	₱668,425



The Company has assessed the credit quality of the above financial assets as follows:

- a. Cash and cash equivalents 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 lime, nontrade and other receivables, were assessed as standard-grade. These were assessed based on past collection experience and the debtors' ability to pay the receivables. Other than receivables which were fully provided with allowance, there were no history of default on the outstanding receivables as at December 31, 2015 and 2014.
- 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.
- d. Other financial assets such as amounts owed by related parties and receivables from lessees of bunkhouses were assessed as standard grade, based on past collection experience and debtors' ability to pay.

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 Company's exposure to interest rate risk relates primarily to the Company's long-term debt obligations with floating interest rates.

As at December 31, 2015 and 2014, the Company'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 Company regularly monitors its interest due to exposure from interest rates movements.

The Company's secured and unsecured bank loans are both payable on demand. 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 tables set forth, for the year indicated, the impact in changes on interest rate on the parent company statements of income:

2015	Change in interest rates (in basis points)	Sensitivity of pretax income
PHP	+100	4,604
PHP	-100	(4,604)
USD	+100	2,756
USD	-100	(2,756)



2014	Change in interest rates (in basis points)	Sensitivity of pretax income
PHP	+100	1,989
PHP	-100	(1,989)
USD	+100	2,723
USD	-100	(2,723)

There is no other impact on the Company's equity other than those already affecting the profit or loss. 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 100 basis points for PhP T-bill.

Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. 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 exposure arises from the sale of gold and beneficiated chrome ore and the purchase of certain goods and services denominated in US\$.

All sales of gold are denominated in US\$. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.

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 US\$ and the Philippine peso. The Company does not generally believe that active currency hedging would provide long-term benefits to stockholders.

The Company's foreign currency-denominated monetary assets and liabilities as at December 31, 2015 and 2014 follow:

	2015		2014	
	US\$	Peso equivalent	US\$	Peso equivalent
<u>Asset</u>				
Cash in banks	US\$437	₱20,554	US\$809	₱36,183
<u>Liabilities</u>				
Secured bank loans	777	36,576	777	34,757
Other loans	2,412	113,522	3,973	177,675
	3,189	150,098	4,750	212,432
Net liability position	(US\$2,752)	(₱129,544)	(US\$3,941)	(₱176,249)

As at December 31, 2015 and 2014, the exchange rates of the Philippine peso to the US\$ based on Philippine Dealing System exchange rates at closing date are ₱47.06 and ₱44.72, respectively.



The sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Company's income before income tax as at December 31, 2015 and 2014 is as follows:

	Peso	Sensitivity of pretax income
2015	Strengthens by 0.55 Weakens by 0.23	₱1,513 (632)
2014	Strengthens by 0.40 Weakens by 0.41	₱1,576 (1,615)

Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The non-trading equity price risk exposure arises from the Company's investment in quoted AFS financial assets.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

Since the amount of financial assets subject to equity price risk is immaterial relative to the parent company financial statements taken as a whole, management opted not to disclose equity price risk sensitivity analysis for 2015 and 2014.

30. Capital Management

The Company maintains a capital base to cover risks inherent in the business. The primary objective of the Company's capital management is to ensure that the Company has available funds in order to continuously operate and support its exploration activities.

The Company manages its capital structure and makes adjustments, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may obtain additional advances from stockholders or issue new shares.

No changes were made in the objectives, policies or processes in 2015 and 2014.

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

	2015	2014
Capital stock	₱615,555	₱586,222
Capital surplus	344,106	269,844
Other components of equity	1,845,262	1,856,418
Retained earnings	2,047,086	2,040,180
Treasury shares	(8,016)	(8,016)
	₱4,843,993	₱4,744,648



Further, the Company monitors capital using debt to equity ratio, which is the total liabilities divided by total equity. Debt to equity ratio of the Company as at December 31, 2015 and 2014 are as follows:

	2015	2014
Total liabilities (a)	₱2,288,094	₱2,527,390
Total equity (b)	4,843,993	4,744,648
Debt-to-equity ratio (a/b)	0.47:1	0.53:1

31. Fair Value Measurement

Fair value is defined as 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. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Set out below is a comparison by category and class of carrying amounts and estimated fair values of the Company's significant financial assets and liabilities as at December 31, 2015 and 2014:

	Carrying amounts		Fair values	
	2015	2014	2015	2014
Financial Assets:				
AFS financial assets:				
Quoted	₱609	₱779	₱609	₱779
Unquoted	401	401	401	401
Financial Liabilities:				
Loans payable	581,121	699,027	581,121	699,027

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, trade and nontrade receivables, receivables from lessees of bunkhouses, and financial assets under Trade and Other Receivables, amounts owed by/to related parties, trade and nontrade payables, accrued expenses and other payables under Trade and Other Payables, and Other Noncurrent Liability.

The fair values of these instruments approximate their carrying amounts as of the reporting date due to their short-term nature.

AFS Financial Assets

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 the reporting date. The fair value of unquoted AFS investments cannot be reliably measured and accordingly measured at cost, net of impairment, if any. As at December 31, 2015 and 2014, the Company has quoted AFS financial assets amounting to ₱609 and ₱779, respectively, carried at fair value in the parent company statement of financial position. The quoted AFS financial assets are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations.

Land

The fair value of land is calculated using the market data approach, which results in measurements being classified as Level 3 in the fair value hierarchy.



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. Otherwise, the fair value is determined by discounting the principal plus the known interest payment using current market rates. Due to quarterly repricing, the carrying values of the variable-rate borrowings approximate their fair values.

The Company has no financial instruments measured at fair value under Level 2 of fair value hierarchy. There were no transfers between levels in 2015 and 2014.

32. Leases, Agreements and Contingencies and Other Matters

Lease Agreements

Operating Leases

The Company leases its office space until June 30, 2020 and the land on which the mine site office is located, until December 31, 2028, renewable upon mutual agreement with the respective lessors. Total rental expense on the said leases amounted to ₱1,018 and ₱938 in 2015 and 2014, respectively. Future minimum lease payments for the operating leases are as follows:

	2015	2014
Lease payments due in:		
Less than one year	₱1,109	₱1,018
Between one and five years	5,718	6,206
More than five years	4,898	5,519
Future minimum lease payments	₱11,725	₱12,743

Finance Lease

In 2012, the Company entered into a lease agreement to finance the 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:

	2015	2014
Lease payments due in:		
Less than one year	₱14,738	₱14,738
Between one and five years	2,456	17,194
Future minimum lease payments	17,194	31,932
Less interest	984	3,190
Present value of future minimum lease payments	16,210	28,742
Less current portion	13,783	12,532
Noncurrent portion	₱2,427	₱16,210

Principal payments made on the finance lease obligation amounted to ₱12,532 and ₱11,395 in 2015 and 2014, respectively.

Interest expense recognized on the above finance lease obligations amounted to ₱2,285 and ₱3,343 in 2015 and 2014, respectively.



Agreements and Contingencies

- a. The Company is contingently liable on lawsuits or claims 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 parent company financial statements.
- b. In 2011, the Company signed a 20-year power supply agreement with Therma Luzon, Inc., a wholly-owned subsidiary of Aboitiz Power Corporation, to supply reliable power to its current and future mining operations in Itogon, Benguet.
- c. In 2013, the 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 Company to the BSP, the proceeds of which are shared between the Company and its contractors.

33. Operating Segments

The Company has two operating segments namely, BGO and ILP, which are both undertaking mining operations. There are no geographical segments since the mining operations are located in the Philippines.

2015

	BGO	ILP	Corporate Headquarters	Others	Total
Revenue					
External customers	P682,141	P64,791	P-	P-	P746,932
Interest income	27	16	6,555	-	6,598
Other income	-	314	310,340	-	310,654
	682,168	65,121	316,895	-	1,064,184
Cost and Expenses					
Interest expense	-	-	16,257	-	16,257
Cost of mine products sold	627,794	43,763	-	-	671,557
Selling and general expenses	128,925	7,897	196,973	-	333,795
Accretion expense	586	-	-	-	586
Taxes on revenue	13,646	122	-	-	13,768
Other expenses	6,089	-	13,555	214	19,858
	777,040	51,782	226,785	214	1,055,821
Provision for (benefit from) income tax					
Current	2,541	2,848	22,630	-	28,019
Deferred	-	-	(26,562)	-	(26,562)
	2,541	2,848	(3,932)	-	1,457
Net income (loss)	(P97,413)	P10,491	P94,042	(P214)	P6,906
Operating assets	P1,309,564	P118,535	P5,160,026	P131,650	P6,719,775
Operating liabilities	P150,071	P32,719	P1,667,413	P25,579	P1,875,783
Other disclosure:					
Capital expenditure	P45,352	P-	P3,657	P-	P46,009



2014

	BGO	ILP	Corporate Headquarters	Others	Total
Revenue					
External customers	₱802,750	₱75,945	₱-	₱-	₱878,695
Interest income	19	2	1,387	-	1,408
Other income	-	336	198,163	-	198,499
	802,769	76,283	199,550	-	1,078,602
Cost and Expenses					
Interest expense	-	42	74,765	-	74,807
Cost of mine products sold	653,970	63,546	-	-	717,516
Selling and general expenses	139,937	7,391	144,274	-	291,602
Accretion expense	1,479	-	-	-	1,479
Taxes on revenue	16,043	-	-	-	16,043
Other expenses	4,927	-	3,463	480	8,870
	816,356	70,979	222,502	480	1,110,317
Provision for (benefit from) income tax					
Current	3,105	-	8,083	-	11,188
Deferred	-	-	(62,593)	-	(62,593)
	3,105	-	(54,510)	-	(51,405)
Net income (loss)	(₱16,692)	₱5,304	₱31,558	(₱480)	₱19,690
Operating assets	₱1,268,039	₱96,686	₱5,780,219	₱127,044	₱7,272,038
Operating liabilities	₱195,357	₱22,987	₱2,283,402	₱25,644	₱2,527,390
Other disclosure:					
Capital expenditure	₱95,568	₱-	₱3,657	₱-	₱99,225

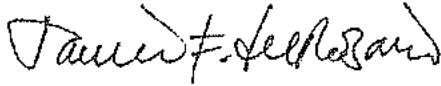


INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

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 financial statements of Benguet Corporation as at and for the years ended December 31, 2015 and 2014 and have issued our report thereon dated March 17, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of all the effective standards and interpretations and reconciliation of retained earnings available for dividend declaration 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. 5321628, January 4, 2016, Makati City

March 17, 2016



BENGUET CORPORATION AND SUBSIDIARIES
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

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Reconciliation of retained earnings available for dividend declaration	I
Schedule of all effective standards and interpretations	II



SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

As at December 31, 2015

(Amounts in thousands)

BENGUET CORPORATION

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

<u>Items</u>	Amount
Unappropriated Retained Earnings, beginning	₱2,040,180
Adjustment: (see adjustments in previous year's reconciliation)	
Effect of quasi-reorganization on revaluation increment	(1,010,848)
Unappropriated Retained Earnings, as adjusted, beginning	₱1,029,332
Net Income based on the annual financial statements	6,906
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)	(5,890)
• Unrealized actuarial gain	-
• 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	-
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)	-
Net income actually incurred during the period	1,016
Unappropriated Retained Earnings, as adjusted, ending	₱1,030,348



SCHEDULE II
BENGUET CORPORATION
SCHEDULE OF EFFECTIVE STANDARDS
AND INTERPRETATIONS UNDER THE PFRS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as at December 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		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	✓		
PFRS for SMEs				✓
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	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 (Amended)	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			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
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 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			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
	Operating Activities			
SIC 15	Operating Leases – Incentives	✓		
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC 29	Service Concession Arrangements: Disclosures			✓
SIC 31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC 32	Intangible Assets – Web Site Costs			✓

