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SEC FORM 17-A

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

1. For the fiscal year ended**DECEMBER 31, 2021**.....
2. SEC Identification Number**11341**..... 3. BIR Tax Identification No. ...**000-051-037**....
4. Exact name of issuer as specified in its charter**BENGUET CORPORATION**.....
5.**PHILIPPINES**..... 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **7F UNIVERSAL RE-BUILDING, 106 PASEO DE ROXAS, MAKATI CITY****1226**.....
Address of principal office Postal Code
8. **(632) 7751-9137 / 8812-1380**
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

1. 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>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2021)</u>	
Convertible Preferred Class A ₱3.43 par value	217,061 shares	
Common Class A Stock ₱1.00 par value	374,996,258 shares*	
Common Class B Stock ₱1.00 par value	247,926,121 shares*	

(*) – Net of Treasury Shares

Total consolidated outstanding principal loans payable as of December 31, 2021- **₱85.06 Million**

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

Yes [**X**] No []

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

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

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [] 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

Benguet Corporation (the “Company” or “Benguet”) is a publicly-listed company that pioneered modern mining in the Philippines. It was established on August 12, 1903 to engage in gold mining. It has since expanded into refractory chromite operation in 1934, quicklime and hydrated lime production in 1950, copper production in 1971, and then into nickel mining operation in 2007. From Benguet Consolidated Mining Company in the 1900s to Benguet Consolidated Inc. in the decades of the 1950s to 1980s, and finally to its present corporate name, Benguet Corporation, the Company looks with pride at its 118 years of existence as a testament to its adaptability and resiliency in the highs and lows brought about by global events, natural phenomena, economic conditions, and industry trends.

Benguet operates gold mines in Benguet Province, nickel mines in Zambales Province and limestone production facility in Baguio City. It also continues to hold interests in Ampucao Copper-Gold, Pantingan Copper-Gold, Zamboanga Gold, Surigao Coal, the Ilocos Norte and Apayao FTAA prospects, all in the Philippines and as well as mining properties in Royston Hills, Nevada. Aside from mining and mineral exploration, the Company is also into healthcare and diagnostics services through its subsidiary, Benguetcorp Laboratories, Inc. (BCLI) and port and shipping services through its subsidiary, Keystone Port Logistics and Management Services Corporation (KPLMSC). In 1980, the Company established Benguet Management Corporation (BMC), a wholly owned non-mining subsidiary, primarily to invest in projects and enterprises that diversify, stabilize and strengthen the investment portfolio of the Benguet Group of Companies. BMC is involved in other lines of business which include logistics services through its subsidiary, Arrow Freight Corporation (AFC); trading of construction materials, equipment and supplies through its subsidiary, Benguetrade, Inc. (BTI); bottled and bulk water through Aqua de Oro Ventures Corporation (AOVC); and real estate development and lime kiln operation through its subsidiary, BMC Forestry Corporation (BFC).

In 1950, Benguet acquired the Irisan Lime Project (ILP) from Mr. Richard L. Lile (formerly Lime Products Manufacturing). ILP is engaged in the production and trading of quicklime and hydrated lime.

In 2002, Benguet reopened Benguet Gold Operation (BGO) on a limited scale through the Acupan Contract Mining Project (ACMP) now renamed as the Acupan Gold Project (AGP). ACMP was initially conceived as a community based underground mining operation which started commercial operation in January 2003.

In 2007, Benguet developed the Sta. Cruz Nickel Project (SCNP), a surface nickel mining operation in Zambales Province operated by its wholly owned subsidiary, Benguetcorp Resources Management Corporation (BMRC) (formerly Benguetcorp Nickel Mines, Inc. (BNMI)). On December 10, 2010, the Company transferred the mining permit denoted as Mineral Production Sharing Agreement (MPSA) No. 226-2005-III of its SCNP, to BRMC. The transfer of the MPSA was approved by the Mines and Geosciences Bureau (MGB) on January 16, 2012.

For the past three years, Benguet and its subsidiaries have not been involved in any bankruptcy, consolidation, or purchase/sale of significant amount of assets not in the ordinary course of business.

MINING OPERATIONS

Benguet Gold Operation (BGO) in Itogon, Benguet Province:

During the year in review, AGP generated ₱945.8 million revenue, 34% higher than the revenues of ₱703.9 million in 2020, 64% higher than ₱576.5 million in 2019 and 54% higher than ₱616.6 million in 2018. The higher revenue was due to higher volume of gold sold this year. Gold average selling price however increased by 3% averaging US\$1,806.68, as compared to average selling price of US\$1,750.25/oz in 2020, US\$1,395.43/oz in 2019 and US\$1,274.67/oz in 2018. As a result, AGP pre-tax income increased 44% this year to ₱153.57 million this year from ₱106.5 million pre-tax income in 2020, ₱34.3 million in 2019 and from the net loss of ₱27.0 million in 2018.

AGP milled a combined 56,753 tons of ore at an average mill head of 6.68 Au. g/t, producing 10,675 ounces of gold in 2021 compared to 43,756 tons of ore at an average mill head of 6.60 Au.g/t, with 7,915 ounces of gold in 2020, 41,151 tons of ore milled with average mill head of 6.18 grams Au.g/t, producing 8,175 ounces in 2019 and 44.073 tons of ore milled with average mill head of 6.50 Au.g/t, producing 9,204 ounces in 2018. AGP ended the year with average milling rate of 160 tons per day (tpd), as compared to 122 tpd in 2020, 113 tpd in 2019 and 121 tpd in 2018.

The year saw AGP operations constantly coping up with the restrictive quarantine and health guidelines issued by the local government regarding COVID-19 pandemic. This includes compliance with the vaccination program wherein 99% of its employees have fully vaccinated and many have received booster shots. Likewise, majority of its contractors and miners have been fully vaccinated. Despite strict adherence to the minimum health protocols, it remains focused on its production targets. AGP welcomes the relaxation of COVID-19 pandemic restrictions which greatly improved the attendance of miners and their production. The revised mine development and production expansion programs for the BC team, where aggressive development of the Acupan underground increased mining areas as well as upgraded mine and mill equipment coupled with improved milling processes, cushioned the impact of COVID-19 pandemic. Raising of Tailings Storage Facility 2 (TSF2) dam embankment has been completed and its stability and soundness is regularly monitored. Plan for the improvement of the crushing system for the Mill is being conceptualized/ designed to attain 200 tpd mill capacity. At present, maximum mill capacity is only at 180 tpd. Study on revival of TSF3 as alternate tailings disposal facility is ongoing. AGP has renewed 2 out of 16 mining contractors during the latter part of the year based on their gold production record, and safety performance, among others.

AGP has been ISO 14001:2015 recertified for environmental management system granted by an accredited certifying body, NQA Philippines. The recertification is valid until March 15, 2025 applicable to Mining and Processing of Gold.

Sta. Cruz Nickel Project (SCNP) in Sta. Cruz, Zambales Province:

Following the resumption of the mining operations of the Sta. Cruz Nickel Project in the fourth quarter of 2020, its wholly-owned subsidiary Benguetcorp Resources Management Corporation (BRMC) (formerly Benguetcorp Nickel Mines, Inc. (BNMI)), has continued its mining operation and activities in alignment with the approved 3-year Development and Work Program.

BRMC contributed revenue of ₱2.77 billion to the Company, higher as compared to ₱818.34 million in 2020, ₱64.65 million revenue in 2019 and ₱226.52 million revenue in 2018, which was mainly attributable to increase in volume shipped and higher ore sales price. This year, BRMC shipped a total of 22 boatloads of 1.2% to 1.5% nickel ore grades aggregating 1,175,050 tons, higher as compared to 9 boatloads of 1.2% to 1.4% nickel ore grades aggregating 483,952 tons in 2020, 1 boatload of 1.5% nickel ore weighing 55,000 tons in 2019 and 4 boatloads of 1.4% to 1.5% nickel ore aggregating 218,635 tons in 2018. Nickel ore was sold at effective average price of US\$47.38/ton this year, versus US\$34.21/ton in 2020, US\$22.50/ton in 2019 and US\$19.73/ton in 2018. The increase in sales volume and price resulted to net income of ₱880.4 million this year,

higher as compared to ₱169.9 million in 2020, and net losses of ₱191.2 million in 2019 and ₱169.3 million in 2018.

BRMC has been an ISO 14001:2015 certified by TUV Rheinland®. Its certification is valid until October 16, 2022. The scope of certification is nickel ore mining, hauling, barge loading and other port mining activities.

Irisan Lime Project (ILP) in Baguio City:

The Company's ILP generated ₱75.1 million revenue this year 19% higher as compared to ₱63.2 million revenue in 2020, but lower than the ₱106.6 million in 2019 and ₱96.5 million in 2018. Sales volume upped by 16% to 7,702 tons this year, from 6,612 tons in 2020 mainly due to higher orders from Lepanto and other buyers, but lower than 9,671 tons in 2019 and 9,434 tons in 2018. Lime products were sold at an average price of ₱10,508 per ton this year versus ₱10,268 per ton in 2020, ₱11,021 per ton in 2019 and ₱10,233 per ton in 2018. Pre-tax income amounted to ₱19.7 million this year compared to the ₱15.6 million in 2020, ₱34.0 million in 2019 and ₱15.5 million in 2018.

On March 22, 2022, ILP obtained MGB approval of its 5-year Mineral Processing Permit valid until March 21, 2027.

Benguet Antamok Gold Operation (BAGO) in Itogon, Benguet Province:

The revised Antamok Final Mine Rehabilitation and Decommissioning Plan (FMRDP) was endorsed by the MGB-CAR to the Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC) for approval based on new development, particularly on the actual rehabilitation needs considering the current physical status and condition of the area. The total cost to be incurred over a 4-year period of rehabilitation starting 2019 was reduced from ₱43 million to ₱30 million. The aim of the FMRDP is principally to mitigate environmental risks and provide a sustainable final land use over the area. It includes long-term programs including a Minahang Bayan. The Company implemented various activities such as continuous propagation of various seedlings in nurseries and maintenance of its established reforestation areas. During the year, the Company spent a total of ₱1.3 million for BAGO-Care and Maintenance Program (CMP) bringing its expenditures to-date to ₱22.9 million since 2015.

EXPLORATION, RESEARCH AND DEVELOPMENT

Exploration, research and development are currently undertaken by the Company's in-house team, with or assisted by consultants and other service providers, like engineering and/or drilling contractors.

Balatoc Tailings Project (BTP) in Itogon, Benguet Province:

With the expiration and non-renewal of Mineral Processing Permit (MPP), BTP was reconveyed from Balatoc Gold Resources Corporation (BGRC) to Benguet Corporation as viability of the tailings reprocessing project will be enhanced if made as an integral part of the Acupan Gold Project. The project remains viable particularly given that metal prices is expected to provide more opportunities for the Company to make it operable after some modifications.

The Company updated the BTP information memorandum and negotiation on engagement terms of potential financial consultant is ongoing.

Pantangan Gold Prospect in Bagac, Bataan Province:

The Pantangan property is located in Bataan peninsula and is covered by MPSA No. 154-2000-III. It remains to be a viable prospect for epithermal gold mineralization and aggregates. The second phase drilling works on the Pantangan Gold Prospect consisting of 7 drill holes was completed and recovered core samples are undergoing physical and chemical analysis. The Phase Two drilling works targetted the lateral and vertical continuations of the V9SL and V2SL.

On the aggregates prospect, the Company continues to do topographical/road surveys and apply for permits including for road-right-of-way in the 40-hectares Quarry Permit Area (QPA) outside the MPSA. The large-scale quarry in PAB-1 and PAB-2 within the MPSA still needs drilling for Declaration of Mining Project Feasibility (DMPF). The MGB has issued area clearance in the QPA, and the Company is working on LGU consent, tree inventory, NCIP certification, and ECC process.

Ampucao Copper-Gold Prospect in Itogon, Benguet Province:

The Ampucao is a viable prospect for the discovery of deep-seated porphyry copper-gold deposit corresponding to surface and underground initial geological evaluation done by geologists of the Company. Copper bearing formation hosted by intensely silicified quartz diorite was delineated in outcropping 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. This project is covered by the Company's Application for Production Sharing Agreement (APSA) which was reinstated per DENR's decision dated October 5, 2021 allowing the Company to comply with the requirements under DENR Memorandum Order No. 2010-04 (DENR Use it, Lose it Policy).

Zamboanga Gold Prospect (BOLCO) in R.T. Lim Zamboanga del Sur:

On the Zamboanga Gold Prospect, the Company has obtained the consent of the claimowner, Orelina Mining Corporation, for the proposed Minahang Bayan arrangement where the small scale miners cooperative will be allowed to continue with their livelihood activities under a regulated system, subject to the conditions that the Company can conduct exploration/drilling works in San Fernandino vein area and will be assisted in securing Free, Prior and Informed Consent (FPIC) from the Indigenous People (IP). Duration of Minahang Bayan is until the Company is ready to start large scale mining but not more than 3 years.

The Company has an operating agreement with Orelina Mining Corporation to explore and operate the property comprising of 399.03 hectares. The property is about 150 kilometers from Zamboanga City. It straddles the common boundary of R. T. Lim, Zamboanga Sibugay and Siocon, Zamboanga del Norte.

Surigao Coal Project in Lianga, Surigao del Sur:

The Company acquired a coal property in Surigao del Sur through a Royalty Agreement with Diversified Mining Company in 1981. The property consists of 12-coal blocks measuring total area of 12,000 hectares. Six-(6) coal blocks were extensively explored by way of mapping, trenching, drilling, electrical logging and topographic surveying. The ground evaluation works of the Company resulted in the delineation of seven-(7) coal seams of lignitic to sub-bituminous coal quality (steam grade). The Company at present is completing all the documentary requirements for the application of a new Coal Operating Contract (COC) with the Department of Energy (DOE). The fuel price increase has focused on the need to look for energy sources, other than oil, which could present a marketing opportunity for local coal.

Financial Technical Assistance Agreement:

The 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. AFTA No. 003 with an area of 21,189.37 hectares covering four (4) individual parcels, is within the provincial jurisdiction of Ilocos Norte, whereas AFTA No. 033 consisting of 51,892.92 hectares covering two (2) individual parcels is situated in Apayao province. Both mineral claims lie within the porphyry copper-gold and epithermal gold mineralization belt of Northern Luzon and are still greenfield for mineral exploration. BC already negotiated and signed four-(4) out of the five-(5) Memoranda of Agreement (MOA) with the concerned Indigenous People (IP) for the AFTA No. 003, and now awaiting confirmation from the National Commission on Indigenous People (NCIP) of the Free, Prior and Informed Consent (FPIC) requirement.

SUBSIDIARIES AND AFFILIATES

A. LOGISTICS

- Arrow Freight Corporation (AFC)

AFC a logistics provider of the Company generated ₱83.19 million revenue this year, higher as compared to revenues of ₱ 32.15 million in 2020 and ₱14.16 million in 2019 and ₱20.22 million in 2018. Increased revenue resulted to a net income of ₱17.89 million, higher than the net income of ₱11.59 million in 2020, ₱1.9 million in 2019 and net loss of ₱12.5 million in 2018. AFC purchased 5 units of dump truck to increase its operations hauling fleet to 11 units. To improve its profitability, AFC plans to purchase backhoes and more dump trucks to handle the ore loading and hauling requirements of BRMC, and eventually other mining companies operating in the area.

- Keystone Port Logistics and Management Services Corporation (KPLMSC)

KPLMSC the port and barging services provider of the Company generated ₱78.31 million revenue this year, higher as compared to ₱32.98 million revenue in 2020, ₱5.50 million in 2019 and ₱26.3 million in 2018 due to higher revenues from port usage on account of BRMC's 1,175,050 tons nickel ore exports handled this year against 483,952 tons nickel ore exports last year 55,000 tons in 2019 and 267,994 tons in 2018. As a result, KPLMSC reported net income of ₱48.43 million this year higher than net income of ₱13.9 million last year, compared to the net losses of ₱5.3 million in 2019 and ₱40.2 million in 2018.

B. REAL ESTATE

- BMC Forestry Corporation (BFC)

BFC manages the lime kiln operation of Irisan Lime Project and various real estate projects. BFC continues to develop and sell subdivision lots in its real estate project in Rosario, La Union, the Woodspark Subdivision, which market has been greatly affected by the COVID-19 pandemic. BFC reported net income of ₱1.8 million this year higher than net loss of ₱0.4 million in 2020, net income of ₱1.6 million in 2019 and ₱0.3 million in 2018. The higher income in 2021 was mainly due to income from management fee amounting to ₱0.74 million, recovery of expected credit losses of ₱1.2 million and collection of amortizations from previously sold lots. BFC continues to sell the 5 remaining lots with an aggregate area of 1,763 square meters.

On August 18, 2021, registration of the Company's Kelly Ecozone project was approved by the Philippine Economic Zone Authority (PEZA) for "Mix-Used Ecozone". Currently, there are ongoing talks for phased development of the proposed project.

C. HEALTHCARE

- BenguetCorp Laboratories Inc. (BCLI)

BCLI generated total revenue of ₱47.95 million this year, against ₱33.14 million last year, ₱35.96 million in 2019 and ₱42.92 million in 2018. The increase in revenue is due to revenues from annual physical examination (APE) services to its clients, flu vaccination, continuing antigen swab testing, and increase in walk-in patients despite varying alert levels and health protocols in relation to the COVID-19 pandemic imposed by the government. As a result, BCLI reported a net income of ₱6.73 million this year a turn-around from the net losses of ₱3.94 million in 2020, ₱18.0 million in 2019 and ₱34.89 million in 2018.

BCLI continues to serve its core customers, HMO (Health Maintenance Organization), corporate clients in Baguio City, and government agencies. Its long-standing client, MOOG, Inc., signed a two-year contract with BCLI to provide full clinic management in its site effective May 1, 2021.

BCLI maintained its ISO certification having passed ISO audit last December 3, 2021. Since January 2018, BCLI has been ISO 9001:2015 – Quality Management System, certified by an accredited certifying body TÜVRheinland®. BCLI's clinics – Centermall and Cyberzone were

also granted the Safety Seal by the Baguio City LGU on January 4, 2022 and December 10, 2021 respectively.

D. BENGUETCORP INTERNATIONAL LIMITED (BIL) IN HONGKONG

- In 1988, the Company acquired BenguetCorp International Limited (BIL), a Hongkong-based and wholly owned subsidiary for international operations, which remains largely inactive. BIL's subsidiary, BenguetCorp USA Limited's (BUSA) renewal of about 259 hectares of mineral property for gold/silver at Royston Hills, Nevada, USA was forfeited due to late remittance of annual rentals by reason of the pandemic. The process of re-application over the said claims is ongoing.

2. BUSINESS OF ISSUER

Products or Services/Sales and Market and Distribution Method

The Company currently produces and markets gold (with silver by-product) from its AGP, nickel laterite ore from BMRC, and quicklime and hydrated lime from ILP. AGP directly sells gold produced to Bangko Sentral ng Pilipinas, BRMC principally exports nickel ores, and ILP's quicklime products are mainly sold to local customers. The Company, through its subsidiaries, provides logistic services under AFC, port and shipping services under KPLMSC, healthcare services under BCLI and real estate projects under BFC.

Percentage of Sales/Revenue

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

	2021 (% to total revenue)			2020 (% to total revenue)			2019 (% to total revenue)			2018 (% to total revenue)		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Gold	25%	-	25%	44%	-	44%	72%	-	72%	61%	-	61%
Lime	2%	-	2%	4%	-	4%	13%	-	13%	10%	-	10%
Nickel	-	72%	72%	-	50%	50%	-	8%	8%	-	22%	22%
Logistics & Others	1%	-	1%	2%	-	2%	7%	-	7%	7%	-	7%

Status of Any Publicly-Announced New Product or Service

The Company and its subsidiaries have no publicly-announced new products or service introduced in 2021 whether prototypes that are existing or in planning stage.

Competition

The gold produced by the Company is directly sold to Bangko Sentral ng Pilipinas and the price is based on world spot market prices from the London Metal Exchange. The price of gold is currently at above-average historical level but there is no assurance that the upward trend will continue. There is virtually no competition in the industry and gold producers can easily sell their products. On the other hand, the Company principally competes in selling its nickel ores 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.

Sources of Raw Materials and Supplies

The ore mined from the Company's gold properties is the raw material for processed gold (silver by-product), while in Sta. Cruz Nickel Project (SCNP) of the Company, the nickel laterite ore actually mined is directly exported/sold to foreign buyers. The limestone ore is the basic raw material of quicklime and hydrated lime produced by ILP.

In the process of producing gold (silver by-product), nickel laterite ore and quicklime, labor, materials and supplies, power, and other services are employed and utilized. Labor is generally provided by the Company's regular employees, augmented by outsourced workers and contractors for certain projects and seasonal activities in the gold, lime and nickel mining operations. In the Company's AGP, it engaged the services of accredited mining contractors to do underground mining. Operating supplies, equipment and spare parts, which are generally available, are obtained on competitive basis from sources both locally and abroad. The Company has no existing major supply contracts. Electrical power to run the Company's mining operations in Itogon, Benguet Province is currently sourced from Aboitiz Power Corporation through its wholly owned subsidiary Therma Luzon, Inc. (TLI) under the terms of 20-year contract up to 2031.

Customers

The gold produced by the Company's AGP, which is directly sold to Bangko Sentral ng Pilipinas represents 25% of the total sales. The Company and its subsidiary, BRMC, has existing off-take agreements with Chinese and Korean trading companies for the sale of nickel ore. BRMC is free to sell its nickel ore to other traders or refineries.

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 non-interest bearing cash advances for working capital requirements. The Company has dealings with its subsidiaries as follows:

- a. On August 8, 2011, the Company was appointed as the exclusive marketing agent of BRMC for the period 2011 to 2017. Outstanding trade receivable from this transaction amounted to ₱111.8 million and ₱3.9 million in 2021 and 2020 respectively.
 1. The business purpose of the arrangement is for the Company to market the ore production of BRMC at the best price obtainable in the market and under terms most advantageous to BRMC.
 2. The Company is authorized to enter into a long-term supply agreement and to negotiate and receive advance payment from the buyer and is entitled to a definite marketing fee. BRMC is a subsidiary that is controlled and significantly managed by the officers of the Company.
 3. The transaction was determined after the conduct of a market study and cost benefit analysis.
 4. The Related Party Transaction Committee and Management Committee reviewed and evaluated the transaction. The said Committees practiced the vetting process wherein it evaluated for fairness of the terms of the related party transactions and ensured that the terms are at arm's length following the Related Party Transactions policy of the Company. The related party transaction terms were compared with the terms granted to non-related parties under comparable circumstance and conditions. In cases where comparable transactions are not available, adequate justifications on the selection of the related party and the benefits of the engagement shall be provided.
 5. The marketing agreement was renewed for another five (5) years from January 1, 2021.
- b. AFC, a wholly owned subsidiary of the Company through BMC, continued to provide equipment services to the Company for the delivery of equipment to various project sites. Total amount charged to the Company in 2021 and 2020 amounted to ₱2.8 million and ₱2.5 million, respectively.
 1. The business purpose of the arrangement is to provide equipment services to the Company for the delivery of equipment and/or raw materials to the various project sites.
 2. AFC must provide all the required equipment/ service vehicle as well as personnel necessary for the Company's operations in its project sites.. AFC is a wholly owned subsidiary of BMC, and BMC is a subsidiary of the Company that is controlled and significantly managed by the same Officers of the Company.

3. The transaction price was determined after the conduct of a market study and cost-benefit analysis.
 4. The Related Party Transaction Committee and Management Committee reviewed and evaluated the transaction. The said Committees practiced the vetting process wherein it evaluated for fairness of the terms of the related party transaction and ensured that the terms are at arm's length following the Related Party Transaction Policy of the Company. The related party transaction terms were compared with the terms granted to non-related parties under comparable circumstance and conditions. In cases where comparable transactions are not available, adequate justifications on the selection of the related party and the benefits of the engagement shall be provided.
 5. This arrangement is still in effect as intended by both parties.
- c. BFC, a wholly owned subsidiary of the Company thru BMC, was appointed as General Manager of the Company's Irisan Lime Project. Total amount charged to the Company in 2021 is ₱0.74 million.
1. The business purpose of the arrangement is to handle the over-all operations of the Irisan Lime Project.
 2. BFC is to manage and supervise the marketing functions, all production aspects, the industrial and personnel relations functions, financial and internal accounting activities, and to furnish financial statements and progress reports regularly to the Company.
 3. The transaction price was determined after the conduct of a market study and cost-benefit analysis.
 4. The Related Party Transaction Committee and Management Committee reviewed and evaluated the transaction. The said Committees practiced the vetting process wherein it evaluated for fairness of the terms of the related party transaction and ensured that the terms are at arm's length following the Related Party Transaction Policy of the Company. The related party transaction terms were compared with the terms granted to non-related parties under comparable circumstance and conditions. In cases where comparable transactions are not available, adequate justifications on the selection of the related party and the benefits of the engagement shall be provided.
 5. The management contract is effective for a period of five (5) years which started on January 1, 2021.

Please see Note 25 – Related Party Transactions, of the Company's 2021 (Parent) Audited Financial Statements for details.

Terms and Expiration Dates of Royalty Contracts

The Company does not own any trademark, patent, copyright, franchise or concession. The Company has Operating Agreement with the following claimowners: Balanga Bataan Minerals Corporation (BBMC) for its Pantingan Gold Prospect in Bagac, Bataan; Orelina Mining Corporation (OMC) for its Zamboanga Gold Prospect (BOLCO) in R.T. Lim, Zamboanga del Sur and Diversified Mining Corporation for its Surigao Coal Project in Lianga, Surigao Del Sur. Duration of said agreements is up to end of mine life.

Government Regulations and Approval

All necessary business licenses and permits required for the continuous operation, production and sale of Company's products have been secured by the Company including new licenses or permits as well as those that have to be renewed periodically. The following Mineral Production Sharing Agreement (MPSA) applications of the Company were reinstated by the Mines and Geosciences Bureau (MGB): (a.) MPSA application denominated as Production Sharing Agreement (APSA) No. 009 CAR for the Company's Benguet Gold Operation, Antamok Gold Operation and Ampucao Copper-Gold Prospect in Itogon, Benguet; (b.) and MPSA application denominated as APSA No. IX-015 for the Company's Zamboanga Gold Prospect in R.T. Lim Zamboanga del Sur. The Foreign Technical Assistance Agreement (FTAA) application in Ilocos Norte (AFTAA- 003) is undergoing Free, Prior and Informed Consent (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 of existing governmental regulations are mainly on their corresponding costs of compliance. In the case of probable government regulations, the effect or impact of such probable governmental regulations on the Company's operations could only be determined upon their passage and implementation. The indecisive stance of some government bureaus to approve and issue much-needed permits and licenses may also cause delays in the mining and/or operating activities of the Company and its Subsidiaries.

Research/Developmental Expenses

The Company's total expenses for exploration and development activities for the last four (4) years as follows:

	Amount in Millions	% to Total Revenue
2021	₱11.7	0.3%
2020	₱10.8	0.7%
2019	₱4.0	0.5%
2018	₱0.8	0.1%

Costs and Effects of Compliance with Environmental Laws

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

The nickel and gold mining operations of the Company have been ISO 14001:2015 certified since March 2016. Guided by the standards of the ISO on the implementation of its Environmental Management System, the Company continued to lay out the accomplishments on its Annual Environmental Protection and Enhancement Programs (AEPEP) in 2021 composed of activities related to Land Resources Management, Water Resources Management, Ambient Air and Noise Quality Monitoring Biodiversity Enhancement, Port and Coastal Resources Protection River Rehabilitation Solid and Liquid Wastes Management, and other Environment-Related Activities. In 2021, the Nickel Operations spent a total of ₱13.5 million, 172.7% increase against its approved budget amounting to ₱7.8 million bringing its expenditures to-date to ₱286.2 million since 2011 while the Gold Operations spent ₱10.8 Million in 2021, bringing its expenditures to-date to ₱86.8 Million since 2015.

The Company's support to the Mining Forest Program continued as the Nickel operations reforested this year a total area of 91 hectares covering areas in Progressive Rehabilitation Temporary Revegetation, and Bamboo Plantation. This year, the Nickel Operations planted 227,500 seedlings of which 218,400 survived equivalent to 96% survival rate. Since the start of its operations in 2009, BNMI has planted a total of 2,461,108 seedlings all over its tenements with average 96% survival rate equivalent to almost 2,362,664 trees. On the other hand, the Nickel Operations' NGP Program planted 6,000 seedlings this year of which 5,700 seedlings survived equal to 95% survival rate. Since the start of the NGP outside tenement areas in 2011, BNMI already planted 235,600 seedlings in various NGP sites with a total of 2,243,820 seedlings at 95% survival rate covering an approximate total reforested area of 470.0 hectares.

The Gold operations reforested this year a total area of 8 hectares and planted 9,676 seedlings with average survival rate of 80%. Gold operations thus have planted to-date about 1,301,365 seedlings of various plant/tree species all over its tenements at 82% average survival rate.

Likewise, the Company continued to implement its Sustainable Agroforestry Program which form part of the mine rehabilitation measures and at the same time address health concerns of the pandemic.

This year the continuous implementation of mitigating and enhancement measures to protect water resources and its quality were undertaken in both the Nickel and Gold operations as indicated on the details of the work and financial plans for the repair, rehabilitation and improvement of environmental engineering structures, e.g. desilting of settling ponds, silt traps, repair of settling ponds outlets, desilting and repair of diversion tunnels, Tailings Storage Facility embankments, maintenance of river systems and other engineering structures

Results of compliance to various environmental laws, rules and regulations set forth by the regulatory agencies and continued implementation of its Annual Environmental Protection and Enhancement Program Activities were found beneficial on the operation of the company in terms of reducing impact to the environment and at the same time attaining economic recovery of operations. Environmental Compliance promotes goodwill and stewardship of the environment in terms of protection and management thus enhancing sustainability, satisfying the current need but without hampering and compromising future generations.

Community Relations/Social Development & Management Programs

The Company continues to fulfill its social development obligations through implementation of various Social Development and Management Programs (SDMP) which supplemented the general welfare programs of the national and local governments through the provision of health, medical, peace and order, safety, livelihood, educational, waste management, public infrastructure services, Information Education and Communication (IEC), Development of Mining Technology and Geosciences, and scholarship program which continues to benefit high school and college students in its host and neighboring communities. For this year, total beneficiaries of its scholarship program in Benguet totaled to 56 students (50 junior high school, 2 senior high school and 4 in college) while in Zambales, 332 students (221 high school and 111 college) were benefited. All programs were implemented in coordination with the Local Government Units, various government agencies and organizations, and the host communities in Zambales and Benguet. The Company continued to promote public awareness and education on mining activities and technology. These are in the form of print and radio campaigns on the social programs of the Company, installation of signages, infrastructure projects, and production of Company's and Barangay's newsletters, among others. The Company's Gold operations spent ₱4.5 million in SDMP in 2021, bringing its expenditures to-date to ₱53.1 million since 2005, and the Nickel operations has spent ₱2.1 million in 2021, bringing its expenditures to-date to ₱49.5 million since 2013.

Total Number of Employees

The Company has a total manpower complement of 1,422 in 2021, 1,252 in 2020, 853 in 2019 and 675 in 2018. This is broken down as follows:

Type of Employee	2021	2020	2019	2018
Administrative	175	171	76	140
Clerical	20	37	60	13
Exploration/Operation	304	223	263	308
Outsourced Staff (seasonal, project based, security guards, janitors & retainers/consultants)	923	821	454	214
Total	1,422	1,252	853	675

The Company anticipates no material change in the number of employees for the next 12 months. There are no labor unions in the Company and its subsidiaries nor were there any labor actions against the Company and its subsidiaries during the past four (4) years. The Company continuously provides free housing for managers and employees at mine site with free water and power utilities. Basic and major medical; educational assistance; transportation allowance; vacation/sick/ paternity/birthday leave with pay; free protective and safety paraphernalia; Integrated Retirement Plan; Group Life and Personal Accident Insurance; and Stock Option Plan, among others are currently provided to covered employees.

Business Risks

The Company recognizes, assesses, and manages certain risks that could materially and adversely affect its business, financial condition, results of operations and prospects. Regulatory risks are changes in regulations, policies, and law that will affect the mining industry and Company in particular.

- a. The operations of the Company's business are subject to a number of national and local environmental laws and regulations which should be adhered to. Non-compliance or failure to comply may delay mining operations or could result in 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. The Company maintains and liaisons with regulatory agencies to allow the Company to identify potential regulatory risks and proactively respond to these risks. 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 impact its operation and/or impose added costs to the Company.
- b. The Company's exploration for, development and extraction 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. The Company's revenues are directly affected by the prices of the metal it produces, which are gold and nickel ore. The Company has experienced, and expects to continue to experience, significant fluctuations in operating results due to a variety of factors, including among others, depreciation of the Philippine Peso against the US Dollar, ore grades, mineable ore reserves and interest rates. The ultimate outcome of this matter cannot presently be determined and related effects will be reported as they become known. The metal prices in the world market are US Dollar denominated. The Company's reporting currency in its financial statements is the Philippine Peso. Changes in the US\$/Php exchange rate may adversely affect the financial condition of the Company. The Company maintains to export the saleable stockpiled nickel ores at favorable market price while the gold produced is directly sold to Bangko Sentral Ng Pilipinas.
- d. The Company depends on certain key personnel, and its business and growth prospects may be disrupted if their services are lost. There is no assurance that certain key officers and employees which are critical to the continued operation of the Company business will remain employed. Should several of these key personnel resign or are separated from their present posts, the Company may face difficulties in hiring replacements and the business and operations may be disrupted as a result, which may adversely affect the financial conditions and operations of the Company. To maintain their employment, the Company continuously reviews and ensure that compensation and benefit packages for officers, managers and rank and file personnel are competitive with industry standards. Continuous trainings are provided to ensure that their knowledge and skills are continually updated.
- e. The operations of the Company's business is subject to various other risks which are beyond its control. These include typhoons, earthquakes, floodings, landslides, and virus outbreak among other natural disasters which may disrupt its operations. There can be no assurance that these risks will not have an adverse effect on the Company. To mitigate the risks, management and operations meetings are conducted to identify, assess and formulate related contingency plans to manage or minimize the adverse impacts of potential risks and to ensure that concerned units manage or promptly address identified risks.

- f. 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 in the long term on the Company's business, operating results and financial condition. The Company principally competes in selling its nickel ores outside the Philippines. 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. For gold, there is no competition in the industry and gold producers may easily sell their product directly to Bangko Sentral ng Pilipinas.

Additional Requirements as to Certain Issues or Issuers –

The Parent Company's outstanding principal debt subject to the 1992 Restructuring Agreement amounted to ₱85.06 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.

Information on loans payable is presented in Note 14 of the Notes to 2021 Audited Consolidated Financial Statements under "Secured Loans".

ITEM 2. PROPERTIES

The Company owns patented lands, mining, milling, various automotive equipment/vehicles and support facilities for its gold mining operations in Itogon, Benguet Province and Irisan Lime Project in Baguio City. The Company also owns various artworks, vehicles, office furniture and computer units in its corporate office in Makati City. It likewise owns milling and support facilities at Zamboanga Gold Prospect in R.T. Lim Zamboanga del Sur, which are currently on care and maintenance basis.

The Company continues to lease a unit at the Universal Re Building, 106 Paseo de Roxas, Makati City where its Corporate Head Office is situated. Rental is ₱-542,080.00 per month VAT inclusive subject to 10% escalation yearly up to June 30, 2023.

Subsidiaries: BRMC (formerly BNMI) is the holder of MPSA No. 226-2005-III with an area of 1,406.74 hectares located in Sta. Cruz, Zambales. It owns assaying/laboratory equipment and various automotive equipment/vehicles for its mining business operations. BRMC continues to lease at ₱76,986.61 per month for office occupancy in Sta. Cruz, Zambales. The lease is renewable every 5 years. BRMC also leases a parcel of land for purposes of building a mining haulage road and other purposes in connection with mining activities for ₱10,000 per month up to March 7, 2027. It also leases right-of-ways for ₱14,000 per month up to April 18, 2022.

BFC 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 in 3rd Floor One Corporate Plaza Condominium, Pasay Road, Legaspi Village, Makati City. BFC continues to develop and sell the remaining five (5) lots with an aggregate area of 1,763 square meters in its real estate project Woodspark Rosario Subdivision Project located in Rosario, La Union.

BTI owns 2 residential lots where a 3 storey residential building staff house is erected with a floor area of 283 square meters. The two (2) lots have an aggregate area of about 708 square meters and are located in Monterraza Village, Barangay Tuding, Itogon, Benguet.

BCLI continues to lease for its business operation occupancies in SM Baguio at ₱308,700.00 per month, and in Central Mall, Baguio City at ₱112,299.44 per month. Due to the rental holiday mandated by the City Government of Baguio during the COVID19 pandemic, SM Baguio and Center Mall granted BCLI with rental holiday/discount of 50% and 70% respectively. The lease is renewable yearly.

AFC owns an industrial lot in Brgy. San Antonio, San Pedro, Laguna containing an aggregate area of about 2,045 square meters. The property is located in an area where land development is for industrial purposes. AFC owns various automotive equipment/vehicles for logistics business operations. AFC also leases a building at ₱22,000 per month for office occupancy at Sta. Cruz, Zambales subject to 10% escalation rate every two years. It also leases office space and land for motorpool purposes at Bulacan for ₱22,000.00 per month.

The Company and its subsidiaries have no intention at present to acquire any significant property in the next 12 months.

Please refer to Item I of this report under title “Business Development” as to the conditions of the mining operations/projects and non-mining properties/projects of the Company.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2021, 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

In the November 10, 2021 virtual Annual Stockholders’ Meeting of the Company, 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. Since no election of directors was held, the Company’s incumbent directors (the composition of the Board of Directors is presented in Item 9 of this report) remained in office on hold-over capacity until their successors shall have been duly elected and qualified.

Except for the matters taken up in the November 10, 2021 Annual Stockholders’ Meeting of the Company, there were no other matters submitted to a vote of security holders during the period covered by this report. All matters taken up and voted upon at the annual meeting including tabulation of votes in person and by proxy for approval, against and abstention to each matter and the results of annual stockholders’ meeting were disclosed under SEC Form 17-C to the SEC on November 11, 2021 and PSE on November 11, 2021. The disclosure was posted in the Company’s website.

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 shares, two of which (the Common Class A with a par value of ₱1.00 per share and Convertible Preferred Class A shares with a par value of ₱3.43 per share) can be owned only by Philippine nationals and the other class of the Company’s share is Common Class B with a par value of ₱1.00 per share which may be owned by anyone regardless of nationality. The Company’s shares are listed and traded in the Philippine Stock Exchange (PSE) under the trading symbol of “BC” for Common Class A; “BCB” for Common Class B; and “BCP” for Convertible Preferred Class A share.

The closing prices of the Company’s Common shares in the PSE on May 10, 2022 are ₱7.34 per share for Common Class A and ₱7.29 per share for Common Class B. The closing price of the

Company's Convertible Preferred Class A on the last trading day of March 31, 2022 is ₱47.30 per share.

- a.) For each Quarter 2021, 2020 and First Quarter 2022, the high and low prices of the Company's shares in the PSE are as follows:

	1 ST QUARTER		2 ND QUARTER		3 RD QUARTER		4 TH QUARTER		2022 1 st Quarter
	2021	2020	2021	2020	2021	2020	2021	2020	
CONVERTIBLE PREFERRED CLASS A*									
Highest Price/Share	₱27.00	₱ -	₱30.00	₱ -	₱ 45.00	₱ -	₱31.55	₱12.00	₱47.30
Lowest Price/Share	18.00	-	₱18.90	-	45.00	-	31.55	12.00	47.30
COMMON CLASS A									
Highest Price/Share	₱3.73	₱1.30	₱5.88	₱1.46	₱5.88	₱3.12	₱6.58	₱3.50	₱7.20
Lowest Price/Share	2.26	0.96	2.48	0.70	4.40	1.09	4.80	2.45	4.95
COMMON CLASS B									
Highest Price/Share	₱3.60	₱1.20	₱5.58	₱1.39	₱5.87	₱3.03	₱6.40	₱3.30	₱7.00
Lowest Price/Share	2.41	0.89	2.40	0.95	4.12	1.14	4.73	2.34	4.50

(*) No trading transactions in the 1st, 2nd & 3rd Quarter 2020.

Holders:

- a.) As of March 31, 2022, the Company's public float is 45.89% of the 623,139,440 outstanding shares of the Company consisting of 374,996,258 common Class A, 247,926,121 common class B and 217,061 Convertible Preferred Class A shares with a total of 16,897 stockholders.
- b.) Of the 623,139,440 outstanding shares of the Company, 85,376,722 common Class B shares or 13.69% are owned by foreign nationals/institutions as of March 31, 2022.

The list of top 20 stockholders for Common Class "A", Common Class "B" and Convertible Preferred Class "A" shares of the Company as of March 31, 2022 are as follows:

A. Common Class "A" Share

Name	Number of Shares Held	Percent to Total Outstanding/Class
PCD Nominee Corporation (Filipino)	180,157,381	48.04%
Palm Avenue Holding Company, Inc.	65,624,727	17.50%
Palm Avenue Holdings Co. and/or Palm Avenue Realty Corp.	63,920,490	17.05%
Palm Avenue Holdings Co. and/or Palm Avenue Realty Corp.	30,834,375	8.22%
House of Investment, Inc.	8,545,911	2.28%
FEBTC TA 4113-000204-5 (ESPP)	5,067,846	1.35%
FEBTC TA 4113-00204-5	3,016,623	0.80%
Cynthia Manalili Manalang	1,500,000	0.40%
RP Land Development Corporation	960,000	0.26%
Sysmart Corporation	868,956	0.23%
Pan-Asia Securities Coporation	590,400	0.16%
Paredes, Gabriel M. or Paredes, Marianne G.	564,900	0.15%
Pan Malayan Management and Investment Corporation	431,844	0.12%
RCBC TA #74-034-9	363,129	0.10%
Sun Hung Kai Sec. A/C# YUO34	356,625	0.10%
Marilex Realty Development Corporation	331,200	0.09%
Enrique T. Yuchengco, Inc.	257,376	0.07%
Hermogene H. Real	240,300	0.06%
Luis Juan L. Virata	234,003	0.06%

Franciso M. Vargas	219,000	0.06%
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B. Common Class "B" Share

Name	Number of Shares Held	Percent to Total Outstanding/Class
PCD Nominee (Filipino)	113,559,945	45.80%
Palm Avenue Realty and Development Co.	43,680,000	17.62%
PCD Nominee (Non-Filipino)	30,534,840	12.32%
Cede & Co	29,674,860	11.97%
Pan Malayan Management & Investment Corporation	2,100,000	0.85%
Michael Vozar TOD Sharon K. Vozar Sub To Sta Tod Rules	736,260	0.30%
Charles F Carroll TTEE, UA 05/24/95 FBO Carroll Family Trust 1	543,000	0.22%
National Financial Services	504,033	0.20%
Fairmount Real Estate, Inc.	484,257	0.20%
Independent Realty Corporation	483,441	0.19%
Evelyn B.Stephanos TR US 05/12/11 Elizabeth Bakas Irrev Trust	450,000	0.18%
Richard Soltis & Veronica T. Soltis JT Ten	396,000	0.16%
Arthur H.Runk TTEE of Arthur H.Runk Liv Tr U/A dtd 08/17/1990	354,000	0.14%
HSBC Private Bank (Suisse) SA 9-17 Quai Des Bergues	303,795	0.12%
Edmund S. Pomon	300,000	0.12%
William David Courtright	300,000	0.12%
William T. Coleman	300,000	0.12%
Garry A. Gil TTEE FBO Arthur Weir Gill Rev Tr	300,000	0.12%
Sanford E. Halperin	251,364	0.10%
James N. Clay	222,000	0.09%

C. Convertible Preferred Class "A" Share

Name	Number of Shares Held	Percent to Total Outstanding/Class
PCD Nominee Corporation (Filipino)	65,290	30.08%
Fairmount Real Estate	59,262	27.30%
Jose Concepcion, Jr.	5,000	2.30%
Reginaldo Amizola	1,737	0.80%
Maverick Marketing Corporation	1,720	0.79%
Evengeline Alave	1,720	0.79%
Jayme Jalandoni	1,380	0.64%
Romelda E. Asturias	1,376	0.63%
Rosendo U. Alanzo	1,376	0.63%
Rosalina O. Ariacho	1,324	0.61%
CMS Stock Brokerage Inc.	1,324	0.61%
Luisa Lim	1,238	0.57%
Delfin GDN Jalandoni	1,118	0.52%
Ventura O. Ducat	1,032	0.48%
Remedios Rufino	1,000	0.46%
Conchita Arms	1,000	0.46%
Carlos W. Ylanan	1,000	0.46%
Benito V. Jalbuena	1,000	0.46%
Equitiworld Securities, Inc.	1,000	0.46%
B & M Incorporated	952	0.44%

Dividends – The Company has not declared any dividends in the four (4) most recent fiscal years 2021, 2020, 2019 and 2018 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 Class A, Common Class A and Common Class B stocks are 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 per centum (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 per centum (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

Under the present implementation of the Company’s Stock Option Plan (the “Plan”), below are the transactions of sold stocks/exercised options in the past three years ended December 31, 2021, 2020 and 2019:

1. In the May 3, 2011 stock option grant:
 - a) 600,697 Class “A” shares at option price of ₱1.69/share with par value of ₱1.00/share;
 - b) 515,876 Class “B” shares at option price of ₱1.91/share with par value of ₱1.00/share.
2. In the September 7, 2012 stock option grant – There were no options exercised.
3. In the May 28, 2014 stock option grant – There were no options exercised.
4. In the March 17, 2017 stock option grant:
 - a) 3,655,600 Class “A” shares at option price of P1.38/share with par value of P1.00/share;
 - b) 2,379,023 Class “B” shares at option price of P1.43/share with par value of P1.00/share.

Other than the above transactions, the Company has not sold or issued any securities within the past three years ended December 31, 2021, 2020 and 2019 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 following discussion and analysis of financial performance of the Company should be read in conjunction with the Company’s Audited Consolidated Financial Statements (ACFS) and related notes as of December 31, 2021, 2020 and 2019 prepared in conformity with Philippine Financial Reporting

Standards (PFRS). The results and plan of operation of the Company and its subsidiaries are presented and discussed under Business Development in Item 1-Business of this report.

I. FOR THE YEARS ENDED DECEMBER 31, 2021 VERSUS 2020

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated net income for 2021 amounted to ₱1.43 billion, more than 3 times higher than the net income of ₱381.4 million in 2020, (twelve times higher than net income of ₱115.7 million in 2019 and ₱119.1 million in 2018). The increase in net income was the net effect of the following:

Revenues

The Company registered consolidated revenues of ₱3.84 billion, 138% higher than the ₱1.6 billion in 2020, 379% higher than ₱802 million in 2019 and 280% higher than ₱1.0 billion in 2018. Revenues were composed mainly of nickel, gold and lime sales.

	2021	2020	2019	2018
Nickel	2,766.48	818.34	64.65	226.52
Gold	942.43	700.80	575.36	614.78
Lime and others	132.98	100.59	162.06	167.4
Gross Revenue	3,841.89	1,619.73	802.07	1,008.70

Revenues went up significantly at the back of higher metal prices and shipment tonnage of nickel ore and gold production. BNMI sold 22 boatloads of 1.2% to 1.5% nickel ore aggregating 1,175,050 tons at an average price of US\$47.38/ton versus 9 boatloads of 1.2% to 1.4% nickel ore aggregating 483,952 tons at an average price of US\$34.21/ton in 2020, (1 boatload of 1.5% nickel ore aggregating 55,000 tons sold at an average price of US\$22.50/ton in 2019 and 4 boatloads of 1.4% to 1.5% nickel ore aggregating 218,635 tons at an average price of US\$19.73 per ton in 2018). Nickel sales contributed 72% of gross revenues. Gold sales on the other hand contributed 25% on account of higher gold production and better price this year. The Acupan Gold Project (AGP) sold 10,685 ounces of gold at average price of US\$1,806.68/ounce against 8,080.71 ounces of gold at an average price of US\$1,750.25/ounce in 2020, 8,236.65 ounces at US\$1,395.43/ounce in 2019 and 9,263 ounces of gold at an average price of US\$1,274.67/ounce in 2018.

Operating and Other Expenses

Cost and operating expenses increased to ₱2.27 billion from ₱1.27 billion in 2020, (146% higher than ₱923.8 million in 2019 and 88% higher than ₱1.21 billion in 2018). The increase is mainly due to costs arising from higher shipment tonnage of nickel ore and higher gold ounces produced this year.

Other income this year amounted to ₱229.1 million, versus ₱141.0 income in 2020, ₱272.07 million in 2019 and ₱337.7 million in 2018. The other income this year is attributable to the gain on revaluation of investment properties amounting to ₱277.0 million compared with ₱154.8 million gain on revaluation of investment properties in 2020, (₱287.2 million gain on revaluation of investment properties, ₱68.6 million gain on sale of properties and ₱22.5 million gain on settlement of trade and other liabilities in 2019, ₱605.8 million gain on revaluation of investment properties and ₱53.0 million gain on settlement of trade and other liabilities partly offset by provision for impairment of deferred mine exploration cost of ₱72.1 million, ₱95.4 million provision

for impairment on other noncurrent assets and ₱60.4 million retirement of property plant and equipment in 2018).

Provision for income tax in 2021 amounted to ₱372.4 million versus ₱101.9 million in 2020, ₱32.6 million in 2019 and ₱13.4 million in 2018. The provision for income tax pertains to the Regular Income Tax (RCIT), Minimum Corporate Income Tax (MCIT) and Provision for deferred tax assets of the Benguet Corporation (Parent company), Benguetcorp Resources Management Corporation (BRMC), Arrow Freight Corporation (AFC) and Keystone Port Logistics and Management Services Corporation (Keystone).

FINANCIAL POSITION

Assets

The Company's consolidated total assets as of December 31, 2021, amounted to ₱8.75 billion, 19% higher than ₱7.38 billion in 2020, (26% higher than ₱6.92 billion in 2019, 32% higher than ₱6.63 billion in 2018). The increase is the net effect of the following:

Cash and cash equivalent increased by 122% to ₱603.2 million from ₱271.5 million in 2020, 681% higher than ₱77.2 million in 2019 and twice higher than ₱302.1 million in 2018. The increase pertains to receipts from gold and nickel ore sold this year and the previous year.

Receivables increased to ₱515.0 million versus ₱475.3 million in 2020, ₱290.0 million in 2019, ₱210.9 million in 2018. The increase pertains to the uncollected nickel ore and lime sold this year.

Inventories increased to ₱142.1 million in 2021 compared to ₱101.1 million in 2020, ₱132.1 million in 2019 and ₱129.0 million in 2018. The increase was mainly due to the nickel laterite ore produced this year.

Financial assets at fair value through profit or loss (FVPL) amounting to ₱675.0 million pertains to investment in unit trust fund.

Other current assets as of December 31, 2021, amounted to ₱481.7 million, 21% higher than ₱398.7 million in 2020, (53% higher than ₱314.1 million in 2019 and 24% lower than ₱632.1 million in 2018). The increase is attributable to the input tax on various purchases of goods and services this year.

Property, plant and equipment (PPE) at cost, decline to ₱848.4 million from ₱942.0 million in 2020, ₱963.9 million in 2019 and ₱964.2 million in 2018. The decline was mainly due to the depletion and depreciation booked this year.

Investment properties amounted to ₱2,910.7 million in 2021, 11% higher than ₱2,633.7 million in 2020, 17% higher than ₱2,478.9 million in 2019 and 31% higher than ₱2,217.6 million in 2018). The increase is mainly from the ₱277.0 million gain on revaluation of investment properties booked this year, compared to the ₱154.8 million gain on revaluation of investment properties in 2020, (₱287.2 million and ₱605.8 million revaluation increment on land recognized in 2019 and 2018, respectively).

Deferred tax assets amounted to ₱11.6 million versus ₱6.7 million in 2020, (₱47.7 million in 2019 and ₱73.6 million in 2018). The increase against 2020 was mainly due to the realization of foreign

exchange gains from previous year. The decrease versus 2019 and 2018 was mainly due to unused NOLCO and MCIT for which the deferred tax assets were not recognized as the Company believes that it is not probable that sufficient future taxable profit will be available against which the benefit of the deferred tax assets can be utilized.

Liabilities

Total consolidated liabilities as of December 31, 2021, amounted to ₱2.34 billion, 10% lower than ₱2.60 billion in 2020, (7% lower than ₱2.51 billion in 2019 and 13% lower than ₱2.69 billion in 2018). The decrease was due to the following:

Trade and other payables amounted to ₱669.4 million in 2021 versus ₱620.7 million in 2020, ₱576.9 million in 2019 and ₱858.6 million in 2018. The increase versus 2020 and 2019 was mainly due to the advance deposits of nickel ore customers. Decrease against 2018 is due to repayment of trade payables to suppliers and contractors.

Loans payable went down to ₱337.0 million from ₱509.0 million in 2020, ₱507.89 million in 2019 and ₱530.67 million in 2018. The reduction was mainly due to the full payment of ₱185.0 million loan with Transmiddle East partly offset by accrued interest.

Lease liabilities (current and noncurrent) amounted to ₱21.1 million versus ₱6.2 million in 2020, ₱8.1 million in 2019 and nil in 2018. The increase was due to several lease contracts entered into by the Company for additional spaces in compliance with health protocols.

Liability for mine rehabilitation (current and noncurrent) amounted to ₱60.7 million against ₱105.6 million in 2020, ₱91.6 million in 2019, ₱90.3 million in 2018. Provision for Mine Rehabilitation costs represent the Company's mines estimated closure costs.

Income tax liability amounted to ₱137.8 million, higher than ₱2.0 million in 2020, ₱0.7 million in 2019 and ₱0.02 million in 2018. The increase is due to the higher income generated in 2021.

Pension liability amounted to ₱73.4 million in 2021, ₱81.8 million in 2020, ₱62.5 million in 2019 and ₱54.1 million in 2018. The Company has a funded, noncontributory pension benefit plan covering all regular employees. The benefits are based on a certain percentage of the final monthly salary for every year of credited service of the employees. The defined pension benefit obligation is determined using the projected unit credit method. The Company's plan assets are being managed by a trustee bank. The retirement fund includes time deposits, shares of stocks, which are traded in the PSE, and unquoted shares of stocks.

Deferred tax liability amounted to ₱748.6 million in 2021, compared to ₱882.5 million in 2020, ₱848.0 million in 2019 and ₱725.7 million in 2018. Decrease pertains to the realization of revaluation increment on PPE.

Other noncurrent liabilities decreased to ₱291.8 million from ₱391.4 million in 2020, ₱414.2 million in 2019 and ₱430.0 million in 2018. The decline was mainly due to the repayment made to Bright Mining Resources Corporation. Bright Mining provided advances to the Company against nickel ore shipment.

Equity

Stockholders Equity at year-end amounted to ₱6.41 billion, higher than ₱4.78 billion in 2020, ₱4.41 billion in 2019 and ₱3.94 billion in 2018. The increase was due to the following:

Capital surplus increased by 5% to ₱409.9 million in 2021 from ₱389.0 million in 2020, ₱380.4 million in 2019 and ₱377.0 million in 2018. The increase was due to the exercise of stocks option during the year.

Retained earnings amounted to ₱4.02 billion in 2021, higher versus ₱2.60 billion in 2020, ₱2.22 billion in 2019 and ₱2.03 billion in 2018. The increase was due to the net income earned during the year.

Other components of equity amounted to ₱1.35 billion in 2021, compared to ₱1.17 billion in 2020, ₱1.21 billion in 2019 and ₱0.92 billion in 2018. Increase is from the revaluation increment, net of deferred tax.

Consolidated Cash Flow

The net cash flows generated from operating activities for 2021 amounted to ₱1,347.3 million, compared to ₱252.9 million in 2020, (net cash used of ₱292.9 million in 2019 and net cash generated of ₱268.0 million in 2018). The net cash inflows generated was attributable mainly to the 22 boatloads of nickel ore and 10,685 ounces of gold sold this year. For 2020, net cash flows was due to the 9 boatloads of nickel ore and 8,080.71 ounces of gold sold. In 2019, cash was used to settle trade payables. In 2018, the net cash generated was derived from the tax refund amounting to ₱326.6 million obtained from the Bureau of Internal Revenue.

During the year, the Company invested ₱11.7 million in exploration activities and ₱40.9 million in mining and milling equipment for the expansion of its Acupan Gold Project and Sta Cruz Nickel Operation in Zambales. The Company also invested ₱660.1 million in unit trust funds during the year.

In 2020, the Company invested ₱10.8 million exploration activities and ₱27.3 million in mining and milling equipment for the expansion of its Acupan Gold Project and Sta Cruz Nickel Operation in Zambales.

In 2019, the Company generated ₱150.6 million from the sale of its real property. The Company invested ₱4.0 million in exploration activities and ₱28.0 million in mining equipment for the expansion of its Acupan Gold Project.

In 2018, the Company generated ₱3.6 million from the sale of some disposable equipment. The Company invested ₱5.6 million in exploration activities and ₱56.2 million in mining equipment for the expansion of its Acupan Gold Project.

Net cash flows used in financing activities amounted to ₱279.8 million versus ₱2.8 million in 2020, ₱29.9 million in 2019 and ₱44.1 million in 2018. During the year, the Company fully paid its outstanding loan with Transmiddle East amounting to ₱185.0 million and made some payment to Bright Mining Resources Corporation and other contractors amounting to ₱99.6 million. The usage was partly offset by the cash receipts from employees' exercise of stock options and issuance of stocks amounting to ₱9.8 million.

In 2019, the Company fully settled its loan payable to a local bank amounting to ₱22.8 million.

In 2018, the Company settled its loan payable to a local bank amounting to ₱57.2 million. During this year, the Company availed of short-term loan amounting to ₱10.0 million

II. FOR THE YEARS ENDED DECEMBER 31, 2020 VERSUS 2019

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated net income for 2020 amounted to ₱381.4 million, more than triple the net income of ₱115.7 million in 2019, ₱119.0 Million in 2018 and over 7 times higher than ₱21.5 million in 2017. The increase in net income was the net effect of the following:

Revenues

The Company registered consolidated revenues of ₱1.6 billion, 100% higher than ₱802 million in 2019, 60% higher than ₱1.0 Billion in 2018 and 11% higher versus ₱1.5 billion in 2017. Revenues were composed mainly of nickel, gold and lime sales.

	2020	2019	2018	2017
Nickel	₱818.34	₱64.65	₱226.52	₱603.79
Gold	700.80	575.36	614.78	688.90
Lime and others	100.59	162.06	167.40	170.20
Gross Revenue	₱1,619.73	₱802.07	₱1,008.70	₱1,462.89

The substantial increase in revenues is attributed to the above par performance of its nickel subsidiary, BRMC which exported 9 boatloads of 1.2% to 1.4% nickel ore aggregating 483,952 tons at an average price of US\$34.21/ton versus only 1 boatload of 1.5% nickel ore aggregating 55,000 tons at an average price of US\$22.50/ton in 2019 and 4 boatloads of 1.4% to 1.5% nickel ore aggregating 218,635 tons at an average price of US\$19.73/ton in 2018 and 10 boatloads of 1.3% to 1.4% nickel ore aggregating 530,690 tons at an average price of US\$21.83/ton in 2017. Nickel sales, which accounted to 50% of gross revenues, grew by 1,165% or over 12 times to ₱818.34 million from ₱64.65 million in 2019 and 261% or over three times than in 2018 of ₱226.52 million and 36% in 2017 of P604 million. Gold similarly improved by 19% on account of better price in 2020. The Acupan Gold Project (AGP) sold 8,080.71 ounces of gold at average price of US\$1,750.25/ounce against 8,236.65 ounces of gold at an average price of US\$1,395.43/ounce in 2019 and 9,263.23 ounces at U\$1,274.67/ounce in 2018 and 10,923 ounces at US\$1,260/ounce in 2017.

Operating Costs and Expenses

Cost and operating expenses in 2020 increased to ₱1.27 billion from ₱0.9 million in 2019, ₱1.2 billion in 2018 and 15% lower from ₱1.49 billion in 2017. Increase in 2020 is mainly due to higher shipment tonnage of nickel ore.

Costs of mine products sold in 2020 increased to ₱725.7 million from ₱504.3 million in 2019, ₱688.4 million in 2018 and decreased from ₱859.1 million in 2017. The increase is mainly due to higher sales of nickel ore.

Cost of merchandise sold and services in 2020 decreased to ₱39.2 million from ₱49.8 million in 2019, ₱67.9 million in 2018 and ₱96.5 million in 2017. The decrease is mainly due to discontinued hauling operation of Arrow Freight Corporation (AFC) in Pampanga and the impact of COVID-19 in the Company's Healthcare Services in Baguio City in 2020, closure of Healthcare clinics in Taytay and Pampanga in 2019.

Taxes on revenue increased to ₱101.0 million in 2020 from ₱29.4 million in 2019, ₱45.2 million in 2018 and P56.5 million in 2017. The increase in royalty and excise tax is due to higher nickel revenues.

Other income this year amounted to ₱141.0 million mainly from the ₱154.8 million gain on revaluation investment properties. In 2019, other income amounted to ₱272.1 million mainly from the ₱287.2 million gain on revaluation of investment property, ₱68.6 million gain on sale of investment property and ₱22.5 million gain on settlement of trade and other liabilities partly offset by the ₱94.9 million provision for impairment on deferred mine exploration cost. Other income in 2018 of ₱337.7 million was attributable mainly from the ₱605.8 million revaluation gain on investment property, ₱53.0 million gain on settlement of trade and other liabilities partly offset by the ₱72.1 million provision for impairment on deferred mine exploration cost, ₱95.4 million provision for impairment on other noncurrent assets and ₱60.4 million retirement of property, plant and equipment. Other income in 2017 of ₱81.2 million consist of ₱45.6 million gain on sale of equipment and ₱38.6 million gain on write-off of loans partially offset by other expenses which are individually insignificant.

The provision for income tax of ₱101.9 million in 2020 pertains to the Regular Income Tax (RCIT), Minimum Corporate Income Tax (MCIT) and Provision for deferred tax assets of Benguet Corporation (Parent company), Benguetcorp Resources Management Corporation (BRMC, formerly Benguetcorp Nickel Mines, Inc.), Arrow Freight Corporation and Keystone Port Logistics and Management Services Corporation (Keystone). In 2019, provision for income tax increase to ₱32.6 million versus ₱1.4 million in 2018 and ₱25.2 million in 2017.

FINANCIAL POSITION

Assets

The Company's consolidated total assets as of December 31, 2020 increased 7 % year-on-year to ₱7.38 billion from the ₱6.92 billion in 2019, 11% higher than ₱6.63 billion in 2018 and 12% higher than ₱6.57 billion in 2017. The increase is the net effect of the following:

Cash and Cash Equivalents

Cash and cash equivalent increased by 252% to ₱271.5 million from ₱77.2 million in 2019, 10% lower than ₱302.1million in 2018 and 320% higher than ₱64.5 million in 2017. The increase was mainly from the collection of nickel ore sold in 2020 and 2019. In 2018, the Company obtained ₱326.6 million tax refund from the Bureau of Internal Revenue while in 2017, cash was provided by operation and proceeds from sale of mine equipment.

Accounts Receivable

Receivables increased in 2020 to ₱475.3 million from ₱290.0 million in 2019, ₱210.9 million in 2018 and ₱761.7 million in 2017. The increase pertains to the nickel ore sold in 2020 and collected the following year. The decrease in 2018 and 2017 was mainly due to the nickel ore sold in 2017 and 2016 and collected in 2018 and 2017 respectively.

Inventories

Inventories decreased in 2020 to ₱101.1 million from ₱132.2 million in 2019, ₱129.0 million in 2018 and ₱167.3 million in 2017. The decrease from 2019, 2018 and 2017 was mainly due to the stockpiled nickel ore sold from year to year.

Other Current Assets

Other current assets in 2020 increased by 27% to ₱398.7 million from ₱314.1 million and 37% lower than ₱632.1 million in 2018 (56.6% lower compared to ₱919.3 million in 2017). The increase in 2020 is attributable to the input tax on various purchases of goods and services. The movements in 2019, 2018 and 2017 were mainly due to the cash conversion of VAT TCCs, VAT refunds amounting to ₱40.23 million in 2019 and ₱80.30 million in 2018. In addition, VAT Tax Credit Certificate amounting to ₱59.14 million, which was granted by BIR in 2015 was encashed in 2019, while creditable withholding taxes were used in the payment of income tax liabilities.

Property Plant and Equipment

The property, plant and equipment at revalued amount of ₱1,673.3 million consisting of Land valued at ₱1,621.1 million and Artworks valued at ₱52.1 million remained unchanged in 2020. This is 35% higher than ₱1,236.5 million in 2018 and 56% higher than ₱1,070.3 million in 2017. The increase/decrease was the net effect of the following:

The Company recognized revaluation increment on land amounting to ₱451.99 million in 2019 and ₱170.35 million in 2018 as determined by an independent appraiser. In 2017, the Company reclassified a property amounting to ₱1,574.7 million from property, plant and equipment to investment property that is held for long-term capital appreciation.

The Company recognized revaluation increment on artworks amounting to ₱30.8 million in 2019 and ₱4.9 in 2017.

Investment Properties

As of December 31, 2020, investment properties amounted to ₱2,633.7 million, 6% higher than ₱2,478.9 million in 2019, 19% higher than ₱2,217.6 million in 2018 and 63% higher than ₱1,611.7 million in 2017.

The Company recognized revaluation gain amounting to ₱154.82 million in 2020, ₱287.2 million in 2019 and ₱605.8 million in 2018 respectively. In 2017, the Company reclassified a property amounting to ₱1,574.7 million from property, plant, and equipment to investment property that is held for long-term capital appreciation.

Deferred Mine Exploration Costs

Deferred mine exploration costs increased to ₱456.8 million from ₱449.2 million in 2019, (lower versus ₱539.0 million in 2018 and ₱621.7 million in 2017). The Company spend ₱10.8 million in 2020 for the drilling and exploration activities in Pantingan Gold Prospect in Bataan. In 2019, the Company booked provision for impairment losses amounting to ₱94.9 million. In 2018, the Company booked provision for impairment losses amounting to ₱72.1 million and wrote-off cost of exploration projects that are determined as not feasible amounting to ₱11.5 million.

Deferred Tax Assets

Deferred tax assets in 2020 decreased to ₱6.7 million from ₱47.7 million in 2019, ₱73.6 million in 2018 and ₱69.4 million in 2017. The decrease was mainly due to the write-off of allowances for inventories, application of NOLCO and MCIT for current year's taxable income.

Decrease in 2017 was mainly due to unused NOLCO and MCIT for which the deferred tax assets were not recognized in 2019 as the Company believes that it is not probable that sufficient future taxable profit will be available against which the benefit of the deferred tax assets can be utilized.

Other Noncurrent Assets

Other noncurrent assets as of December 31, 2020 amounted to ₱406.8 million, lower than ₱482.0 million in 2019, higher compared to ₱307.6 million in 2018 and higher compared to ₱159.2 million in 2017. The 2020 decrease pertains to reclassification of input tax from noncurrent to current assets. On the other hand, 2019 versus 2018 versus 2017 increase arose from nontrade receivables pertaining to advances and prepayments to contractors and suppliers for exploration and other related activities and projects.

Liabilities

Total consolidated liabilities as of December 31, 2020 increased to ₱2.599 billion from ₱2.510 billion in 2019, lower than ₱2.689 billion in 2018 and lower compared to ₱2.861 billion in 2017. The decrease/increase was due to the following:

Trade and other payables

Trade and other payables mainly payables to suppliers and contractors, increased to ₱620.7 million in 2020 from ₱576.9 million in 2019. Increase versus 2019 was mainly due to down

payment received from buyer of nickel ore (decrease by 28% versus ₱858.6 million in 2018 and 40% versus ₱1.028 billion in 2017).

Loans Payable

Loans payable amounted to ₱508.9 million in 2020, ₱507.9 million in 2019, ₱530.7 million in 2018 and ₱678.63 million in 2017. Slight increase in 2020 versus 2019 is due to accrued interest and penalties on unsecured loans. In 2019, the Company paid off ₱22.8 million as full settlement of its outstanding loan with Malayan Savings Bank. In 2018, the Company reclassified Contract Liabilities with a Chinese nickel ore off-taker amounting to ₱100.7 million to Other Noncurrent Liabilities account.

Lease liabilities amounted to ₱1.7 million in 2020, ₱2.5 million in 2019 and nil in 2018 and 2017. Decrease was due to payment of rental.

Income Tax Payables

Income tax payables amounted to ₱2.0 million in 2020, ₱0.7 million in 2019, ₱0.02 million in 2018 and ₱22.9 million in 2017. These are paid the following year.

Lease liabilities – net of current amounted to ₱4.5 million in 2020, ₱5.6 million in 2019 and nil in 2018 and 2017. Decrease was due to reclassification from noncurrent to current liabilities in 2020 and 2019.

Liability for Mine Rehabilitation

Liability for mine rehabilitation amounted to ₱105.6 million in 2020, ₱91.6 million in 2019, ₱90.3 million in 2018 and ₱100.9 million in 2017. Provision for Mine Rehabilitation Costs represent the Company's estimated mine closure costs and is computed based on different factors affecting the rehabilitation of the mines such as inflation, estimated of rehabilitation activities, technological changes and regulatory changes.

Pension Liability

Pension liability increased to ₱81.8 million from ₱62.6 million last year, ₱54.1 million in 2018 and ₱46.4 million in 2017. The Company has a funded, noncontributory pension plan covering all regular employees. The benefits are based on a certain percentage of the final monthly salary for every year of credited service of the employees. The defined pension benefit obligation is determined using the projected unit credit method. The Company's plan assets are being managed by a trustee bank. The retirement trust fund includes time deposits, shares of stocks, which are traded in the PSE, and unquoted shares of stocks.

Deferred Tax Liability

Deferred tax liability slightly increased to ₱882.5 million from ₱848.0 million in 2019, 22% higher than ₱725.7 million to 2018 and 32% higher than ₱665.8 million in 2017.

Increase versus 2019, 2018 and 2017 was mainly due to deferred tax liability on revaluation increment on land.

Other noncurrent liabilities amounted to ₱391.4 million in 2020, ₱414.2 million in 2019, ₱430.0 million in 2018 and ₱418.8 million in 2017. Decline was due to repayment of Offtake Agreement with Bright Mining Company and effect of changes in foreign currency exchange.

Equity

Retained earnings amounted to ₱2.598 billion in 2020, ₱2.217 billion in 2019, ₱2.030 billion in 2018 and ₱1.910 billion in 2017. The increase was due to the net income generated during the year.

Total Equity as of December 31, 2020 amounted to ₱4.780 billion, 8% higher than the ₱4.412 billion in 2019, 21% higher than ₱3.938.0 billion in 2018 and 29% higher than ₱3.705 billion in

2017. The yearly increases from 2017 to 2020 were from the income earned yearly, revaluation increment on investment properties and other comprehensive income.

Consolidated Cash Flow

The net cash flow generated from operating activities for 2020 amounted to ₱259.3 million, against the ₱281.0 million cash used in operating activities in 2019 and ₱268.0 million generated in 2018 and ₱23.0 million in 2017.

In 2020, the net cash flow realized is attributable mainly to the export sale of 9 boatloads of nickel ore and 8,080.71 ounces of gold sold. The Company invested ₱10.8 million in exploration activities and ₱27.3 million in mining equipment for the expansion of its Acupan Gold Project and Sta Cruz Nickel Operation in Zambales. The Company also received ₱634 thousand from employees' exercise of stock options and issuance of stocks.

In 2019, the Company generated ₱150.6 million from the sale of its real properties. The Company invested ₱4.0 million in exploration activities and ₱28.0 million in mining equipment for the expansion of the Acupan Gold Project. The Company also fully paid its outstanding loan of ₱22.8 million loan with Malayan Savings Bank and spent ₱12.8 million in the rehabilitation of its mined-out areas.

In 2018, the Company generated ₱3.6 million from the sale of some disposable equipment. The Company invested ₱0.85 million in exploration activities and ₱8.2 million in mining equipment for the expansion of the Acupan Gold Project. The Company obtained ₱10.0 million loan from a local company. The amount was used in the repayment of outstanding loan with Malayan Savings Bank.

In 2017, the Company generated ₱46.6 million from the sale of Property, Plant and Equipment items. The Company invested ₱5.6 million in exploration activities and ₱56.2 million in mining equipment for the expansion of its Acupan Gold and Sta. Cruz Nickel Projects.

III. **Key Performance Indicators**

The Company's considered the following top five 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, 2021, the Company's current ratio is 2.08:1, 1.06:1 in 2020, 0.73:1 in 2019 and 0.92:1 in 2018.

Metal Price

The Company's revenue is largely dependent on the world market prices for gold and nickel. Favorable metal prices will also have a favorable impact on the Company's revenue. The market price of gold in the Bangko Sentral ng Pilipinas which is based on world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. Average market prices for gold sold were at US\$ 1,806.68 per ounce this year, US\$1,750.25 per ounce in 2020, US\$1,395.43 per ounce in 2019 and US\$1,274.67 per ounce in 2018. Nickel ore was sold at effective average price of US\$47.38/ton this year, versus US\$34.21/ton in 2020, US\$22.50/ton in 2019 and US\$19.73/ton in 2018.

Tons Milled and Ore Grade

Tons milled and ore grade are key measures of operating efficiency. A lower unit production cost both in ore milled and smelting operation will result in the Company meeting, if not exceeding, its profitability targets. Tons milled totaled 56,753 in 2021 with average grade of 6.68 grams per ton of gold, compared to 43,756 in 2020 with average grade of 6.60 grams per ton of gold, 41,151 tons in 2019 with average grade of 6.18 grams per ton of gold and 44,073 tons in 2018 with average grade of 6.50 grams per ton of gold. Gold sold in 2021 were 10,685 ounces versus 8,081 ounces sold in 2020, 8,175 ounces sold in 2019 and 9,204 ounces sold in 2018. In 2021, BRMC sold 1.2%

to 1.5% grade nickel ore with an aggregate volume of 1,175,050 tons, higher than in 2020, with aggregate volume of 483,952 tons of 1.2% to 1.4% grade nickel ore, in 2019 with 55,000 tons of 1.5% grade nickel ore and in 2018 at 218,635 tons of nickel ore ranging from 1.4% to 1.5% Ni grade.

Foreign Exchange Rate

The Company's sales proceeds of its gold and nickel 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, 2021, the peso to dollar exchange rate was at ₱50.99, ₱48.021 in 2020, ₱50.635 in 2019 and ₱52.58 in 2018.

Earnings Per Share

The earnings per share ultimately reflects the Company's financial and operational growth as a result of its performance in cost management, productivity and will provide investors comparable benchmarks relative to similar companies. The increase in the sale of gold and shipment of nickel ore will have a favorable impact on the Company's net sales and income. The reported Company earnings per share in 2021 is ₱2.29 significantly better than the earnings per share of ₱0.62 in 2020 and ₱0.19 in 2019.

IV. Known Trends, Events or Uncertainties

The Company is committed to continuously implement precautionary and preventive measures in response to the threat of COVID-19 virus to protect the health and safety of its employees. The Company continuously provides assistance, essentials for COVID-19 for Barangay Health Workers and Barangay Nutrition Scholars, frontliners, to help mitigate the effects of the virus and to enhance the response capability of the community in case of health and emergency situations. A total of ₱1.2 million from Social Development and Management Program (SDMP) funds were used for relief goods, medicines, personal protective equipment to frontliners and indigent families in the host and neighboring communities of AGP, BRMC and ILP. From 2020 to 2021, COVID-19 related expenses totaled ₱8.864 million which included building and renovation of Company properties for quarantine facilities. Incentives are also provided for Barangay Health Workers to assist them in reaching out to far flung areas in the performance of their duties.

Notwithstanding the current COVID-19 pandemic, the Company does not foresee any cash flow or liquidity problems over the next twelve (12) months. BRMC continues its mining operations and carries on to market saleable nickel ores; ILP continues to maintain steady market for quicklime products; AGP is expected to boost gold production with the relaxation of COVID-19 restrictions and continued innovation and enhancement of milling processes, methods, and equipment; and the Company and its subsidiaries continue to claim applicable tax refunds from the Bureau of Internal Revenue.

Within the next twelve (12) months, the Company anticipates slight change in the number of employees due to hiring of Project/Seasonal workers for the Pantingan project, BRMC, AFC and KPLMSC.

The known trends, demands, commitments, events or uncertainties that may have a material impact on net sales or revenues or income from continuing operations of the Company are the prices of nickel and gold in the world market, the dollar to peso exchange rate, changes in the DENR's rules and regulations, and the present economic condition affected by the Covid-19 pandemic.

There are no known events 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. The Company could be contingently liable for lawsuits and claims arising from the ordinary course of business which are unlikely to be substantial and not presently determinable. Accordingly,

efforts to reduce debt levels are continuing. The Parent Company's outstanding principal debt subject to the 1992 Restructuring Agreement was reduced to ₱85.06 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 are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities of other persons created during the reporting period.

Except for what has been noted in the preceding paragraph, there were 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:

- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company.

ITEM 7. FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements (Benguet Corporation and Subsidiaries) for the period ended December 31, 2021 is presented in Part V, Exhibits and Schedules, which said audited financial statements form part of this Annual 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 August 24, 2021 and November 10, 2021, respectively. Audit services of SGV for the calendar year ended December 31, 2021 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 compliance 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 Company's audit engagement partner for calendar year 2021 is Mr. Peter John R. Ventura- SEC accredited auditing partner of SGV and previously, Mr. Alexis C. Zaragoza. This is Mr. Ventura's third year as engagement partner for the Company. No event has occurred where SGV and the Company had any disagreement with regards to any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedures.

External audit fees

The aggregate audit fees inclusive of VAT and out-of-pocket expenses billed by SGV & Company are ₱5.5 million for 2021, ₱5.5 million for 2020, ₱5.5 million for 2019 and ₱5.5 million for 2018. There are no other services rendered by the external auditor other than the usual audit services as mentioned above.

Tax fees

The Company paid ₱0.7 million to the external auditor as professional fees for tax advisory services for the year 2021. For the years 2020 and 2019, no professional fees for tax advisory services were paid to the external auditor.

All other fees

There were no other services rendered by the external auditor other than the audit services and tax advisory services mentioned above.

Audit committee’s approval policies and procedures

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 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 three (3) directors chaired by Independent Director, Atty. Rhodora L. Dapula, and the members are Independent Director Mr. Bernardo M. Villegas and Director Atty. Andrew Patrick R. Casiño.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

A. DIRECTORS

The Directors of the Company are elected at the Annual Stockholders’ Meeting to hold office until the next succeeding annual meeting or until their respective successors have been elected and qualified. In the November 10, 2021 Annual Stockholders’ Meeting, no election was held because the Temporary Restraining Order (TRO) issued by the Supreme Court enjoining the election of directors remained in force. The incumbent directors of the Company continued to remain in office on holdover capacity and below is a summary of their attendance to board meetings for the year 2021:

Board	Name	Date of Election/ Appointment	No. of Meetings Held During the Year	No. of Meetings Attended	% Attended
Chairman/ Independent	Bernardo M. Villegas*	Nov 07, 2019	5	5	100%
Vice Chairman/ Independent	Reginald S. Velasco**	Nov 11,2020	5	5	100%
Member	Maria Remedios R. Pompidou	Oct 25, 2000	5	4	80%
Member	Luis Juan L. Virata	Aug 08,1995	5	5	100%
Member	Jose Raulito E. Paras	Aug 16, 2018	5	5	100%
Independent	Rhodora L. Dapula	Aug 16, 2018	5	5	100%
Member	Jesse Hermogenes T. Andres	Aug 16, 2018	5	5	100%
Member	Andrew Patrick R. Casiño	June 04, 2020	5	5	100%
Member	Kwok Yam Ian Chan	Sept.25, 2020	5	5	100%
Member	Anthony M. Te	Sept 25, 2020	5	5	100%
Member	Lina G. Fernandez	Mar, 18, 2021	5	5	100%

(*) *Mr. Bernardo M. Villegas became Chairman of the Board of Directors effective November 7, 2019. He has been a Director of the Company since June 25, 1998 and appointed as Independent Director since 2002.*

(**) *Mr. Reginald S. Velasco was elected Vice Chairman of the Board of Directors effective November 11, 2020. He has been appointed Independent Director since August 16, 2018.*

Below are the ages, citizenship, brief descriptions of business experience for the past five (5) years of below named incumbent directors. None of the Directors of the Company are government

employees.

**DIRECTORS REPRESENTING HOLDERS OF CONVERTIBLE PREFERRED CLASS
AND COMMON CLASS STOCKS OF THE COMPANY:**

JOSE RAULITO E. PARAS, Director

Member of Board Risk Oversight Committee and Related Party Transactions Committee

Atty. Jose Raulito E. Paras, Filipino, 49 years old, first became a Director of the Company by appointment on August 16, 2018 and holds over as a director since then. He is currently a partner at the Andres Padernal & Paras Law Offices since 2004 and Director of listed companies, Zeus Holdings, Inc. and Manila Mining Corporation. He obtained his Bachelor of Laws degree from the San Beda University (*class valedictorian*). After placing 5th in the 1997 Bar Exams, he started as an associate of the PECABAR law firm. He then joined the Lepanto Consolidated Mining Company and affiliates as General Counsel until 2003. He completed his Masters of Laws in Environmental Law at the University of Sydney.

MARIA REMEDIOS R. POMPIDOU, Director

Ms. Maria Remedios R. Pompidou, Filipino, 55 years old, first became a Director of the Company by appointment on October 25, 2000 and holds over as a director since then. She is currently the Chairman of BenguetCorp Laboratories, Inc., a wholly owned subsidiary of the Company (2013 to present); 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.; and Director of Sequioa Business Management Corporation, Perea Realty and Development Corporation and Red Palmtree Realty and Development Corporation.

LUIS JUAN L. VIRATA, Director

Member of Related Party Transactions Committee

Mr. Luis Juan L. Virata, Filipino, 68 years old, first became a Director of the Company by appointment on August 8, 1995 and holds over as a director since then. He is currently Director of listed company, Nickel Asia Corporation. He is the founder and Chairman of Amber Kinetics Philippines, Inc. Mr. Virata is also Chairman Emeritus of Exchange Equity Partners Group Corporation, Chairman of Cavite Holdings, Inc., and Vice President of Exchange Properties Resources Corporation. He is also a Founder and Trustee of Asia Society Philippine Foundation and the Metropolitan Museum of Manila and is a member of the Huntsman Foundation. He previously held positions with Dillon, Read and Co., Crocker National Bank, Bankers Trust Company, Philippine Airlines, the Philippine Stock Exchange and Makati Stock Exchange. He received his Bachelor of Arts and Master of Arts degrees in Economics from Trinity College, Cambridge University, UK in 1976 and his Master of Business Administration degree from the Wharton School, USA in 1979.

ANDREW PATRICK R. CASIÑO, Director

Member of Audit Committee

Atty. Andrew Patrick R. Casiño, Filipino, 55 years old, first became a Director of the Company by appointment on June 4, 2020 and holds over as a director since then. He is a litigation lawyer with 25-year work experience as practicing lawyer in New York State in the fields of: - Criminal matters (domestic violence, DWI, orders of protection, misdemeanors), Commercial litigation, Philippine law matters (counselling and review of legal documents), Real estate (sale and purchase), Family and domestic matters (custody, child support, orders of protection, spousal support), Probate of last will and testaments, Petitions for administration of estates, Family based immigration, Employment based Immigration, US naturalization, Deportation proceedings, Petitions for political asylum, Loan contracts, Employment contracts, Commercial & Residential leases, Settlement agreements, Loan disputes, Trademarks and copyrights, Divorce and legal separation. Presently,

he is collaborator on all legal matters in the United States of Philippine based law firms, Florello R. Jose and Associates and Law Firm of Ocampo Manalo. He graduated from the University of the Philippines with a degree of Bachelor of Science in Economics in 1987 and Bachelor of Laws in 1991. He obtained his Masters of Laws in Intellectual Property from the Franklin Pierce Law School, University of New Hampshire in 1999. Mr. Casiño passed the Philippine Bar Examinations in 1991 and New York State Bar Examinations in 1996.

ANTHONY M. TE, Director

Member of Executive Committee, Salary and Stock Option Committee and Nomination and Election Committee

Mr. Anthony M. Te, Filipino, 52 years old, first became a Director of the Company by appointment on September 25, 2020 and holds over as director since then. He is currently a Director of listed company Marcventures Holdings, Inc.; Director of Marcventures Mining & Development Corporation; Chairman of the Board of Asian Appraisal Company, Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corporation and AE Protiena Industries Corporation. He serves as Chairman and Chief Finance Officer of Mactel Corporation, and as Director and Treasurer for Manila Standard Today Management, Inc. Mr. Te is a licensed soliciting official for Non-Life Insurance with the Philippine Insurance Commission. He previously sat as Director in the following companies: AG Finance, Inc., Balabac Resources & Holdings Company Inc., Commonwealth Savings & Loans Bank, EBECOM Holdings, Inc., Equitable PCI BANK, MRC Allied Industries, Inc., Oriental Petroleum & Minerals Corporation, PAL Holdings, Inc., PGA Cars, Inc., and Phoenix Energy Corporation. Mr. Te graduated from De La Salle University with a degree of Bachelor of Arts in Business Management.

RHODORA L. DAPULA, Independent Director

Chairman of Audit Committee and Member of Corporate Governance Committee

Atty. Rhodora L. Dapula, Filipino, 43 years old, first became Independent Director of the Company by appointment on August 16, 2018 and holds over as independent director since then. She is a partner in Dapula, Dapula and Associates Law Offices since August 2007; and President/CEO of G.D. Brains and Castles Inc., and Proficientlink Realty Corporation since 2017. She is a CPA-Lawyer, Professional Regulation Commission (PRC) Licensed Real Estate Broker, PRC Licensed Real Estate Appraiser, PRC Licensed Real Estate Consultant, PRC Licensed Environmental Planner and Licensed Life and Variable Life Financial Advisor. She is a PRC accredited lecturer for Real Estate Service Seminars and Trainings and a Certified International Property Specialist.

REGINALD S. VELASCO, Vice Chairman of the Board / Independent Director

Chairman of Board Risk Oversight Committee, Member of Corporate Governance Committee, Salary and Stock Option Committee and Related Party Transactions Committee

Mr. Reginald S. Velasco, Filipino, 70 years old, first became Independent Director of the Company by appointment on August 16, 2018 and holds over as independent director since then. He is the Deputy Secretary General of National Unity Party since 2013. He graduated MA Political Science and candidate for Doctor of Philosophy in Political Science at the University of the Philippines. He also took special study in Investment Negotiation Course at the Georgetown University Washington, D.C. USA. Formerly, he was Director of U.S. Section-Office of American Affairs (1991-1992) and Office of ASEAN Affairs of the Department of Foreign Affairs (Manila) in 1992-1993. His other professional experience includes, Appointment as Lecturer at the University of the Philippines (Manila) in 1973-1974 & 1981-1982 and Lyceum of the Philippines (Manila) in 1973-1974; Chief – International Division, Policy Coordination Staff of the National Economic and Development Authority (Manila) in 1978-1982; Second Secretary & Consul & Chief of Economic Section of the Philippine Embassy Washington, D.C. USA in 1989-1991; Vice President for Project Financing, Venture Industries Management (Makati City) and Development Corporation (1993-

1994); and Public and Media Relations Consultant, Micron Public Affairs, Inc. (Makati City) in 1994-1995.

REPRESENTING HOLDERS OF COMMON CLASS B STOCK OF THE COMPANY:

BERNARDO M. VILLEGAS, Chairman of the Board / Independent Director,
Chairman of Related Party Transactions Committee, Nomination and Election Committee
and
Corporate Governance Committee; Member of Executive Committee, Board Risk Oversight
Committee, Audit Committee and Salary & Stock Option Committee

Mr. Bernardo M. Villegas, Filipino, 83 years old, has been the Chairman of the Board since November 7, 2019. He first became a Director of the Company by appointment on June 25, 1998. He was designated Independent Director of the Company since 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 currently Chairman and Independent Director of listed company, Filipino Fund, Inc. He holds, among others, the following directorships/positions: Independent Director of Benguetcorp Resources Management Corporation (Formerly Benguetcorp Nickel Mines, Inc.) (2012 to present), a wholly owned subsidiary of the Company; Director and Consultant of Transnational Diversified, Inc. (1998 to present); Director, PHINMA Properties (2011 to present); Director, Dualtech Foundation (1998 to present); and Columnist, Manila Bulletin (1964 to present). Formerly, he was Director of Alaska Milk Corporation (1999-2019); Director, 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).

JESSE HERMOGENES T. ANDRES, Director,
Chairman of Executive Committee and Salary & Stock Option Committee and
Member of Nomination and Committee

Atty. Jesse Hermogenes T. Andres, Filipino, 55 years old, first became a Director of the Company by appointment on August 16, 2018 and holds over as director since then. He is presently an Independent Director of BDO Network Bank where he is Chairman of the Corporate Governance Committee. He is a litigation lawyer and since July 1, 2011, he has been the Managing Partner at Andres Padernal & Paras Law Offices. From 1996 to 2003, he was a Partner at PECABAR Law Offices, where he became Co-Head of its Litigation Department in 2001. He was also Chief of Staff (Undersecretary) of the Office of the Vice-President (2004-2010). In September 2004, he was appointed member of the Board of Trustees of the Government Service Insurance System (GSIS) where he also served as the Chairman of the Corporate Governance Committee for six (6) years. He was also Chairman of the Board of GSIS Family Bank from June 2007 to October 2010. Atty. Andres holds a Bachelor of Arts Degree in Economics from the School of Economics, University of the Philippines (U.P.) and a Bachelor of Laws degree from the U.P. College of Law. He has attended various international seminars on Alternative Dispute Resolution Methods, Corporate Governance and Risk Management.

KWOK YAM IAN CHAN, Director
Member of Executive Committee

Mr. Kwok Yam Ian Chan, British, 34 years old, first became a Director of the Company by appointment on September 25, 2020 and holds over as director since then. He is currently an Independent Director of *listed company* Marcventures Holdings, Inc. He is a Managing Director of Zenith System and Heavy Equipment, Seaborne Shipping Inc., Isky Empire Realty Inc., King Dragon Realty Corporation and DK Ventures Inc. Previously, he was President (2013-2017) and Managing Director (2010-2017) of Dunfeng Philippines International Inc.; and served as Director of Mannage Resource and Trading Inc. (2015-2017). Mr. Chan graduated from DLS- College of St. Benilde with a Bachelor of Science degree in Business Administration major in Export Management. He obtained his master's degree in Economics, major in Finance at California Polytechnic University.

LINA G. FERNANDEZ, Director
Member of Executive Committee and Related Party Transactions Committee

Atty. Lina G. Fernandez, Filipino, 57 years old, first became a Director by appointment on March 18, 2021. She was elected as President of the Company since March 18, 2021. Before her election/appointment, Atty. Fernandez served as one of the designated Officers-In-Charge of the Company (Oct.2018-Mar 2021), and concurrently Senior Vice President for Finance and Comptroller (Mar 2018-Mar 2021). Atty. Fernandez previously served the Company as its Senior Vice President for Finance and Nickel Marketing Officer (November 2015-March 2018); Vice President for Corporate Planning and Chief of Staff (August 2006-November 2015); Risk Management Officer (March 2011-March 2018) and Compliance Officer for Corporate Governance (Dec 2016-March 2018). She also holds several positions and directorship in the following subsidiaries of the Company: President (2021) and Director of BenguetCorp Resources Management Corporation (2014-present); Chairman of Arrow Freight Corporation, Batong Buhay Mineral Resources Corporation, BC Property Management, Inc., Berec Land Resources, Inc., Balatoc Gold Resources Corporation, Benguet Pantukan Gold Corporation and Keystone Port Logistics and Management Services Corporation; Chairman and President of Benguet Management Corporation and BMC Forestry Corporation; Director and President of Ifaratoc Mineral Resources Corporation; Director, President and Chief Operating Officer of Pillars of Exemplary Consultants, Inc.; Director and Vice President of Acupan Gold Mines, Inc., and Sagittarius Alpha Realty Corporation; Director and Treasurer of Agua de Oro Ventures Corporation, and Benguetrade, Inc. and Director of Benguetcorp Laboratories, Inc.

B. EXECUTIVE OFFICERS

The executive officers of the Company are appointed or elected annually to a one-year term (subject to removal) by the Board of Directors immediately following the Annual Stockholders' Meeting.

Below are their respective ages, citizenships, positions held in the Company and its subsidiaries and brief description of business experiences. None of the executive officers of the Company are government employees.

LINA G. FERNANDEZ, Filipino, 57 years old, is the President of the Company since March 18, 2021.

REYNALDO P. MENDOZA, Filipino, 65 years old, is the Executive Vice President since March 18, 2021 and Assistant Corporate Secretary (2002 to present). He previously served as one of the two Officers-In-Charge of the Company (Oct. 2018-Mar. 2021) and concurrently Senior Vice President for Legal (Aug. 2006-Mar 2021). Currently, he holds several positions and directorship in the following subsidiaries of the Company: He is Chairman and President of Acupan Gold Mines, Inc. and Sagittarius Alpha Realty Corporation; Chairman of Benguetcorp Resources Management Corporation, Agua de Oro Ventures, Inc., Ifaratoc Mineral Resources Corp., Benguetrade, Inc.,

and Pillars of Exemplary Consultants, Inc.; Director and President of Batong Buhay Mineral Resources Corp., Benguet Pantukan Gold Corporation, Berec Land Resources, Inc., Balatoc Gold Resources Corporation, Sagittarius Alpha Realty Corporation and BC Property Management, Inc.; Director of BenguetCorp Laboratories, Inc. and BMC Forestry Corporation; Director and Chief Operating Officer of Benguet Management Corporation; Director and Vice President – Legal of Arrow Freight Corporation, and Director and Vice President of Keystone Port Logistics and Management Services Corporation. 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).

MAX D. ARCEÑO, Filipino, 60 years old, is the Senior Vice President for Finance and Treasurer of the Company since March 18, 2021. He previously served the Company as its Vice President for Finance & Treasurer (Nov. 2019-Mar. 2021); Vice President for Finance, Treasurer, Taxation/Materials (March 2018-November 2019); Vice President for Accounting and Treasurer (March 2013-March 2018) and Assistant Vice President for Treasury (July 2011-February 2013). He also holds several positions in the following subsidiaries of the Company. Director and Treasurer of BenguetCorp Laboratories, Inc. (Feb. 2013 to present); Director, President and General Manager of Arrow Freight Corporation and Benguetrade, Inc.; Director and President of Keystone Port Logistics and Management Services Corp.; Director and Treasurer of Benguetcorp Resources Management Corporation (formerly BenguetCorp Nickel Mines, Inc.), Benguet Management Corporation, BMC Forestry Corporation, Berec Land Resources, Inc. BC Property Management, Inc. Batong Buhay Mineral Resources Corp., Acupan Gold Mines, Inc. and Pillars and Exemplary, Inc.; Director, Vice President and Treasurer of Benguet Pantukan Gold Corporation; and Director of Balatoc Gold Resources Corp., Sagittarius Alpha Realty Corp., Agua de Oro Ventures, Inc. and Ifaratoc Mineral Resources Corp. 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.

VALERIANO B. BONGALOS, JR., Filipino, 71 years old, is the Vice President/Resident Manager of Benguet District Operations of the Company since January 15, 2020. He also holds position in the following subsidiaries: Director and President of Agua de Oro Ventures Corporation and Director of Acupan Gold Mines, Inc., Batong Buhay Mineral Resources Corporation, BC Property Management, Inc., Berec Land Resources, Inc., Benguet Management Corporation, BMC Forestry Corporation, Benguet Pantukan Gold Corporation, Ifaratoc Mineral Resources Corporation, Pillars of Exemplary Consultants, Inc. and Sagittarius Alpha Realty Corporation. He previously served the Company as its Consultant (May 2018-January 14, 2020); Vice President and General Manager of Benguet District Operations (July 2013-Sept 2015), and Mine Manager of Benguet Gold Operation, Antamok Northern Division (1978-1980 and in 1984-1992). He was a Mine Manager at Lepanto Consolidated Mining Co., Lepanto, Mankayan, Benguet (2016-2017); Vice President for Operations and Resident Manager of Apex Mining Co., Compostella Valley, Mindanao. Inc. (May 2010-July 2011); Mine Manager of Phuoc Son Gold Company, Ltd., Quang Nam, Vietnam (November 2006-July 2009); Mine Planning Manager of Ban Phuc Nickel Mines in Hanoi, Vietnam (March to June 2006); Mine Superintendent of Lepanto Consolidated Mining Company (1999-2001); Tunnel Superintendent of San Roque Multipurpose Dam (1998); Mine Manager of Base Metal Mineral Res. Corp. (1996-1997), Davao del Norte; Project Manager of Ground Specialist, Inc.-Contractor (1994-1995), Lepanto Mine, Mankayan; Drilling & Blasting Engineer of Al Dhary International Group in Tabuk, Saudi Arabia (1993-1994); Senior Assistant Mining Engineer of Zambia Consolidated Copper Mines (Underground Copper Mine) in Zambia, Africa (1980-1983); Project Engineer of Argonaut Mineral Exploration (1975-1978); and Shift Foreman of Long Beach Mining Corporation (1974). He is a BS Mining Engineering graduate of Mapua Institute of Technology (1973) and completed his Management Development Program at AIM in 1987. He obtained his Mining Engineering license in 1974.

PAMELA M. GENDRANO, Filipino, 54 years old, is the Assistant Vice President for Environmental Compliance since November 6, 2019 and appointed as Risk Management Officer since November

11, 2020. She previously served the Company as its Assistant Vice President for Environmental Compliance-BNMI (Feb. 20, 2012-Nov. 6, 2019). She also serves as a Director of Agua de Oro Ventures Corporation and Balatoc Gold Resources Corporation. 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). Ms. Gendrano is a Masteral Degree holder of Environmental Studies and Community Development from the University of the Philippines at Los Baños where she gained it in 1992 and a Bachelor's Degree in Forestry from the same university in 1988. She was also one of the seven (7) Filipinos accredited by the Environmental Protection Agency (EPA) of the United States of America to undertake Environmental Compliance Monitoring and Enforcement Trainings and an accredited Environmental Impact Assessment Study Preparer by the DENR-Environmental Management Bureau (EMB).

HERMOGENE H. REAL, Filipino, 66 years old, is the Corporate Secretary of the Company since October 25, 2000. She is currently a Director of publicly-listed Company: (i) Bright Kindle Resources and Investment, Inc., where she is also Assistant Corporate Secretary (2014 to present); and (ii) Prime Media Holdings, Inc. (2021 to present). She is also Director of Arrow Freight Corporation; Director of Benguetcorp Laboratories, Inc.; Director of Southern Alluvial Minerals and Alumina Resources Inc. (2017 to present); Director of Brightgreen Resources Holding, Inc. (2017 to present); Director of Strong Mighty Steel, Inc. (2017 to present); Director/President of Mairete Asset Holdings, Inc. (2017-present); Director of High Reliance Holdings Company, Inc. (January 2022 to present); Director/Treasurer of Golden Peregrine Holdings, Inc. (January 2022 to present); and Director of Bright Star Mineral Resources and Development Corporation (march 2022 to present). She is also Corporate Secretary of Benguetcorp Resources Management Corporation; Corporate Secretary of Universal Re Condominium Corporation; Assistant Corporate Secretary, Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present); and Practicing Lawyer, D. S. Tantuico and Associates (1998 to present).

Significant Employees

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

Family Relationship

None of the Directors or Executive Officers is related to another by affinity or consanguinity.

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 President, four most highly compensated executive officers and all other directors and officers of the Company as a group are as follows:

<u>Name</u>	<u>Principal Position</u>
1. Lina G. Fernandez	President
2. Reynaldo P. Mendoza	Executive Vice President and Asst. Corporate Secretary
3. Max D. Arceño	Senior Vice President, Finance & Treasurer
4. Valeriano B. Bongalos, Jr.	Vice President/Resident Manager-Benguet District Operation
5. Pamela M. Gendrano	Asst. Vice President, Environmental Compliance

	Year	Salary (In-Million)	Bonus (In-Million)	Other Annual Compensation
All above-named officers as a group	2022*	₱19.5	₱1.6	₱1.3
	2021**	13.4	2.3	0.8
	2020**	14.6	1.5	0.7
All other directors and officers as a group unnamed	2022*	₱3.5	₱0.3	₱1.7
	2021**	5.6	0.9	1.3
	2020**	5.1	0.5	1.7

(*) - Estimate (**) – Actual

Employment Contract with Executive Officers

The Company has no special employment contracts with its executive officers. In the ordinary course of business, the Company has employment contracts with all its employees, including officers, in compliance with the applicable labor laws and regulations. There are no compensatory plan or arrangements with any executive officers, which results or will result from the resignation, retirement or any other termination of the executive officer's employment or from a change-in-control in the Company or a change in the executive officer's responsibilities following a change in control of the Company.

Compensation of Directors

The non-executive directors of the Company do not receive any regular compensation from the Company, except for every regular, special or committee meeting actually attended, for which members of the Board of Directors receive a per diem of ₱15,000.00 (gross). There are no other material terms of, nor any other arrangements with regard to compensation as to which directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

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. Benefits are dependent on the years of service and the respective employee's compensation.

Incentive Bonus Plan

The Company has an Incentive Bonus Plan of the Company. 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 2021, there was no amount set aside for payment of bonuses in accordance with the Plan.

Warrants and Options Outstanding

Since 1975, the Company provided Stock Option Plan (the "Plan") for its and subsidiaries selected staff employees, directors and consultants. 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 have been amended several times and among others, to extend the termination date of granting stock options. The latest amendment was approved by the Board of Directors on March 17, 2017 and by the stockholders of the Company during the November 8, 2018 annual stockholders' meeting, extending the termination date of granting stock options under the Plan until May 31, 2023.

The following changes in the stock option grants was approved by the Board in its meeting held on August 31, 2016 and by the stockholders during the November 8, 2018 Annual Stockholders' Meeting due to change in par value of both Class A and B shares from ₱3.00 to ₱1.00 per share: (a.) Change in the total number of unexercised shares on the May 3, 2011, September 7, 2012 and May 28, 2014 grants and corresponding change in the exercise price; (b.) Change in the maximum number of shares per grant: from 500,000 to 1,500,000 shares; and (c.) Repricing of the unexercised options in the May 3, 2011, September 7, 2012 and May 28, 2014 grants. The exercised price (net of 25% discount) is ₱1.69 per share for Class "A" and ₱1.91 per share for class "B". (The exercised price is based on closing price of August 18, 2016: Class A – ₱2.25 and Class B – ₱2.55 less 25% discount pursuant to the provisions of the Plan of the Company). The repricing was brought about by the low turn-out in the availment of the grant due to high exercise price compared to market price.

In the current implementation of the Company's Plan, as of December 31, 2021, the following stock options are still valid from the date of the grant.

- a. On May 3, 2011, under the Plan, the Company granted stock option to its officers, directors, managers and consultants totaling 2,200,332 common shares with a par value of ₱3.00 per share 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 at an exercise price of ₱17.50 per share. Due to change in par value of both Class A and B shares from ₱3.00 to ₱1.00 per share and change of exercise prices from ₱16.50 to ₱1.69 per share for Class "A" and ₱17.50 to ₱1.91 per share, the total number of unexercised shares were adjusted to 6,600,996 common shares consisting of 3,960,597 class "A" shares and 2,640,399 class "B" shares. The granted stock option came entirely from the unissued/cancelled shares of the April 6, 2006 option grant consisting of 7,004,000 common shares with par value of ₱3.00 per shares (adjusted to 21,012,000 common shares with par value of P1.00 per share) under the current implementation of the amended Plan. The shares are exempted from registration under SRC rules and the listing was approved by the PSE. The options expired on May 3, 2021 pursuant to the provisions of the Plan, that no option is exercisable after ten (10) years from the date of the grant. Expired options totaled to 685,470 common shares available for future grant.
- b. 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 with a par value of P3.00 per share 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. Due to change in par value

of both Class A and B shares from ₱3.00 to ₱1.00 per share and change of exercise prices from ₱17.96 to ₱1.69 per share for Class “A” and ₱17.63 to ₱1.91 per share, the total number of unexercised shares were adjusted to 1,872,000 common shares consisting of 1,123,200 class “A” shares and 748,800 class “B” shares. As of December 31, 2021, the number of options granted to, exercised, and unexercised by the President, four (4) other most highly compensated executive officers and all other officers and directors of the Company under this grant are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Cessation from employment / directorship)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
LG Fernandez	-	-	-	-	-	-	-	-	-	-
Four Highest Paid Named Exe. Officers:										
RP Mendoza	-	-	-	-	-	-	-	-	-	-
MD Arceño	-	-	-	-	-	-	-	-	-	-
VB Bongalos, jr.	-	-	-	-	-	-	-	-	-	-
PM Gendrano	-	-	-	-	-	-	-	-	-	-
All Other Officers and Directors as a Group Unnamed	306,000	204,000	₱1.69	₱1.91	-	-	306,000	204,000	-	-

Under the amended Plan, options are non-transferable and 100% exercisable. Options 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.

- c. On May 28, 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 with Par Value of ₱3.00 per 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. Due to change in par value of both Class A and B shares from ₱3.00 to ₱1.00 per share and change of exercise prices from ₱7.13 to ₱1.69 per share for Class “A” and ₱7.13 to ₱1.91 per share, the total number of unexercised shares were adjusted to 1,800,000 common shares consisting of 1,080,000 class “A” shares and 720,000 class “B” shares. As of December 31, 2021, the number of options granted to, exercised, and unexercised by the President, four (4) other most highly compensated executive officers and all other officers and directors of the Company under this grant are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Cessation from employment / directorship)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
LG Fernandez	-	-	-	-	-	-	-	-	-	-
Four Highest Paid Named Exec. Officers:										
RP Mendoza	-	-	-	-	-	-	-	-	-	-

MD Arceño	-	-	-	-	-	-	-	-	-	-
VB Bongalos, jr.	-	-	-	-	-	-	-	-	-	-
PM Gendrano	-	-	-	-	-	-	-	-	-	-
All Other Officers and Directors as a Group Unnamed	648,000	432,000	₱1.69	₱1.91	-	-	648,000	432,000	-	-

Under the amended Plan, options are non-transferable and 100% exercisable. Options 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 March 17, 2017, under the amended Plan, the Company granted stock option to directors and to qualified staff, employees, and consultants of the Company and its subsidiaries who have rendered at least two (2) years of service as of March 11, 2017. The options grant of 8,414,375 common shares were sourced from the cancelled, expired and forfeited shares from previous stock option grants consisting of 5,048,625 Class A shares at exercise price of P1.38 per share and 3,365,750 Class B shares at exercise price of P1.43 per share. The shares are exempted from registration under SEC's MSRD Resolution No. 5 Series 2020 dated February 28, 2020 and the listing was also approved in principle by the PSE in its Notice of Approval dated March 4, 2021. As of December 31, 2021, the number of options granted to, exercised, and unexercised by the President, four (4) other most highly compensated executive officers and all other officers and directors of the Company under this grant are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Cessation from employment / directorship)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
LG Fernandez	138,600	92,400	P1.38	P1.43	138,600	50,000	-	42,400	-	-
Four Highest Paid Named Exec. Officers:										
RP Mendoza	138,600	92,400	P1.38	P1.43	138,600	92,400	-	-	-	-
MD Arceño	127,050	84,700	P1.38	P1.43	127,050	84,700	-	-	-	-
VB Bongalos, jr.	-	-	-	-	-	-	-	-	-	-
PM Gendrano	66,000	44,000	P1.38	P1.43	66,000	44,000	-	-	-	-
			-	-						
All Other Officers and Directors as a Group Unnamed	462,000	308,000	₱1.38	₱1.43	115,500	77,000	346,500	231,000	-	-

Under the Plan, options 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. 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. Options are non-transferable and no option is exercisable after ten (10) years from the date of the grant.

- e. On March 18, 2021, under the amended Plan, the Company granted stock option to directors, qualified staff, employees, and consultants of the Company and its subsidiaries who have rendered at least two (2) years of service as of March 15, 2021. The option grant of 3,003,612

common shares were sourced entirely from the current balance of unissued / cancelled stock option under the present implementation of the Plan consisting of 1,802,167 Common Class A shares at exercise price of ₱2.19 per share and 1,201,445 Common Class B shares at exercise price of ₱2.05 per share.

As of December 31, 2021, the number of options granted to, exercised and unexercised by the President, 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 (Cessation from employment / directorship)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
LG Fernandez	57,750	38,500	₱2.19	₱2.05	-	-	57,750	38,500	-	-
Four Highest Paid Named Exec. Officers:										
RP Mendoza	57,750	38,500	₱2.19	₱2.05	-	-	57,750	38,500	-	-
MD Arceño	43,313	28,875	₱2.19	₱2.05	-	-	43,313	28,875	-	-
VB Bongalos, jr.	24,750	16,500	₱2.19	₱2.05	-	-	24,750	16,500	-	-
PM Gendrano	39,375	26,250	₱2.19	₱2.05	-	-	39,375	26,250	-	-
			-							
All Other Officers and Directors as a Group Unnamed	433,125	288,750	₱2.19	₱2.05	-	-	433,125	288,750	-	-

Under the Plan, options are non-transferable and 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. 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. No option is exercisable after ten (10) years from the date of the grant.

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, 2022:

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 Per Class
	PCD Nominee Corporation (Filipino), 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City. (Stockholder)	(see note ¹)	Filipino	180,157,381	48.04%

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.

Class A Common	Palm Ave. Holding Company, Inc. 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note ²)	Filipino	65,624,727	17.50%
	Palm Avenue Holdings Company and/ or Palm Avenue Realty Corp., 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	63,920,490	17.05%
	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	30,834,375	8.22%
Class A Convertible Preferred	PCD Nominee Corporation (Filipino), 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City. (Stockholder)	(see note ¹)	Filipino	65,290	30.08%
	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), 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City. (Stockholder)	(see note ¹)	Filipino	113,559,945	45.80%
	Palm Ave. Realty & Devt. Corporation, 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note ³)	Filipino	43,680,000	17.62%
	PCD Nominee Corporation (Non-Filipino), G/F MSE Bldg., Ayala Avenue, Makati City. (Stockholder)	(see note ¹)	American	30,534,840	12.32%
	CEDE & CO. (Non-Filipino), P.O. Box 20, Bowling Green Str. New York NY 10004	(see note ⁴)	American	29,674,860	11.97%

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). In the November 10, 2021 Annual Stockholders' Meeting of the Company, the Palm Companies issued a proxy in favor of its legal counsel, Attys. Otilia Dimayuga-Molo/Andrea Rigonan-De La 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 direct or indirect beneficial owner/s of the stocks issued to Fairmount Real Estate.

⁴ Cede & Co is the registered owner of the shares in the books of the Company's transfer agent Stock Transfer Service, Inc (STSI). Cede & Co operates as a subsidiary of Depository Trust Company (DTC) a New York City-based central securities depository, the securities holding bank for most stock brokerages, shares of stock that are held in brokerage accounts. During stockholders' meeting, DTC provides Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assign Cede & Co. consenting on voting rights to Cede's participants to whom account securities are credited on the record date. To the best knowledge of the Company, there are no participants under the Cede & Co account who own more than 5% of the Company's

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

The following are participants under the account of PCD Nominee who hold five percent (5%) or more of any class of the Company's outstanding capital stocks as of March 31, 2022.

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 Per Class
Class A Common	RYM Business Management Corporation, Universal Re Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note ⁵)	Filipino	62,930,820	16.78%
Class B Common		(see note ⁶)	Filipino	60,108,441	24.24%

Security Ownership of Management

The following table sets forth certain information as of March 31, 2022, 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 Per Class
A	Maria Remedios R. Pompidou	Filipino	15	0.00%
A	Rhodora L. Dapula	Filipino	1	0.00%
A	Jose Raulito E. Paras	Filipino	1	0.00%
A	Reginald S. Velasco	Filipino	1	0.00%
A	Anthony M. Te	Filipino	115,503	0.03%
B			77,000	0.03%
A	Luis Juan L. Virata	Filipino	234,003	0.06%
B			69,600	0.03%
A	Andrew Patrick R. Casiño	Filipino	3	0.00%
B			3	0.00%
B	Kwok Yam Ian Chan	British	1	0.00%
B	Jesse Hermogenes T. Andres	Filipino	1	0.00%
B	Bernardo M. Villegas	Filipino	3	0.00%
A	Lina G. Fernandez	Filipino	152,166	0.04%
B			66,000	0.03%
A	Reynaldo P. Mendoza	Filipino	126,866	0.03%
A	Max D. Arceño	Filipino	1,533	0.00%
B			84,700	0.03%
A	Pamela M. Gendrano	Filipino	10,638	0.00%
B			23,000	0.00%
A	Hermogene H. Real	Filipino	240,600	0.06%
B			125,300	0.05%

voting securities. Cede & Co. and DTC, the securities holding bank for most stock brokerages in U.S., is not in any way related to the Company.

⁵ The Company is not aware of who is/are the direct or indirect beneficial owner/s of the stocks issued to RYM Business Management Corporation. In the November 10, 2021 Annual Stockholders' Meeting of the Company, the RYM Business Management Corporation issued a proxy in favor of its legal counsel, Atty. Remegio C. Dayandayan, Jr., and/or its Corporate Secretary, Minda P. De Paz, to vote in all matters to be taken up in the stockholders' meeting.

As a Group

Class A Convertible Preferred	Filipino	59,262 shares ⁶	27.30%
Class A Common	Filipino	224,191,742 shares ⁷	59.79%
Class B Common	Filipino	104,234,049 shares ⁸	42.04%

Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more of the Company's stock.

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) There are no transactions or proposed transactions during the last two years in which the registrant or any director or executive officer, any nominee for election as director, any security holder or member of their immediate families, is a party nor had a direct or indirect material interest. None of the directors, officers or affiliates of the Company, or beneficial owner of more than 10% of any class of voting securities of the Company, or any associate of any such director or security holder, or any of its subsidiaries, had a transaction with the Company or any of its subsidiaries nor had a direct or indirect material interest.
- b) There were no transactions with promoters since the Company was organized far beyond the five (5) year period requirement.
- c) The Company has no parent company.
- d) Intercompany transactions are eliminated in the consolidated financial statements. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under SRC Rule 68, as Amended (2011). Information regarding related party disclosure is discussed and presented on Note 29 – Related Party Disclosures of the Notes to 2021 Audited Consolidated Financial Statements of the Company.

PART IV – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The Company continues to further improve its current code of corporate governance practices and develop an efficient and effective evaluation system and processes to measure the performance of the Board of Directors and management, or determine the level of compliance of the Board of Directors and management with the Manual of Corporate Governance (the "Manual") of the Company. The

⁶ Include 59,262 Convertible Preferred Class A shares, the record owner of which is Fairmount Real Estate which is presently in trust by PCGG. In the past stockholders' meetings of the Company, the shares of Fairmount Real Estate were not voted by any person or proxies. The Company is not aware of who is/are the direct or indirect beneficial owner/s of the stocks issued to Fairmount Real Estate

⁷ Include 30,834,375 and 63,920,490 sequestered Common Class A shares, the record owners of which are Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation and presently held in trust by PCGG. Also included is 65,624,727 Common Class A shares, the record owner of which is Palm Avenue Holding Co., Inc. and 62,930,820 Common Class A shares, the record owner of which is RYM Business Management Corporation (PCD Nominee).

⁸ Include 43,680,000 Common Class B shares, the record owner of which is Palm Avenue Realty and Development Corporation and 60,108,441 Common Class B shares, the record owner of which is RYM Business Management Corporation (PCD Nominee)

Manual was adopted to institutionalize the principles of good corporate governance in the entire organization and in compliance with SEC Memorandum Circular No. 19, S2016, Corporate Governance Code for Publicly Listed Companies. The Company submitted its 2020 Integrated Annual Corporate Governance Report (2020 I-ACGR) to the Commission and Exchange on June 30, 2021. The 2021 I-ACGR will be submitted on or before May 30, 2022.

The directors, officers and employees adhere to the leading practices and principles of good corporate governance. Corporate governance policies and principles were established to ensure that the interest of stakeholders are always taken into account; that directors, officers and employees are conducting business in a safe and sound manner; and that transactions entered into between the Company and related interests are conducted at arm's length basis and in the regular course of business. The Company confirms full compliance with its Manual of Corporate Governance. There are no incidence of deviation from the Company's Manual requiring disclosure as to the person/s and sanction/s imposed.

The Company's Corporate Governance Committee is composed of three independent directors and one compliance officer namely: Mr. Bernardo M. Villegas is the Chairman and the members are: Mr. Reginald S. Velasco and Atty. Rhodora L. Dapula; the Compliance Officer is Mr. Max D. Arceño.

In compliance with SEC Memorandum Circular 4 Series of 2019, attached to this Annual Report (SEC form 17-A) is the Company's Sustainability Report for the year ended December 31, 2021 (Annex "A").

PART V – EXHIBITS AND SCHEDULES

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

(A) Exhibits and Schedules

1. Benguet Corporation & Subsidiaries - Audited Consolidated Financial Statements for fiscal year ended December 31, 2021:
 - Statement of Management's Responsibility for Consolidated Financial Statements
 - Independent Auditors' Report
 - Audited Consolidated Financial Statements & Notes for the year ended December 31, 2021
 - Independent Auditors' Report on Supplementary Schedules
 - Independent Auditors' Report on Components of Financial Soundness Indicators
 - Financial Ratios
 - Schedule I : Reconciliation of Retained Earnings Available for Dividends Declaration
 - Schedule II : Map Showing the Relationship of the Companies within the Group
 - Schedule as Required by SRC Rule 68-E
 - Schedule A. Financial Assets
 - Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 - Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
 - Schedule D. Long Term Debt
 - Schedule E. Indebtedness to Related Parties
 - Schedule F. Guarantees of Securities of Other Issuers
 - Schedule G. Capital Stock
2. Benguet Corporation (Parent) Audited Financial Statements for fiscal year ended December 31, 2021.
 - Statement of Management's Responsibility for Financial Statements - Independent Auditors' Report
 - Audited Financial Statements & Notes for fiscal year ended December 31, 2021

- (B) The following disclosures have been reported and disclosed to the SEC and PSE under SEC Form 17-C during the last six months period covered by this report including disclosure up to the date of filing this report:

Date of SEC Form 17-C	Description of Disclosure
05.04.2022	Report on the implementation of stock option plan for the month of April 2022
05.02.2022	Report on shares by lot for the month of April 2022
04.13.2022	Report on the list of Top 100 Stockholders of the Company with PCD Beneficial Owner Participants for the quarter ended March 31, 2022.
04.12.2022	Press Release MGB Region III awards given to the Company's subsidiary, Benguetcorp Resources Management Corporation
04.08.2022	Report on the Computation of minimum public ownership for the quarter ended March 31, 2022.
04.05.2022	Report on the implementation of stock option plan for the month of March 2022
04.05.2022	Report on shares by lot for the month March 2022
03.29.2022	Press release regarding the 2021 earnings of the Company
03.29.2022	Approval of 2021 Audited Parent Financial Statements and Audited Consolidated Financial Statements
03.03.2022	Report on shares by lot for the month of February 2022.
03.02.2022	Report on the implementation of stock option plan for the month of February 2022
02.15.2022	Disclosure regarding the Annual Verification and Certification of the Mines and Geosciences Bureau (MGB).
02.03.2022	Report on shares by lot for the month of January 2022.
02.02.2022	Report on the implementation of stock option plan for the month of January 2022.
01.18.2022	Attendance of Directors to board meetings for the year 2021.
01.14.2022	Report on the top 100 stockholders of the Company with PCD Beneficial Owner Participants for the quarter ended December 31, 2021
01.06.2022	Report on the computation of minimum public ownership for the quarter ended December 31, 2021.
01.06.2022	Annual report on implementation of stock option plan for the year ended December 31, 2021.
01.05.2022	Report on shares by lot for the month of December 2021.
01.05.2022	Report on the implementation of stock option plan for the month of December 2021.
12.03.2021	Report on shares by lot for the month of November 2021.
12.03.2021	Report on the implementation of stock option plan for the month of November 2021.
11.17.2021	Attendance of Directors and Officers of the Company who attended webinar entitled "Embracing Good Corporate for Effective and Efficient Management" conducted by Center for Training and Development, Inc. on November 12, 2021.
11.10.2021	Results of the (i) Annual Meeting of the Stockholders held on November 10, 2021, 3 p.m. at the Company's board room via livestreaming and (ii) Organizational Meeting of the Board of Directors held after the Annual Meeting of the Stockholders.
11.04.2021	Report on shares by lot for the month of October 2021.
11.04.2021	Report on the implementation of stock option plan for the month of October 2021.
10.14.2021	Report on the top 100 stockholders of the Company with PCD Beneficial Owner Participants for the quarter ended September 30, 2021.
10.07.2021	Report on the computation of minimum public ownership for the quarter ended September 30, 2021.
10.05.2021	Report on shares by lot for the month of September 2021.
10.05.2021	Report on the implementation of stock option plan for the month of September

	2021.
09.03.2021	Report on shares by lot for the month of August 2021.
09.02.2021	Report on the implementation of stock option plan for the month of August 2021.
08.24.2021	Board approval of the following: <ol style="list-style-type: none"> 1. Appointment of Mr. Max Arceño as the Company's new Corporate Governance Compliance Officer 2. Retention of Chairman Bernardo M. Villegas as Independent Director.
08.24.2021	Board approval on holding of virtual Annual Stockholders' Meeting on November 10, 2021, Wednesday at 3:00 PM at the Company's board room.
08.20.2021	Disclosure on the press release of the Company.
08.04.2021	Report on the implementation of stock option plan for the month of July 2021.
08.03.2021	Report on shares by lot for the month of July 2021.
07.21.2021	Change in number of issued and outstanding shares of the Company due to exercised stock options.
07.12.2021	Report on the top 100 stockholders of the Company with PCD Beneficial Owner Participants for the quarter ended June 30, 2021.
07.09.2021	Report on the computation of minimum public ownership for the quarter ended June 30, 2021.
07.07.2021	Change in number of issued and outstanding shares of the Company due to exercised stock options.
07.05.2021	Report on shares by lot for the month of June 2021.
07.05.2021	Report on the implementation of stock option plan for the month of June 2021.

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on MAY 13 2022

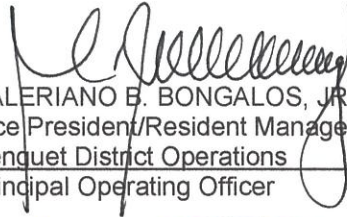
BENGUET CORPORATION

(Issuer)

By:



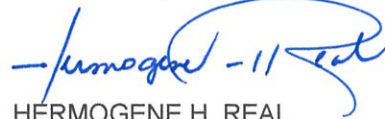
LINA G. FERNANDEZ
President
Principal Executive Officer



VALERIANO B. BONGALOS, JR.
Vice President/Resident Manager –
Benguet District Operations
Principal Operating Officer



MAX D. ARCEÑO
Senior Vice President, Finance & Treasurer
Principal Financial/Accounting Officer



HERMOGENE H. REAL
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.
X-----X

SUBSCRIBED AND SWORN to before me this MAY 13 2022 at Makati City, Affiants exhibited to me their identifications to wit: Atty. Lina G. Fernandez with Social Security System (SSS) No. 03-75370258, Valeriano B. Bongalos, Jr. with SSS No. 03-31004128, Max D. Arceno with SSS No. 03-82056688; Atty. Hermogene H. Real with SSS No. 03-32358763, all are issued by the Office of the Social Security System, Philippines.



SHEILA C. CENIT-BELGICA
Commission No. M-055
Notary Public for Makati City
Until December 31, 2023
7F Universal Re Building
106 Paseo de Roxas, Makati City
Roll No. 53476

IBP Life Member No. 014470 / 02.18.16
PTR No. MKT 8869519 / 01.17.2022

Doc. No. 61
Page No. 13
Book No. 4
Series of 2022.

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	Benguet Corporation
Location of Headquarters	7F Universal RE Building, 106 Paseo de Roxas, 1226 Makati City Philippines
Location of Operations	Itogon, Benguet Province for mining of gold and silver Irisan, Baguio City for operation / processing of lime products
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Benguet Gold Operations (BGO) Corporate Headquarters (CHQ) Irisan Lime Project (ILP)
Business Model, including Primary Activities, Brands, Products, and Services	Natural resources company engaged in, but not limited to the following: <ol style="list-style-type: none"> 1. Mineral exploration; 2. Mine development; 3. Mineral resources extraction; 4. Gold processing; 5. Production of quicklime and hydrated lime; and 6. Restoration / rehabilitation of mined-out areas.
Markets Served	Processed gold is sold to Bangko Sentral ng Pilipinas (BSP); Lime products market are mining and allied companies and farmers within Benguet and other neighboring Provinces.
Scale of the Organization	<ol style="list-style-type: none"> 1. Total average number of employees for 2021 is 419 employees which includes Central Headquarters (CHQ), Benguet Gold Operation (BGO) and of Irisan Lime Project (ILP). 2. Total number of operations: <ul style="list-style-type: none"> ➤ One (1) – Mining and milling operations for gold and silver ➤ One (1) – 3 Kilns alternately operating for lime production. 3. Net Sales (private sector) – Php78.5M <ul style="list-style-type: none"> ➤ Total Capitalization – Php 8.8B ➤ Debt – Php 2.5B ➤ Equity – Php 6.3B 4. Quantity of products – <ul style="list-style-type: none"> ➤ Gold – 10,685.25 ounces ➤ Silver – 3,760.92 ounces ➤ Lime –7,701.834 Metric Tons Note: supply to page 8 data
Reporting Period	CY 2021
Highest Ranking Person responsible for this report	Atty. Lina G. Fernandez – President

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Note: All supporting documents must be made available as attachment to the report and must have assigned link to refer to.

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

Benguet Corporation Sustainability Report 2021 aims to apprise the investors and stakeholders on the operation performance and provide updated information on the environmental, social, and financial accomplishments of the Company. The recession caused by the coronavirus disease-19 (COVID-19) pandemic has impacted people's health, the environment, and the economy of all nations.

The crisis highlights the need for urgent action to cushion the effect of the pandemic and set the stage for lasting recovery. It is very urgent to improve and open economic activity to arrest the downward effect on the national economy.

It is of these facts that Benguet Corporation continues to manage its operation under the following principles and commitments:

- a. Profit and growth-oriented;
- b. Responsible operation and care for the environment;
- c. Commitment to improving the quality of life of our employees, the communities, and all stakeholders; and
- d. Compliance with existing laws, rules, and other obligations

The Board has a clearly defined and updated vision, mission, and core values. Please refer to the BC website under the tab "About Us"
<http://benquetcorp.com/about-us/>

Please refer also to the Board Charter p.8 which states that one of the general responsibilities of the Board is to determine the Company's purpose, vision, mission, and strategies to carry out its objectives.
<http://benquetcorp.com/corporate-governance/board-committee/>

Economic Material Factors

Our Economic Material Factors are based on the value our operations contribute to the local and national governments, host and neighboring mining communities, and the environment, at large. Our operations have also created derived demand resulting in the establishment of micro, small, and medium enterprises in our mining area. Through our operations, the quality of life of our shareholders, employees and other stakeholders have improved, local economies vigorously grew, and protection of the environment- intensified.

¹ See [GRI 102-46](#) (2016) for more guidance.

Environmental Material Factors

Benguet Corporation is committed to the protection and enhancement of the environment by ensuring that its mining operations are in full compliance with mining and environmental laws, rules and regulations. It ensures close collaboration and coordination with the Department of Environment and Natural Resources (DENR), the Mines and Geo-sciences Bureau (MGB), the Environmental Management Bureau (EMB), and all the government agencies that monitor compliances. Sustainability is core to BC's corporate strategy and sits at the heart of everything it does. Our operation aims to be environmentally responsible, respecting human rights and supporting the communities in which BC operates. It is the leading value which enables our people to understand our common purpose, our values, how we measure success, and the basis for our decision-making. It is about managing our risks, reducing adverse environmental, social, economic, and cultural impacts, and supporting and sustaining the communities and environments in which we operate.

The Environmental Material Factors have been considered essential in keeping our operations successful. As a mining company, we are committed partners of the government in the conscientious development of the country's natural resources. This agreement comes with a huge responsibility not just to harness but most specifically to protect, nurture, restore and enhance the environment. Nature and the resources within are the main enabler of our business, and as such, considerable care is our priority. Mitigating any possible adverse effects of our operations on the environment is part of our day-to-day function. The Company's mining activity is guided by the provisions of the Philippine Laws, but is not limited to the following:

1. Department Administrative Order No. 2010-21 (Implementing Rules and Regulations of R.A. 7942 – The Philippine Mining Act of 1995)
2. Department Administrative Order No. 2005-10 (IRR of R.A. 9275 – Philippine Clean Water Act);
3. Department Administrative Order No. 2000-98 (Mine Safety and Health Standard);
4. Department Administrative Order No. 2000-81 (IRR of R.A. 8749 – Philippine Clean Air Act);
5. R.A. 8371 – Indigenous Peoples Rights Act;
6. DENR Administrative Order NO. 2001-34 (IRR of R.A. No. 9003 – Ecological Solid Waste Management Act),
7. Department Administrative Order No. 28 (IRR of R.A. 6969 – Toxic Substances and Hazardous and Nuclear Wastes Control Act); and
8. DENR Administrative Order No. 2003-30 (Revised Procedural Manual of P.D. 1586 – Environmental Impact Statement System).

We constantly monitor the land, air, and water quality, the siltation levels in bodies of water, as well as the forest cover / density in the affected areas within our operations and its surrounding environs. We adhere to the strict parameters laid out by the government in ensuring that we protect the ecosystem, promote biodiversity, and enhance the environment.

Social Material Factors

For the year 2021, Benguet Corporation puts health and safety as a top priority before anything and believes that sustainability includes playing an appropriate role in addressing global issues such as climate change, supporting and respecting human rights, and advocating for social change such as by supporting the rights of Indigenous Peoples. As a century-old corporation, BC has witnessed and navigated through countless crises together with our employees, suppliers, and local communities but BC managed to put top priority concerns to people first.

As a responsible business entity, our **Vision, Mission, Goals, Safety and Environmental Policies** are centered on achieving productivity and advocating for the safety and health of our employees, assisting the people within our host and neighboring communities, and the continuous enhancement of our environment. We share the stewardship of our country's natural resources. As we operate within the indigenous communities, we support local cultures, and respect human rights as we help drive economic development in the area.

As a responsible corporate partner of society, the Company has a social obligation not only to preserve, protect and enhance the physical and ecological environment but also to improve the quality of life of the people in the communities surrounding the operation.

Aside from the Company's commitment to be socially responsible and environmentally conscious, it also aims to achieve competitiveness and excellence as a natural resource development Company through enhanced productivity and improvement of quality of life of its employees, their families and the host communities. At the heart of Benguet Corporation's philosophy are the people (employees and other stakeholders) promoting not only their interests and maintaining good community relationships but as well enable them to be empowered for the stewardship of the environment and natural resources surrounding them.

As a continuing commitment and manifestation of the Company's compliance to the implementation of its Social Development and Management Programs, Benguet Corporation has extended the various needs of its host and neighboring communities in all its areas of operations based on the following development framework as provided under the SDMP guideline:

1. On Human Resource Development and Institutional Building,
2. On Enterprise Development and Networking,
3. On Assistance to Infrastructure Development and Support Services,
4. On Access to Education and Educational Support Programs,
5. On Access to Health Services, Health Facilities and Health Professionals
6. On Protection and Respect to Socio-Cultural Values, and
7. On the Development of Mining Technology

This is our fundamental way to maintain our social license.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (2020)	Amount (2021)	Unit
Direct economic value generated (revenue)	767.1 M	1,020.9M	PhP
Direct economic value distributed:			
a. Operating costs	156.2 M	147.1M	PhP
b. Employee wages and benefits	126M	185.5M	PhP
c. Payments to suppliers, other operating costs	453.9M	581.7M	PhP
d. Dividends given to stockholders and interest payments to loan providers	2.5M	2.7M	PhP
e. Taxes given to government	48.8M	110.5M	PhP
f. Investments to community (e.g. donations, CSR)	5.9M	5.0M	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p>Benguet Corporation's mining and milling operations provide employment opportunities to people across several regions in the country, majority of which are from the communities where we do our business. The mining operation</p>	<p>Employees of the Company and mining contractors.</p> <p>People in the host and neighboring communities.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>The Company ensures that all regulatory requirements are religiously complied with, work programs are implemented according to approved plans, commitments to</p>

<p>employs underground mining method or tunneling while the lime operation purchases raw limestone materials from suppliers engaged in land development and quarry operations surrounding Baguio City and Benguet Province as feed material for the kiln plant. The Company is operating in partnership with Mines and Geosciences Bureau (MGB) accredited mining contractors that employ miners from the indigenous peoples of the Cordillera Region.</p> <p>About 2,000 people in the workforce were employed by the Company and service contractors combined. Irisan Lime Project have engaged the services of a Cooperative whose members are composed of the indigenous people and members of the community in Brgy. Irisan, Baguio City and former company employees to operate its kiln plant.</p> <p>We also provide business opportunities to our various suppliers and service providers that support the day-to-day operation of the company.</p> <p>Gold is our main product with silver as by-product. We process the gold bearing mineral ore in our refinery to produce gold and are sold to the Bangko Sentral ng Pilipinas (BSP) as additional reserve for the country. The Company supplies lime products to the mining companies and farmers in Benguet Province.</p>	<p>Local and national government – revenue / tax collection.</p> <p>Service providers and suppliers.</p> <p>Business establishments in the community.</p> <p>National government – additional gold reserve and contributes to national revenue</p> <p>MSMEs – our gold operations have been instrumental in creating derived demand for inputs to our suppliers and stakeholders (i.e. raw materials, housing, construction) and creation of small business enterprises in the communities surrounding the mining operation.</p> <p>The effect of the COVID-19 pandemic has affected first and foremost the employees and their families, their financial condition, the education</p>	<p>stakeholders are delivered, taxes are paid, employees’ statutory benefits are given, i.e. payment of salaries and wages of employees are on schedule, and health and safety of employees are taken cared of.</p> <p>Measures are in place to prevent or mitigate, if not totally eliminate, the negative impacts of the operation.</p> <p>The Irisan Lime Project (ILP) has been granted a 5-year Mineral Processing Permit (MPP) by the Mines and Geosciences Bureau (MGB) valid until September 2027. Under its new MPP, it has been allowed to increase volume of production from 9,500 tons per year to 19,420 tons per year. The upgraded MPP have increased the life of the operation of up to 5 years.</p> <p>BC operation was guided by the IATF protocols to control or minimize the effect of the COVID-19 pandemic.</p>
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<p>Benefits derived from the operation by employees and our host and neighboring communities:</p> <ul style="list-style-type: none"> • Provided medical assistance to the local government unit in Itogon during the covid-19 pandemic; • Economic growth in the host and neighboring communities; • Increased family income of employees and community residents; • Improved medical services through the SDMP; • Educational opportunities - deserving students from the host and neighboring communities are enrolled through the scholarship program of the Company; • For the local government units - increased tax revenue collection; • Increased budget for local government infrastructure projects and sustained delivery of basic services to the communities; • Assured budgetary allocations for the protection and enhancement of the environment and social development; • Subsidized electricity and provision of free water to employees and other stakeholders in the communities. <p>Negative impacts of the mining operation include the ff:</p>	<p>of their dependents, the mining community whose members are mostly indigenous peoples of the Cordillera as well as the Barangays hosting the mining operation of BC-BGO and the Irisan Lime Kiln Project.</p>	
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<ul style="list-style-type: none"> • Depleting / dwindling mineral resources - Minerals, like gold, is a non-renewable resource. • Intrusion of small-scale miners' operation in BC claims that depletes resources and reduce company revenues, thus, the lower tax collection by the local government. • The underground mining method may have negative environmental effect unless properly remediated. • Timber resources for underground mine support. Scarcity of timber for mine support due to nationwide logging ban. <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>With the favorable price of gold in the world market coupled with quality management done through proper planning, goal setting and competency of Site Management to improve performance and with the appropriate implementation of health protocols in the mining area, despite reduced employees of the mining contractors, the economic performance of 2021 has improved vs. 2020 operation.</p> <p>Lime production have slightly improved in 2021. The Irisan Lime Project only operated one (1) kiln in January-June; two (2) kilns in July and back to one (1) kiln in August-December.</p>		
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What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization.</i></p> <p>Risks involved are attributed to the delay in the delivery of supply chain needed by the operation due to the health restrictions following observance of health protocols by the IATF.</p> <p>Other risk identified that have affected the 2021 operation are the following:</p> <p>Appreciation of the Philippine Peso versus US dollar; Ore grades; and Mineable ore reserves.</p> <p>The everchanging policies toward mining industry is greatly affected as investors tend to shy away from mining investments.</p> <p>The illegal intrusion by small-scale miners surrounding the mining properties of the Company entails significant business risks and leads to environmental degradation or mining accidents that regulators blame the incident to the legal mining operation of the Company.</p> <p>Insufficient compliance or failure to follow environmental laws could affect the Company's mining activities. It may delay mining operations or could result in suspension of operation and/or imposition of substantial fines and penalties.</p> <p>While the Company believes that it is in substantial compliance with all material</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Company – production target not attained.</p> <p>Employees of the Company and mining contractors.</p> <p>People in the host and neighboring communities.</p> <p>Local and national government – reduced revenue / tax collection.</p> <p>Service providers and suppliers.</p> <p>Business establishments in the community.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>To monitor production performance, BC-BGO site managers regularly conduct operations meetings where weekly production activities vs. targets are discussed and solutions are provided to issues and concerns that affect the production. At the corporate head office, the officers are given daily and weekly updates on the accomplishments of the operations, and bi-monthly meetings are conducted to discuss matters arising from previous operations reports and introduce interventions when necessary. Weekly and monthly mine productions and mill recovery are being regularly monitored. Compliance with regulatory obligations is likewise discussed during these meetings.</p> <p>Quarterly and annual reports are timely submitted to the regulatory agencies and monitored regularly. Production records, employment levels, amount of local and national taxes paid, as well as compliance progress are reported.</p> <p>To ensure proper compliance, the Company puts a great amount of effort and invests substantial amount of its resources into environmental protection and rehabilitation in its areas of operations. As proof of its commitment to responsible and sustainable mineral resource development, the Company implements best practices and has adopted an environmental policy statement consistent with ISO:14001-</p>

<p>environmental regulations, changes in mining policies and regulations, over which the Company has no control, may impede the Company's current and future business activities and negatively impact the profitability of operation.</p> <p>Peace and Order - Intrusion of illegal small-scale miners into the working area of mining contractors may invite troubles underground.</p> <p>Uncontrolled entry of hazardous substance/explosives inside camp for illegal miner's use.</p> <p>High-grading / pilferage of high grade ore by employees of mining contractors and illegal small-scale miners due to shortage and limited presence of security personnel in the underground mining operation.</p> <p>The unstable supply of electric power and the unscheduled power interruption by the National Grid Corporation of the Philippines (NGCP) in 2021, was among the risk identified by the operation.</p>		<p>2015 Certification on Environmental Management System (EMS). The ISO certification makes the Company's operations fully compliant with the requirement of DENR DAO No. 2015-07.</p> <p>The Company maintains strong relationships with the IPs, and LGUs through its SDMP, and multi-sectoral monitoring/consultation meetings.</p> <p>The Company continues to have effective lines of communication with the regulatory agencies (i.e. DENR, MGB, EMB, etc.). The Company provides full cooperation to regulators regarding compliance with governmental requirements in ensuring mine safety and environment protection.</p> <p>On COVID-19, the following programs are continuously being implemented by management to prevent the spread of the virus inside the mining camp:</p> <p>Management representatives closely monitor the health conditions of the employees and dependents, including workforce and families of the mining contractors that are residing inside the camp.</p> <p>Close coordination with the corporate headquarters and the municipal IATF for assistance if virus was detected inside the camp.</p> <p>Following are measures being imposed to abate pilferage of mineral ore inside the industrial zone:</p> <p>Site managers had closely monitored the production performance and issue guidance / instructions to</p>
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		<p>department heads to improve on their mining activities and gold recovery at the mill operation.</p> <p>Increased security surveillance and visibility of security personnel at the mill area to prevent or minimize high grading of gold ore in BGO and also in the Company's lime operation in Irisan Lime Project.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization?</i></p> <p>The increased productivity by the BC-owned mining group and the improved price of gold in the world market, have resulted in the increased sales and revenue of Benguet Corporation (BGO).</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>BC-BGO and ILP Employees.</p> <p>National economy due to the increase in sales of gold.</p> <p>Host and neighboring communities – for the continuity in the implementation of SDMP</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>The economic material topic is managed through strict observance of corporate governance mechanism and employee's dedication to meet production targets, financial objectives and shareholder expectations that were derived from well-disciplined workforce of the organization.</p> <p>Strengthened mining strategy with the advanced development that preceded the geology and exploration activity in the identification of high-grade ore mineable areas.</p> <p>Additional manpower that provided support in mining and milling operation.</p>

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
<p><i>Disclose the organization’s governance around climate-related risks and opportunities.</i></p> <p>The Management Committee composed of the Chairman of the Board, the Chief Executive Officer and the Compliance Officer oversees the Company’s sustainability initiatives. They work together in ensuring that the Company achieve its sustainability commitments.</p> <p>The climate-related risks and opportunities are considered in developing the sustainability strategy and commitments.</p> <p>Global warming is distinct. The climate change covers a wide range of different circumstances, such as the increasing number of natural calamities caused by abnormal weather conditions, depletion of water resources, food scarcity, flooding, typhoons, earthquakes, etc. Under each</p>	<p><i>Disclose the actual and potential impacts³ of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.</i></p> <p>In 2021, the electricity consumption (GHG Emission – Scope 2) increased by 14% and consumption of fuel oil (GHG Emission – Scope 1) increased by 17%.</p> <p>Full utilization of the crushing plant, ball mills, and 2 larger compressor machines that improved air circulation in the underground working areas are the major reasons for the increase of energy consumption.</p> <p>The increase in GHG emission is the manifestation that both operations (gold and lime) are back to normal operation due to</p>	<p><i>Disclose how the organization identifies, assesses, and manages climate-related risks.</i></p> <p>BC-BGO is ISO 14001-2015 Certified operation. All identified and assessed climate related risks and its corresponding mitigating measures have been incorporated and addressed in the Environmental Management System Manual, in addition to the Environmental Protection and Enhancement Program which are continuously being monitored by the regulatory agencies.</p>	<p><i>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</i></p> <p>The Company continuously looks at ways in contributing to community and ecosystem resiliency.</p> <p>With the approved Annual Environmental Protection and Enhancement Program (AEPEP), the Company laid out its annual targets and milestones to continuously address and mitigate the identified climate related risks which are stated in its Corporate Governance Manual.</p>

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

³ For this disclosure, impact refers to the impact of climate-related issues on the company.

<p>condition, the impacts to the environment are pronounced.</p> <p>The Board, the Risk and Audit Committee and senior management are regularly provided with insights on trends and exposure to climate-related risks and measures to address identified risk hazards.</p> <p><i>Please refer to Manual on Corporate Governance.</i> http://benguetcorp.com/corporate-governance/board-committees/.</p>	<p>reduced covid-19 infection of employees.</p> <p>The 2021 approved Annual Environmental Protection and Enhancement Program (AEPEP) of both BC-BGO and ILP have laid out the annual targets and milestones to continuously address and mitigate the identified climate related risks. The approved 2021 AEPEP include the budgetary requirements needed to fund the implementation of the programmed activities.</p> <p>BGO and ILP operations are in collaboration with the host and neighboring villages to actively participate in the CO² sequestration by planting more trees in their surroundings. In 2021, the company has maintained its reforestation program and planted 13.0 hectares of open brushlands inside its mineral claims and 0.3711 hectare within Irisan industrial area in addition to the 771 hectares of previously planted areas that are being maintained and protected.</p>		
<p>Recommended Disclosures</p>			

<p><i>a) Describe the board’s oversight of climate-related risks and opportunities.</i></p> <p>Monitoring the implementation of all action plans to address identified climate change and climate related risks and performance against commitments are among the major topics being discussed during regular meetings by the Board Risk Oversight Committee (BROC).</p> <p>The Board has the overall function or control of all related activities on climate risks and opportunities and ensuring that budgets for the implementation of environmental programs are funded and implemented according to approved plans.</p>	<p><i>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</i></p> <p>Among the identified risks and opportunities related to climate change are the following:</p> <ol style="list-style-type: none"> 1. Risks - <ol style="list-style-type: none"> a. Deforestation b. Landslide c. Forest fire / bush fire d. Underground water depletion e. Air pollution 2. Opportunities – <ol style="list-style-type: none"> a. Employment through reforestation activities b. Watershed enhancement c. Water spring and water impounding development d. Cleaner air 	<p><i>a) Describe the organization’s processes for identifying and assessing climate-related risks.</i></p> <p>Risks identification attributed to climate change is supported by the following approach:</p> <ol style="list-style-type: none"> 1. The involvement of the Site Manager in the assessment and evaluation of the potential risks in all aspects of the operation. 2. Develop response (including required budget) to ease the effect of the identified risks and report to the Board Risk Oversight Committee for approval. 3. The Site Management shall implement the approved mitigation plans and submit accomplishment report to the BROC for information. 4. BROC will monitor the effectiveness of the mitigation measures to abate risk. 5. Report to regulatory agencies where appropriate. 	<p><i>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</i></p> <p>There is open line communication between the members of the Board, the Committees, and the Company Executives down to the Site Management.</p> <p>Programs on climate-related risks are considered among top priorities of management, particularly, water management, pollution control and increase reforestation activities to enhance the surrounding ecosystem.</p> <p>A. On water quality –</p> <p>BC-BGO assesses and manages the quality of water through its EMS Internal Auditors following provision of DAO 2005-10 (Implementing Rules and Regulations of RA 9275, otherwise known as The Philippine Clean Water Act) and the Water Quality Guidelines and effluent standard.</p>
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		<p><i>Please refer to Board Risk Oversight Committee Charter link http://benquetcorp.com/wp-content/uploads/2020/06/C-Board-Risk-Oversight-Comm-Charter.pdf</i></p>	<p>With the strict management and proper implementation of mitigation measures to abate effluent discharges into the river system, the operation does not exceed the allowable effluent limit prescribed under DAO 2005-10 and will continue to attain positive performance.</p> <p>B. On Air Quality –</p> <p>The operation of BC-BGO does not require fossil fuel such as coal for power generation as it sources its electricity from the generated hydropower plant of Thermal Luzon Inc., a subsidiary of Aboitiz Power Corporation in Benguet.</p> <p>Based on the 2021 air quality monitoring conducted by the Internal Audit Team and concurred by the external monitoring body, the air quality gathered from the established air monitoring stations of the mine indicates that measurements of identified air pollutants is within the DENR standard limit under R.A. 8749 and its IRR DAO #2000-81.</p>
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			The Company shall continue to comply with the prescribed air quality standard set by the government
<p><i>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</i></p> <p>Managing the climate change is a shared responsibility among key managers/front liners in the mining operation and executives of Benguet Corporation. Collaboration among Department heads has proven to be effective in assessing and determining risks and opportunities attributable to climate-related risks.</p> <p>Regular collaboration and coordination by BC management with the regulatory agencies to discuss issues, concerns and other matters related to climate change and other related risks that affect governance while promoting accountability and transparency.</p>	<p><i>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.</i></p> <p>Mining operation is an extractive process which is always associated with environmental risk. Benguet Corporation’s operation in Itogon is the subject of rigorous evaluation and monitoring by regulatory agencies on its compliance to environmental laws and regulations to reduce or eliminate pollution.</p> <p>The Company stands in solidarity with the government to arrest the deteriorating climate pattern through wise utilization of natural resources and lowering CO² emission that affects the ozone layer. The Company’s reforestation programs (Mining Forest Program and the National</p>	<p><i>b) Describe the organization’s processes for managing climate-related risks</i></p> <p>BC recognizes the role in collaborating with others to achieve progress in managing the challenges of climate change. Experts from the private sector, government agencies, the academe and non-government organizations were consulted on various aspects to prevent and minimize the effects of climate change. The company implements programs that are consistent with its goals and targets.</p> <p>Budget for the full implementation of the reforestation program on denuded slopes of the mountain and rehabilitation of eroded areas are funded.</p>	<p><i>b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</i></p> <p>The implementation of the approved 2021 Environmental Protection and Enhancement Program (EPEP) of BGO and ILP includes the annual targets and corresponding budget per activity. The total expenditures for the implementation of the 2021 EPEP is P10,803,291.24 representing 79.86% accomplishment of the P13,561,042.37 budget. Non-attainment of goal was due to failure or late compliance of the communities/beneficiaries to the requirements and partly due to health restrictions imposed on villages due to the COVID-19 pandemic.</p>

	<p>Greening Program of the government) are its positive contribution to the worsening climate change.</p> <p>As presented in the approved Annual Environmental Protection and Enhancement Program of 2021, Plans/Programs/Activities (P/P/A's) are all provided with corresponding budget and monitoring strategies.</p>	<p>Water pollution control measures are strictly monitored to prevent escape of processed water from leaks that may contaminate the water bodies.</p> <p>The company seeks opportunities to work with partners to utilize technologies that will include carbon capture, and the natural climate solutions of reforestation and afforestation. We will continue to seek opportunities to collaborate with value chain partners, investors, researchers, and government agencies to work towards reducing the negative effect of climate change.</p>	<p>For the year 2021, the total area reforested in BGO is 13.0 hectares planted with 10,744 assorted seedlings (forest species and fruit trees) with total survival rate of 76%. On the other hand, Irisan Lime Project (ILP) planted a total of 2,013 seedlings over an area of 3,711 sq.m. with 837 seedlings surviving for a period of 9 years as of 2021. For 2021, maintenance of this plantation was the focus.</p>
	<p><i>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.</i></p> <p>BC's environmental enhancement program, particularly, on reforestation and forest</p>	<p><i>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</i></p> <p>The Board Risk Oversight Committee is tasked to make sure that the Company's environmental programs and</p>	

	<p>protection is aimed at reducing CO² in the atmosphere.</p> <p>In addition to the establishment of forest plantations, additional projects implemented to attain the different climate related scenarios are as follows:</p> <ul style="list-style-type: none"> • Increased preventive maintenance schedule of anti-pollution devices such as scrubbers to arrest air pollutants from gold smelting processes. • Dust emissions were reduced with dust suppressor system using air and water to act as suppressors for spraying along roads inside industrial area. • Regular preventive maintenance program is being conducted on vehicles and equipment to ensure smoke emissions are within the DENR prescribed standards. • All environmental safeguards are put in place to mitigate and reduce emission of CO². 	<p>compliances are integrated into the over-all mine development program and implemented in accordance with the approved program by the Department of Environment and Natural Resources through the Mines and Geosciences Bureau and Environmental Management Bureau.</p> <p>With this, it is clearly defined following the principle that risk management is management's responsibility. Clear roles are defined aligned to the sustainability strategy and commitments of Benguet Corporation.</p>	
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Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity		Units
	BGO	ILP	

	2020	2021	2020	2021	
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	72.81% (P 112,332,499)	94% (218,886,534)	79.19% (P31,093,399)	87 % (P 37,456,341)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p>Sustainable procurement of essential commodities / supplies and materials needed by the operation is attained by working closely with our key partners/suppliers along our value chain. BC's procurement practices are always in accord with the Procurement Policy of the company.</p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>Sustainability activities in our value chain were categorized as follows:</p> <p>Responsible sourcing from local or foreign source of needed logistics for the operation; Quality control of products and services to meet the expectations of the operation Timeliness – availability of the products and services.</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Employees in-charge of procurement</p> <p>Suppliers/manufacturers of product and services providers</p> <p>Departments</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>BC believes that the success of the operation can be achieved through respect and transparent dealings between the management and the various agencies and entities that provide the goods and services to the Company. It manages supplier relationships through its values and compliance with applicable regulatory frameworks. To ensure sustainability in our supply chain, a risk-based approach in assessing suppliers is in place. Suppliers must comply with the standard requirements, such as ISO certified or government standard compliances.</p>

<p>The 2021 operation of BGO has incurred a total purchase of materials and supplies from local suppliers amounting to P 218,886,534 vs budget of P 234,068,847 .</p> <p>On the other hand, the Irisan Lime Project spent a total of P 37,456,341 on local purchases of materials and supplies vs. budget of P 42,909,080.</p>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Sub-standard quality of supplies and materials or products that may affect or slowdown the operation and reduce gold production.</p> <p>Some local suppliers do not have access to or limited funds to expand thereby affecting the availability of local materials and supplies.</p> <p>Sourcing of imported materials are expensive and may delay the delivery of needed supplies that will affect the production.</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Shareholders – lesser revenue due to lower production</p> <p>Employees of contractors and suppliers – productivity is affected</p> <p>Operations – they must work around the limitations of local suppliers sometimes sacrificing the timeliness in the process that may result to higher production cost.</p> <p>Suppliers – loss of trust and confidence</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>To ensure sustainability in supply chain, a risk-based approach is being taken in assessing suppliers. We engage them through a commercial framework that is aligned with BC’s Purchasing Policy.</p> <p>Long-term planning on mining development and programs to advance the forecasting of needed materials and supplies to ensure availability when needed by the operation.</p> <p>The company has prioritized suppliers with ISO 14001-2015 Certification.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

<p><i>Identify the opportunity/ies related to material topic of the organization.</i></p> <p>Partnering with local suppliers gives BC better credit lines, more responsive lead times, and customization options (smaller minimum order requirement).</p> <p>Through its mining operation, the Company is opening doors and providing business opportunities to suppliers and service providers, (local and foreign suppliers, and community residents).</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Suppliers – local suppliers can sustain and grow their operations because of the mining operation of BGO and ILP.</p> <p>MSMEs – as mining operations expand, intermediate industries are given opportunity to address the needs in each part of value chain.</p> <p>Employees – direct collaboration in dealing with local suppliers</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Continue to develop good relationship with suppliers and service providers.</p> <p>Continue to work with local suppliers that provide quality services and products with lower cost.</p>
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Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units / %
Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

<p>What is the impact and where does it occur? What is the organization’s involvement in the impact?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
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<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>Prior to the pandemic, Directors, managers and employees were oriented and are knowledgeable of the Anti-fraud, Corruption and Whistle Blowing Policy of the Company. BC practices zero tolerance to corruption in the conduct of its business. Some potential sources of corruption are as follows:</p> <p>Employees maybe involved in bribery and corruption on permit and license acquisition and during land acquisitions/negotiation.</p> <p>As there are numerous purchasing transactions, employees may be offered bribes/ incentives on these engagements.</p> <p>Giving or asking special favor to/from mining contractors or Service Contractors or other stakeholders in exchange for personal gain such as but not limited to relaxing company policies and procedures.</p> <p>Face to face trainings was implemented on a case-to case basis and with limited participants. Webinar was implemented on a limited scale due to the covid-19 pandemic health protocols.</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Suppliers – all suppliers must go through the same screening. This ensures the company gets what it pays for and supplier delivers what it promises.</p> <p>Employees – must be the vanguards of integrity especially when representing the company to external parties.</p> <p>Community – those who support corruption by supporting peers engaged in unlawful conduct deprive honest businesses the chance of flourishing their trade and contributing back to the community.</p> <p>Management – should always advocate a culture of excellence and integrity. They set the values of the company and must promote the example in anti-corruption.</p> <p>Government regulatory agencies – officials must practice global policies on anti-corruption in the conduct of government and private business transactions.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Board sets the tone and makes a stand against corrupt practices by adopting an Anti-fraud, Corruption and Whistleblowing Policy and in its Code of Employee and Business Conduct.</p> <p><i>Pls refer to the following links:</i></p> <p><i>Code of Employee Conduct and Discipline</i> http://benquetcorp.com/wp-content/uploads/2018/05/ECD%20with%20ee%20acknowledgement.pdf</p> <p><i>Code of Business Conduct and Ethics</i> http://benquetcorp.com/wp-content/uploads/2020/06/E.-Code-of-Conduct-of-Business-and-Ethics.pdf</p>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>

<p>Delay in the acquisition of permits and licenses. Engagement in corrupt practices may result in: Cancellation or suspension of permit/licenses/contract agreements or other kinds of penalty Court case Business losses Exposure to higher or additional operational costs</p>	<p>Mining contractors – reduced amount of share in volume and value LGU – less tax collection Employees – suspension and withholding of salaries and benefits, dismissal from employment. Host community –stoppage of the implementation of social development programs.</p>	<p>Prompt submission of documents and compliances with government requirements to avoid delay in the processing of permits and licenses. Maintain good relationship and close communication with concerned regulatory agencies. Company has clear and stringent Fraud and Corruption policies and procedures in curbing and penalizing employee involvement in offering, paying and receiving of bribes/unlawful benefits. The Company disseminated the anti-corruption policies and programs to employees throughout the organization via emails and employees signed acknowledgement. <i>Pls refer to link Code of Employee Conduct and Discipline, link #41 & 47 Page 8</i> http://benguetcorp.com/wp-content/uploads/2018/05/ECD%20with%20ee%20acknowledgement.pdf</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>With the existence of written policies and communication to all concerned and its vigorous implementation, possible involvement in</p>	<p>Host community – increase in public investment and support to the organization.</p>	<p>Closer relationship with all the stakeholders in the mining circle and government agencies.</p>

<p>corruption and bribery will be minimized if not eliminated.</p> <p>Harmonious relationship with the regulatory agencies, community and other stakeholders.</p> <p>Continuous mining operation is assured, and the integrity and reputation of the Company are maintained with the absence of corruption and bribery in the organization.</p>	<p>National government agencies and local government units – strengthens the position of regulatory system and guarantee a degree of fairness.</p> <p>Suppliers / contractors / service providers – leads to a secure and long-term business relationship.</p> <p>Employees – job satisfaction and security and increase in employee morale and shared values.</p>	<p>Strict observance on the schedule for the submission of regulatory reports and compliances.</p>
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Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The company did not experience and has no recorded incidents of corruption in 2021. The company's Code of Business Conduct and anti-</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>With strict observance of the company's anti-corruption policy, there are no stakeholders that were</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>All employees are aware of the Anti-Fraud, Corruption and Whistleblowing</p>

<p>corruption standard clearly prohibit bribery and corruption in all business dealings.</p> <p>The incidents of corruption normally occur in dealing with contractors, suppliers, government agencies, private individuals / community leaders/elders. Corruption happens in the government offices on the issuance of permits/licenses despite complete submission of lists of requirements.</p> <p>Community residents take advantage of the company's limited resources in guarding the mining claims and facilities resulting in expensive reacquisition of its properties.</p> <p>Other sources of corruption are as follows:</p> <ul style="list-style-type: none"> • The provision of gifts, travel and hospitality (including government officials) above certain thresholds; • The offering of commercial sponsorships; • The offering of community donations or projects outside of the Social Development and Management Program (SDMP) and Corporate Social Responsibility programs; • Acquisitions and divestments 	<p>involved in corrupt practices during the period under report.</p>	<p>Policy and Employee Code of Business Conduct.</p> <p><i>Pls refer to the following links:</i></p> <p><i>Code of Employee Conduct and Discipline, link #41 & 47 Page 8</i> http://benguetcorp.com/wp-content/uploads/2018/05/ECD%20with%20ee%20acknowledgement.pdf</p> <p><i>Anti-fraud, Corruption and Whistle-blowing Policy</i> http://benguetcorp.com/wp-content/uploads/2020/06/anti-fraud-corruption-whistleblowing-policy.pdf</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Risks related to the corruption incidence can be attributed to the following:</p> <ul style="list-style-type: none"> • Delayed mining and milling operation, • Production target and revenue not attained. 	<p>Corruption may affect the following:</p> <p>Mining contractors – reduced amount of share in volume and value.</p> <p>LGU – lesser tax collection</p>	<p>Directors, managers and employees must always be reminded of the “Anti-fraud, Corruption and Whistleblowing Policy” of the company to avoid involvement /committing corruption and bribery.</p>

<ul style="list-style-type: none"> Issuance of fine and possible suspension of operation on prolonged delay of the approval of permits. 	<p>Employees – Suspension or termination of employment</p> <p>Host community - community development projects might be suspended/stopped.</p>	<p>If an employee or officer of the company violate the anti-corruption policy, there will be stringent enforcement of disciplinary actions based on existing Employee Code of Conduct.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Avoiding corruption will lead to operating the gold mine with integrity and self-esteem.</p>	<p>BC and ILP employees and dependents</p>	<p>Observance and practice of Anti-fraud, Corruption and Whistle-blowing Policy and Code of Business Conduct</p>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2020	2021	2020	2021	2020	2021	
Energy consumption (kerosene)	1,873	3,534.49	0.00	0.00	1,873	3,534.49	GJ
Energy consumption (diesel)	4,128	6,551.44	202.311	289.25	4,330	6,840.69	GJ

Energy consumption (bunker fuel)	0.00	0.00	42,127	46,630.17	42,127	46,630.17	GJ
Energy consumption (electricity)	5,708,808.47	6,696,713.31	211,830	205,374	5,920,638	6,902,087.31	kWh
Energy consumption (gasoline)	0.00	0.00	0.00	7.67	0.00	7.67	GJ

Reduction of energy consumption

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2020	2021	2020	2021	2020	2021	
Energy reduction (kerosene)	105.47	0.00	0.00	0.00	105.47	0.00	GJ
Energy reduction (diesel)	570.55	0.00	6.17	0.00	576.72	0.00	GJ
Energy reduction (bunker fuel)	0.00	0.00	7,873	0.00	7,873	0.00	GJ
Energy reduction (electricity)	0.00	0.00	42,925.42	6,456	42,925.42	0.00	kWh
Energy reduction (gasoline)	6.96	0.00	0.00	0.00	6.96	0.00	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>As the operation continues to explore and advance the underground mining development to increase production target in 2021, BC-BGO have utilized and</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Operations – power cost is a significant cost driver in gold operations.</p> <p>Small-scale miners – The Company implemented disconnection of illegal power connections to eliminate pilferage of electricity, however, despite this</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Safeguards in the following measures in order to be sustainable:</p> <p>Conduct regular energy level monitoring/reports.</p>

<p>consumed more fuel oil and electricity that impacted on the increase in GHG emissions.</p> <p>The electricity increased by 14% or 981,449.31 KWH (6,902,087.31 vs 5,920,638 in 2020) for the year under report due to the resumption to full operation of mining and milling activities. This resulted in the increase of GHG emission (Scope 2) by 277.82 CO₂e vs 2020.) GHG emission (Scope 1) also increased by 17% or 753.21 CO₂e (4,486.21 vs 3,732.997 in 2020).</p> <p>The increased fuel consumption and electricity for running the full operation of the mill and mining equipments have resulted in the increase of gold, silver and lime produced.</p> <p>The Company, however, continuously observe the energy conservation guidelines.</p> <p><i>Please refer to the following:</i></p> <p><i>Appendix "A" _____ – EMS Document # EMSG06 (EMS Guidelines on Power Conservation)</i></p>	<p>preventive action, there are still illegal electrical connections.</p> <p>Employees – home activities of employee dependents are affected by the energy conservation measures being implemented.</p>	<p>Submission of regulatory reports on energy consumption to Mines and Geosciences Bureau and Environmental Management Bureau.</p> <p>Maintain BC Program on energy conservation.</p> <p>Disconnection of Illegally connected power lines by small scale miners.</p> <p>BC–BGO has been re-certified ISO 14001:2015 (by NQA) as proof of commitment to make operations aligned with international environmental and safety standards that includes energy conservation.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Price of fuel and oil - The fluctuating world market price of diesel and bunker fuel have affected the overall operating cost and the profitability of the operation.</p> <p>Ore grade - Low grade of ore from the mining operation have affected the milling cost.</p>	<p>BC Operation</p> <p>Suppliers of fuel & oil</p> <p>Employees / miners</p> <p>Community</p>	<p>BGO follows a strict set of environmental standards in the conduct of its operation to monitor the power consumption and utilization. To be sustainable, there is a need to strictly implement the following:</p> <p>Energy level monitoring;</p>

<p>Pilferage of processed and unprocessed ore - stealing of processed / loaded carbon have contributed to income loss.</p> <p>Misappropriation – inappropriate target / goal setting will affect the revenue projection.</p>		<p>Strengthen security measures and surveillance of mine and mill workers / employees;</p> <p>Close monitoring of production vs budget and revise projections when necessary;</p> <p>Submission of regulatory reports on energy consumption;</p> <p>Conduct regular Preventive Maintenance Schedule on equipment and vehicles; and</p> <p>Conduct regular monitoring of small-scale miners’ operation in the area and implement immediate disconnection of illegally connected power lines.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization.</i></p> <p>Cost savings initiatives are being implemented across the value chain to become a least cost producer as well as achieve greener, cleaner operations.</p> <p>Develop better understanding of the mine and mill operations process flow and coordination with security, mill and mine managers that will improve relationship among department heads in the prevention of pilferage of commodities.</p>	<p>Community</p> <p>LGU</p>	<p>Continuously monitor its power consumption and check areas that can be subjected to power adjustments.</p> <p>The company has moved to reduce power consumption in its industrial areas by shifting to energy-efficient motors and lighting fixtures for cost reduction program.</p>

Water consumption within the organization

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2020	2021	2020	2021	2020	2021	
Water withdrawal							

Industrial	98,663.04	111,966.52	684	483	99,347.04	112,449.52	Cubic meters
Domestic	6,501		290	170	6,791	170	
Water consumption							
Industrial	98,663.04	111,966.52	684	483	99,347.04	112,449.52	Cubic meters
Domestic	6,501		290	170	6,791	170	
Water recycled and reused	0.00	0.00	0.00	0.00	0.00	0.00	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>Water is an essential input to the mining operations of BC-BGO. The Company monitors the impact of the operation to the adjacent river systems and downstream communities to ensure that these are maintained at minimum levels for equal access of water source by various stakeholders.</p> <p>The Company sourced its industrial water from its old underground mine tunnel located at L-2000, Acupan, Virac, Itogon, Benguet with water rights</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>The affected stakeholders are as follows:</p> <p>Company – has 24/7 access to water supply from its underground mine tunnels for industrial use.</p> <p>BC-BGO employees, contractors/service providers – have access to safe potable water within the mine site.</p> <p>Host, and neighboring communities – have free access to water sources present in the area since the Company source and utilize its water internally.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Access to water is a basic human right as it is a shared resource of high economic, environmental and social value. Considering that its operation is dependent from the free-flowing water from the Company's underground mine tunnel and for the continuous water recharging of the aquifer, it developed a strategy through an intensified watershed development and management by implementing reforestation program on denuded and sparsely vegetated areas within and outside the Company's mining claims. This activity is included in the Annual</p>

<p>Permit No. 16154 issued by the National Water Resources Board (NWRB).</p> <p>The potable water is sourced from a natural spring owned and maintained by a private individual for his water delivery business. The Company engaged the service of the owner to supply and deliver potable water for employees' consumption at a fixed rate per drum.</p> <p>Domestic water for ILP operation is supplied by the Baguio Water District (BWD) while the industrial water is supplied by a private individual who sourced the water from the natural spring permitted by the government for his water delivery business and paid at negotiated cost per cu. meter.</p>		<p>Environmental Protection and Enhancement Program.</p> <p>Streamflow measurement and water quality monitoring is done quarterly.</p> <p><i>Please refer to Appendix "B" ____ – Certificate of Approval of Annual Environmental Protection and Enhancement Program (AEPEP)</i></p>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>The identified risk are as follows:</p> <p>The water quality for domestic use may be compromised if good housekeeping is not properly observed by the miners working underground.</p> <p>With the increase in population and business establishment in the area, it is expected that water demand will double.</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>BC-BGO employees, contractors/service providers, community residents.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>The company will continue to support a range of projects that offer sustainability co-benefits, including support for local communities and biodiversity conservation and watershed rehabilitation.</p>

<p>It is anticipated that water from some of the springs will dry up during summer that will cause high domestic water competition in price and volume.</p>		<p>The Company's Mining Forest Program is a shared responsibility with the community while the government monitors implementation of the program. The Company continues to engage with its host and neighboring communities for an uninterrupted partnership in the protection of the reforested areas to increase water yield of the aquifer.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>The mining and milling operations increased water consumption in 2021 by 12% or 13,102.48 cu.m. (112,449.52 vs 99,347.04 in 2020) due to the full operation of the gold processing plant after easing the health protocol.</p> <p>The intensified watershed development in the area will provide additional livelihood opportunities to the IPs through contract reforestation, seedling propagation, plantation maintenance and forest protection activities.</p> <p>There is abundant volume of domestic water from the Company's underground source that has the potential for business development to supply bulk water needs of the surrounding communities.</p>	<p>BC-BGO employees, contractors/service providers, community residents</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Engagement with the stakeholders by providing livelihood opportunities, like seedling propagation, tree planting contracts and maintenance of previously established reforestation areas, will improve the relationships and empower the community on forest rehabilitation.</p> <p>The enhanced forest cover of the mining claim through intensified tree planting activities will increase the water yield of the springs and lower the atmospheric temperature in the area.</p> <p>The Company may consider developing the water source from the Company's Acupan</p>

		underground as a potential business opportunity to supply bulk water for Itogon and Baguio City.
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Materials used by the organization

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2020	2021	2020	2021	2020	2021	
Materials used by weight or volume							
Renewable (identify) – lumber, paper, sawdust, flour	262,278	496,427.38	0.00	180	262,278	496,607.38	kg/liters
Non-renewable - lubricants, motor oils, bunker fuel oil, diesel oil, kerosene, dynamite explosive, sodium cyanide, nitric acid, ammonium nitrate, sodium hypochlorite, hydrochloric acid, activated carbon, lime and sulfuric acid, caustic soda, hydrochloric acid, nitric acid, etc.	832,208.19	6,162,329.17	1,153,510.41	1,172,243	1,985,718.60	7,334,572.17	kg/liters
Percentage of recycled input materials used to manufacture the organization’s primary products and services.	0..24	0.32	0.00	100	0.24	0.32	%
Note: Only sawdust was used for firing carbon ash while	642 (sawdust & paper)			180 (paper)			Kgms.

papers are recycled for printing internal reports and memos.							
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The underground mining operation is utilizing mine timbers as support in the tunnels. All mine timbers delivered by the Company supplier are covered with certificate of lumber origin issued by DENR to make sure these are sourced legally.</p> <p>Wood wastes and other renewable materials are recycled for other beneficial use.</p> <p>Explosives are used in the underground to open new areas for mining development. The permit for the explosives is issued by the Firearms and Explosives Unit of the Philippine National Police in Camp Crame.</p> <p>There is an increase in the utilization of renewable materials by 47% or 234,329.36 in 2021 (496,607.38 vs. 262,278 kg. in 2020). The non-renewable materials (chemicals) also increased by 87% or 5,348,853.57 (6,162,329.17 vs. 1,985,718.60 in 2020).</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>BGO mine and mill employees, community, suppliers and Irisan Lime Project employees and its surrounding residential areas.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>The underground workings / tunnels are supported by square-set mine timbers to provide safe working conditions of the mine workers. Pre-cast concrete columns is the alternative mine support but the cost is expensive and may not last especially on heavy grounds and acidic underground. BC-BGO is committed to continue to explore other alternative materials as substitute for mine timber for underground support without sacrificing safety of mine workers. This is part of the Company's sustainability commitment to minimize use of timber resources.</p> <p>Forest plantation will be part of the Company's sustainable commitment for</p>

<p>The Irisan Lime Project operated one (1) kiln in January-June; two (2) kilns in July and one (1) kiln in August-December. The use of 2 kilns increase the quantity of non-renewable materials (bunker fuel) by 16% or 18,732.59 kgs (1,172,243 vs 1,153,510.41) resulting to increased production due to higher demand of kiln products by the farmers in July.</p>		<p>environmental enhancement in its area of operation. It encourages supplier of mine timber to participate in the reforestation program of the company and the government.</p> <p>In compliance with BC-BGO's commitment and its concurrence to the standards set in its ISO 14001:2015 certification, the company strictly adheres to the standards set by the regulatory agencies (DENR-EMB) on proper recording and labelling of renewable and non-renewable materials in accordance with R.A. 9003 (Ecological Solid Waste Management Act) provisions.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization.</i></p> <p>Identified risks are as follows:</p> <p>Timber resource – depletion or shortage of wood resources (lumber, paper, sawdust).</p> <p>Environmental risks – non-renewable materials will contribute to air and water pollution and health hazards if not properly handled and disposed.</p> <p>The safety and health of employees directly and regularly exposed to non-renewable materials are at risks.</p>	<p>Underground employees/miners/blasters</p> <p>Employees at the motor pool area, mine and mill mechanical shops</p> <p>Communities adjacent to the operation</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Management will focus on the following approach to minimize risk:</p> <ul style="list-style-type: none"> • Monitor implementation of ISO 14001:2015 objectives, targets and performance vs. audit reports

<p>Utilizing large quantities of non-renewable inputs drive the cost of production, pushing margins in an already highly commoditized market.</p> <p>Accidents due to fly rocks, loss of hearing (noise pollution) and air pollution for dust due to blasting is a potential risk if not managed properly.</p> <p><i>Please refer to the following:</i></p> <p><i>Appendix "C" – (DRCS - 09) Summary of Risks and Opportunities</i></p> <p><i>Appendix "D" – EMS Document # EMSG-03 (EMS Guidelines on Diesel, Oil and Grease Hauling, Transport and Storage)</i></p> <p><i>Appendix "E" – EMS Document # EMSG - 12 (EMS Guidelines on Contaminated Water)</i></p>		<ul style="list-style-type: none"> • Implement hazardous materials storage, handling, waste/tailings management monitoring and health, safety and wellbeing for greater protection of workers. • Continue regular quality monitoring test and submission of reports to regulatory agency for validation of result following DENR Standards. • Monitor the strict implementation of Annual Environmental Protection and Enhancement Program. • Provide complete Personal Protective Equipment (PPE) to employees. • Conduct regular safety lectures, meetings and pep talks before deployment in assigned working area to remind workers of safety protocols in the underground mining activities and proper handling of chemicals at the mill.
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p> <p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>

<p>Identify the opportunity/ies related to material topic of the organization.</p> <p>The following opportunities that were identified in relation to the utilization of renewable and non-renewable resources are:</p> <p>Sawdust are being recycled for firing carbon ash while used papers are recycled for printing internal reports and memos.</p> <p>Continuous improvement in mining technologies and innovations and how it can benefit from renewable sources of energy throughout the stages of operation.</p> <p>BGO's logistics and support services, on the other hand, utilize renewable materials such as wood and used packing materials (carton or a box container made of cardboard).</p> <p>Better planning and forecasting of usage of non-renewable materials in relation to programmed procurement systems can lead to cost efficiencies of the operation.</p>	<p>Residents in the surrounding communities stand to benefit from cleaner air and water.</p> <ul style="list-style-type: none"> • Employees – exposure to less quantities of non-renewable materials will be healthier and safer • Operations – cost efficiencies will deliver better profit margin without incremental damage to the environment. 	<p>Safety lectures and work briefings before deployment to assigned working areas.</p> <p>Continue monitor the usage of non-renewable materials to attain reduction year over year without sacrificing production.</p> <p>Implement materials storage, handling, management, monitoring, and disposal of waste/tailings. Continue regular submission of reports to the regulatory body on the use of regulated chemicals.</p> <p>Regular water quality monitoring to ensure water is free from contaminants that are hazardous to human and animal health.</p>
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Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	(Identify all sites) Crosby Park – 11.0	Has.
Habitats protected or restored and newly established plantation areas	<ul style="list-style-type: none"> ➤ Crosby Park – 11.0 ➤ Calhorr, Virac Plantation – 5.0 ➤ Poded, Ucab Plantation – 5.0 ➤ Virac Timberyard Plantation-3.0 	Has.

	➤ Irisan industrial/residential Area – 0.3711	
IUCN ⁴ Red List species and national conservation list species with habitats in areas affected by operations. Note: No list of thriving IUCN species in the project impact area because the mining claim is populated of build-up communities and small-scale miners abound.	(list) 0.00	Has.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>For the year 2021, the company continuously maintained and protected the established Crosby Forest Park (man-made forest as support to watershed development of the Company) inside its mining property with a total area of about 13.0 hectares. Enrichment planting is a continuing activity being conducted on areas with sparsely growing trees to provide more greens in its surroundings. The tree density is estimated at 352.55 trees per hectare. Family of employees and</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Employees and families – benefit from using the Crosby Park</p> <p>Contractors and laborers of the reforestation project.</p> <p>Community residents – inhaling pollution-free and fresh air.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Continue to undertake care and maintenance of the forest park – included in the Environmental Work Program of BC-BGO</p> <p>The company hired a caretaker from the community to protect and maintain the established forest park.</p>

⁴ International Union for Conservation of Nature

<p>visitors from other areas are visiting the Park, enjoying the scenery and do camping.</p> <p>In addition to the Forest Park, the company also implemented reforestation program within and around its mining claims in compliance with its environmental enhancement program. For the year under report, a total of 13.0 hectares was planted with various fruit-bearing crops and forest tree species.</p> <p>Overall, the total plantation area that BGO have maintained over the period of 16-years, consist of 794.0 hectares. Likewise, Irian Lime Project have continuously maintained a total of 3,711 sq. m. of plantation area with 837 surviving seedlings as against 2,013 planted trees (42% survival rate) as of 2021. For 2021, maintenance of this plantation was the focus.</p>		<p>Conduct regular foot patrol by BC's Claims Management to avert illegal activities in the area.</p> <p>Intensified reforestation and forest protection program as included activity in the AEPEP.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Illegal cutting of trees and squatting.</p> <p>Illegal cattle grazing.</p> <p>Forest / bush fire</p>	<p>Employees and nearby residents</p>	<p>Intensified forest protection activities in the area.</p> <p>Conducted regular foot patrol by BC's Claims Management team to avert illegal activities in the area, particularly by squatters/SSM.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization.</i></p>		<p>Continue to maintain the park through enrichment planting and forest</p>

<p>The established Crosby Park serves as ecological tourism park as well as biodiversity enhancement and conservation. Likewise, reforested areas inside and outside of the Company’s mining claims serves as watershed area of the Company, the communities within the surroundings and restoration of open and abandoned areas.</p> <p>The reforestation activities provide employment opportunities to interested families or community associations through seedling production, plantation establishment and forest protection.</p>	<p>Employees and the host and neighboring communities.</p>	<p>protection activities by involving the residents in the area.</p> <p>Continue to partner with the residents near the reforestation areas on the protection of the established plantation and prevention of illegal activities like tree cutting and small-scale mining.</p>
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Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity						Units
	BGO	BGO	ILP	ILP	Total		
	2020	2021	2020	2021	2020	2021	
Direct (Scope 1) GHG Emissions (Diesel fuel, Gasoline, Kerosine, Bunker fuel)	324.589	796.21	3,408.408	3,690	3,732.997	4,486.21	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions (electricity)	1,615.99	1,895.64	59.963	58.13	1,675.95	1,953.77	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	0.00	0.00	0.00	0.00	0.00	0.00	Tonnes

<p>What is the impact and where does it occur? What is the organization’s involvement in the impact?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
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<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p>Scope 2 GHG emission increased by 14% or 277.77 (1,953.77 tonnes CO₂e vs 1,676 tonnes CO₂e in 2020)</p> <p>Full utilization of the crushing plant, ball mills and 2 larger compressor machines that improved air circulation in the underground working areas are the major reasons for the increase of energy consumption.</p> <p>On the other hand, GHG emission (Scope 1) also increased by 17% or 753.213 (4,486.21 vs. 3,732.997 tonnes CO₂e in 2020) due to the following:</p> <p>The 2 loaders purchased in 2019 started to depreciate thus emission increases; Additional 1 loader was purchased in 2020 that contributes to higher emission; High utilization of diesel locomotives as against battery locomotives;</p> <p>The Irisan Lime kiln operation increased its bunker fuel consumption by 16% due to shifting of use of kilns from 1 kiln to 2 kilns and back to 1 kiln.</p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The company employees are the foundation of the business and BC management considers the</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups).</i></p> <p>Employees and their families</p> <p>Community / IP's</p> <p>Suppliers</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Identify other sources / areas to reduce GHG emissions and establish measures to minimize emissions.</p> <p>Horsepower of air conditioning units should be evaluated to reduce the cooling capacity per floor area of the office.</p>
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<p>wellbeing and safety of its people as the primordial concern of the company. When the COVID-19 disease was first detected in the last quarter of 2019 and has spread during the early part of 2020, the company's Health and Safety Committee have formulated health protocols for strict observance and compliance within the working areas up to 2021 reporting year. Improved ventilation inside the tunnels is one of the major concerns that was considered for immediate implementation. This resulted in the increased consumption of electricity. Likewise, maximum utilization of battery run locomotives increased charging time of batteries that have also increased the electric power consumed during the pandemic.</p>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization.</i></p> <p>Risk identified are as follows:</p> <p>Breakdown of the air compressor machine/equipment may result to suspension or slowdown of underground mining operation.</p> <p>Poor ventilation may slowdown performance of miners and reduces the production.</p> <p>Poor ventilation will result to carbon monoxide poisoning coming out from the diesel-run locomotive that will affect health and safety of</p>	<p>.</p> <p>Employees - Health of employees is affected that will result to reduced workforce.</p> <p>Company - reduced ore tonnage</p>	<p>Implement regular preventive maintenance program of the machines and equipments.</p> <p>Record the running hours of equipments for monitoring purposes and schedule of preventive maintenance.</p> <p>There should always be available spare parts in the warehouse in case of mechanical breakdown of the equipments.</p>

underground miners that may cause fatal to underground miners.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization.</i></p> <p>Minimized emission of carbon monoxide from the diesel-run LHD locomotives (Scope 1 – GHG) due to the utilization of battery powered locomotives that hauled the ore produced by BGO miners. This improved the air quality underground.</p> <p>Gold production in 2021 improved vs 2020 because of the operation strategy that was implemented.</p>	<p>Employees of the company and mining contractors.</p> <p>Residents residing in camp.</p>	<p>Stronger, effective, and efficient coordination among heads of the operation and company executives gives a good account in addressing challenges in the operation.</p> <p>Regular preventive maintenance program of all equipments and machineries to minimize downtime and increase operating efficiency.</p> <p>Maintain records of running time of machineries and equipments to check wear and tear of parts.</p>

Air pollutants

Disclosure	Quantity				Unit
	BGO		ILP		
	2020	2021	2020	2021	
NO _x					
Stack emission	372	114	83.4	3.33	mg/Nm ³
Ambient	12.75	10.5			
SO _x					
Stack emission	1.0	2.5	44.9	2.53	mg/Nm ³
Ambient	10.8	15.48			
Persistent organic pollutants (POPs) e.g. PCB's, PFOs; Biphenols; Pthalates: Atrazine (herbicide)	0.00	0.00	0.00	0.00	kg
Volatile organic compounds (VOCs) Propane, butane	0.00	0.00	0.00	0.00	kg

Hazardous air pollutants (HAPs) (Lead)	0.00	0.00	0.00	0.00	kg
Particulate matter (PM10)	8.0	7.67	5.2	Range – 1.6 to 51.5	mg/Nm ³

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) .</i></p> <p>The Company recognizes the impact of mining operations to the environment particularly on air quality in the operation if not managed properly. The identified major source of air pollution are as follows:</p> <p>Generation of dust during mining development caused by blasting;</p> <p>Generated fumes at the mill operation during gold smelting where chemicals are added to separate gold from other impurities; and</p> <p>ILP operation – Kiln plant operation and generation of dust along access road.</p> <p>Poor air quality will impact on the health of the employees and the community residents living near the mining operation.</p> <p>During the period under report, the ambient air quality sampling and source emission monitoring within the</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Employees/workers, community.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>The implementation of the following procedures/mechanisms are being monitored:</p> <p>Conduct regular air quality monitoring by EMB accredited third-party environmental engineering services.</p> <p>Reduced dust pollution through a dust suppressor system using air and water to act as suppressors.</p> <p>Regular system maintenance of underground ventilation machines and blowers to ensure suppression of dust during blasting activity.</p> <p>Provide respirators in the different underground working areas for ready use by employees when needed.</p> <p>Follow protocols on proper management, storage, use and handling of chemicals and reagents.</p>

<p>established sampling sites at BGO was conducted on February 5, 2021, May 14, 2021, October 21, 2021 & December 14, 2021 by the Greentek Environmental Engineering Services.</p> <p><i>Note:</i> The air quality performance during the period under report is within the National Standard on air pollutants as shown in the Disclosure Table on Air Pollutants and the monitoring report by Greentek Environmental Engineering Services.</p> <p><i>Please refer also to Appendix "F" - Report Certification of Geentek Environmental Engineering Services on Source Emission Test Result and</i></p> <p><i>Appendix "G" - Ambient Air Quality and Noise Monitoring Report of Greentek Environmental Engineering Services</i></p>		<p>In ILP, semi-annual test conducted by the EMB accredited party, BERKMAN SYSTEMS, INC. to monitor the volume of the pollutants in the Plant site is within the DENR Standards</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization.</i></p> <p>The exceedance of pollutants in the atmosphere will cause health hazards to employees and residents of communities living nearby that may lead to filing of complaint to concerned government regulatory agencies against the operation of the Company (BGO and ILP).</p> <p>Dust and acid fumes exceeding DENR standards are health hazards that may lead or cause the suspension or even stoppage of operation.</p>	<p>Employees/workers, adjacent communities</p>	<p>Following management approach are being monitored:</p> <p>Conduct regular air monitoring to determine the quality of air within the industrial and residential areas.</p> <p>Follow protocols on proper management, storage, use and handling of chemicals and reagents.</p> <p>Enhance the mitigating measures of air pollution employed or to introduce better air pollution mitigating measures</p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization.</i></p> <p>Employees gained environmental awareness and the Company commits to sustain good air quality in its surrounding environs.</p> <p>With the availability of various anti-pollution devices and advance technologies, employees were trained on the proper operation, handling and maintenance of anti-pollution devices/equipment to mitigate air pollution and avoid violation of the provision of R.A. 8749 (Philippine Clean Air Act and its IRR: DAO No. 2000-81).</p> <p>Employees were trained on proper handling and use of chemicals and reagents to avoid exposure/accidents at the workplace.</p> <p>The Company is compliant with RA 8749 and ECC conditionalities following the strict implementation of pollution prevention measures. The results of air emission tests are within the DENR allowable standards.</p>	<p>Employees/workers, community</p>	<p>Continue training employees and workers on environmental laws and Company policies.</p> <p>Follow protocols on proper management, storage, use and handling of chemicals and reagents.</p> <p>Maintain the established guidelines on air pollution control/mitigating measures and conduct regular PMS of vehicles and equipments</p>

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2020	2021	2020	2021	2020	2021	

Total solid waste generated	299,091.36	312,402.94	1,390	1,110	300,481.36	313,512.94	kg
Reusable (Sawdust, Paper)	664.00	200.00	0.00	100	664.00	300	kg
Recyclable (used sacks, cartons, pet bottles, cans)	9,578.00	12,605.22	150	76	9,728	12,681.22	kg
Composted	8,349.36	0.00	0.00	0.00	8,349.36	0.00	kg
Incinerated	0.00	0.00	0.00	0.00	0.00	0.00	kg
Residuals/Landfilled	280,500.00	299,597.72	1,240.00	934	281,740	300,531.72	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p>Residents in camp and concession stores are the major source of residual wastes.</p> <p>The volume of solid waste collected and delivered to the landfill facility increased vs 2020 due to the intensified information campaign on the provision of R.A. 9003 or the Ecological Solid Waste Management Act (ESWMA) and the regular collection of garbage in camp is maintained. Increased awareness on the provision of ESWMA is now the culture that was developed among the residents.</p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The following practices are being implemented:</p> <p>Proper waste management is part of the Company's good housekeeping practices.</p> <p>Scraps are collected and hauled to a designated depository area or scrap yard every first and last hour of each shift.</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Employees of Benguet Corporation and workers of solid waste/residual waste hauling contractor.</p> <p>Owners of concession stores.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Strict compliance of the provision of R.A. 9003 (Ecological Solid Waste Management Act) and its IRR – DAO No. 2001-34</p> <p>Practice strictly the waste segregation at source. Mine Environment Protection and Enhancement Officer (MEPEO), in collaboration with the Camp Administration personnel shall continue regular monitoring of Company policy on waste labelling and disposal.</p>

<p>The Company practices segregation at source and encourages the recycling of materials which are sorted and sold to DENR accredited solid wastes and recycling contractor thus resulting in the reduction of solid wastes generated.</p> <p>Generated solid waste/residual waste are disposed by a contractor in a sanitary landfill located outside of the Region, hence, it has no impact to the mining operation.</p> <p>The Company established a Material Recovery Facility (MRF) to store recyclable wastes. A separate waste bins for the biodegradable wastes' materials are in-place to convert into other uses (fertilizer, etc.). These facilities are being operated and maintained throughout the year.</p>		<p>Remind hauling contractor to provide enough PPE's to their workers and regularly check hauling permits and health of workers.</p> <p>Proper sorting of wastes and proper disposal of waste materials in each labelled garbage bin is being practiced in the offices and residential areas.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization.</i></p> <p>Failure to collect and dispose solid wastes on time by commissioned hauler will result in the accumulation of solid wastes and may generate unsanitary and foul odor which may affect health of workers and the adjacent communities.</p> <p>Complaints by employees and residents for uncollected garbage in violation of the provisions of R.A. 9003 will be subject to sanctions by regulatory agencies.</p> <p>Health and safety risk to workers of hauling contractor.</p> <p>There is possibility of water pollution if wastes are not properly managed and collected.</p>	<p>Workers of solid waste/residual waste hauling contractor</p> <p>Employees of the Company</p> <p>Community</p>	<p>Strengthen information campaign on the provision of R.A. 9003 to all residents in camp.</p> <p>Reprimand hauler if provisions on the contract are not being followed. Stipulation in the contract includes among others, the issuance of complete PPE's to workers.</p> <p>Availability of hauling permits.</p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Additional income for residents on the sale of recyclable materials (plastic bottles, scrap materials, cartons, etc.).</p> <p>Highly sustained clean environment translates to environmental compliance by the company.</p> <p>The Company is compliant to the provision of RA 9003.</p> <p>Well-kept and litter-free surroundings is a better community to live in.</p>	<p>Company</p> <p>Hauling contractor</p> <p>Employees</p>	<p>Continue to maintain beneficial relationship with the hauling contractor to avoid violations of environmental laws and regulations.</p> <p>The company has its own MRF within the industrial area as well as its own centralized hazardous wastes storage are.</p>

Hazardous Waste

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2020	2021	2020	2021	2020	2021	
<p>Total weight of hazardous waste generated:</p> <p>Type of waste generated –</p> <ul style="list-style-type: none"> • Mill tailings • Other hazardous waste (lead compounds, busted fluorescent lamps, non-halogenated organic chemicals, clinical waste) 	43,128.458	51,134,828.63	6.5	0.00	43,128.458	51,134,838.13	Kg.
	4,988.01	6,691.78	71		5,059.01	6,691.78	Kg.
<p>Total weight of hazardous waste transported</p>	4,771.0085	0.00			4,771.0085		Kg.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p>Mill tailings is the product from milling the gold bearing mineral ore to produce said precious metal. The tailings are impounded in the ECC approved Tailings Storage Facility (TSF) that serves as treatment facility</p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The impounded tailings contain chemicals like cyanide. If the treatment facility is not properly managed and maintained, soil and water contamination may develop.</p> <p>Other hazardous wastes (acids, alkali and organic waste from assay laboratory; organic solvent wastes such as used oil, grease, etc.; hospital wastes like hypodermic needles and other hospital wastes) are properly labelled and stored in a hazardous waste storage area before hauling for disposal by an Environmental Management Bureau (EMB) accredited hauler of hazardous waste.</p> <p>Based on records, there is a total of 17,026.88 kgs (17.026 MT.) of remaining hazardous waste generated in 2021 that will be hauled/transported in 2022 outside of the Company facility by a DENR-EMB accredited third- party service provider engaged for this purpose.</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>Employees of BC-BGO, BC-CHQ and ILP</p> <p>Employees of mining contractors and hauler</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>A DENR-EMB accredited third-party service provider was engaged to dispose the hazardous waste outside the Company facilities. Proper labelling is done prior to hauling. This is part of sustainability compliance to ensure proper management and disposal of hazardous wastes at the site and comply with regulatory requirements.</p> <p>The Company has obtained/secured from DENR-EMB the Treatment Storage and Disposal Registration (TSDR) for Tailings Storage Facility per RA 6969 regulation.</p> <p><i>Please refer to Appendix "H" – Copy of Treatment Storage and Disposal Registration</i></p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization.</i></p> <p>Potential environmental risk like water contamination of the Ambalanga river can happen if the Company does not strongly follow proper waste management protocols inside the industrial area.</p> <p>Siltation along the river system due to deposition of non-toxic tailings or sediments caused by accidental tailings leaks is potential environmental risks. Health hazard if not properly managed.</p> <p>Violation of R.A. 9275 provisions (Philippine Clean Water Act of 2004) and its IRR, DAO 2005-10, will cause suspension of the operation or cancellation of the Environmental Compliance Certificate (ECC).</p>	<p>Employees of BC-BGO, BC-CHQ and ILP</p> <p>Employees of mining contractors</p>	<p>The Company is guided by its strong commitment to abide by its Environmental Policy and compliance to Environmental Management System and government environmental laws, rules and regulations.</p> <p>Continuous monitoring of the anti-pollution structures, regular repair and maintenance of penstocks and spillways and strengthen tailings dam embankment (engineering intervention).</p> <p>The Company posted security personnel at the TSF area to secure the facility from intentional damage to the structure by outsiders.</p> <p><i>Please refer to Appendix "I" – EMSG-07-A (EMS Guidelines on Hazardous Waste Management – Used Oil, Oil and Grease Contaminated Items)</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization.</i></p> <p>The Company demonstrate corporate responsibility by adhering to established protocol on waste management and environmental quality monitoring (R.A. 9003 and R.A. 9275), EMS Guidelines on</p>	<p>BC-BGO/ACMP, BC-CHQ and ILP employees</p>	<p>Management awareness and compliance to the Code of Business Conduct and Ethics which provide among others, adherence to the provisions of environmental laws, rules</p>

<p>Hazardous Waste Management (Appendix “I”), and Environmental Compliance Certificate provisions.</p>	<p>Employees of mining contractors Suppliers Community.</p>	<p>and regulations for the operation’s key to sustainability.</p> <p>Please refer to Code of Business Conducts and Ethics link http://benguetcorp.com/wp-content/uploads/2020/06/E.-Code-of-Conduct-of-Business-and-Ethics.pdf</p>
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Effluents c/o Mill

Disclosure	Quantity	Units
<p>Total volume of water discharges Effluent discharge from the mill</p> <p>Note: *Total volume of treated water discharged in the form of wastewater from the tailings storage treatment facility includes effluent from the mill and run-off water that discharges into the filter drain where measurement is recorded. ** Total effluent discharge produced by mill operation.</p>	<p>*181,332.60 **12,960</p>	<p>Cubic meters</p>
<p>Percent of wastewater recycled.</p> <p>Note: We do not recycle wastewater from the operation as it contains acid mine tailings.</p>	<p>0.00</p>	<p>%</p>

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>The Company;</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or</i></p>

<p>Water contamination from hazardous substances will likely affect the water quality of the river system along Ambalanga and Batuang rivers. This event will impact the downstream community and the aquatic resources along the water ways of the river tributaries.</p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The effluent discharge from the Tailing’s Storage Facility, serving as the water treatment facility and the filter drain will contaminate and may affect the quality of water of the Ambalanga river if not managed and maintained properly.</p>	<p>Employees; Community</p>	<p><i>projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>The following are measures that were implemented to mitigate the impacts:</p> <p>The company treated the wastewater through detoxification with sodium hypochlorite; Conducted water sampling at the established sampling stations downstream to monitor the quality of water; Maintained underground drainage system and canals to drain run-off water; Maintained oil water separator and conducted regular clean-up of canals/drains and check-up of discharge valves, pipes and connections.</p> <p>The company adheres to the provisions of R.A. 9275 (Philippine Clean Water Act) and conditions set forth in the Environmental Compliance Certificate (ECC).</p>
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		<i>Please refer to Appendix "J" – Photocopy of Environmental Compliance Certificate</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Risks identified are as follows:</p> <p>Complaints from the farmers/residents downstream of the Tailing’s Storage Facility (TSF);</p> <p>Deprived farmers/residents of the downstream community of their livelihood;</p> <p>Fish kill;</p> <p>Water contamination will result to suspension of operation, and</p> <p>Suspension of permit/ECC, and/or imposed monetary penalties</p>	<p>The Company;</p> <p>Employees;</p> <p>Community</p>	<p>Observe proper maintenance of the Tailings Storage Facilities and other appurtenant structures and implement mitigating measures to prevent accidental wastewater discharge/leaks.</p> <p>Assessment of improvement downstream - keep database of all improvements for future reference.</p> <p>Strict enforcement and compliance with the provisions of environmental laws & policies and the ECC.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Awareness of the importance of responsibility & accountability in Environmental Management.</p> <p>Application of new technologies to process wastewater to eliminate or reduce toxicity before discharge.</p>	<p>Mines Environmental Protection and Enhancement Officer;</p> <p>Pollution Control Officer.</p>	<p>Top management demonstrates leadership and commitment with respect to the Environmental Management System (EMS) of the Company by ensuring:</p> <p>that the environmental policy and objectives are compatible with</p>

		<p>the strategic direction of the Company;</p> <p>the integration of the Environmental Management System into the organization's business processes through identification of risks/impacts and addressing corresponding risks and opportunities;</p> <p>the availability of resources needed for the implementation of Environmental Management System;</p> <p>that communication takes place among all interested parties on the importance of effective Environmental Management and in conformity to Environmental Management System requirements through meetings and consultations;</p> <p>that the Environmental Management System achieves its intended output(s), specifically those required in the ECC, AEPEP, ASDMP and EPRMP;</p> <p>promotion of continual improvement of environmental management through the system of internal audits and reporting/analyzing incidents and</p>
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		<p>applying corrective actions to prevent recurrence;</p> <p>support in terms of resources is readily available to demonstrate relevant management roles and leadership in environmental management areas;</p> <p>adequate trainings to the Mines Environmental Protection and Enhancement Officer (MEPEO), Community Relations Officer (CRO), Pollution Control Officer (PCO), Environmental Management Representative (EMR) and members of the EMS Audit Team.</p>
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Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
<p>Total amount of monetary fines for non-compliance with environmental laws and/or regulations</p> <p>No fines or penalty for violations committed against any provisions of environmental laws, permits and licenses that have been assessed or determined with finality during the period under report (2021).</p>	0.00	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0.00	#
No. of cases resolved through dispute resolution mechanism	0.00	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The operation of Benguet Corporation, as partner of the government in environmental protection, abides by all provisions of mining and environmental laws and regulations. All regulatory requirements are complied, submitted and approved by concerned government agencies. Environmental and social programs are being implemented, compliance is being monitored and certificates of compliance were issued by the respective government agencies.</p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p>The Company employees, service contractors, suppliers, investors, community, local and national government, other stakeholders.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>The Company will keep up its good record by continuously conforming with the conditions of all its permits and licenses and to pursue its obligation as a responsible mining company. Environmental safeguards are in place to mitigate or eliminate risks.</p> <p>BGO formulated its environmental policy striving for excellence in mineral resources development.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Failure of the Company to submit compliance reports on time and delay in or non-implementation of the work program stated in the approved Annual Environmental Protection and Enhancement Program (AEPEP), Annual Social Development and Management Program (ASDMP) and Annual Safety and Health Program (ASHP) may lead to issuance of penalties.</p>	<p>Benguet Corporation, employees, service contractors, suppliers, investors, community, local and national government, other stakeholders</p>	<p>Continuous implementation of rehabilitation work program to eliminate risks during rainy season.</p> <p>Preventive maintenance of Tailings Storage Facilities and all pollution control structures to eliminate environmental risks.</p>

<p>Non-compliance to the relevant environmental laws, rules and regulations have its respective penalties.</p>		<p>Monitoring the effectiveness of the established environmental mitigating / management measures. The Company's Multipartite Monitoring Team in each operation will also assess and validate the company's compliance with the relevant environmental standards.</p> <p>Timely submission of accomplishment reports in accordance with the guidelines on submission of compliance reports and other obligations to the government.</p> <p><i>Please refer to link - http://benguetcorp.com/wp-content/uploads/2020/06/O.-BC-Internal-Audit-Charter.pdf BenguetCorp's Internal Audit Charter – Defining the Scope of Work of the Internal Audit Office (IAO) – Item II, #7-9, p.1 and Detailing Responsibility of IAO – Item V, # 4-6 p. 2 of the Charter.</i></p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	<p>Management, employees, mining contractors, stakeholders</p>	<p>Re-assess and evaluate physical conditions of all pollution control structures and further intensify regular monitoring of all facilities</p>

<p>There are no violations of any government laws, rules and regulation resulting in smooth operation.</p> <p>Improved production due to continuous mining and milling operation (there are no operation stoppage or suspension issued).</p> <p>Proactive attitude by the Company in addressing unfavorable situations caused by operational failure or infirmities.</p>		<p>to ensure safe operation and compliance with environmental policies and programs of the operation.</p> <p>Conduct regular Information, Education and Communication (IEC) to all stakeholders on the different aspects of mining operation and environmental policies.</p> <p>The Environmental Protection and Enhancement Program (EPEP) is proof of the Company's commitment to protect the environment and to observe Responsible Mining that would maintain productive use of land and water resources for future generations.</p> <p>As a socially and environmentally conscious Filipino Company striving for excellence in mineral resource development, BC is committed to continuously improve its operations to minimize adverse environmental impact by complying with all applicable policies, laws, rules and regulations while at the same time promoting environmental</p>
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		<p>awareness among its workers at all levels.</p> <p><i>Please refer to Appendix "K" – Summary of Status of Regulatory Compliance Performance for C.Y. 2021</i></p>
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SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity		Units
	Combined BGO & ILP	CHQ	
Total number of employees ⁵	367	52	Headcount
a. Number of female employees	44	20	Headcount
b. Number of male employees	323	32	Headcount
Attrition rate ⁶	.17%		Percent Rate
Ratio of lowest paid employee against minimum wage (P332 lowest rate / regional min. wage of P320)	332/day CAR 537/day NCR	1:1.04 or 4% higher than the prescribed minimum wage in the region	Ratio

⁵ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁶ Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee Benefits

List of Benefits	Y/N	% of female employees who availed for the year		% of male employees who availed for the year	
		BGO & ILP	CHQ	BGO & ILP	CHQ,
SSS	Y	100%	100%	100%	100%
PhilHealth	Y	100%	100%	100%	100%
Pag-ibig	Y	100%	100%	100%	100%
Parental leaves					
Maternity	Y	0	0	0	0
Paternity				.03%	0
Solo Parent		0	0		
Vacation leaves	Y	100%	100%	100%	100%
Sick leaves	Y	100%	100%	100%	100%
Medical benefits (aside from PhilHealth))	Y	100%	100%	100%	100%
Retirement fund (aside from SSS)	Y	1.6%	0	5.24%	0
Tuition Fee Refund	Y	20.0%	.2%	6.25%	.06%
Company stock options	Y	10.2%		50%	0
(Others)					
Insurance (Group life; Accident)	Y	100%	100%	100%	100%
Birthday Leave	Y	100%	100%	100%	100%
Mine workers onsite:					
Housing (bunkhouse/cottages)	Y	.31%	0	.51%	0
Subsidized water	Y				
Subsidized electricity	Y				
Free meals	Y	.16%		.08%	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>It has been 2 years since the onslaught of the Covid-19 pandemic which affected almost all industries' business operations financially. Unemployment rate in 2019 was at 3.5% , reached a record high at 17.6 in 2020 and an average rate at 8.9 in 2021.</p> <p>During the first half of year 2021, the government-imposed protocols continued to affect the operations and mobility of employees, service contractors, suppliers and other stakeholders. The Covid-19 vaccination of the Philippine government for priority individuals have commenced in the 2nd quarter, thereby, a significant reduction of serious Covid-19 cases was observed in the mine sites and offices. Loosening of the restrictions and aggressive vaccination to the working population has showed improvement in the business environment.</p> <p>There was a significant improvement in the employees' attendance which also lowered down absenteeism rate from average 4% to 2% and costs for the pandemic-related expenses also significantly reduced.</p> <p>BC continued to assist employees on processing employee's mandated and Company benefits especially on pandemic-related benefits.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>The impact of the pandemic slightly affected the mining industry in 2021 as compared to the other industries such as manufacturing, transportation and tourism in terms of employment opportunities and income.</p> <p>The Company's headcount slightly increased by 2% compared to 2020 - the increase was due to operational decisions. With the slight increase in head count, BC continued to :</p> <p>maintain absenteeism rate at an average of 2% for the year.</p> <p>provide its employees the government mandated and Company benefits including incentives as recognition for the very good Company performance for the year and motivation to exert excellent effort to attain the Company's set objectives for 2022.</p> <p>the Company issued stock certificates to covered employees.</p> <p>employees exercised their stock options during the year</p> <p>employees received their Company-initiated benefits like free housing, water, power, tuition fee refund and medical benefits</p>

	<p>no involuntary separations such as retrenchment, suspension of operations during the year.</p> <p>Guided by the government directives to combat the spread of the deadly virus, the Company has continuously implemented the following:</p> <p>Provision of shuttle service to and from work for employees residing outside camp for sites and Makati offices. Operations employees are accommodated at the company housing facilities on a single status basis to minimize exposure to the virus.</p> <p>Work segmentation, disinfection and other safety and health protocols in the workplace were religiously observed.</p> <p>The Company supported the government mandate for aggressive vaccination of employees especially for the vulnerable groups. The “No vaccination, no entry” policy was implemented in December 2021 to encourage employees to get vaccinated. To-date, 99% of its workforce employees are fully vaccinated. Unvaccinated employees are being required to submit necessary requirements before they are allowed entry to the Company premises.</p> <p>To minimize the identified risks, BC continuously: aims to strengthen robust succession and contingency planning for business continuity; aims to accommodate in camp all employees holding critical positions. Provides shuttle service to employees residing outside the mine site</p>
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	<p>Enforced strictly safety and health protocols to visiting guests, suppliers and other outsiders.</p> <p>To mitigate the financial impact to affected employees during the pandemic, the Company sustained the following:</p> <p>Absences are charged to unused vacation or sick leaves Cash advances were offered to be payable on installment basis Food packs given to affected employees especially those accommodated at the Company designated isolation facilities Assistance in availing/claiming of benefits claims from concerned government agencies. BC miners were utilized for continued mining operation in place of reduced miners of contractors Housed employees in camp</p> <p>In collaboration with the municipal and barangay LGUs, the Company maintained the temporary isolation and quarantine facility to those employees and barangay residents who manifested symptoms of infection of the deadly corona virus.</p> <p><i>Please refer to Appendix "L"- Photographs and illustration of the above health protocols that were implemented in compliance with government directives/orders.</i></p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Operational Risks on people or human resources has been reduced as follows:</p>	<p>To minimize the identified risks, BC continuously: aims to strengthen robust succession and contingency planning for business continuity;</p>

<p>With the government initiative on aggressive vaccination and Company initiatives to reduce the spread of the deadly virus in the workplace, caused by the following:</p> <p>Presence of vulnerable BC and service contractor employees such as persons above 60 years old and/or with underlying health conditions. Frequent travel of employees who are residing outside the mine site. Uncontrolled entry of visitors, suppliers and other outsiders within the industrial areas. Non-enforcement of or non-compliance with health protocols and guidelines</p> <p>Loss of employees' income due to emergence of the Covid 19 variants, thus, frequent and changing government and local mandates on quarantine, testing and isolation.</p> <p>Financial Risk due to the following: Low attendance of Service Contractor employees continued to be a challenge Continued community or granular lockdowns until the first semester.</p>	<p>aims to accommodate in camp all employees holding critical positions. Provides shuttle service to employees residing outside the mine site Enforced strictly safety and health protocols to visiting guests, suppliers and other outsiders.</p> <p>To mitigate the financial impact to affected employees during the pandemic, the Company sustained the following:</p> <p>Absences are charged to unused vacation or sick leaves Cash advances were offered to be payable on installment basis Food packs given to affected employees especially those accommodated at the Company designated isolation facilities Assistance in availing/claiming of benefits claims from concerned government agencies. BC miners were utilized for continued mining operation in place of reduced miners of contractors Housed employees in camp</p> <p>In collaboration with the municipal and barangay LGUs, the Company maintained the temporary isolation and quarantine facility to those employees and barangay residents who manifested symptoms of infection of the deadly corona virus.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p>	

<p>The pandemic or the health issues gave the opportunity for: The Company to review and revisit contingency plans and programs to mitigate the effect of the pandemic or any business uncertainties. Each and every individual in the workplace to be health and hygiene conscious. Employees to appreciate the importance of self-discipline in the workplace and outside work. The Company to strengthen its work policies and procedures to beat the deadly virus or any exigencies.</p>	<p>BC Management team continually mitigated the internal risks identified.</p> <p>Workplace Guidelines, memoranda, policies and procedures were crafted/revised based on the national and local Inter-Agency Task Force guidelines and pronouncements</p> <p>The above were frequently reviewed by the Internal Task Force formed by Site Management and continued strict enforcement was noted.</p>
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Employee Training and Development

Disclosure	Quantity (2020)	Quantity (2021)	Units
Total training hours provided to employees	4,844	1,018	hours
a. Female employees	633	451	hours
b. Male employees	4,211	567	hours
Average training hours provided to employees	74.52	2.42	hours
a. Female employees	22.60	7.51	hours
b. Male employees	113.81	1.59	hours

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p>With the prolonged effect of the pandemic, the Company continually shown its commitment to hone and develop the employees’ competencies. Newly hired employees have undergone on-the-job training by their</p>

<p>Training and Development of employees during the prolonged pandemic continued to be a challenge. Although there was improvement in the community quarantine restrictions, the emergence of the virus variants and the fast transmission of such variants, social and physical distancing, limited face to face learning and other limitations were the main consideration in the successful conduct of training programs.</p> <p>Leadership, behavioral and skills training program necessitates face to face interactions, thus, hindered the implementation of planned development programs for the year. The non-availability of training providers also contributed to the very limited training programs conducted during the year as they are also covered by the restrictions provided by the IATF guidelines.</p> <p>Though the Company persistently complied with the skills on the job training and compliances with the regulatory bodies, training hours for employees slightly reduced.</p>	<p>supervisors. Other employees attended online orientation and trainings. Safety and health orientations were conducted on a regular basis.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>

<p><i>Identify risk/s related to material topic of the organization</i></p> <p>The Company and the Training Consultancy firms considers the risks brought about by the participants and Trainers’ exposure to the virus during face to face arrangements.</p> <p>High Cost of publicly offered training programs due to the effect of the pandemic.</p> <p>Training effectiveness is affected due to the mode of conducting the program.</p> <p>Slow mobility of Training Consultants to conduct in-house trainings</p>	<p>The following Company initiatives were continually undertaken:</p> <p>Prioritize conduct of skills trainings and orientations to new employees or newly transferred employees.</p> <p>Source out training programs being conducted by Government Agencies (e.g. BIR on Tax matters, DENR-EMB on pollution control, environmental management trainings and other relevant trainings conducted through online or virtual means.</p> <p>Strengthen succession planning in every department.</p> <p>Continued conduct of training needs assessment to identify gaps between the requirement of the job versus employee’s actual performance.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>The identified opportunities are as follows:</p> <p>Coaching by Managers to their subordinates on a daily or regular basis for the professional development and skills continued to boost employees’ morale, job satisfaction and security.</p> <p>Competent employees had the opportunity to share their knowledge and skills to their co-workers on the shopfloor.</p>	<p>Re-visit training policies and approaches based on the health and safety guidelines on the new normal.</p> <p>Build and maintain linkages and networking with other mining and related industries to be</p>

<p>to make the best economic use of materials and equipment. There will be less wastage, less accidents/incidents; reduced damaged to equipment.</p> <p>Opportunity to handle higher or greater responsibilities due to enhanced performance as training amplifies skills and helps the employee gain new skills and improved leadership.</p> <p>Training increase retention and reduce attrition. Valuable employees are kept in the organization.</p>	<p>updated on labor market trends through acceptable means such as emails, social media, etc. There are constant changes in the industry, hence, it is important for employees to be updated with the latest trends.</p> <p>Provide avenues to enhance/practice technical knowledge/skills on the use of different platforms as a means in conducting trainings/webinars/meetings.</p>
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Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0.00 The employees of the Company are not member of any labor union; hence, they are not covered by any Collective Bargaining Agreement.	%
Number of consultations conducted with employees concerning employee-related policies	As the employees are not organized, labor related policies are reviewed and issued/discussed to employees by the Policies and Procedures Committee through the Human Resources Department.	0

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Endeavor to maintain status as a non-unionized organization by keeping an open communication with employees at all levels. Employee grievances are addressed by immediate</p>

BC is not an organized or unionized company until this time and so there is no Collective Bargaining Agreement between the Management and Employees.	supervisors and elevated to higher Management body if not solved at their levels.
What are the Risk/s Identified?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Erring employees may seek attention from aggressive militant trade unions or organization which may disrupt the harmonious relationship among employees and management and may lead to labor unrest.</p>	Continue to implement identified strategies to maintain employee engagement, cooperation, and satisfaction.
What are the Opportunity/ies Identified?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Maintain harmonious relationship between Management and employees to maintain industrial peace in the workplace through continued provision of :</p> <p>good leadership</p> <p>Career development for the employees</p> <p>Maintain good benefits that is beneficial to employees themselves and their families</p>	Management ensures that good leadership is maintained, there is competitive compensation package and established employee engagement strategies.

Diversity and Equal Opportunity

Disclosure	Quantity (2020)	Units	Quantity(2021)	Units
% of female workers in the workforce	60	15%	64	15%

% of male workers in the workforce	349	85%	355	85%
Number of employees from indigenous communities and/or vulnerable sector*	Elderly - 15 Solo Parent - 4 Indigenous Peoples - 195 Approximate 90% of workforce of the mining contractors belong to ICC/IP.	4% 1% 48%	Elderly - 19 Solo Parent - 4 Indigenous Peoples - 195 Approximate 90% of workforce of the mining contractors belong to ICC/IP.	4.53% 0.95% 46.5%

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Workforce Distribution by Region

Region	No. of Employees (2020)	No. of Employees (2021)
National Capital Region (NCR)	24	52
Region 1	116	116
Region 2	7	7
Region 3	47	27
Region 4A	6	6
Region 4B	1	1
Region 5	3	3
Region 7	8	8
Region 11	4	4
Cordillera Administrative Region (CAR)	195	195

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The presence of employees belonging to the vulnerable group slightly affected the operations this year. This is mainly due to the aggressive vaccination initiatives by the government and the Company as well.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>BC Hiring Policy has been consistently used as reference and guidance of all Department Heads that local resident shall be given priority in hiring and no discrimination shall be imposed to applicants with vulnerability.</p> <p>Employees being trained for succession, were utilized, and assumed the responsibilities during the absence of their superiors during lockdowns and community quarantine.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Elderly employees or persons with disabilities and underlying conditions, if unvaccinated may affect the operation in case they will be infected or reinfected.</p>	<p>For elderly employees, Management ensures that a training plan for successors is in place and monitored.</p> <p>Persons with disabilities and underlying conditions are closely monitored by the Company's medical team.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>With the close collaboration with the local government units and the internal medical team, the Company achieved 99% of vaccinated organic employees including individuals who belongs to the vulnerable group.</p>	<p>Management extended support on the government-initiated vaccination strategies by:</p> <p>Constantly monitoring the vaccination programs, status and issues of employees and its services contractors.</p> <p>Employees are allowed to have vaccinated during working hours and provided the necessary logistics.</p>

	<p>The Company worked hand in hand with the Local health units by offering the Company premises as vaccination sites to accommodate more employees. Venue preparation, snacks, meals, and logistics were provided during the vaccination days in the premises.</p> <p>BC implemented the “No vaccination, no entry” policy for its employees and service contractors. For those unvaccinated, employees were allowed entry upon presentation of the requirements provided by the IATF guidelines.</p>
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Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity (2020)	Quantity (2021)	Units
Safe Man-Hours	1,557,857	3,058,992	Man-hours
No. of work-related injuries	19	26	#
No. of work-related fatalities	0	0	#
No. of work-related ill-health	0	0	#
No. of safety drills	<p>Conducted 4 safety drills as follows:</p> <ol style="list-style-type: none"> 1. 1 Fire rescue drill and 1 fire evacuation Drill 2. 1 Earthquake and evacuation & 1 earthquake rescue drill <p>All drills were conducted in-house</p>	<p>We have conducted the following in-house drills for CY 2021:</p> <ol style="list-style-type: none"> 1. Fire Rescue Drill - 1 2. Fire Evacuation Drill - 1 3. Earthquake Evacuation Drill - 1 4. Chemical Spill Drill - 1 	

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or</i>

The health and safety of employees in the mining and milling operations normally influence the performance of the Company. Miners and other skilled workers are exposed to strenuous activities such as mucking, rock drilling, lifting, moving equipments and other hazardous working conditions. Performing these activities requires miners to be physically fit, alert, well-trained on safety and aware of various underground hazards and how to mitigate or eliminate them in order to perform their jobs safely.

Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)

Our highest priority is the safety aspect of the operations, including our workforce and the communities in which we operate. The Company is directly involved in the promotion of health and safety of company employees and mining contractors. Manhours lost due to accidents will have a negative impact on the production safety and record performance of the operation.

Emergency clinic is available at the mine site for emergencies and consultation.

projects, programs, and initiatives do you have to manage the material topic?

The company's Safety and Health Department ensures the implementation of the following:

Safety orientation for newly hired BC (employees) and Service Contractor employees (mandated 8-hr Safety and Health Seminar for Workers pursuant to RA no. 11058).
Monthly Safety meeting with employees and service contractors.

Inclusion of safety and health topics on departmental pep talks.

Mandatory Annual Physical examination of employees

Certification of the First Aider & Safety Officer

Participation in all Fire and Earthquake Drill being conducted by the Company in coordination with the local NDRRMC, BFP and other relevant agencies.

Provision of emergency kit to CHQ employees

Compliance to DAO 2000-98 (Mines Safety and Health Standard)

Reiteration of "No PPE-No Work Policy" to prevent any untoward incident by:

Achieving a Zero (0) work related incident record;

Reporting any unsafe working condition;

Apprehending workers not using/wearing proper PPEs issued by the Company and subjecting them proper counseling and/or imposing penalty.

The Company shall continue to implement its safety obligation and responsibility as stated in its Health and Safety Program, shall endeavor to respond to any type of

	<p>emergencies within the workplace, its host, and neighboring communities.</p> <p>1.Occupational Health –</p> <p>Promotion and maintenance of the right degree of physical, mental and social well-being of the workers in all occupation; Prevention of work-related illness; Protection of workers on their employment from risks usually arising from factors adverse to health; Placing and maintaining occupational environment in accordance with their physiological and psychological ability; Adaptability of the worker to his/her job.</p> <p>2.Mental Health –</p> <p>Provide recreational and social facility and programs; Provide research and training to build up competence with sound mind and body</p> <p>3.Occupational Exposure –</p> <p>Control of work environment hazard, physical and biological agents.</p>
What are the Risk/s Identified?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Most of our employees belong to the “High Risk” age bracket who are vulnerable especially during the pandemic. The age of employees ranges from 22 yrs. old being the youngest to 65 years old for regular employees and 74 years old for consultants.</p>	<p>Continuously implement Health and Wellbeing Program.</p> <p>Health Awareness Program with the focus on Disease Prevention and Healthy Lifestyle</p> <p>Continuous training for the Emergency Response Team in handling situations during emergency and disasters.</p> <p>Company provides equipment needed in emergency and rescue operations.</p>

What are the Opportunity/ies Identified?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Minimal and manageable incidents of work-related injuries and illnesses resulted to higher production.</p> <p>Reduced absenteeism among employees if they are safety and health conscious.</p> <p>Potential recognition/citation for Best Health and Safety Practices in the industry. For this reporting period, BC-BGO received several citations and commendations from Barangay LGU's of Itogon and the City of Baguio in recognition of the Company's contribution to safety activities. The Irisan Lime Project (ILP) was chosen as Runner-up of the Mineral Processing-Calcining Plant Category by the DENR-Mines and Geosciences Bureau and the Philippine Mine Safety and Environment Association in the pursuit of excellence in safety and health management.</p>	<p>The management approach is always on top on the strict observance and compliance to Occupational Health and Safety Policy of the DENR Department Administrative Order (DAO) No. 2000-98 and the continuous support of the Company's Safety and Health Program submitted and approved by the Mines and Geosciences Bureau.</p> <p>Emergency preparedness in response to the implementation of COVID-19 health protocols.</p> <p><i>(Please refer to Appendix "M" – Photocopy of Certificate of Approval of 2020 Safety and Health Program;</i></p> <p><i>Appendix "M1" Mandatory Wearing of Face Mask and Face Shield;</i></p> <p><i>Appendix "M2" – Distance Eating and Prohibition of Food Sharing;</i></p> <p><i>And:</i></p> <p><i>Appendix "N" - Photos of company's compliance to covid-19 protocols.</i></p>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	Zero	# of employees

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Policy on Labor Laws and Human Rights

Topic	Y/N	If Yes, cite reference in the company policy
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Forced labor	Y	Policy contains provisions of RA 10364 – An Act to Institute Policies to Eliminate Trafficking in Persons specially Women and Children, Establishing the Necessary Institutional Mechanism for the Protection and Support of Trafficked Persons, Providing Penalty for Its Violation and for other Purposes...
Child labor	Y	Policy contains provisions of RA 7610
Human Rights	Y	Policy on Sexual Harassment – (Appendix ___ – Policy on Sexual Harassment) Employees Code of Conduct – (see link http://benguetcorp.com/wp-content/uploads/2018/05/ECD%20with%20ee%20acknowledgement.pdf)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
As a Company, Benguet Corporation does not tolerate forced or child labor and human right violations. It ensures that the Philippine law on such is strictly implemented across the organization.	As evidenced in the manpower profile, no employee in the roster is below 18 years of age. No incident of human right violation has been filed by any employee as of to date.
What are the Risk/s Identified?	Management Approach
Contractors and suppliers may engage in forced labor or employment of minors or below 18 years of age.	Provision in the contracts that Contractors and suppliers must comply with the Company policies and procedures applicable to them as well as with applicable Philippine laws.
What are the Opportunity/ies Identified?	Management Approach
With the formulated policies on forced and child labor and human rights violation, Management and employees are properly guided.	Employees are oriented on the Code of Discipline before start of employment and regular update is done as necessary.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Yes	Certified ISO 14001-2015
Forced labor	No	-
Child labor	No	-
Human rights	No	-
Bribery and corruption	No	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>The Company sources its equipment and supplies locally and abroad.</p> <p>The impact may occur to the following factors to increase productivity:</p> <ul style="list-style-type: none"> quality of the materials and supplies; cost element; availability of the product and services; and environmental quality – to reduce land, water and air pollution. <p>Various stakeholders/agencies involved in the supply chain are manufacturers of chemicals (cyanide, sulfuric acid), equipments, lubricants, fuel/oil, electricity or power, banks, transportation, trucking, Bureau of Customs (if imported materials – but very seldom) and permitting agencies involved (Philippine National Police - explosives, Environmental Management Bureau - toxic chemicals like cyanide, etc., Mines and Geosciences Bureau – ore transport permit), among others.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>We believe that success of the operation can be achieved through respect and transparent dealings between the management of Benguet Corporation and the various agencies and entities that provide/supply the goods and services. We manage supplier relationships through our values and in compliance with applicable regulatory frameworks. There are three considerations in the procurement of materials and supplies as follows:</p> <ul style="list-style-type: none"> Responsible sourcing; Process stewardship; and Product stewardship. <p>Considering the availability, quality and competitiveness of price, as much as possible, the company will source the material requirements of</p>

	<p>the operation locally or from the host communities, province/region before foreign suppliers are considered.</p> <p>We ensure that our suppliers and service providers have aligned core values, standards on health, safety, human rights, anti-corruption and environmental protection. For major suppliers, the Company requires ISO Certification, as a qualification.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>Suspension, closure or stoppage of operation due to violation of laws and policies.</p> <p>High operating cost</p> <p>Delay in production</p>	<p>The selection of local suppliers is in accordance with the processes embodied in the Company's Purchasing Manual. Only those that comply with the Purchasing Manual are engaged or accepted to supply the requirement of the operation.</p> <p><i>(Please refer to Link on BC Purchasing Manual)</i></p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Opportunity for local suppliers to engage business with BC.</p> <p>BC-BGO gives opportunity to local businesses / suppliers in supplying the mining and milling operation's requirement. This partnership enables the company and the local supplier of products and services to develop harmonious working relationship and improve the economic condition of the local business community. Partnering with local suppliers also provides the company with better credit lines and credit terms, more responsive lead times and customization options.</p>	<p>The Company always adheres to BC Purchasing Manual.</p>

<p>Tax revenue collection by the LGU also contributes to the sustained growth of the local business communities that may improve the delivery of basic services to their constituents like health care assistance to senior citizens and indigent members of the community.</p>	
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Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
<p>As a continuing commitment and manifestation of the Company's compliance to the implementation of its Social Development and Management Programs, the operation of BGO has extended various needs of its host and neighboring communities by way of its sensitivity to deliver the services by providing funds required for the successful project development. The total expenditures for the</p>	<p>Itogon, Benguet & Baguio City</p>	<p>IPs, women, migrant groups, elderly, youth</p>	<p>Y</p>	<p>Right to livelihood; Right to education; Right to shelter; Right to health; Water resource and Infrastructure development;</p>	<p>Continue to respect and honor the rights of the IPs to alleviate poverty and improve the quality of life around the mining area. Share the wealth to the vulnerable members of the community to live a better life. The mining operation offers other mining related projects that generate employment opportunities for the local communities. Assists the national government in addressing development constraints with infrastructure and other projects through various means including the pro-active promotion of responsible mining with the Department of Environment and Natural Resources (DENR), Department of Interior</p>

<p>implementation of approved community projects for the year 2021 is P 3,988,084.14 or 95.16% of the total budget of P 5,586,778.19. Due to late submission of requirements from the communities/beneficiaries, the remaining balance was implemented in the first quarter of 2022.</p>					<p>and Local Government (DILG) support Projects, Department of Agriculture (DA) Projects. Additionally, there are a number of bi-lateral and multi-lateral projects operating in the infrastructure, water resource, rural development and governance areas. However, there are still shortfall and required assistance to improve LGU capacity.</p> <p>The Itogon Municipality and Barangays Virac and Poblacion LGUs rely heavily on Internal Revenue Allotment as their main source of income. Slow economic development reinforces the low-income generations of the LGUs. One possible outcome of these fiscal limitations on the LGUs will be increased pressure to review financial revenues, revenue sources, collection rates and the operational efficiency of LGUs. With the approval and proper implementation of the Social Development and Management Program (SDMP) and the Environmental Protection and Enhancement Program (EPEP) of BC-BGO and ILP operations, these constraints were addressed and reinforced the LGU's development projects in the host and neighboring areas.</p> <p><i>Refer to Appendix "O"____ – Photocopy of Certificate of Approval of Annual Social Development and Management Program (ASDMP);</i></p>
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					Refer to Appendix "P" – Photocopy of Certificate of Approval of Annual Environmental Protection and Enhancement Program 2020 (AEPEP)
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*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC – CP secured – The mining claim is mostly titled/patented, and the company has been mostly operating in the area for over 100 years. The land patent and the mining operation exists long before the enactment of the Indigenous Peoples Rights Act (R.A. 8371).	The Company's mineral claim where it conducts mining operation is Patented / Titled property of Benguet Corporation. In recognition of the rights of the IPs to be informed, management undertake consultations with them in cases of implementing new projects related to mining activities in its area of operation.	The FPIC process is not required as the Company's mining operation was already existing in the area prior to the enactment of R.A. 8371, aside from the mining claim being patented or titled.

What are the Risk/s Identified?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>The potential risk can be attributed for non-compliance to provisions of environmental laws and standards as per R.A. 9275 (Clean Water Act), R.A. 8749 (Clean Air Act), R.A. 9003 (Ecological Solid Waste Management Act) and Indigenous Peoples Rights Act (R.A. 8371). Violations on the provisions of the abovementioned laws will result to penalties and risk to health and safety of nearby communities, majority of whom are indigenous peoples.</p>	<p>The company strictly complied with the established Environmental Management System (EMS). With the recertification of ISO 14001-2015, all programs / projects and activities were implemented and monitored.</p> <p>Though Benguet Corporation is the owner of the mining claim, it recognizes the rights of the IPs in sustainable development. Commensurate with the aim of improving their standard of living by providing livelihoods in a culturally appropriate manner, we continuously practice the following, as provided for in:</p> <p><u>IFC Performance Standard #7: Indigenous Peoples</u></p> <p>The standard sets out to:</p>

	<ul style="list-style-type: none"> • Ensure that the Company respects the culture and rights of local people; • Minimize impacts on local communities and their way of life; and • Establish mechanisms for local community engagement and good faith negotiation on issues of grievance. <p>IFC Performance Standard #8: Cultural Heritage Aims to protect culture heritage and ensure that its use (where appropriate) is equitably shared.</p>
What are the Opportunity/ies Identified?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Compliance to regulations will result to greater confidence of stakeholders and investors on the ability of the company to fulfill its commitment as a responsible miner.</p>	<p>Though Benguet Corporation is the owner of the mining claim, it recognizes the rights of the IPs in their role in sustainable development. Their participation commensurate with the aim of improving their standard of living and livelihoods in a culturally appropriate manner as provided for in R.A. 8371 – Indigenous Peoples Rights Act.</p>

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	100%	N
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach	
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Continue to engage with the Bangko Sentral ng Pilipinas as the buyer of our product and abide by its rules and regulations.</p>	

The Bangko Sentral ng Pilipinas (BSP) purchases all gold production. The world market dictates the price of gold.	
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> <i>No identified risks as of this reporting.</i>	Maintain good relationship with the BSP.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Selling BC's gold production to BSP will contribute to the Philippine economy as opposed to selling the product to foreign buyers. Maintain or improve the purity of gold sold to BSP.	Continue selling gold produced to Bangko Sentral ng Pilipinas (BSP) and silver to local market. Maintain improvement and provide better service to BSP.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	No health and safety issue received from the regulatory bodies during the period covered by the report (CY 2020).	#
No. of complaints addressed	No complaints from the regulatory bodies to address since there are no health and safety issue received during the period covered by the report (CY 2020).	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<p>What is the impact and where does it occur? What is the organization's involvement in the impact?</p>	<p>Management Approach</p>
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>Safety of employee during transport and delivery of gold to BSP in Baguio City</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>No fixed schedule of transporting the commodity. Security alert must be imposed.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>There is potential possibility of hold-up and kidnap for ransom during delivery of gold to BSP in Baguio City.</p>	<p>Maintain confidentiality of information on gold production and details.</p> <p>No fixed schedule of transporting the commodity. Security alert must be imposed.</p> <p>Impose rotation of security escort during transport and delivery of product to Baguio City.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>Accessibility of market – location of BSP is in Baguio City which is about 15 kms. away from the mine site.</p>	<p>Improve intelligence network and regular coordination with Itogon PNP.</p>

Marketing and labelling

Disclosure	Quantity	Units
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<i>No. of substantiated complaints on marketing and labelling*</i>		
No complaints received in 2021 from our only customer which is the BSP on quality of our products.	0.00	#
No. of complaints addressed.		
No complaints received/addressed in 2021 from our only customer which is the BSP.	0.00	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>There was no determined impact because there are no complaints received/addressed in 2021 from BC's only customer, BSP. Likewise, no complaint was received from ILP clients.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>For the year under report, the Company has not received any complaints from BC's customer, BSP, regarding marketing and labelling of our gold product. Likewise, no complaint was received from ILP clients. If ever complaints arise in the future, the Company will handle/resolve the issues in accordance with Company's policies and procedures.</p>
What are the Risk/s Identified?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p>There were no determined risks because we deliver our product in accordance with the established guidelines of BSP.</p>	<p>For the year under report, the Company has not received any complaints from BC's customer, BSP, regarding marketing and labelling of our product. Likewise, no complaint was received from ILP</p>

	clients. If ever complaints arise in the future, the Company will handle/resolve the issues in accordance with Company's policies and procedures.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Increased gold sales will increase BSP's gold reserve.	Benguet Corporation will continue to maintain or improve further on gold production and purity.

Customer privacy

Disclosure	Quantity	Units
<i>No. of substantiated complaints on customer privacy*</i>	0.00	#
<i>No. of complaints addressed</i>	0.00	#
<i>No. of customers, users and account holders whose information is used for secondary purposes</i>	Limited only to authorized Company engagement.	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> The gold products are only being sold to the Bangko Sentral ng Pilipinas. Benguet Corporation cater to a government institution	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> Benguet Corp has the Data Privacy Policy in accordance w/ the Data Privacy Act of 2012 (DPA) in place which assures the confidentiality of customers information. Moreover, the Company adopts control measures to prevent the occurrence of data breach incidents.

as customer. Thus, the company strive for confidentiality and accountability in all its public disclosures.	Appointment of Data Privacy Officer (DPO) for Baguio Operation. Proactively manage risk to ensure the company protects data privacy at the start and throughout the lifecycle of any transaction.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i> Loss of customer trust due to breach of privacy. Unauthorized use of data gathered that resulted in financial injury to both the company and the customer.	Security of the data collected from the Bangko Sentral ng Pilipinas is undertaken by controlling who could access such information after it's been gathered. Direct and upfront communication with the customers about the information gathered and plans for using it.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i> Build strong relationship with the customer.	Give customer an online form or email address for communicating their privacy problems or concerns. Management undertakes to respond to these messages. Such two-way communication can help build trust and loyalty -- and help avoid potential privacy breach.

Data Security

Disclosure	Quantity	Units
No case of data breaches, including leaks, thefts and losses of data There were no reported data privacy incidents, notifiable data breaches relating to cyber security, data governance or failure in the internal controls for the reporting period.	Zero	# of data breaches

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>While we do not have any substantiated complaints concerning breaches of privacy. BC continuously ensures the security of personal data, and protects employee's privacy by creating, collecting, managing, storing, retrieving, and disposing of data in accordance with the BC Policy, Code of Conduct and NPC regulations.</p> <p>The Company has implemented and continuously improved its internal control to minimize the risk of data breaches.</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p>Benguet Corp has the Data Privacy policy in place which is being rolled out to all employees. The penalty for the violation of privacy rights resulting in data breaches, were also incorporated in the Employees' Code of Conduct. To raise the security awareness even further, the Data Privacy policy is also a part of the Orientation Program during the onboarding process of employees</p> <p>Moreover, the Company adapts control measures to prevent the occurrence of data breach incidents.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p>Due to pandemic, individuals and companies are faced with the risk of data theft or data leakage (employee data) where collection of personal information is frequently done. (i.e. contact tracing, vaccination program) The Company's challenge is to ensure that security controls and practices are sufficient to mitigate those risks.</p> <p>The accelerating threat of cyber-attack and technical challenges.</p> <p>Unstructured data and bulk of information processed over the period of the company's existence is difficult</p>	<p>Benguet Corp has reviewed the entire Data Privacy framework and taken necessary measures to fully comply with the requirements of the National Privacy Communication (NPC). We continue to monitor pronouncements, advisories from regulating bodies (NPC & DOH) on the new guidelines to ensure that we have a consistent data protection framework.</p> <p>The hiring of IT Manager to effectively handle the cyber-attack threat, malware and implement processes to improve handling of data and increase the efficiency of the file service use.</p>

<p>to manage for data protection officer and compliance teams.</p> <p>Due to the geographical location of the central office and mine sites, the monitoring and managing the security of data by a common DPO would entail potential risks.</p>	<p>Organizations must strive to achieve continuous compliance; risks continuously monitored and stakeholders continuously informed.</p> <p>Appointment of Data Privacy Officer (DPO) for Benguet District and Zambales operations to effectively implement Data Privacy policies</p> <p><i>Please refer to link on Data Privacy Policy http://benguetcorp.com/wp-content/uploads/2018/05P7-Data-Privacy-Policy.pdf</i></p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p><u>Integration of File Service Data into Other Systems</u></p> <p>To establish and reinforce the knowledge about security and data protection, all employees handling personal data</p>	<p>Secure ISO Certification on Quality Management Systems</p> <p>Training Seminar for the DPOs and personnel directly involve in handling the personal information.</p>

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Gold and silver production – (BGO) Slake lime and quick lime – (ILP)	<p>No Poverty</p> <ol style="list-style-type: none"> Contributed to the local and national economy. Contributed to the Bangko Sentral ng Pilipinas gold reserve for economic development of the country. Contribute to poverty alleviation by the provision of employment, payment of taxes to the government, payment of mandated statutory benefits to workers and other economic activities in the areas where the Company operates. 	<p>The COVID-19 pandemic has affected the normal mining operation of BC.</p> <p>Land degradation – uncontrolled and unregulated activity of small-scale miners will contribute to instability of the ground slope resulting in landslides.</p> <p>Peace and order disruption due to influx of migrant IPs from other Regions</p> <p>Illegal squatting in company properties/claims</p>	<p>BC shall endeavor to increase production while reducing the use of materials and processes using land, water and air contaminants.</p> <p>Collaboration and coordination with the LGU, DENR and MGB as the regulatory agencies, for the fast resolution and regulation of small-scale mining activities in the area to minimize or control the increase of migrant IP's.</p> <p>Strict enforcement of camp rules and regulations.</p>
	<p>Zero Hunger: Benguet Corporation provided development projects to the direct impact communities through the implementation of Social Development and Management Program such as infrastructures, reforestation projects, trainings on</p>		

	empowerment, livelihood and provided computer equipments.		
	<p>Good Health and Well-Being:</p> <ol style="list-style-type: none"> 1. Prevention of spread of COVID-19 to the community where we operate and to the partners of the mining operation. 2. The Company provides medical care and services to employees and community residents, mostly belongs to IP's. 3. <u>COVID19 Initiatives</u> – spent a total of P5.6M for personal protective equipment, accommodations, food supplies for employees residing outside of Itogon, and construction of quarantine facilities. 	The COVID-19 pandemic has affected the normal mining operation of BC.	<p>The spread of the deadly virus was prevented through the strict implementation of the identified safety and health protocols. Additional expenditures on the prevention and health protocol requirements of COVID-19 as well as construction and maintenance of isolation facilities were implemented that minimized the minimization of the COVID-19.</p> <p>Proper sanitation management coupled with information campaign on the disposal of solid waste, including proper disposal of used face mask and face shields.</p>
	<p>Quality Education:</p> <p>As a responsible corporate partner of society, the Company has a social obligation not only to preserve, protect and enhance the physical and ecological environment but also to improve the</p>	<p>Hostile or rivalry</p> <p>Envious from nearby or outside mining communities</p>	<p>Selection of candidates for scholarship will be recommended by the officials of the community.</p>

	<p>quality of life of the people in the communities surrounding the operation.</p> <p>The Company continues to offer Scholarship Program for qualified and deserving indigent community members.</p>		
	<p>Clean Water and Sanitation:</p> <p>The Company monitors the impact of the operation to the adjacent river systems and downstream communities to ensure that these are maintained at minimum levels for equal access of water source by various stakeholders.</p> <p>Following the provision of R.A. 9003 or the Ecological Solid Waste Management Act of 2001, BC has developed programs and activities that are in compliant with the segregation and proper disposal of various types of solid waste to improve sanitation inside the mining camp,</p>	<p>We are into mining and processing of gold and lime. Water pollution is the major concern in the mining operation. Gold processing requires a containment facility to impound the mill tailings. The raising of the dam crest of the tailing's storage facility is one of the major infrastructures that needs to be addressed to prevent negative impact to the environment (water pollution). Without the increased capacity of the impoundment facility for the mill tailings, the processing of gold will stop and will affect the income of the Company and the employees that are depending on the operation of BC.</p> <p>Potential water contamination and water pollution through improper management of ecological solid waste.</p>	<p>With the dam raising issues, the management shall exert effort to negotiate with the hostile residents in the area to give consent on the raising of the TSF dam crest to contain mill tailings in order to continue the mining and milling operation.</p> <p>On the potential water pollution, regular monitoring of the drain tunnels and other appurtenant structures of the tailing's storage facility must be implemented. In the event of leakage, the milling operation must stop and immediate repair of the source of leaks must be conducted.</p> <p>BC is ISO 14001-2015 Certified.</p>
	<p>Life on Land</p> <p>For the year 2021, the company continuously</p>		

	<p>maintained and protected the established Crosby Forest Park (man-made forest as support to watershed development of the Company) inside its mining property with a total area of about 13.0 hectares. Enrichment planting is a continuing activity being conducted on areas with sparsely growing trees to provide more greens in its surroundings. The tree density is estimated at 352.55 trees per hectare. Family of employees and visitors from other areas are visiting the Park, enjoying the scenery and do camping.</p> <p>n</p> <p>In addition to the Forest Park, the company also implemented reforestation program within and around its mining claims in compliance with its environmental enhancement program. For the year under report, a total of 13.0 hectares was planted with various fruit-bearing crops and forest tree species.</p>		
	<p>Responsible Consumption and Production:</p>		

	<p>BC's procurement practices are always in accord with the Procurement Policy of the company. Sustainability activities in our value chain were categorized as follows:</p> <ul style="list-style-type: none"> a. Responsible sourcing from local or foreign source of needed logistics for the operation; b. Quality control of products and services to meet the expectations of the operation c. Timeliness – availability of the products and services. 	<p>Sub-standard quality of supplies and materials or products that may affect or slowdown the operation and reduce gold production. Some local suppliers do not have access to or limited funds to expand thereby affecting the availability of local materials and supplies. Sourcing of imported materials are expensive and may delay the delivery of needed supplies that will affect the production</p>	<p>BC believes that the success of the operation can be achieved through respect and transparent dealings between the management and the various agencies and entities that provide the goods and services to the Company. It manages supplier relationships through its values and compliance with applicable regulatory frameworks. To ensure sustainability in our supply chain, a risk-based approach in assessing suppliers is in place. Suppliers must comply with the standard requirements, such as ISO certified or government standard compliances. We engage them through a commercial framework that is aligned with BC's Purchasing Policy. Long-term planning on mining development and programs to advance the forecasting of needed materials and supplies to ensure availability when needed by the operation. The company has prioritized suppliers with ISO 14001-2015 Certification</p>
	<p>Peace, Justice and Strong Institutions:</p> <p>The influx of migrant workers and proliferation of illegal small-scale miners have</p>	<p>Peace and order disruption due to influx of migrant IPs from other Regions</p> <p>Illegal squatting in company properties/claims</p>	<p>The Company established a strong security force guided by established policies of the Company and in coordination with government law</p>


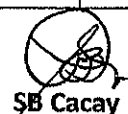
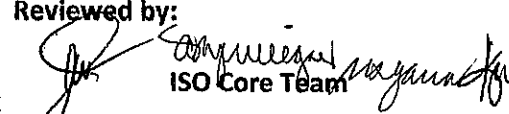
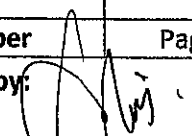
	affected peace and order inside camp.		enforcement agencies to avert and prevent security threat in the area. Strict enforcement of camp rules and regulations.
	<p>Decent Work and Economic Growth:</p> <p>BC improved the quality of life of the people in the communities surrounding the operation by providing livelihood development programs such as giving work contracts to qualified residents in the area willing to participate in the projects, thereby earning income to support their day-to-day financial needs. BC share the wealth to the vulnerable members of the community to live a better life. The mining operation offers other mining related projects that generate employment opportunities for the local communities.</p>		
	<p>Climate Action:</p> <p>BC and ILP operations are in collaboration with the host and neighboring villages to actively participate in the CO² sequestration by planting more trees in their surroundings. In 2021, the company has</p>	<p>Among the identified negative impact related to climate change are the following:</p> <ul style="list-style-type: none"> a. Deforestation b. Landslide c. Forest fire / bush fire 	<p>Stronger, effective, and efficient coordination among heads of the operation and company executives gives a good account in addressing challenges in the operation.</p> <p>Regular preventive maintenance program of all equipments and</p>

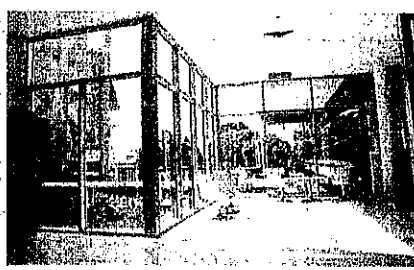
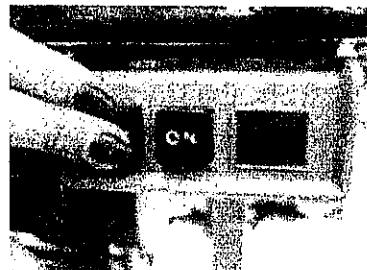
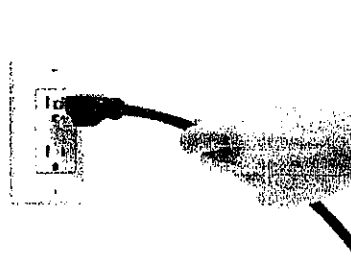
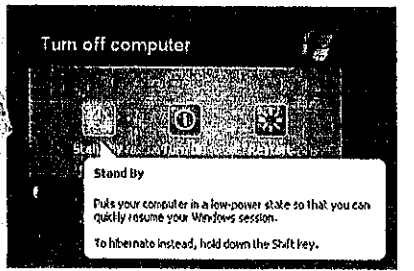
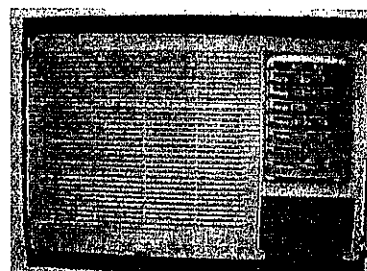

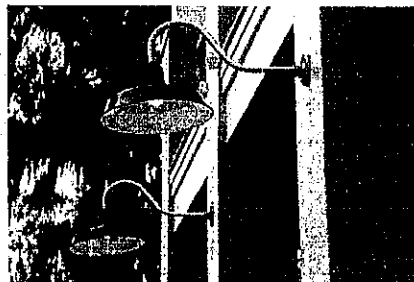
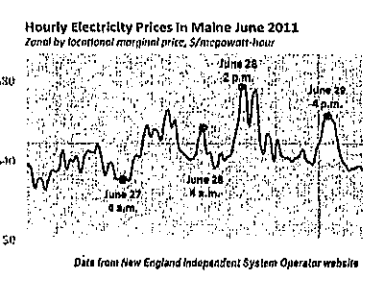
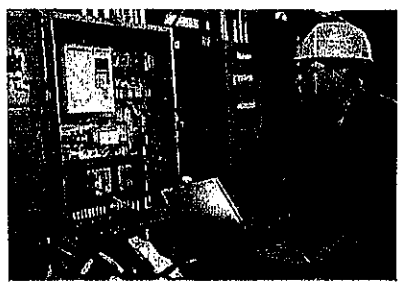
	<p>maintained its reforestation program and planted 13.0 hectares of open brushlands inside its mineral claims and 0.3711 hectare within Irisan industrial area in addition to the 771 hectares of previously planted areas that are being maintained and protected.</p> <p>Air pollution is handled and minimized through regular maintenance of scrubbers and regular monitoring of air quality.</p> <p>The air quality performance during the period under report is within the National Standard on air pollutants as shown in the Disclosure Table on Air Pollutants and the monitoring report by Greentek Environmental Engineering Services.</p>	<p>d. Underground water depletion</p> <p>e. Air pollution</p>	<p>machineries to minimize downtime and increase operating efficiency.</p>
	<p>Partnership to Achieve the Goal:</p> <p>The Company is operating in partnership with Mines and Geosciences Bureau (MGB) accredited mining contractors that employ miners from the indigenous peoples of the Cordillera Region.</p>	<p>The illegal exploitation of mineral resources by the unregulated small-scale miners' operators surrounding the mining properties of the Company entail significant business risks that may lead to environment degradation or</p>	<p>To ensure proper compliance, the Company puts a great amount of effort and invests substantial amount of its resources into environmental protection and rehabilitation in its areas of operations. As proof of its</p>

	<p>Over 2,000 people in the workforce were employed by the Company and service contractor combined. Irisan Lime Project have engaged the services of a Cooperative whose members are composed of the indigenous people and members of the community in Brgy. Irisan, Baguio City and former company employees to operate its kiln plant. We also provide business opportunities to our various suppliers and service providers that support the day-to-day operation of the company. BC's partnership with regulatory agencies, supply chain providers and financial institutions is necessary to enhance policy coherence for sustainable development.</p>	<p>mining accidents. Insufficient compliance or failure to follow environmental laws could affect the Company's mining activities. It may delay mining operations or could result in suspension of operation and/or imposition of substantial fines and penalties.</p>	<p>commitment to responsible and sustainable mineral resource development, the Company implements best practices and has adopted an environmental policy statement which is consistent with ISO:14001-2015 Certification on Environmental Management System (EMS). The ISO certification makes the Company's operations fully compliant with the requirement of DENR DAO No. 2015-07.</p>
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LIST OF APPENDICES:

APPENDIX NO.	TITLE
A	Environmental Management System Document No. EMSG-06 (Guidelines on Power Consumption)
B	Certificate of Approval of 2021 Environmental Protection and Enhancement Program
C	DRCS-09 (Summary of Risks and Opportunities)
D	Environmental Management System Document No. EMSG-03 (Guidelines on Diesel, Oil and Grease Handling, Transport and Storage)
E	Environmental Management System Document No. EMSG-12 (Guidelines on Contaminated Water)
F	Certification of Geentek Environmental Engineering Services on Emission Test Result
G	Ambient Air Quality and Noise Monitoring Report of Geentek Environmental Engineering Services
H	Treatment Storage and Disposal Registration
I	Environmental Management System Document No. EMSG-07-A (Guidelines on Hazardous Waste Management – Used Oil, Oil and Grease, Contaminated Items)
J	Photocopy of Environmental Compliance Certificate
K	Summary of Regulatory Compliances
L	Illustrations, Memos and Photographs of Health Protocols
M	Certificate of Approval of 2021 Safety and Health Program
N	Copy of Company Compliance to COVID-19 Protocols
O	Certificate of Approval of 2021 Social Development and Management Program (ASDMP)

Document Title	EMS GUIDELINES				
Process	Power Conservation				
Document Code	EMSG-06	Revision No.	00	Effective Date	September 1 2015
Prepared by:  SB Cacay				Page Number	Page 1 of 1
Reviewed by:  ISO Core Team				Approved by:  Al Buenavista AVP/Resident Manager	

INDOORS/OFFICE	Use natural light whenever possible	INDOORS/OFFICE	Turn off lights, machinery, computers, & appliances whenever possible	INDOORS/OFFICE	Unplug electrical appliances and chargers when not in use
					
INDOORS/OFFICE	Avoid leaving computers on standby when leaving the office for the day	INDOORS/OFFICE	Use air-conditioning only when necessary	INDOORS/OFFICE	Shutdown all computers at break when leaving the office for the day
					
INDUSTRIAL AREA	Make sure to turn off outside/outpost lamps first thing in the morning	INDUSTRIAL AREA	Operate big tanks on hours with lower power rates	INDUSTRIAL AREA	Proper maintenance of equipment to maximize power-efficiency
					

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BenguetCorp



Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
Cordillera Administrative Region
80 Diego Silang St., Baguio City 2600
Tel. No. 63 74 442 6392; Fax No. 63 74 304 2596; Website: www.car.mgb.gov.ph
E-mail: car@mgb.gov.ph; car_mgb@yahoo.com; mga.cordillera@gmail.com



ANNUAL ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAM (AEPEP)
CERTIFICATE OF APPROVAL
No. 2021-07-CAR

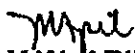
The Mines and Geosciences Bureau – Cordillera Administrative Region (MGB-CAR) as Chair of the Mine Rehabilitation Fund Committee for Benguet Corporation- Acupan Contract Mining Project (MRFC BC-ACMP) that evaluated and approved the Company's 2021 Annual Environmental Protection and Enhancement Program (AEPEP 2021), hereby grants this Certificate of Approval of said AEPEP to **Benguet Corporation- Acupan Contract Mining Project** for its Mining Project located at Barangay Virac, Itogon, Benguet under its tenement denominated as PC-ACMP-002-CAR, after complying substantially with the requirements as mandated under DENR Administrative Order (D.A.O) No. 2010-21.

This Certificate is issued subject to the pertinent provisions of the above-mentioned D.A.O. and to the following conditions:

1. This Certificate is valid only for the Programs/Projects/Activities (P/P/As) stipulated in the submitted 2021 AEPEP with a total budget of PhP13,561,042.37 reviewed and approved by the MRFC BC-ACMP;
2. The Company shall submit a *quarterly accomplishment report within 30 calendar days after the end of each quarter and annual accomplishment report within 30 calendar days after the end of each calendar year* to MGB RO; and
3. Additional conditions may be imposed to effectively and efficiently implement the approved AEPEP should the results of monitoring by the Multipartite Monitoring Team (MMT) for BC-ACMP warrant them.

Non-compliance with the above conditions shall be sufficient ground for the cancellation, revocation or termination of this Certificate or suffer the penalty prescribed in the Penal Provisions of Republic Act No. 7942, the Philippine Mining Act of 1995.


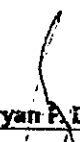
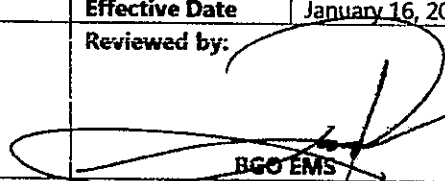

Given this 8th day of January 2021 at MGB-CAR, Baguio City, Philippines.


FAY W. APIL
OIC, Regional Director
MGB-Cordillera Administrative Region

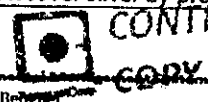


**"MINING SHALL BE PRO-PEOPLE AND PRO-ENVIRONMENT
IN SUSTAINING WEALTH CREATION AND IMPROVED QUALITY OF LIFE."**


(DRCS-09)

Document Title	SUMMARY OF RISKS AND OPPORTUNITIES				
Document Code	DRCS-09				
Revision No.	05	Effective Date	January 16, 2022	Page Number	Page 1 of 26
Prepared by:	Reviewed by:		Approved by:		
 Jim Bryan P. Dacanay	 BGO EMS		 Valeriano S. Bongalos, Jr. VP - Resident Manager		

Department	Potential Emergencies / Risk	Control/Emergency Measures	Remarks/ Conclusion
Assay Laboratory	<ol style="list-style-type: none"> 1. Chemical spill could contaminate river and soil 2. Occurrence of fire 3. Excessive dust and acid fumes can degrade air quality 4. Toxic waste could contaminate soil and water 	<ol style="list-style-type: none"> 1. DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> • Spill kit and MSDS available (for chemical spill) • Emergency procedure for chemical spill • Emergency procedure for fire • Fire extinguisher available • In case of acid/dust scrubber malfunction stop operation 2. EMSG-01 (Chemicals and Reagents – Handling and Storage) 3. EMSG-02 (Contaminated Containers) 4. EMSG-04 (Dust Control) <ul style="list-style-type: none"> • Dust scrubber installed and regularly maintained • Regular monitoring of ambient air quality 5. EMSG-11 (Acids and Chemical Fumes) <ul style="list-style-type: none"> • Acid scrubber installed and regularly maintained • Regular monitoring of ambient air quality 6. EMSG-05 (Gas Cylinders and Tanks) 7. EMSG-07-E (Hazardous Waste Reagent Sacks) 8. EMSG-07-F (Hazardous Waste Lab Wastes) <ul style="list-style-type: none"> • Chemical precipitates are dissolved and disposed in the drain 9. EMSG-07-G (Hazardous Waste Acid Carbuoys) 10. EMSG-07-L (Hazardous Waste Other Chemical Containers) 11. EMSG-07-M (Hazardous Waste MIBK Waste) 12. EMSG-07-N (Hazardous Waste Ink Cartridges) 13. EMSG-08 (Recyclable Waste Materials) <ul style="list-style-type: none"> • All coarse rejects and excess samples are returned to the mill • Recover silver by precipitating 	

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Document Title	SUMMARY OF RISKS AND OPPORTUNITIES		 Benguet Corp
Document Code	DRCS-09		
Revision No.	05	Effective Date	January 16, 2022
			Page Number
			Page 2 of 26

	<p>5. Solid waste can pollute land and water</p> <p>6. Contaminated water could be released into the river</p>	<p>with HCl solution</p> <ul style="list-style-type: none"> Recover the parting and wash solution in fire assay <p>14. EMSG-09 (Solid Waste Management)</p> <p>15. EMSG-12 (Contaminated Water)</p> <ul style="list-style-type: none"> Water drain in the assay lab is connected to the Tails Treatment Facility Regular monitoring of water quality and effluent 	
	RISKS	Control/Emergency Measures	
	<p>A. Erroneous assay data and values may lead to inaccurate plans and decisions some of which may have environmental impact (i.e. production of more waste rock materials leading to unnecessary landfill materials and river sedimentation)</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Strictly implement Standard Operating Procedures of the department.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>
Camp Administration	<p>1. Solid waste may pollute soil and water</p> <p>2. Toxic waste may contaminate soil and water</p> <p>3. Occurrence of fire</p> <p>4. Occurrence of grass fire</p>	<p>1. EMSG-09 (Solid Waste Management)</p> <p>2. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>3. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> Emergency procedure for fire Fire extinguisher available Establishment of fire lines Clearing of dried shrubs especially during dry season IEC on Fire Prevention not only during fire prevention month 	
	RISK	Control/Emergency Measures	
	<p>A. Camp Administration Department could fail to implement the company's environmental policies and rules to camp and staff houses (especially when considerable amount of waste comes from residential camps around the mine site)</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Ensure that Camp rules and regulations on waste segregation are implemented.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>



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Claims Protection	<ol style="list-style-type: none"> Solid waste may pollute soil and water Toxic waste may contaminate soil and water Occurrence of fire 	<ol style="list-style-type: none"> EMSG-09 (Solid Waste Management) EMSG-07-N (Hazardous Waste Ink Cartridges) DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> Emergency procedure for fire Fire extinguisher available 	
	RISKS	Control/Emergency Measures	
	A. Government regulated small scale mining operation and activities within the company's claims	A. Members of the company's Task Force shall continually conduct plugging of illegal portals and demolition of shanties.	
Community Relations	<ol style="list-style-type: none"> Toxic waste may contaminate soil and water Solid waste may pollute soil and water Occurrence of fire 	<ol style="list-style-type: none"> EMSG-07-N (Hazardous Waste Ink Cartridges) EMSG-09 (Solid Waste Management) DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> Emergency procedure for fire Fire extinguisher available 	
	RISKS	Control/Emergency Measures	
	<p>A. If the relationship between the community and the company is severed the company will have a hard time implementing environmental policies that would also benefit the community (also the information regarding environmental risks and threats will not be reported to the company). The company is poised to face opposition on the hosts and affected communities as well as LGUs if they fail to comply with or implement what is stipulated in the Company's SDMP programs</p> <p>B. Failure to comply with the SDMP Programs may compromise the company operations and lead to penalties, and cancellation of permits and/or ECC.</p> <p>C. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Maintain symbiotic relationship through implementation of SDMP commitments and other Corporate Social Responsibilities.</p> <p>B. Closely monitor timely implementation of SDMP.</p> <p>C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	C. Subject for removal on the next update based on the effectiveness rating
Construction and Civil Works	<ol style="list-style-type: none"> Oil/chemical spill or leak can cause soil and water contamination 	<ol style="list-style-type: none"> DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> Emergency procedure for oil spill Spill kit and MSDS available (for oil spill) 	

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	<p>2. Occurrence of fire</p> <p>3. Excessive fumes, dust and smoke will degrade air quality</p> <p>4. Toxic waste may contaminate soil and water</p> <p>5. Solid waste may pollute soil and water</p> <p>6. Contaminated water may be discharged into the river</p>	<ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available <p>2. Regular maintenance of service vehicles</p> <p>3. (EMSG-04 Dust Control)</p> <ul style="list-style-type: none"> • Using fire truck to spray water on the road • Regular monitoring of ambient air quality <p>4. EMSG-07-L (Hazardous Waste Other Chemical Containers)</p> <p>5. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>6. EMSG-09 (Solid Waste Management)</p> <p>7. EMSG-12 (Contaminated Water)</p> <p>8. EMSG-05 (Gas Cylinders and Tanks)</p>	
	RISKS	Control/Emergency Measures	
	<p>A. If infrastructures are of sub-standard quality (or not planned efficiently/effectively), catastrophic environmental hazards could occur (tails dam breach, fire, warehouse/storage spills etc.)</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Engage third party consultant to conduct assessment of projects before implementation.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	B. Subject for removal on the next update based on the effectiveness rating
Document and Record Control	<p>1. Toxic waste may contaminate soil and water</p> <p>2. Solid waste may pollute soil and water</p> <p>3. Occurrence of fire</p>	<p>1. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>2. EMSG-09 (Solid Waste Management)</p> <p>3. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available <p>4. DRCS-36 (Document Update Procedure)</p>	
	RISKS	Control/Emergency Measures	
	<p>A. Outdated documents will result to high risk of:</p> <ol style="list-style-type: none"> 1) failing to comply with legal requirements 2) inability to properly assess effectivity and efficiency of an environmental program 3) unnoticed environment issues to escalate into a catastrophic accident if not addressed 	<p>A. Document Controllers to ensure close monitoring and updating of records and conduct regular audit of filing system.</p>	

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	<p>4) confusion if old documents given to managers are not replaced with newer versions</p> <p>B. Failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements</p>	<p>B. Conduct regular discussion on the Company's Environmental Policy during meetings</p>	
Electrical	<p>1. Occurrence of fire</p> <p>2. PCB transformer oil spill</p> <p>3. Toxic waste could contaminate solid and water</p> <p>4. Solid waste could pollute soil and water</p>	<p>1. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Spill kit and MSDS available (for chemical or oil spill) • Emergency procedure for chemical (or oil) spill • Emergency procedure for fire • Fire extinguisher available • Power will be temporarily cut in case of natural disasters, fire and major accidents <p>2. EMSG-01 (Chemicals and Reagents – Handling and Storage)</p> <p>3. EMSG-02 (Contaminated Containers)</p> <p>4. EMSG-03 (Diesel – Handling, Transport and Storage)</p> <p>5. EMSG-07-A (Hazardous Waste Used Oil, Oil-Contaminated Items)</p> <p>6. EMSG-07-H (Hazardous Waste Batteries)</p> <p>7. EMSG-07-I (Hazardous Waste Lights)</p> <p>8. PCB Management Plan (EMSG-07-J Hazardous Waste PCB)</p> <p>9. EMSG-07-L (Hazardous Waste Other Chemical Containers)</p> <p>10. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>11. EMSG-09 (Solid Waste Management)</p>	
	RISKS	Control/Emergency Measures	
	<p>A. Improper utilization, management and monitoring of electrical energy often leads to excessive and wasteful use of energy (that leads to production of unnecessary pollutants and has high risk of environment-related incidents)</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements</p>	<p>A. Strictly implement Energy Conservation programs.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>C. Subject for removal on the next update based on the effectiveness rating</p>



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Finance	<ol style="list-style-type: none"> 1. Toxic waste may contaminate soil and water 2. Solid waste may pollute soil and water 3. Occurrence of fire 	<ol style="list-style-type: none"> 1. EMSG-07-N (Hazardous Waste Ink Cartridges) 2. EMSG-09 (Solid Waste Management) 3. DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available 	
	RISKS	Control/Emergency Measures	
	<p>A. Mismanagement of accounting and financial matters would lead to inefficient/ineffective (if not totally failed) environmental programs and solutions. Inaccurate or misleading financial reports could affect the Company or Management decisions and may lead to improper use of the Company's financial resources</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Conduct regular internal and external financial audit and ensure adherence to Standard Operating Procedures.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	B. Subject for removal on the next update based on the effectiveness rating
Geology and Exploration	<ol style="list-style-type: none"> 1. Drill mud solution tank spill 2. Drill machine leaks during operation/repair 3. Occurrence of fire 	<ol style="list-style-type: none"> 1. Maintenance of drill rig/water pump 2. Dug-out catchment pit under solution tank 3. DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> • Emergency procedure for oil spill • Spill kit available (for oil spill) • Emergency procedure for fire • Fire extinguisher available 	
	RISKS	Control/Emergency Measures	
	<ol style="list-style-type: none"> 4. Solid waste may pollute soil and water 5. Toxic waste contaminating water/soil <p>A. If interpretation of geologic data is incorrect, there is a risk of mining unprofitable areas (which leads to unnecessary underground blasting, land clearing, tree-cutting and land-form modification)</p> <p>B. Failure to implement the company's Grade Control Protocols as well as geological activities (mapping and sampling) to BC and</p>	<ol style="list-style-type: none"> 4. EMSG-09 (Solid Waste Management) 5. EMSG-02 (Contaminated Containers) 6. EMSG-12 (Contaminated Water) 7. EMSG-07-B (Hazardous Waste Aerosol Cans) 8. EMSG-07-L (Hazardous Waste Other Chemical Containers) 9. EMSG-07-N (Ink Cartridges) 10. EMSG-05 (Gas Cylinders) <p>A. Strict implementation of Standard Operating Procedures.</p> <p>B. Strict implementation of Standard Operating Procedures on Sampling.</p>	



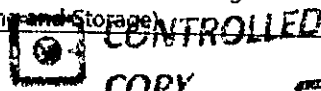
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	<p>ACMP could result to deliveries of lower grade ore or waste materials to mill.</p> <p>C. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements</p>	<p>C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>C. Subject for removal on the next update based on the effectiveness rating</p>
Human Resources	<p>1. Toxic waste may contaminate soil and water</p> <p>2. Solid waste may pollute soil and water</p> <p>3. Occurrence of fire</p>	<p>1. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>2. EMSG-09 (Solid Waste Management)</p> <p>3. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available 	
	<p align="center">RISKS</p> <p>A. Hiring of underqualified or untrained employees will increase the likelihood of environmental and safety accidents</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p> <p>C. Employees who do not possess the necessary skills, permits or certifications may pose penalties from regulatory agencies</p>	<p align="center">Control/Emergency Measures</p> <p>A. Implement personnel hiring policies and conduct training before dispatch.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p> <p>C. Implement personnel hiring policies.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>
Internal Audit	<p>1. Toxic waste may contaminate soil and water</p> <p>2. Solid waste may pollute soil and water</p> <p>3. Occurrence of fire</p>	<p>1. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>2. EMSG-09 (Solid Waste Management)</p> <p>3. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available <p>4. DRCS-36 (Document Update Procedure)</p>	
	<p align="center">RISKS</p> <p>A. Inability of the auditor to close potential nonconformities</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p align="center">Control/Emergency Measures</p> <p>A. Conduct evaluation of compliance and findings.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>
Legal	<p>1. Toxic waste may contaminate soil and water</p> <p>2. Solid waste may pollute soil and</p>	<p>1. EMSG-07-N (Hazardous Waste Ink Cartridges)</p>	




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	<p>water</p> <p>3. Occurrence of fire</p>	<p>2. EMSG-09 (Solid Waste Management)</p> <p>3. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available 	
	<p align="center">RISKS</p> <p>A. Some legal issues could hinder or even prevent the implementation of the company's environmental programs and other statute/regulations that may compromise the Company's operations</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p align="center">Control/Emergency Measures</p> <p>A. Ensure compliance to governmental obligations and strictly implement Standard Operating Procedures</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>
Medical / Clinic	<p>1. Toxic waste may contaminate soil and water</p> <p>2. Solid waste may pollute soil and water</p> <p>3. Occurrence of fire</p>	<p>1. EMSG-07-K (Hazardous Waste Medical Waste)</p> <p>2. EMSG-07-L (Hazardous Waste Other Chemical Containers)</p> <p>3. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>4. EMSG-09 (Solid Waste Management)</p> <p>5. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available <p>6. EMSG-05 (Gas Cylinders and Tanks)</p>	
	<p align="center">RISKS</p> <p>A. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p align="center">Control/Emergency Measures</p> <p>A. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	
MEPEO	<p>1. Mill tailings could leak from pipe breach</p> <p>2. Tailings stored in the TSF could spill in case of dam failure of overflow</p> <p>3. Chemicals used in the nursery could contaminate water bodies</p>	<p>1. EMSG-07-C (Hazardous Waste Mill Tailings)</p> <ul style="list-style-type: none"> • Installation of stopper boards • Establishing caretakership contract for maintenance, regular monitoring and inspection of tailings dam facility. • Installation of piezometer to monitor dam strength <p>2. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency protocol for tailings dam breach <p>3. EMSG-01 (Chemicals and Reagents - Handling and Storage)</p>	



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	<p>4. Toxic waste (while being transported to the rebar, or when it is stored in the rebar) could contaminate soil and water</p> <p>5. Solid waste could pollute water and soil</p> <p>6. Occurrence of fire</p> <p>7. Occurrence of grass fire</p>	<p>4. EMSG-07 (Hazardous Waste Management)</p> <p>5. EMSG-09 (Solid Waste Management)</p> <p>6. Garbage collection day is different for different types of garbage to ensure segregation is maintained in disposal</p> <p>7. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> Emergency procedure for fire Fire extinguisher available Establishment of fire lines Clearing of dried shrubs especially during dry season IEC on Fire Prevention not only during fire prevention month 	
	RISKS	Control/Emergency Measures	
	<p>A. Collected waste by the local collector might not be segregated properly after collection or during disposal</p> <p>B. Lack of awareness of environmental policies, guidelines and programs</p> <p>C. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Strictly implement waste segregation at source</p> <p>B. PCO Training and cascading of updated environmental policies and guidelines must be conducted regularly</p> <p>C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	C. Subject for removal on the next update based on the effectiveness rating
Metallurgy Laboratory	<p>1. Tails or pulp spill may pollute water bodies</p> <p>2. Chemical spill could contaminate river and soil</p> <p>3. Occurrence of fire</p> <p>4. Uncontrolled release of harmful hydrocyanic gas</p>	<p>1. EMSG-07-C Hazardous Waste Mill Tailings)</p> <ul style="list-style-type: none"> Sluicing of spill to canal leading to tails treatment facility Close monitoring of tanks to avoid overflow <p>2. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> In case of major pulp or discharge spill, turn off all operating machines Emergency procedure for pulp spill Emergency procedure for chemical spill Spill kit and MSDS available (for oil and chemical spill) Emergency procedure for fire Fire extinguisher available <p>3. EMSG-01 (Chemicals and Reagents Handling and Storage)</p> <p>4. EMSG-02 (Contaminated Containers) : D</p>	

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	<p>5. Transport vehicle may leak oil/fuel that will contaminate soil and water</p> <p>6. Excessive dust and smoke from vehicle can degrade air quality</p> <p>7. Excessive dust can degrade air quality</p> <p>8. Toxic waste could contaminate soil and water</p> <p>9. Solid waste can pollute land and water</p> <p>10. Contaminated water could be released into the river or contaminate soil or water table.</p>	<p>5. Regular maintenance of surface vehicles</p> <p>6. Spill kit available on vehicle (EMSG-03 Diesel – Handling, Transport and Storage)</p> <p>7. Regular monitoring of ambient air quality (EMSG-04 Dust Control)</p> <p>8. EMSG-07-C (Hazardous Waste Mill Tailings)</p> <p>9. EMSG-07-D (Hazardous Waste Cyanide Containers)</p> <p>10. EMSG-07-E (Hazardous Waste Reagent Sacks)</p> <p>11. EMSG-07-F (Hazardous Waste Lab Wastes)</p> <p>12. EMSG-07-H (Hazardous Waste Batteries)</p> <p>13. EMSG-07-I (Hazardous Waste Lights)</p> <p>14. EMSG-07-L (Hazardous Waste Other Chemical Containers)</p> <p>15. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>16. EMSG-09 (Solid Waste Management)</p> <p>17. EMSG-11 (Acids and Chemical Fumes)</p> <ul style="list-style-type: none"> To prevent release of HCN gas, ensure pH to stay at 10.75 to 11 Regular monitoring of ambient air quality <p>18. EMSG-12 (Contaminated Water)</p> <ul style="list-style-type: none"> Water drain in the met lab is connected to the Tails Treatment Facility Regular monitoring of water quality and effluent 	
	RISKS	Control/Emergency Measures	
	<p>A. Erroneous laboratory results may lead to excessive use of milling reagents, extended time of milling processes and production of excessive waste/byproduct</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Strictly implement Standard Operating Procedures of the department.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B Subject for removal on the next update based on the effectiveness rating</p>
Mill Mechanical	<p>1. Used oil, and oil-contaminated items could contaminate soil and water (spill or leak)</p>	<p>1. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> Emergency procedure for oil spill Spill kit and MSDS available (for oil spill) 	




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	<p>2. Occurrence of fire</p> <p>3. Contaminated water (usually mixed with oil and grease) could leak into the river</p> <p>4. Equipment might leak oil/diesel during breakdown or repair</p> <p>5. Excessive dust and smoke emission can degrade air quality</p> <p>6. Toxic waste could contaminate water and soil</p> <p>7. Solid waste could pollute soil and river</p>	<ul style="list-style-type: none"> Emergency procedure for fire Fire extinguisher available <p>2. Oil-settling facility to recycle used oil (EMSG-03 Diesel – Handling, Transport and Storage)</p> <p>3. Regular maintenance of surface loaders and forklift</p> <p>4. (EMSG-04 Dust Control)</p> <ul style="list-style-type: none"> Using fire truck to spray water on the road Regular monitoring of ambient air quality <p>5. EMSG-07-A (Hazardous Waste Used Oil, Oil-Contaminated Items)</p> <p>6. EMSG-07-L (Hazardous Waste Other Chemical Containers)</p> <p>7. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>8. EMSG-09 (Solid Waste Management)</p> <p>9. EMSG-05 (Gas Cylinders and Tanks)</p>	
	RISKS	Control/Emergency Measures	
	<p>A. Spilled oil and degreaser during repairs and maintenance of equipment may lead to land and water pollution.</p> <p>B. Unimplemented PMS will reduce mechanical efficiency and might lead to higher power consumption.</p> <p>C. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Implement guidelines on proper handling and ensure availability of secondary containment, spill kits and PPEs.</p> <p>B. Strict implementation of regular preventive maintenance service schedules</p> <p>C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	C. Subject for removal on the next update based on the effectiveness rating
Mill Operations	<p>1. Oil leak may contaminate soil and water</p> <p>2. Contaminated water could be released into the river</p> <p>3. Spill of excess grease could contaminate soil and water</p> <p>4. Pulp and ball mill discharge could spill (or leak in case pipes are breached) contaminating soil and water</p> <p>5. Pulp and tails could overflow (or leak at discharge valves and breached pipes) contaminating soil and water</p> <p>6. Chemical, waste solution spill could contaminate river and soil</p> <p>7. Sodium Hypochlorite spill could contaminate air, river and soil</p>	<p>1. Regular maintenance of surface loaders</p> <p>2. Regular maintenance of conveyor belts/system</p> <p>3. DRCS-30 Protocol for Possible Emergency Situations</p> <ul style="list-style-type: none"> Spill kit available (for oil spill) MSDS available for chemical spill For minor pulp/tail spill, sluice spill area with hose towards canals that lead to tails treatment facility In case of major pulp or discharge spill, turn off all operating machines Tails/Pulp Spill emergency protocol Chemical spill emergency protocol 	


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<p>8. Chemical (cyanide solution, silver nitrate, potassium iodide solution, caustic soda) spill could contaminate river and soil</p> <p>9. Excessive dust can degrade air quality</p> <p>10. Reduction of air quality through uncontrolled release of fumes and dust</p> <p>11. Uncontrolled release of harmful and corrosive fumes</p>		<p>4. (EMSG-07-C Hazardous Waste Mill Tailings)</p> <ul style="list-style-type: none"> • Mill tailings are directed to the Tails Treatment Facility • Plug outlet to any possible outlet to river system • Regular effluent monitoring • Close monitoring of tanks to avoid overflow • Regular check and maintenance of canals, pipe connections and discharge valves) <p>5. EMSG-12 Contaminated Water</p> <ul style="list-style-type: none"> • Regular clean up and maintenance of drainage pipes • Contaminated water goes to tails treatment facility • Regular monitoring of effluent/water quality • Close monitoring of tanks, discharge valve to avoid overflow (and spill). • Regular maintenance of pipes, valves etc. <p>6. Withdraw Sodium Hypochlorite only in time of use (EMSG-11 Acids and Chemical Fumes)</p> <p>7. DRCS-30 Protocol for Possible Emergency Situations</p> <ul style="list-style-type: none"> • For minor pulp/tail spill, sluice spill area with hose towards canals that lead to tails treatment facility • In case of major pulp or discharge spill, turn off all operating machines • Spill kit and MSDS available (for chemical spill) <p>8. EMSG-01 (Chemicals and Reagents – Handling and Storage)</p> <p>9. EMSG-04 Dust Control</p> <ul style="list-style-type: none"> • Wet crushing • Regular monitoring of ambient air quality <p>10. EMSG-04 (Dust Control)</p> <ul style="list-style-type: none"> • After ashing, handle the ashing vessel carefully to prevent dispersal of ashes • Regular monitoring of ambient air quality <p>11. EMSG-11 (Acids and Chemical</p>	
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	<p>12. Solid waste can pollute land and water</p> <p>13. Toxic waste can contaminate soil and water</p> <p>14. Uncontrolled release of harmful hydrocyanic gas</p>	<p>Fumes)</p> <ul style="list-style-type: none"> • Wear respirators • To install fume hood in the ashing area • Regular monitoring of ambient air quality • Install 2 units of acid scrubber (for the purpose of making the acid fume discharge basic – addition of caustic soda) • A fume hood with chimney is installed to control firing fumes, heat and smoke • Reduce nitric acid usage and at intervals <p>12. Inspection of kerosene supply lines and proper handling of oxy-acetylene tanks (EMSG-05 Gas Cylinders and Tanks)</p> <p>13. EMSG-09 (Solid Waste Management)</p> <p>14. EMSG-08 (Recyclable Waste Materials)</p> <p>15. EMSG-03 (Diesel/Oil- Handling, Transport and Storage)</p> <p>16. EMSG-02 (Contaminated Containers)</p> <p>17. EMSG-03 (Diesel/Oil- Handling, Transport and Storage)</p> <p>18. EMSG-07-A (Hazardous Waste Used Oil, Oil-Contaminated Items)</p> <p>19. EMSG-07-C (Hazardous Waste Mill Tailings)</p> <p>20. EMSG-07-D (Hazardous Waste Cyanide Containers)</p> <p>21. EMSG-07-E (Hazardous Waste Reagent Sacks)</p> <p>22. EMSG-07-F (Hazardous Waste Lab Wastes)</p> <p>22. EMSG-07-L (Hazardous Waste Other Chemical Containers)</p> <p>23. Contaminated sand, slags, broken clay pots used in fluxing and refinery are reprocessed in the gravity concentrator to further extract gold (EMSG-08 Recyclable Waste Materials)</p> <p>24. EMSG-11 (Acids and Chemical Fumes)</p> <ul style="list-style-type: none"> • To prevent release of HCN gas, ensure pH to stay at 10.75 to 11 • Regular monitoring of ambient air quality 	
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	<p>15. Contaminated water could be released into the river</p> <p>16. Occurrence of fire</p> <p>17. Occurrence of flood</p>	<p>25. EMSG-12 Contaminated Water</p> <ul style="list-style-type: none"> Regular clean up and maintenance of drainage pipes Contaminated water goes to tails treatment facility Close monitoring of tanks, discharge sump boxes to avoid overflow (and spill) Regular monitoring of effluent/water quality <p>26. DRCS-30 Protocol for Possible Emergency Situations</p> <ul style="list-style-type: none"> Emergency procedure for fire Fire extinguisher available Procedure for flood 	
	RISKS	Control/Emergency Measures	
	<p>A. Failure to produce the desired size of crushed ore, grinding time of the ore will be adversely affected (i.e., longer time in grinding / longer operating time for ball mills, thus increase in use electricity and use of steel balls)</p> <p>B. Failure to grind the ore to desired size or mesh could adversely affect gold recovery</p> <p>C. Pilferage of loaded carbon during harvesting</p> <p>D. Excessive use of chemicals, such as cyanide could affect the tails treatment efficiency</p> <p>E. Theft of loaded or ashed carbon during ashing</p> <p>F. Deterioration of health condition of Ashing personnel if they are not wearing their PPE's properly during the activity.</p> <p>G. Pilferage of gold, gold laden materials or concentrates during refining and smelting</p> <p>H. Untreated tails are very unstable, even if stored in a controlled environment (tailings storage facility) that may lead to future environmental issues.</p> <p>I. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Strictly implement Standard Operating Procedures on Crushing Operations.</p> <p>B. Strictly implement Standard Operating Procedures on Grinding Operations.</p> <p>C. Strict implementation of Security Protocols</p> <p>D. Strictly implement Standard Operating Procedures on Leaching and Reagent Addition.</p> <p>E. Strict implementation of Security Protocols</p> <p>F. Close coordination with MEPEO on the scheduling of Stack Sampling and Emission Testing of equipment</p> <p>G. Strict implementation of Security Protocols</p> <p>H. Strictly implement Standard Operating Procedures on Detoxification Process. (to include regular monitoring/sampling)</p> <p>I. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>I. Subject for removal on the next update based on the effectiveness rating</p>
Mine Mechanical	<p>1. Used oil, and oil-contaminated items could contaminate soil and</p>	<p>1. DRCS-30 (Protocol for Possible Emergency Situations)</p>	

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	<p>water (spill or leak)</p> <p>2. Oil spill during compressor re-fueling</p> <p>3. Vehicles/equipment might leak oil/diesel during breakdown or repair</p> <p>4. Occurrence of fire</p> <p>5. Excessive smoke emission can degrade air quality</p> <p>6. Toxic waste could contaminate water and soil</p> <p>7. Solid waste could pollute soil and river</p> <p>8. Contaminated water (usually mixed with oil and grease) could leak into the river</p>	<ul style="list-style-type: none"> • Emergency procedure for oil spill • Spill kit and MSDS available (for oil spill) • Emergency procedure for fire • Fire extinguisher available <p>2. EMSG-03 (Diesel – Handling, Transport and Storage)</p> <p>3. EMSG-05 (Gas Cylinders and Tanks)</p> <p>4. Regular maintenance of mine cars, locomotives, compressors and drills.</p> <p>5. Mine ventilation efficiently dissipates smoke generated underground (EMSG-04 Dust Control)</p> <p>6. EMSG-07-A (Hazardous Waste Used Oil, Oil-Contaminated Items)</p> <p>7. EMSG-07-H (Hazardous Waste Batteries)</p> <p>8. EMSG-07-L (Hazardous Waste Other Chemical Containers)</p> <p>9. EMSG-09 (Solid Waste Management)</p> <p>10. Oil-water separator installed in the mine mechanical workshop (EMSG-12 Contaminated Water)</p>	
	RISKS	Control/Emergency Measures	
	<p>A. Improper handlings during repair and maintenance works may result to oil, fuel and lubricants spill and could contaminate land and water.</p> <p>B. Unimplemented PMS will reduce mechanical efficiency and might lead to higher fuel consumption.</p> <p>C. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Availability of Spill Kits, secondary containment areas and proper use of PPE</p> <p>B. Strict implementation of regular preventive maintenance service schedules</p> <p>C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>C. Subject for removal on the next update based on the effectiveness rating</p>
Mine Operations	<p>1. Used water (with rock fragments) may be discharged in the river.</p> <p>2. Drill oil might spill and contaminate water in the river.</p> <p>3. Dust and explosive fumes may be expelled outside of the mine.</p> <p>4. Solid waste may pollute soil and water.</p> <p>5. Occurrence of unwanted blasting incident.</p> <p>6. Leaks from the use of heavy</p>	<p>EMSG 12 (Contaminated Water)</p> <ul style="list-style-type: none"> • Mine Drainage (installed series of silt traps plus sediment settling facility before discharge) • Monitor water discharge from underground drainage by getting quarterly samples <p>EMSG-04 (Dust Control)</p> <ul style="list-style-type: none"> • Mine Ventilation • Wet Drilling <p>EMSG-09 (Solid Waste Management)</p> <p>Banning of PET bottles in underground.</p> <p>Routine maintenance of loader</p> <p>Spill kit on loader (EMSG-03 (Diesel – Handling, Transport and Storage)</p>	

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	<p>equipment may contaminate water tables and soil.</p> <p>7.Occurrence of fire</p> <p>8.Unwanted incident due to bump or ran over by running LHD equipment.</p> <p>Dust and smoke from loader may be expelled outside of the mine</p> <p>Solid waste may pollute soil and water</p> <p>Toxic waste contaminating water/soil</p> <p>Diesel spill during transport or refueling</p> <p>Leaks from the use of heavy equipment may contaminate water and soil.</p> <p>Occurrence of fire</p> <p>Oil leaks from heavy equipment such as diesel locomotive, loader, tractor, etc. during operation. This may contaminate water and soil.</p>	<p>DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for oil spill • Emergency procedure for fire • Fire extinguisher available <p>Mine Ventilation (EMSG-04 (Dust Control))</p> <p>EMSG-07-H (Hazardous Waste Batteries)</p> <p>EMSG-03 (Diesel-Handling, Transport & Storage)</p> <ul style="list-style-type: none"> • Refueling to be done on designated refueling stations by authorized (trained) • personnel only • Spill kit on loader and on UG refueling stations • Use mine cars when transporting diesel <p>DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for oil spill • Emergency procedure for fire • Fire extinguisher available <p>Routine maintenance of loader and locomotives</p> <p>SOPs of Handling of Explosives</p> <p>SOPs of the Disposal of Empty Carton Boxes of Dynamite and the Excess Cuttings of Safety Fuse.</p>
	RISKS	Control/Emergency Measures
	<p>A. Underground openings might result to subsidence in the surface as a result of frequent blasting.</p> <p>B. Mixing of ore and waste materials (mulok) at the stockpile areas, chutes or storages that will result to dilution of ore and eventually unnecessary cost to be incurred by the company due to milling of waste materials.</p> <p>C Failure to install timber support in loose ground or collapsing ground especially in the main access and work areas may result to serious or fatal accident.</p> <p>D. Spillages of diesel fuel may occur if proper protocols and guidelines of</p>	<p>A. Mine Engineering to conduct survey in all mine working stopes near the surface in order to ensure that the desired surface pillar is maintained</p> <p>B. Separate chutes / storages are designated for ore and waste materials of BC in underground.</p> <p>C. Company Safety Rules and Regulations</p> <p>Any manifestation of loose ground or collapsing ground must be provided with timber support the soonest possible time.</p> <p>D. Existing Protocols and Guidelines of Refueling</p>



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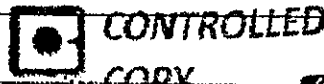
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	<p>refueling are not implemented and this may result to destruction of environment, wastage of company resources and contamination of land and water</p> <p>E. Siltation of the river system due to irresponsible dumping of waste materials</p> <p>F. Premature explosion may result to death and damage of Company properties</p> <p>G. Issued explosives might be smuggled out from underground to surface that will be used for illegal activities.</p>	<ul style="list-style-type: none"> • Proper orientation of Fuel tenders and LHD / Locomotive operators • Investigate all oil spillages and come up with action plans to prevent recurrence. <p>E. Presence of dumping area for waste materials (mulok). Dumping of waste materials is exclusively at TSF-1, Batuang.</p> <p>F. SOP's in the Withdrawal and Handling of Explosives.</p> <ul style="list-style-type: none"> • No Smoking Policy • Detonators such as blasting caps and dynamites must be kept in a separate bag. <p>G. Policies and SOP's in the use of explosives.</p> <ul style="list-style-type: none"> • Inventory of explosives in underground bodegas is regularly monitored by PNP. <p>H. SOPs of the withdrawal of explosives. Withdrawal of explosives must be done after the drilling activities to ensure that all withdrawn explosives will be used for the day only.</p>
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Motorpool	<ol style="list-style-type: none"> 1. Used oil, and oil-contaminated items could contaminate soil and water (spill or leak) 2. Oil spill during equipment/vehicle re-fueling 3. Vehicles/equipment might leak oil/diesel during breakdown or repair 4. Occurrence of fire 5. Excessive dust and smoke emission can degrade air quality 6. Toxic waste could contaminate water and soil 7. Solid waste could pollute soil and river 8. Contaminated water (usually mixed with oil and grease) could leak into the river 	<ol style="list-style-type: none"> 1. DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> • Emergency procedure for oil spill • Spill kit and MSDS available (for oil spill) • Emergency procedure for fire • Fire extinguisher available 2. EMSG-03 (Diesel – Handling, Transport and Storage) 3. EMSG-05 (Gas Cylinders and Tanks) 4. Regular maintenance of surface loaders, forklift and all light vehicles 5. (EMSG-04 Dust Control) <ul style="list-style-type: none"> • Using fire truck to spray water on the road • Regular monitoring of ambient air quality 6. EMSG-07-A (Hazardous Waste Used Oil, Oil-Contaminated Items) 7. EMSG-07-H (Hazardous Waste Batteries) 8. EMSG-07-L (Hazardous Waste Other Chemical Containers) 9. EMSG-09 (Solid Waste Management) 10. Oil-water separator installed in the motor pool garage and workshop (EMSG-12 Contaminated Water)
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	RISKS	Control/Emergency Measures	
	<p>A. Spilled used oil and degreaser during repairs and maintenance of vehicles and equipment may lead to land and water pollution.</p> <p>B. Unimplemented PMS will reduce mechanical efficiency and might lead to higher fuel consumption.</p> <p>C. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Implement guidelines on proper handling and ensure availability of secondary containment, spill kits and PPEs.</p> <p>B. Strict implementation of regular preventive maintenance service schedules</p> <p>C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	C. Subject for removal on the next update based on the effectiveness rating
MTME/Claims	<p>1. Solid waste may pollute soil and water</p> <p>2. Toxic waste may contaminate soil and water</p> <p>3. Occurrence of fire</p>	<p>1. EMSG-09 (Solid Waste Management)</p> <p>2. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>3. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available 	
	<p>RISKS</p> <p>A. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>Control/Emergency Measures</p> <p>A. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	A. Subject for removal on the next update based on the effectiveness rating
MTS	<p>1. Toxic waste may contaminate soil and water</p> <p>2. Solid waste may pollute soil and water</p> <p>3. Occurrence of fire</p>	<p>1. EMSG-07-B (Hazardous Waste Aerosol Cans)</p> <p>2. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>3. EMSG-09 (Solid Waste Management)</p> <p>4. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available 	
	<p>RISKS</p> <p>A. Incomplete information from outdated mapping and absence of survey of underground work areas may affect good judgement during mine operation</p> <p>B. Inadequate ventilation system may pose health hazard and death.</p> <p>C. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>Control/Emergency Measures</p> <p>A. Strictly implement Standard Operating Procedures.</p> <p>B. Provide sufficient ventilation system.</p> <p>C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	C. Subject for removal on the next update based on the effectiveness rating




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Operations Planning and Control	<p>1. Toxic waste may contaminate soil and water</p> <p>2. Solid waste may pollute soil and water</p> <p>3. Occurrence of fire</p>	<p>1. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>2. EMSG-09 (Solid Waste Management)</p> <p>3. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available 	
	RISKS	Control/Emergency Measures	
	<p>A. Outsourced infrastructure projects which are sub-standard in quality may have harmful effects and may connote improper use of the Company's financial resources.</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Engage the company's consultant to conduct assessment of projects before implementation.</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>
Procurement	<p>1. Oil spill or leak can cause soil and water contamination</p> <p>2. Excessive dust and smoke will degrade air quality</p> <p>3. Toxic waste may contaminate soil and water</p> <p>4. Solid waste may pollute soil and water</p> <p>5. Occurrence of fire</p>	<p>1. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for oil spill • Spill kit and MSDS available (for oil spill) <p>2. Regular maintenance of service vehicles</p> <p>3. (EMSG-04 Dust Control)</p> <ul style="list-style-type: none"> • Using fire truck to spray water on the road • Regular monitoring of ambient air quality <p>4. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>5. EMSG-09 (Solid Waste Management)</p> <p>6. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available 	
	RISKS	Control/Emergency Measures	
	<p>A. Materials and supplies obtained may be sub-standard and procured from illegitimate sources or suppliers may lead to generating more waste.</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Ensure that suppliers are duly accredited with related government agencies and off-specs or substandard materials and supplies delivered by suppliers are returned for replacement</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>


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Safety	1. Oil and chemical spill or leak can cause soil and water contamination 2. Excessive dust and smoke will degrade air quality 3. Toxic waste may contaminate soil and water 4. Solid waste may pollute soil and water 5. Occurrence of fire	1. DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> Emergency procedure for diesel/chemical spill 2. (EMSG-04 Dust Control) <ul style="list-style-type: none"> Using fire truck to spray water on the road Regular monitoring of ambient air quality 3. Regular maintenance of service vehicles, ambulance and fire truck 4. EMSG-07-K (Hazardous Waste Medical Waste) 5. EMSG-07-L (Hazardous Waste Other Chemical Containers) 6. EMSG-07-N (Hazardous Waste Ink Cartridges) 7. EMSG-09 (Solid Waste Management) 8. DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> Emergency procedure for fire Fire extinguisher available 	
	RISKS	Control/Emergency Measures	
	A. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.	A. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	A. Subject for removal on the next update based on the effectiveness rating
Security	1. Oil spill or leak can cause soil and water contamination 2. Occurrence of fire 3. Excessive dust and smoke will degrade air quality 4. Toxic waste may contaminate soil and water 5. Solid waste may pollute soil and water	1. DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> Emergency procedure for oil spill Spill kit and MSDS available (for oil spill) Emergency procedure for fire Fire extinguisher available 2. Regular maintenance of service vehicles 3. (EMSG-04 Dust Control) <ul style="list-style-type: none"> Using fire truck to spray water on the road Regular monitoring of ambient air quality 4. EMSG-07-N (Hazardous Waste Ink Cartridges) 5. EMSG-07-H (Hazardous Waste Batteries) 6. EMSG-09 (Solid Waste Management)	
	RISKS	Control/Emergency Measures	
	A. Uncontrolled illegal activities, i.e. illegal logging, tunneling, vandalism	A. Ensure that security agencies maintain required manpower, and	



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	<p>and sabotage may cause depletion of natural resources and land degradation.</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>closely coordinate with management and law enforcement agencies, if necessary; management to strictly implement standard operating procedures</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>
Special Projects	<ol style="list-style-type: none"> Tailings stored in the TSF could spill in case of dam failure or breached on the TSF related structure Mill tailings could leak from breached pipe breach Oil/chemical spill or leak during construction can cause soil and water contamination Occurrence of fire Excessive fumes, dust and smoke will degrade air quality Toxic waste may contaminate soil and water Solid waste may pollute soil and water Contaminated water may be discharged into the river 	<ol style="list-style-type: none"> DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> Emergency protocol for tailings tails pipe breach Emergency protocol for tailings dam breach Emergency protocol for tailings dam overflow/overtopping EMSG-07-C (Hazardous Waste Mill Tailings) <ul style="list-style-type: none"> Installation of stopper boards Establishing caretakership contract for maintenance, regular monitoring and inspection of tailings dam facility. Installation of piezometer to monitor dam strength DRCS-30 (Protocol for Possible Emergency Situations) <ul style="list-style-type: none"> Emergency procedure for oil spill Spill kit and MSDS available (for oil spill) Emergency procedure for fire Fire extinguisher available Regular maintenance of equipment and service vehicles (EMSG-04 Dust Control) <ul style="list-style-type: none"> Using fire truck to spray water on the road Regular monitoring of ambient air quality EMSG-07-L (Hazardous Waste Other Chemical Containers) EMSG-07-N (Hazardous Waste Ink Cartridges) EMSG-09 (Solid Waste Management) EMSG-12 (Contaminated Water) EMSG-05 (Gas Cylinders and Tanks) 	
	RISKS	Control/Emergency Measures	
	A. Non-identification of sub-standard materials used in dam raising will lead to dam breach and catastrophic	A. Engage competent person to inspect the dam raising activity.	



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	<p>environmental hazards.</p> <p>B. Tailings stored in TSF could overflow if the allowed Free Board is not monitored.</p> <p>C. Failure to comply with related government regulations on TSF maintenance and operation may compromise the Company's mining operations.</p> <p>D. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>B. Conduct regular monitoring by MEPEO and third party (MMT).</p> <p>C. Ensure continuous compliance with related government regulations</p> <p>D. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>D. Subject for removal on the next update based on the effectiveness rating</p>
Treasury	<p>1. Toxic waste may contaminate soil and water</p> <p>2. Solid waste may pollute soil and water</p> <p>3. Occurrence of fire</p>	<p>1. EMSG-07-N (Hazardous Waste Ink Cartridges)</p> <p>2. EMSG-09 (Solid Waste Management)</p> <p>3. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for fire • Fire extinguisher available 	
	RISKS	Control/Emergency Measures	
	<p>A. Loss of cash or gold deposits at Treasury due to robbery or burglary</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Ensure security measures are in place and functional</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>B. Subject for removal on the next update based on the effectiveness rating</p>
Warehouse	<p>1. Oil and chemical spill or leak can cause soil and water contamination</p> <p>2. Occurrence of fire</p> <p>3. Excessive dust and smoke will degrade air quality</p> <p>4. Toxic waste may contaminate soil and water</p>	<p>1. DRCS-30 (Protocol for Possible Emergency Situations)</p> <ul style="list-style-type: none"> • Emergency procedure for oil and chemical spill • Spill kit and MSDS available (for oil and chemical spill) • Emergency procedure for fire • Fire extinguisher available <p>2. Regular maintenance of forklift</p> <p>3. (EMSG-04 Dust Control)</p> <ul style="list-style-type: none"> • Using fire truck to spray water on the road • Regular monitoring of ambient air quality <p>4. EMSG-01 (Chemicals and Reagents – Handling and Storage)</p> <p>5. EMSG-02 (Contaminated Containers)</p> <p>6. EMSG-03 (Diesel – Handling, Transport and Storage)</p> <p>7. EMSG-05 (Gas Cylinders and Tanks)</p> <p>8. EMSG-07-D (Hazardous Waste Cyanide Containers)</p> <p>9. EMSG-07-H (Hazardous Waste</p>	




Document Title	SUMMARY OF RISKS AND OPPORTUNITIES		 BenguetCorp		
Document Code	DRCS-09				
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	5. Solid waste may pollute soil and water	Batteries) 10. EMSG-09 (Solid Waste Management)	
	RISKS	Control/Emergency Measures	
	<p>A. Improper handling and storage of hazardous materials pose a high risk of land contamination and other environmental impacts</p> <p>B. The department's failure to comply or implement the Company's Environmental Policy would affect the company's compliance to Company's EMS, government and other environmental requirements.</p>	<p>A. Ensure availability of Material Safety Data Sheet (MSDS), spill kits, secondary containment, proper use of PPEs and training of personnel on chemical handling</p> <p>B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.</p>	<p>2. Subject for removal on the next update based on the effectiveness rating</p>


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Document Title	SUMMARY OF RISKS AND OPPORTUNITIES			 BenguetCorp
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DEPARTMENT	OPPORTUNITIES
Assay Laboratory	<ol style="list-style-type: none"> 1. Higher accuracy rate of assay result will lead to: <ol style="list-style-type: none"> a. Prudent use of reagents by the Mill Operations b. Conservation of resources through shortened milling time c. Reduction of generated pollutants 2. Rendering assaying services to other mining companies. 3. Cost saving measures from efficient use of energy, paper and other resources
Camp Administration	<ol style="list-style-type: none"> 1. Improved company image if environmental principles and standards are: <ol style="list-style-type: none"> a. Implemented on bunk houses and staff houses b. Safety and wellness of occupants and employees are ensured 2. Opportunity for income generation 3. Cost saving measures from efficient use of energy, paper and other resources
Claims Protection	<ol style="list-style-type: none"> 1. Preserved company's property and assets 2. Protected claims against environmental degradation due to small scale mining activities 3. Opportunity for other business ventures 4. Cost saving measures from efficient use of energy, paper and other resources
Community Relations	<ol style="list-style-type: none"> 1. The company can create better partnership with the community in implementing environmental programs 2. Environmental awareness could be raised through community projects and programs 3. Cost saving measures from efficient use of energy, paper and other resources
Construction and Civil Works	<ol style="list-style-type: none"> 1. Generated waste such as saw dust can be used for spill kit and for ashing activities 2. Cost saving measures from efficient use of energy, paper and other resources
Document and Record Control	<ol style="list-style-type: none"> 1. Cost saving measures through the reuse and recycling of paper 2. Reduced paper use through electronic communication
Electrical	<ol style="list-style-type: none"> 1. Efficient use of energy leads to increased equipment efficiency and reduced carbon footprint 2. Scraps, worn out tools, parts and equipment generated from repair and maintenance could be sold as scraps by the company to generate additional income 3. Cost saving measures from efficient use of energy, paper and other resources
Finance	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources
Geology and Exploration	<ol style="list-style-type: none"> 1. Gathered data from geologic drilling can also be used as reference by other sectors (agriculture, biological research, environment studies) 2. Extend assistance such as geo-hazard mapping to other departments, including private and government entities 3. Used drill casings and drill rods could be used for Company's environmental or construction projects. 4. Generated scraps on drilling activities could be sold by the company to generate additional income
Human Resources	<ol style="list-style-type: none"> 1. Reduced training cost and time through hiring of right employees 2. Cost saving measures from efficient use of energy, paper and other resources


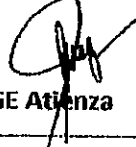


Document Title	SUMMARY OF RISKS AND OPPORTUNITIES			 BenguetCorp
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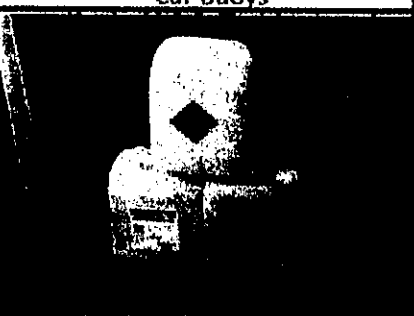
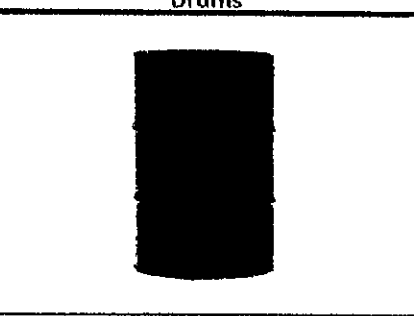



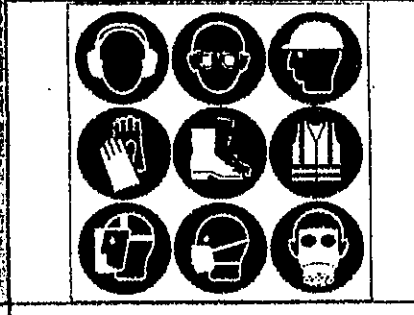

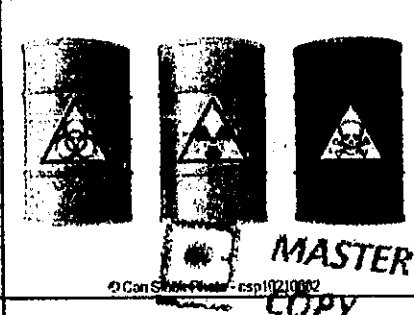
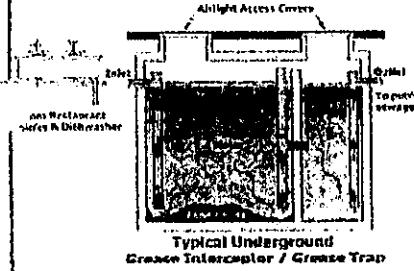
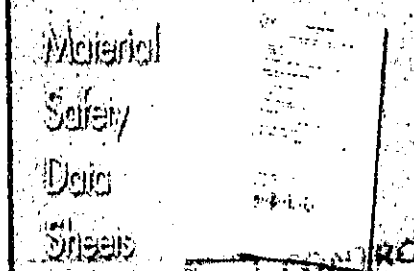
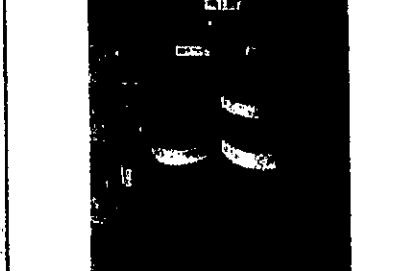
Internal Audit	resources 1. Timely and effective audit will lead to the following: a. Reduced accidents b. Improved operational efficiency c. Zero penalties from regulatory bodies d. Improved teamwork and synergy among employees 2. Cost saving measures from efficient use of energy, paper and other resources
Legal	1. Extend free legal services to employees, community and other stakeholders 2. Raise environmental awareness of suppliers and contractors by incorporating environmental policies on their contracts 3. Cost saving measures from efficient use of energy, paper and other resources
Medical / Clinic	1. Emergency medical services could be also extended not only to company employees, dependents and contractors but to adjacent community surrounding the company's operations 2. Cost saving measures from efficient use of energy, paper and other resources
MEPEO	1. Extend community awareness on environment-friendly activities by educational discussions, exhibits and by implementing environmental policies 2. Company's Environmental Program could serve as role model to other government and private entities 3. Cost saving measures from efficient use of energy, paper and other resources
Metallurgy Laboratory	1. Optimization of plant operating parameters will result to higher gold production with the least operating cost. 2. Rendering laboratory services to other mining companies and conducting research works for company's future reference 3. Cost saving measures from efficient use of energy, paper and other resources
Mill Mechanical	1. Revenue from use of recycled oil 2. Scraps, worn out tools, parts and equipment generated from repair and maintenance could be sold as scraps by the company to generate additional income 3. Cost saving measures from efficient use of energy, paper and other resources
Mill Operations	1. If required, Ball Mill feed size is produced by the Crushing Circuit this will result to the reduction in grinding time of ore being milled. The reduction in grinding time would mean reduction in power (electricity), weaving of shell liners and steel ball which can reduce the operating cost of the plant. 2. Recycling of used oil, used steel balls and drum 3. Better gold recovery, if the grinding circuit will deliver the desired size or mesh or the grind ore to be fed on leaching tanks. 4. Use of chemicals and other company resources is used wisely could result to significant monetary saving to the company. 5. The recovery of gold from used ganga adds to company's gold production. 6. Re-using of sacks for environmental programs
Mine Mechanical	1. Reduction of storage and disposal cost from use of recycled oil 2. Scraps, worn out tools, parts and equipment generated from repair and maintenance could be sold as scraps by the company to

Document Title	SUMMARY OF RISKS AND OPPORTUNITIES		 BenguetCorp	
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			Page Number	Page 26 of 26


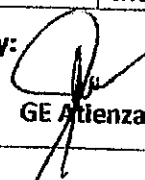
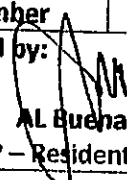
	<p>generate additional income</p> <p>3. Cost saving measures from efficient use of energy, paper and other resources</p>
Mine Operations	<ol style="list-style-type: none"> 1. Worn out drill steel can be recycled and fabricated to pinch bars and claw bars 2. Mine operations of BC has better production in terms of quantity due to the availability of production loader. 3. Proper installation of timber support will avoid the risk of ground collapse and will prevent unwanted incident. 4. Broken timbers may be recycled and used for other purposes such as firewood. 5. Proper implementation of all protocols and guidelines on refueling will result to energy conservation. 6. Efficient hauling of ore will result to good revenue for the company due to better gold production. 7. Empty sacks of ANFO can be recycled to be used for sacking of ore spillages during cleaning activity along the haulage roadways or underneath the ore chutes/storages. 8. The water coming out from L-2000 through Auxiliary Tunnel is being pumped at pumping station near portal and recycled for the Mill operation. 9. Properly maintained haulage roadways will result to efficient operation of the mine haulage. 10. The accumulated silts being cleaned from the roadways are gold laden material and therefore it can be an added production tonnage 11. Worn out track rails can be used as ground support in underground instead of timber.
Motor Pool	<ol style="list-style-type: none"> 1. Revenue from use of recycled oil 2. Cost saving measures from efficient use of energy, paper and other resources
MTME	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources
MTS	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources
Operations Planning and Control	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources
Procurement	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources
Safety	<ol style="list-style-type: none"> 1. The company's Emergency Response Team (ERT) acts as volunteers during rescue operations within and nearby communities 2. Cost saving measures from efficient use of energy, paper and other resources
Security	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources
Special Projects	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources
Treasury	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources
Warehouse	<ol style="list-style-type: none"> 1. Cost saving measures from efficient use of energy, paper and other resources

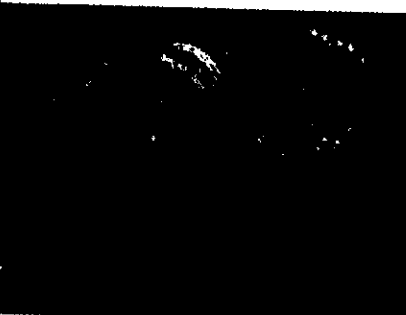
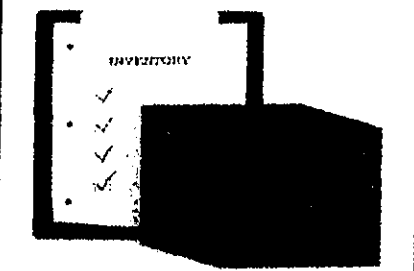

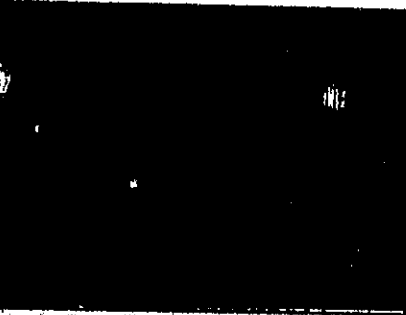


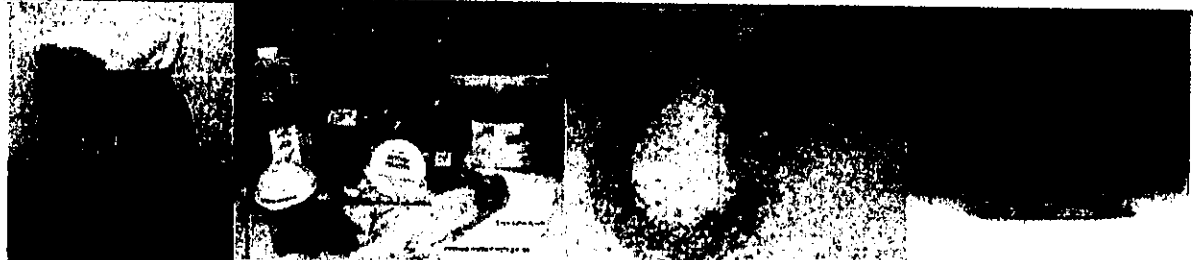



Document Title	EMS GUIDELINES			Annex D	
Process	Diesel, Oil and Grease – Handling, Transport and Storage			 BenguetCorp	
Document Code	EMSG-03	Revision No.	00	Effective Date	Sept. 15, 2015
Department	Motorpool, Mine Mechanical, Mill Mechanical			Page Number	Page 1 of 2
Prepared by:	 GE Atienza		Reviewed by:	 ISO Core Team	
			Approved by:	 AL Buenavista AVP – Resident Manager	


STORAGE	Long Term Storage: Steel Tanks	STORAGE	Short Term/Transport: Plastic Car Buoys	STORAGE	Short Term/Transport: Plastic/Steel Drums
					
	Storage 6-12 months at an ambient temp higher than		Required secondary container		Proper GHS label on the containers
STORAGE		STORAGE		STORAGE	
	Use proper PPE		Secondary catchment when refilling/transferring container		Oil-soaked materials are disposed separately
					 <small>© Can Safe Master - esp10210002</small> MASTER COPY
OIL RECOVERY	Oil-Water Separator	EMERGENCY	MSDS available	EMERGENCY	Spill Kit Nearby
	 <small>Typical Underground Grease Interceptor / Grease Trap</small>				



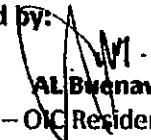
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Document Title	EMS GUIDELINES				
Process	Diesel, Oil and Grease – Handling, Transport and Storage				
Document Code	EMSG-03	Revision No.	00	Effective Date	Sept. 15, 2015
Department	Motorpool, Mine Mechanical, Mill Mechanical			Page Number	Page 2 of 2
Prepared by:	 GE Atienza		Reviewed by:	 AL Buenavista AVP – Resident Manager	
			ISO Core Team		

OIL RECOVERY	Use of Oil-Settling Tanks	MONITORING	Monitoring and recording of consumption	REFUELING	Only authorized personnel are allowed to refuel diesel containers
					 © Can Stock Photo
REFUELING	Designated underground refueling stations will be assigned		Use mine cars when transporting diesel underground	EMERGENCY	All vehicles are required to bring spill kit for emergency spills on site
					
EMERGENCY	Spill Kit: contains SAND, hand shovel, small dustpan, rags, plastic bag (labeled "Toxic Waste"). After soaking the spill using sand, collect the contaminated sand into a labeled plastic bag. Dispose accordingly				
					


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 **REVISIONS**

Document Title	EMS GUIDELINES			Annex E Benguet Corp	
Process	Contaminated Water				
Document Code	EMSG-12	Revision No.	00	Effective Date	September 15, 2015
Department	Mill, Mine, Mill and Mine Mechanical, Motor Pool, Environment			Page Number	Page 1 of 2
Prepared by:	 GE Atienza		Reviewed by:	 ISO Core Team	
			Approved by:	 AL Buenavista AVP – OIC Resident Manager	


MINES

Built underground drainage systems and canals to drain run-off water. These canals are drained by pump station near the portal, where a settling dam is installed before being discharged in the river. Some water are pumped to the mill (recycled)



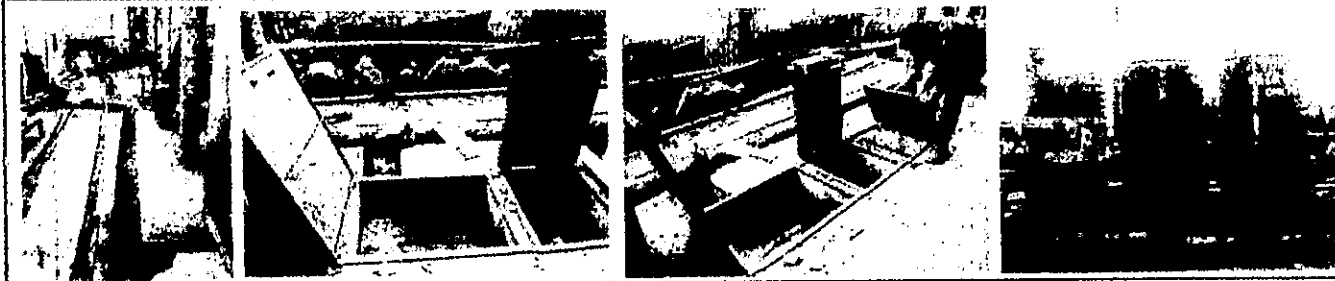
MOTOR POOL

Oil-water separator built in motor pool workshop/garage that "de-contaminates" used water. Collected, used oil from separator is stored in a hazard waste container to be disposed appropriately




MINE MECHANICAL


Oil-water separator built in mechanical workshop that "de-contaminates" used water. Collected used oil from separator is stored in a hazard waste container to be disposed appropriately





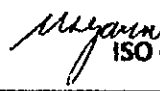
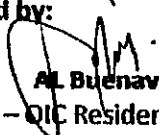
MILL


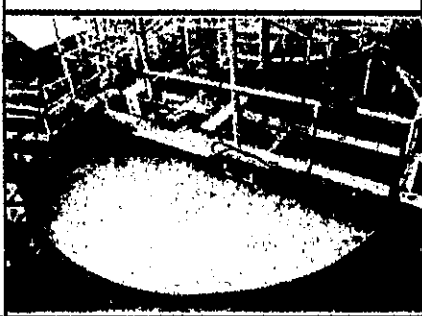


All discharge (pulp, tails, contaminated water) from the mill (from crushing, grinding to refining and smelting) goes into the Tails Treatment Facility. The solution is treated with SMBS before being pumped to Tails Storage Facility



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Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Contaminated Water				
Document Code	EMSG-12	Revision No.	00	Effective Date	September 15, 2015
Department	Mill, Mine, Mill and Mine Mechanical, Motor Pool, Environment			Page Number	Page 2 of 2
Prepared by:	 GE Atienza		Reviewed by:	 ISO Core Team	
			Approved by:	 Al Buenavista AVP – OIC Resident Manager	

MONITORING	Effluent Monitoring	MONITORING	Monitor tanks to avoid overflow	MONITORING	Regular cleanup of canal/drain
					
	Regular check of discharge valves pipes and connections				
					



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ENVIRONMENTAL
ENGINEERING
SERVICES

SOURCE EMISSION TEST REPORT

PARTICULATE MATTER AND LEAD (Pb)

- (1) 25kVA "DFC Ceramics" Electric Cupellation Furnaces 2**
- (2) 25kVA "DFC Ceramics" Electric Cupellation Furnaces 1**

Reference No.: GEES-SST-2105-047

Prepared for:



BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

Sampling Date: May 12 and 14, 2021

Report Date: July 13, 2021

REPORT CERTIFICATION

SOURCE EMISSION TEST REPORT

Reference No. GEES-SST-2105-047

BENGUET CORPORATION – ACUPAN CONTRACT MINING PROJECT

Balatoc, Virac, Itogon, Benguet

- (1) 25kVA "DFC Ceramics" Electric Cupellation Furnaces 2
- (2) 25kVA "DFC Ceramics" Electric Cupellation Furnaces 1

The sampling performed for this report was carried out under my direction and supervision. The analytical results that were performed by sub-contracted laboratories had been verified and were found to be in order. Thus, I hereby certify, to the best of my knowledge, that this test report is authentic and accurate.

Signature: _____

Date: JULY 13, 2021

Danilo M. Palaypay, Jr.
QA/QC Manager
SAT No. 2018-93

TABLE 2-1

**SUMMARY OF TEST RESULTS
25kVA "DFC Ceramics" Electric Cupellation Furnaces 2
N 16°21'34" E 120°39'32"
BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet**

Run Number	RUN 1	RUN 2	RUN 3	Average	CAA Limit
Sampling Date	12-May-21	12-May-21	12-May-21		
Sampling Time	1225H-1339H	1408H-1523H	1604H-1720H		
Source Data					
Volumetric Flow Rate (dry std), Ncmm	6	6	6	6	
Volumetric Flow Rate (actual), Ncmm	7	7	7	7	
Moisture Content, %	2.7	3.2	3.8	3.2	
Stack Gas Temperature, °C	21	24	27	24	
Carbon Dioxide Concentration, %	1.0	1.0	1.0	1.0	
Oxygen Concentration, %	20.0	20.0	20.0	20.0	
Process Rate Information					
% of capacity during test	Normal Operation	Normal Operation	Normal Operation	Normal Operation	
Hours of operation per year	4,979.74	4,979.74	4,979.74	4,980	
Particulate Matter Emissions					
Concentration, mg/Nc.m	8	12	25	15	150
Mass Emission Rate, μ g/hr	0.002798	0.004534	0.009629	0.005654	
Annual Emission Rate, MT/yr*	0.01393	0.02258	0.04795	0.02815	
Lead (Pb) Emissions					
Concentration, mg/Nc.m	2.6895	11.7389	12.3848	8.9377	10
Mass Emission Rate, μ g/hr	0.0009813	0.004310	0.004734	0.003342	
Annual Emission Rate, MT/yr*	0.004887	0.02146	0.02358	0.01664	
DENR Classification	Fuel Burning Steel Mill Furnace (New Source)				

* Annual emissions are presented as metric tons (MT) per year based on the reported plant operating hours per year.

TABLE 2-2

SUMMARY OF TEST RESULTS
25kVA "DFC Ceramics" Electric Cupellation Furnaces 1
N 16°21'34" E 120°39'32"
BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

Run Number	RUN 1	RUN 2	RUN 3	Average	CAA Limit
Sampling Date	14-May-21	14-May-21	14-May-21		
Sampling Time	1147H-1302H	1335H-1449H	1522H-1638H		
Source Data					
Volumetric Flow Rate (dry std), Ncmm	6	6	6	6	
Volumetric Flow Rate (actual), Ncmm	7	7	7	7	
Moisture Content, %	3.2	3.4	3.9	3.5	
Stack Gas Temperature, °C	24	25	27	25	
Carbon Dioxide Concentration, %	1.0	1.0	1.0	1.0	
Oxygen Concentration, %	20.0	20.0	20.0	20.0	
Process Rate Information					
% of capacity during test	Normal Operation	Normal Operation	Normal Operation	Normal Operation	
Hours of operation per year	1,904.84	1,904.84	1,904.84	1,905	
Particulate Matter Emissions					
Concentration, mg/Ncmm	17	14	14	15	150
Mass Emission Rate, kg/hr	0.005979	0.004962	0.005075	0.005339	
Annual Emission Rate, MT/yr*	0.01139	0.009452	0.009867	0.01017	
Lead (Pb) Emissions					
Concentration, mg/Ncmm	1.420	2.53	3.08	2.34	10
Mass Emission Rate, kg/hr	0.0005137	0.0009097	0.001156	0.0008597	
Annual Emission Rate, MT/yr*	0.0009786	0.001733	0.002202	0.001638	
DENR Classification	Fuel Burning Steel Mill Furnace (New Source)				

* Annual emissions are presented as metric tons (MT) per year based on the reported plant operating hours per year.



SECTION 2.0

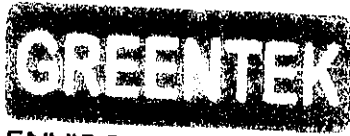
SUMMARY OF RESULTS

Tables 2-1 and 2-2 present the summary of the test results for the source tested in comparison to the National Emission Standards identified in IRR Part VII Rule XXV Table 2. Detailed descriptions of the specific run information and the example calculations used to calculate the tabular summary are attached in Appendix A. The raw field data used to prepare the run summary information in Appendix A are included in Appendix B. Emissions have been corrected to the standard conditions of 25°C and 760mmHg on a dry-basis (unless otherwise indicated).

The Greentek Monitoring Logsheets completed by the facility's representative indicates that the each furnace was installed on the year 2003, when the implementation of the IRR was already applied. The applicable standards applied to the two (2) units furnace under the CAA/IRR as new source, smelting furnaces located in an industrial area.

The results of testing indicate that the average PM and Lead (Pb) concentrations are within the applicable IRR standards. The concentrations measured have not been corrected to a standard Oxygen or Carbon dioxide percentage as these corrections are not included in the source permit (per DAO 2004-26 Rule XIX Section 12 Amendment to Rule XIX of the IRR).

A description of any method deviations and quality assurance assessments is included in Sections 4 and 5 of this report. Based on a review of the sampling data, facility operating information, test method description and quality assurance results, the average of the three test runs are judged to be representative of the source and suitable for comparison to the regulatory limits.



ENVIRONMENTAL
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SOURCE EMISSION TEST REPORT

**PARTICULATE MATTER, SULFUR OXIDES
NITROGEN OXIDES & CARBON MONOXIDE**

5,013 CFM Verantis Acid Fume Scrubber System (No.2)

Reference No.: GEES-SST-2102-011

Prepared for:

**BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet**

Sampling Date: February 04 and 06, 2021

Report Date: March 09, 2021

REPORT CERTIFICATION

SOURCE EMISSION TEST REPORT
Reference No. GEES-SST-2102-011

BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

5,013 CFM Verantis Acid Fume Scrubber System (No.2)

The sampling performed for this report was carried out under my direction and supervision. The analytical results that were performed by sub-contracted laboratories had been verified and were found to be in order. Thus, I hereby certify, to the best of my knowledge, that this test report is authentic and accurate.

Signature: _____



Date: MARCH 9, 2021

Cyril P. Hilisan
QA/QC Manager
SAT No. 2019-99

TABLE 2-1

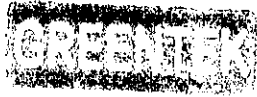
SUMMARY OF TEST RESULTS
5,013 CFM Verantis Acid Fume Scrubber System (No.2)
N 16°21'33" E 120°39'32"
BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

Run Number Sampling Date Sampling Time	RUN 1 4-Feb-21 1311H-1431H	RUN 2 4-Feb-21 1517H-1633H	RUN 3 6-Feb-21 1000H-1302H	Average	CAA Limit mg / Ncm
Source Data					
Volumetric Flow Rate (dry std), Ncm	105	105	105	105	
Volumetric Flow Rate (actual), Ncm	112	114	113	113	
Moisture Content, %	1.7	1.9	1.9	1.8	
Stack Gas Temperature, °C	14	16	16	15	
Carbon dioxide Concentration, %	1.5	1.5	1.5	1.5	
Oxygen Concentration, %	18.5	18.5	19.5	18.8	
Process Rate Information					
Ounces of gold	52.09	52.09	52.09	52	
% of Load during test	100%	100%	100%	100%	
Hours of operation per year	800	800	800	800	
Particulate Matter (PM) Emissions					
Concentration, mg/lcm	4	2	7	4	150
Mass Emission Rate, kg/hr	0.02214	0.01552	0.04269	0.02679	
Annual Emission Rate, MT/yr*	0.01771	0.01242	0.03415	0.02143	
Sulfur oxides (SO_x) Emissions					
Concentration, mg/lcm	3	3	3	3	700
Mass Emission Rate, kg/hr	0.01687	0.01602	0.01607	0.01632	
Annual Emission Rate, MT/yr*	0.01350	0.01282	0.01286	0.01306	
Nitrogen oxides (as NO₂) Emissions					
Concentration, mg/lcm	137	150	217	168	500
Mass Emission Rate, kg/hr	0.8636	0.9452	1.364	1.058	
Annual Emission Rate, MT/yr*	0.6909	0.7561	1.091	0.8461	
Carbon monoxide (CO) Emissions					
Concentration, mg/lcm	14.9	17.2	21.8	17.9	500
Mass Emission Rate, kg/hr	0.09365	0.1082	0.1371	0.1130	
DENR Classification	Fluel Burning Equipment (New Source)				

* Annual emissions are presented as metric tons (MT) per year based on the reported plant operating hours per year.

Remarks:

- a. Particulate Matter (PM) Emissions : Within the standard of 150 mg/Ncm
- b. Sulfur oxides (SO_x) Emissions : Within the standard of 700 mg/Ncm
- c. Nitrogen oxides (as NO₂) Emissions : Within the standard of 500 mg/Ncm
- c. Carbon monoxide (CO) Emissions : Within the standard of 500 mg/Ncm



SECTION 2.0

SUMMARY OF RESULTS

Table 2-1 presents the summary of the test results for the source tested in comparison to the National Emission Standards identified in IRR Part VII Rule XXV Table 2. Detailed descriptions of the specific run information and the example calculations used to calculate the tabular summary are attached in Appendix A. The raw field data used to prepare the run summary information in Appendix A are included in Appendix B. Emissions have been corrected to the standard conditions of 25°C and 760mmHg on a dry-basis (unless otherwise indicated).

The Greentek Monitoring Logsheet completed by the facility's representative indicate that the source was installed on the year 2003, when the implementation of the IRR was already applied. The applicable standards applied to the 5,013 CFM Verantis Acid Fume Scrubber System (No.2) under the CAA/IRR as new source, fuel burning equipment source located in an industrial area.

The results of testing indicate that the average PM, SO_x, NO_x and CO concentrations are within the applicable IRR standards. The concentrations measured have not been corrected to a standard Oxygen or Carbon dioxide percentage as these corrections are not included in the source permit (per DAO 2004-26 Rule XIX Section 12 Amendment to Rule XIX of the IRR).

Particulate Matter (PM), Sulfur oxides (SO_x) and Nitrogen oxides (NO_x) samples were submitted to Ostrea Mineral Laboratories, Inc. while Carbon monoxide (CO) samples were submitted to Greentech Laboratory and Allied Services, Inc. Attachment of the laboratory results are included in Appendix D of this report.

A description of any method deviations and quality assurance assessments is included in Sections 4 and 5 of this report. Based on a review of the sampling data, facility operating information, test method description and quality assurance results, the average of the three test runs are judged to be representative of the source and suitable for comparison to the regulatory limits.



ENVIRONMENTAL
ENGINEERING
SERVICES

SOURCE EMISSION TEST REPORT

**PARTICULATE MATTER, SULFUR OXIDES
NITROGEN OXIDES & CARBON MONOXIDE**

5,013 CFM Verantis Acid Fume Scrubber System (No.2)

Reference No.: GEES-SST-2112-124

Prepared for:

**BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet**

Sampling Date: December 14, 2021

Report Date: January 13, 2022

REPORT CERTIFICATION

SOURCE EMISSION TEST REPORT
Reference No. GEES-SST-2112-124

BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

5,013 CFM Verantis Acid Fume Scrubber System (No.2)

The sampling performed for this report was carried out under my direction and supervision. The analytical results that were performed by sub-contracted laboratories had been verified and were found to be in order. Thus, I hereby certify, to the best of my knowledge, that this test report is authentic and accurate.

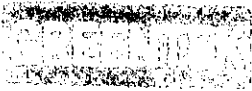
Signature: _____



Date: _____

JANUARY 13, 2022

Cyril P. Hilisan
QA/QC Manager
SAT No. 2019-99



SECTION 2.0

SUMMARY OF RESULTS

Table 2-1 presents the summary of the test results for the source tested in comparison to the National Emission Standards identified in IRR Part VII Rule XXV Table 2. Detailed descriptions of the specific run information and the example calculations used to calculate the tabular summary are attached in Appendix A. The raw field data used to prepare the run summary information in Appendix A are included in Appendix B. Emissions have been corrected to the standard conditions of 25°C and 760mmHg on a dry-basis (unless otherwise indicated).

The Greentek Monitoring Logsheet completed by the facility's representative indicate that the source was installed in 2003, when the implementation of the IRR was already applied. The applicable standards applied to the 5,013 CFM Verantis Acid Fume Scrubber System (No.2) under the CAA/IRR as new source, fuel burning equipment source located in an industrial area.

The results of testing indicate that the average PM, SO_x, NO_x and CO concentrations are within the applicable IRR standards. The concentrations measured have not been corrected to a standard Oxygen or Carbon dioxide percentage as these corrections are not included in the source permit (per DAO 2004-26 Rule XIX Section 12 Amendment to Rule XIX of the IRR).

Particulate Matter (PM), Sulfur oxides (SO_x) and Nitrogen oxides (NO_x) samples were submitted to Ostrea Mineral Laboratories, Inc. while Carbon monoxide (CO) samples were submitted to Greentech Laboratory and Allied Services, Inc. Attachment of the laboratory results are included in Appendix D of this report.

A description of any method deviations and quality assurance assessments is included in Sections 4 and 5 of this report. Based on a review of the sampling data, facility operating information, test method description and quality assurance results, the average of the three test runs are judged to be representative of the source and suitable for comparison to the regulatory limits.

TABLE 2-1

SUMMARY OF TEST RESULTS
5,013 CFM Verantis Acid Fume Scrubber System (No.2)
N 16°21'33" E 120°39'32"
BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

Run Number	RUN 1	RUN 2	RUN 3	Average	CAA Limit
Sampling Date	14-Dec-21	14-Dec-21	14-Dec-21		
Sampling Time	1302H-1419H	1444H-1600H	1000H-1302H		mg / Ncm
Source Data					
Volumetric Flow Rate (dry std), Ncmm	96	96	99	97	
Volumetric Flow Rate (actual), Ncmm	103	107	112	107	
Moisture Content, %	1.7	2.6	2.4	2.2	
Stack Gas Temperature, °C	13	21	26	20	
Carbon dioxide Concentration, %	1.0	1.0	1.0	1.0	
Oxygen Concentration, %	19.0	19.0	19.0	19.0	
Process Rate Information					
Ounces of gold	13.45	13.45	13.45	13	
% of Load during test	90%	90%	90%	90%	
Hours of operation per year	1,054	1,054	1,054	1,054	
Particulate Matter (PM) Emissions					
Concentration, mg/Ncm	5	4	3	4	150
Mass Emission Rate, kg/hr	0.02959	0.02206	0.01745	0.02303	
Annual Emission Rate, MT/yr*	0.03119	0.02325	0.01839	0.02428	
Sulfur oxides (SOx) Emissions					
Concentration, mg/Ncm	2	2	1	2	700
Mass Emission Rate, kg/hr	0.01257	0.01200	0.00569	0.01008	
Annual Emission Rate, MT/yr*	0.01325	0.01265	0.00600	0.01063	
Nitrogen oxides (as NO₂) Emissions					
Concentration, mg/Ncm	68	61	50	60	500
Mass Emission Rate, kg/hr	0.3875	0.3511	0.299	0.346	
Annual Emission Rate, MT/yr*	0.4084	0.3700	0.315	0.3644	
Carbon monoxide (CO) Emissions					
Concentration, mg/Ncm	14.9	2.3	2.3	6.5	500
Mass Emission Rate, kg/hr	0.08546	0.0132	0.0136	0.0374	
DENR Classification	Fuel Burning Equipment (New Source)				

* Annual emissions are presented as metric tons (MT) per year based on the reported plant operating hours per year.

Remarks:

- a. Particulate Matter (PM) Emissions : Within the standard of 150 mg/Ncm
- b. Sulfur oxides (SO_x) Emissions : Within the standard of 700 mg/Ncm
- c. Nitrogen oxides (as NO₂) Emissions : Within the standard of 500 mg/Ncm
- d. Carbon monoxide (CO) Emissions : Within the standard of 500 mg/Ncm

GREENTEK

ENVIRONMENTAL
ENGINEERING
SERVICES

**AMBIENT AIR QUALITY AND
NOISE LEVEL MONITORING
REPORT**

Reference No.: GEES-AQM-2110-054

Prepared for:

**BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT**
Balatoc, Virac, Itogon, Benguet

Sampling Date: October 21, 2021

Report Date: November 22, 2021

AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING
REPORT CERTIFICATION

THREE (3) STATIONS AREA TEST

PARAMETERS

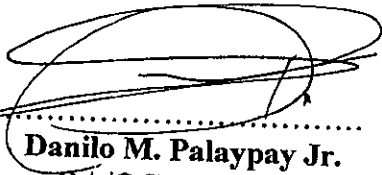
TOTAL SUSPENDED PARTICULATE (TSP)
SULFUR DIOXIDE (SO₂)
NITROGEN DIOXIDE (NO₂)
NOISE LEVEL MEASUREMENT

BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

The ambient air sampling and noise level monitoring reported herein was performed by Mr. Danilo M. Palaypay, Jr., Mr. Leo R. Toca and Mr. Reynaldo S. Pile. The analysis of samples was conducted under the direction and supervision of accredited laboratories

I certify that the information contained in this report is authentic and accurate to the best of my knowledge.

Signed:


Danilo M. Palaypay Jr.
QA/QC Manager

Date: NOVEMBER 22, 2021

Nitrogen Dioxide (NO₂)

Reference Procedure: Air Pollution Monitoring Manual, EMB-1994

Sampling Equipment: Gas Bubbler Sampler (USEPA compliant)

Method of Analysis: Colorimetric, Griess Saltzman

The SO₂ and NO₂ samples were preserved in an icebox while the TSP filters were placed in a clean envelope. The samples were transported to the laboratory for analysis.

3.0 SAMPLING LOCATION

There were three (3) ambient air sampling stations selected for sampling. The said stations are shown in the attached Photos (Annex C) and are briefly described as follows:

Station	Location	OBSERVATION / ACTIVITY IN THE AREA DURING THE TIME OF SAMPLING
1	Near Assay and Met Lab. (Downwind)	The sampling location was located near assay and met lab. The plant facility was operational during sampling. There were eleven (11) tricycles and twenty (20) SUV/FX that passed by during sampling.
2	Beside Keymens Road Waiting Shed (Upwind)	The sampling location was located beside Keymens road waiting shed area. The plant facility was operational during sampling. There were six (6) tricycles and seventeen (17) various vehicle that passed by during sampling.
3	Beside Benguet Corp. Administration Office (Upwind)	The sampling location was located beside Benguet Corp. Administration Office. The plant facility was operational during sampling. There were four (4) trucks that passed by during sampling.

4.0 SUMMARY OF AMBIENT AIR SAMPLING RESULTS

The ambient air sampling results are presented below. All supporting field data, analytical reports and calibration records are provided as attachments.

Table 1: Laboratory Analysis and Standard Results

Stn.	Location	Date / Time Sampling	TSP ($\mu\text{g} / \text{Nm}^3$)	SO₂ ($\mu\text{g} / \text{Nm}^3$)	NO₂ ($\mu\text{g} / \text{Nm}^3$)
1	Near Assay and Met Lab. (Downwind)	21-Oct-2021 0916H-1016H	76.1	19.8	7.5
2	Beside Keymens Road Waiting Shed (Upwind)	21-Oct-2021 1055H-1155H	112.2	22.4	8.5
3	Beside Benguet Corp. Administration Office (Upwind)	21-Oct-2021 1322H-1422H	77.5	14.8	8.0
DENR NAAQ Standards for 60 minutes sampling			300	340	260

These data are measured to standardize the test results to 25°C and 760mmHg and for comparison purpose.

Table 2: Meteorological Monitoring Results

Station	Location (GPS)	Date / Time Sampling	Barometric Pressure. (inch Hg) Result Avg.	Ambient Temp.(°C) Result Avg.	% Relative Humidity Result Avg.	Wind Speed Avg. (m/s)
1	Near Assay and Met Lab. (Downwind)	21-Oct-2021 0916H-1016H	27.32	29.9	56.9	0.7
	N 16°21'34" E 120°39'31"					
2	Beside Keymens Road Waiting Shed (Upwind)	21-Oct-2021 1055H-1155H	27.20	30.8	54.3	0.8
	N 16°21'36" E 120°39'32"					
3	Beside Benguet Corp. Administration Office (Upwind)	21-Oct-2021 1322H-1422H	27.3	28.0	67.2	1.0
	N 16°21'38" E 120°39'36"					

5.0 DISCUSSION OF RESULTS

The US EPA “Quality Assurance Handbook for Air Pollution Measurement Systems, Environmental Management Bureau, Department of Environment and Natural Resources, Philippine Environmental Policies, Laws and Regulations hand book was used as a guide to achieve the quality assurance objectives of producing data that are complete, representative and of known precision and accuracy.

Above results of analysis are compared to the National Ambient Air Quality Standards (NAAQS) for Source Specific Air Pollutants from Industrial Operations. These standards are specified in the Implementing Rules and Regulations of the Philippine Clean Air Act of 1999.

During sampling last October 21, 2021, the weather in stations 1, 2 and 3 was sunny to cloudy. Stations 1, 2 and 3 have a prevailing light to moderate wind blowing from Northeast to Southwest. Thus, *the results of sampling indicate that TSP, SO₂, and NO₂ concentrations are within the applicable CAA/IRR standard for 60 minutes sampling.*

3.0 SAMPLING LOCATIONS

The noise measurement locations are shown in Annex C and all stations are within the Benguet Corporation – Acupan Contract Mining Project premises. There are three (3) sampling locations surrounding the facility.

Station	Noise Location	OBSERVATION / SOURCE OF NOISE DURING THE TIME OF MEASUREMENT
1	Near Assay and Met Lab.	The audible noise detected came from the Scrubber system inside Benguet Corp. during the time of measurement.
2	Beside Keymens Road Waiting Shed	The audible noise detected came from the plant was operational during the time of measurement.
3	Beside Benguet Corp. Administration Office	The audible noise detected came from the air-con and plant was operational during sampling.

4.0 SUMMARY OF RESULTS

Table 3: Noise Monitoring Results

Location	Time	Median (dBA)	Category of the Area	DENR Standard (dBA)
Near Assay and Met Lab.	1028H-1033H	61.0	Class C	70
Beside Keymens Road Waiting Shed	1205H-1210H	69.3	Class C	70
Beside Benguet Corp. Administration Office	1441H-1446H	53.6	Class C	70

Division of 24-hour period

Morning	-	(0500H to 0900H) 5:00 AM to 9:00 AM
Day Time	-	(0900H to 1800H) 9:00 AM to 6:00 PM
Evening	-	(1800H to 2200H) 6:00 PM to 10:00 PM
Night Time	-	(2200H to 0500H) 10:00 PM to 5:00 AM



ENVIRONMENTAL
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AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING REPORT

Reference No.: GEES-AQM-2112-067

Prepared for:

**BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT**
Balatoc, Virac, Itogon, Benguet

Sampling Date: December 14, 2021

Report Date: January 13, 2022

AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING
REPORT CERTIFICATION

THREE (3) STATIONS AREA TEST

PARAMETERS

- TOTAL SUSPENDED PARTICULATE (TSP)
- SULFUR DIOXIDE (SO₂)
- NITROGEN DIOXIDE (NO₂)
- NOISE LEVEL MEASUREMENT

**BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet**

The ambient air sampling and noise level monitoring reported herein was performed by Mr. Manny R. Cruz and Mr. Ehdzel R. Orillaza. The analysis of samples was conducted under the direction and supervision of accredited laboratories

I certify that the information contained in this report is authentic and accurate to the best of my knowledge.

Signed:

Cyril P. Hilisan
QA/QC Manager

Date: JANUARY 13, 2022.....

Nitrogen Dioxide (NO₂)

Reference Procedure: Air Pollution Monitoring Manual, EMB-1994
Sampling Equipment: Gas Bubbler Sampler (USEPA compliant)
Method of Analysis: Colorimetric, Griess Saltzman

The SO₂ and NO₂ samples were preserved in an icebox while the TSP filters were placed in a clean envelope. The samples were transported to the laboratory for analysis.

3.0 SAMPLING LOCATION

There were three (3) ambient air sampling stations selected for sampling. The said stations are shown in the attached Photos (Annex C) and are briefly described as follows:

Station	Location	OBSERVATION / ACTIVITY IN THE AREA DURING THE TIME OF SAMPLING
1	Beside Keymens Road Waiting Shed (Downwind)	The sampling location was located beside Keymens road waiting shed area. The plant facility was operational during sampling. There were nineteen (19) jeeps, twenty (20) motorcycles and thirty-seven (37) cars that passed by near the sampling point.
2	Near Assay and Met Lab. (Downwind)	The sampling location was located near assay and met lab. The plant facility and the 5012 CFM Verantis Acid Fume Scrubber no. 2 were operational during sampling. There were two (2) jeeps, six (6) motorcycles, seven (7) trucks and seven (7) SUV that passed by near the sampling point.
3	Beside Benguet Corp. Administration Office (Upwind)	The sampling location was located beside Benguet Corp. Administration Office. The plant facility was operational during sampling. There were two (2) motorcycles, five (5) cars and eight (8) trucks that passed by near the sampling point.

4.0 SUMMARY OF AMBIENT AIR SAMPLING RESULTS

The ambient air sampling results are presented below. All supporting field data, analytical reports and calibration records are provided as attachments.

Table 1: Laboratory Analysis and Standard Results

Stn.	Location	Date / Time Sampling	TSP ($\mu\text{g} / \text{Nm}^3$)	SO ₂ ($\mu\text{g} / \text{Nm}^3$)	NO ₂ ($\mu\text{g} / \text{Nm}^3$)
1	Beside Keymens Road Waiting Shed (Downwind)	14-Dec-2021 0950H-1050H	61.5	15.9	7.7
2	Near Assay and Met Lab. (Downwind)	14-Dec-2021 1116H-1216H	270.2	16.0	12.9
3	Beside Benguet Corp. Administration Office (Upwind)	14-Dec-2021 1315H-1415H	106.5	20.0	13.5
DENR NAAQ Standards for 60 minutes sampling			300	340	260

These data are measured to standardize the test results to 25°C and 760mmHg and for comparison purpose.

Table 2: Meteorological Monitoring Results

Station	Location (GPS)	Date / Time Sampling	Barometric Pressure. (inch Hg) Result Avg.	Ambient Temp.(°C) Result Avg.	% Relative Humidity Result Avg.	Wind Speed Avg. (m/s)
1	Beside Keymens Road Waiting Shed (Downwind)	14-Dec-2021 0950H-1050H	27.13	29.0	49.8	1.4
	N 16°21'35" E 120°39'31"					
2	Near Assay and Met Lab. (Downwind)	14-Dec-2021 1116H-1216H	27.20	29.9	44.7	1.3
	N 16°21'33" E 120°39'30"					
3	Beside Benguet Corp. Administration Office (Upwind)	14-Dec-2021 1315H-1415H	27.14	30.7	43.2	1.4
	N 16°21'38" E 120°39'36"					

5.0 DISCUSSION OF RESULTS

The US EPA “Quality Assurance Handbook for Air Pollution Measurement Systems, Environmental Management Bureau, Department of Environment and Natural Resources, Philippine Environmental Policies, Laws and Regulations hand book was used as a guide to achieve the quality assurance objectives of producing data that are complete, representative and of known precision and accuracy.

Above results of analysis are compared to the National Ambient Air Quality Standards (NAAQS) for Source Specific Air Pollutants from Industrial Operations. These standards are specified in the Implementing Rules and Regulations of the Philippine Clean Air Act of 1999.

During sampling last December 14, 2021, the weather in stations 1, 2 and 3 was sunny and prevailing light to moderate wind blowing from Northeast to Southwest. Thus, *the results of sampling indicate that TSP, SO₂, and NO₂ concentrations are within the applicable CAA/IRR standard for 60 minutes sampling.*

3.0 SAMPLING LOCATIONS

The noise measurement locations are shown in Annex C and all stations are within the Benguet Corporation – Acupan Contract Mining Project premises. There are three (3) sampling locations surrounding the facility.

Station	Noise Location	OBSERVATION / SOURCE OF NOISE DURING THE TIME OF MEASUREMENT
1	Beside Keymens Road Waiting Shed	The audible noise detected came from the three (3) units ball mill during the time of measurement.
2	Near Assay and Met Lab.	The audible noise detected came from the vehicles that passed by during the time of measurement.
3	Beside Benguet Corp. Administration Office	The audible noise detected came from the vehicles that passed by during the time of measurement.

4.0 SUMMARY OF RESULTS**Table 3: Noise Monitoring Results**

Location	Time	Median (dBA)	Category of the Area	DENR Standard (dBA)
Beside Keymens Road Waiting Shed	1054H-1057H	71.6	Class C	70
Near Assay and Met Lab.	1217H-1220H	60.9	Class C	70
Beside Benguet Corp. Administration Office	1420H-1423H	59.7	Class C	70

Division of 24-hour period

Morning	-	(0500H to 0900H) 5:00 AM to 9:00 AM
Day Time	-	(0900H to 1800H) 9:00 AM to 6:00 PM
Evening	-	(1800H to 2200H) 6:00 PM to 10:00 PM
Night Time	-	(2200H to 0500H) 10:00 PM to 5:00 AM



Republic of the Philippines
 Department of Environment and Natural Resources
ENVIRONMENTAL MANAGEMENT BUREAU
 Central Office
 EMB Building, DENR Compound, Visayas Ave., Quezon
 City
 Telephone Nos: (632) 927-15-17, 928-37-25; Fax No.:
 (632) 920-2258
 Website: <https://emb.gov.ph>

TSD REGISTRATION CERTIFICATE

Pursuant to Chapter 5 of DENR Administrative Order (DAO) 2013-22, the Implementing Rules and Regulations of Republic Act 6969, Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, the applicant:

Name of Facility : **BENGUET CORPORATION. BALATOC/ BATUANG**

Facility Address : BALATOC, VIRAC, ITOGON, BENGUET

has submitted information to the satisfaction of the Environmental Management Bureau, Department of Environment and Natural Resources with regards to the Hazardous Wastes Treatment Storage and Disposal (TSD) facility registration requirements and is therefore assigned with the registration number:

OL TR CAR 11 000218

This hereby permits **BENGUET CORPORATION. BALATOC/ BATUANG** to maintain/operate as Treatment, Storage, and Disposal (TSD) Facility for the following:

Category	Types of Waste	Treatment Method
A	Wastes with cyanide (A101), Hydrochloric acid (B202), Nitric acid (B203)	Chemical Decomposition


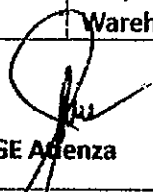
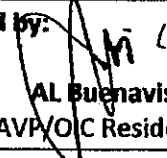
Subject to the following conditions:

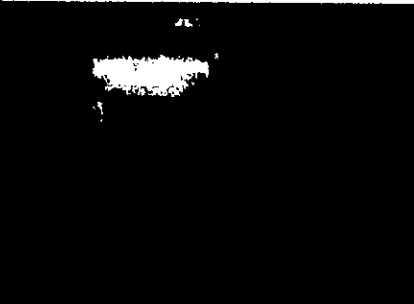

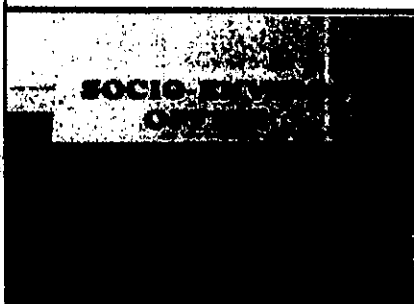

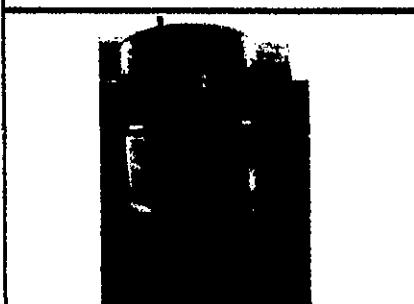
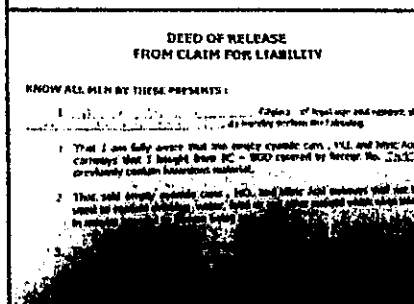
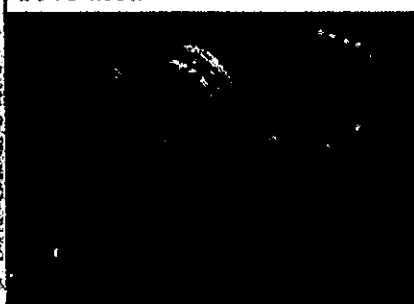

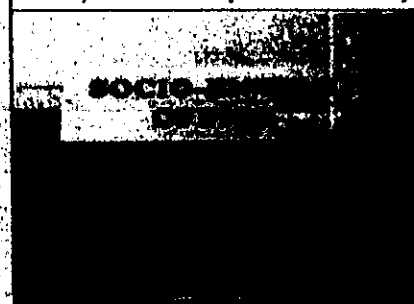


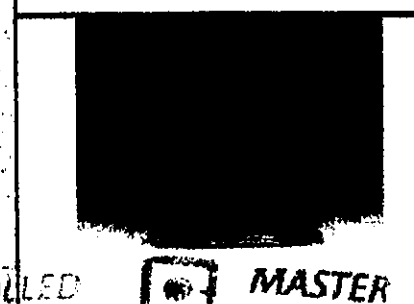
1. The TSD facility shall comply with all the requirements of R.A. 6969, its Implementing Rules and Regulation and the Procedural Manual for Hazardous Waste Management.
2. The TSD facility shall not exceed the capacity indicated in the Environmental Compliance Certificate (ECC).
3. Non-compliance to the above stipulations shall be subjected to the penalty provisions as provided under Section 41 of DAO 92-92 and Chapter 11 of DAO 2013-22.
4. This certificate is valid for (1) year from the approved date unless sooner revoked or suspended for cause by this Bureau. The application for renewal hereof should be filed with this Bureau at least one (1) month prior to the date of expiration.


ENGR. WILLIAM P. CUÑADO
Director, Environmental Management Bureau
 April 07, 2021



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Document Title	EMS GUIDELINES			 nex I BenguetCorp	
Process	Hazardous Waste Management (Used Oil, Oil and Grease Contaminated Items)				
Document Code	EMSG-07-A	Revision No.	00	Effective Date	September 15, 2015
Department	Mill, Mill Mechanical, Mine Mechanical, Motorpool, Warehouse, Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Azenza		Reviewed by:	 AL Buenavista BGO - AVP/OIC Resident Manager	
			ISO Core Team		



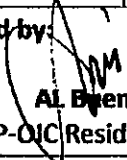
USED OIL	Each department will assign designated storage area for used oil	USED OIL	Use tightly sealed and properly labeled containers	USED OIL	When full, notify ENVIRO Dept for proper inventory & documentation
					
USED OIL	Collected containers will be stored in a centralized temporary storage	USED OIL	Accumulated used oil will be sold to interested parties	USED OIL	A signed waiver will be issued to by the buyer to the company
					
USED OIL	Used oil from mill mechanical will be re-used	OIL-CONTAMINATED	All contaminated items will be disposed in hazardous trash bin	OIL-CONTAMINATED	When full, seal the container and notify ENVIRO Dept for inventory
					
OIL-CONTAMINATED	Collected containers will be stored in a centralized temporary storage	OIL-CONTAMINATED	Contact an EMB-accredited Treatment/Storage/Disposal Company	OIL-CONTAMINATED	Used spill kit materials are disposed in the hazardous trash bin
					


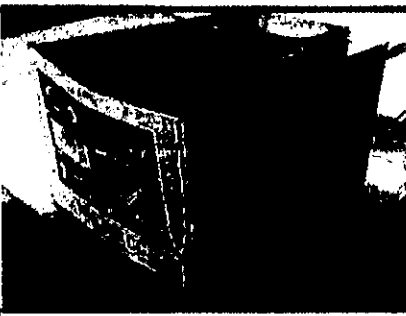
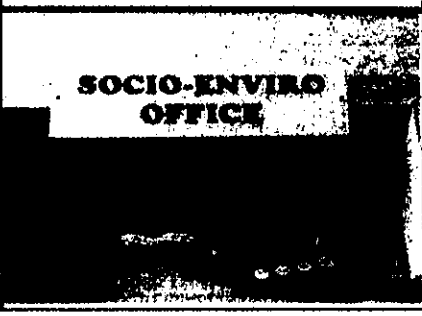


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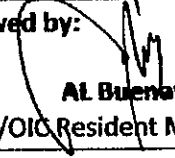
Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management (Aerosol Cans)				
Document Code	EMSG-07-B	Revision No.	00	Effective Date	September 15, 2015
Department	Warehouse, Geology, Mine Technical Services (Survey), Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza		Reviewed by:	 Al B. Navista AVP-OJC Resident Manager	












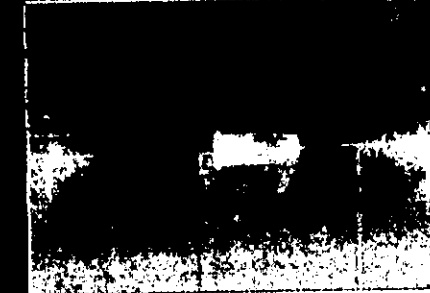
AEROSOL CANS	Each department will be responsible for collecting all their empty cans	AEROSOL CANS	Empty cans will be stored in it's original box (labeled "empty")	AEROSOL CANS	When the box is full, seal the box & notify ENVIRO Dept for inventory
					
AEROSOL CANS	Collected containers will be stored in a centralized temporary storage	AEROSOL CANS	Contact an EMB-accredited Treatment/Storage/Disposal Company	AEROSOL CANS	
					


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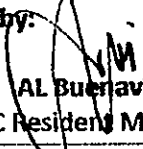

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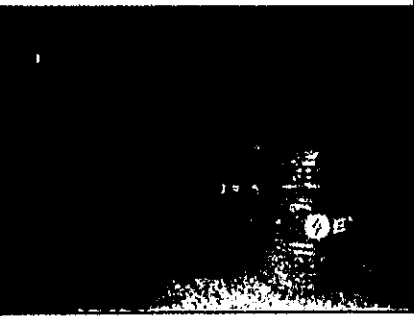




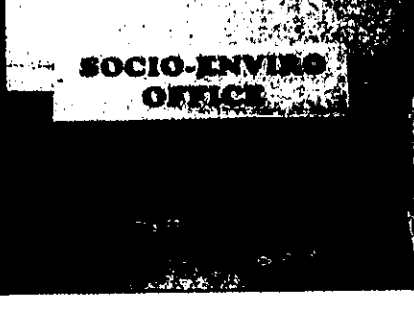
Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management – Mill Tailings (including Excess Metallurgic Samples, Sample Rejects)				
Document Code	EMSG-07-C	Revision No.	00	Effective Date	September 15, 2015
Department	Mill, Metallurgy Laboratory, Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Añenza		Reviewed by:	 AL Buenavista AVP/OIG Resident Manager - BGO	

All discharge (pulp, tails, contaminated water) from the mill (from crushing, grinding to refining and smelting) goes into Tails Treatment Facility. The solution is treated with SMBS before being pumped to Tails Storage Facility (TSF)					
					
MET LAB SAMPLES	All excess samples and rejects from Met Lab are returned to the Mill	SPILL	Sluice all spill towards canals that are connected to the treatment facility	MONITORING	Discharge monitoring
					
MONITORING	Monitor tanks to avoid overflow	MONITORING	Regular cleanup of canal/drain	MONITORING	Regular check of discharge valves pipes and connections
					
MONITORING	Regular monitoring of TSF	MONITORING	Installation of piezometer to monitor TSF (dam's) strength	MONITORING	Installation of stopper boards at TSF
					

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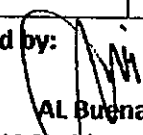
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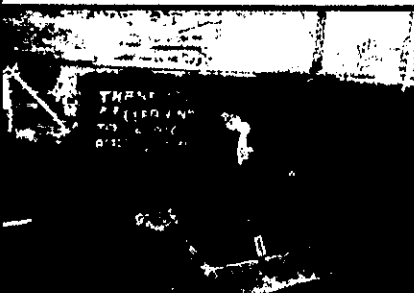

Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management – Cyanide Cans/Contaminated Plastic				
Document Code	EMSG-07-D	Revision No.	00	Effective Date	September 15, 2015
Department	Warehouse, Mill, Safety, and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza			Reviewed by:	 ISO Core Team
				Approved by:	 AL Buenavista AVP/OIC Resident Manager - BGO



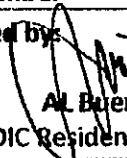
CYANIDE CANS	Mill will assign designated stockpile area for empty cyanide cans	CYANIDE CANS	Safety Department will collect all empty cans for re-use	CYANIDE CANS	All cans are washed properly with water and soap before reuse
					
CYANIDE CANS	Use designated wash area to control contaminated wash water	CYANIDE CANS	Puncture holes at the bottom to discourage reusing for any liquids	CYANIDE PLASTIC	All packaging from the cyanide crate are considered haz-waste
					
CYANIDE PLASTIC	All cyanide packaging will be disposed in the haz-waste trash bin	CYANIDE PLASTIC	When full, seal the container and notify ENVIRO Dept for inventory	CYANIDE PLASTIC	Collected waste bags will be stored in a centralized temporary storage
					
CYANIDE PLASTIC	Contact an EMB-accredited Treatment/Storage/Disposal Company				
					









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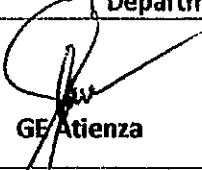

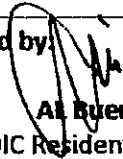
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Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management – Reagent/Chemical Sacks and Bags				
Document Code	EMSG-07-E	Revision No.	00	Effective Date	September 15, 2015
Department	Mill, Metallurgy Lab, Assay Lab, Warehouse, and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza		Reviewed by:	 AL Buenavista AVP/OIC Resident Manager - BGO	
			ISO Core Team		

REAGENT SACKS/BAGS	All department users will assign designated area for empty sacks 	REAGENT SACKS/BAGS	Accumulated sacks will be transferred to a centralized temporary storage 	REAGENT SACKS/BAGS	Notify ENVIRO Dept for proper inventory and documentation 
REAGENT SACKS/BAGS	Contact an EMB-accredited Treatment/Storage/Disposal Company 	REAGENT SACKS/BAGS	The sacks from the following reagents are considered haz-waste Caustic Soda Borax Soda Ash, Light Bone Ash Litharge, Cmm'l Grade	CARBON SACKS	Empty carbon sacks can be stored for future re-use 
Na₂S₂O₅ BAGS	Empty sodium metabisulfite bags are washed for re-use 	Na₂S₂O₅ BAGS	Use designated wash area to control contaminated wash water 	 MASTER COPY	

Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management (Laboratory/Mill Procedure Wastes – Slags, Used Bowl Clay, Crucibles and Cupels, Contaminated Lab Equipment/Tiles)				
Document Code	EMSG-07-F	Revision No.	00	Effective Date	September 15, 2015
Department	Assay Lab, Metallurgy Lab, Mill, and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza		Reviewed by:	 AL Buenavista AVP/OIC Resident Manager - BGO	
			ISO Core Team		

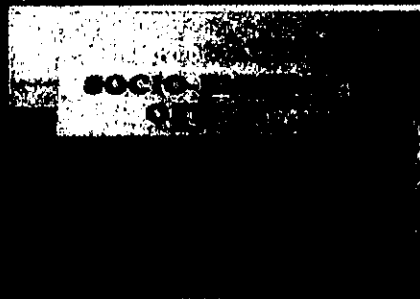
LAB/MILL WASTE	Each department will be responsible for collecting their own lab waste	LAB/MILL WASTE	Assign designated temporary storage for collected waste per department	LAB/MILL WASTE	Each lab waste is disposed separately, properly sealed and labeled
	Assay Laboratory Mill Metallurgy Laboratory				
LAB/MILL WASTE	Accumulated sacks will be transferred to a centralized temporary storage	LAB/MILL WASTE	Notify ENVIRO Dept for proper inventory and documentation	LAB/MILL WASTE	Maintain segregation for different lab waste (properly labeled)
					
LAB/MILL WASTE	Contact an EMB-accredited Treatment/Storage/Disposal Company	LAB/MILL WASTE	Chemical precipitates on the acid scrubber is dissolved before disposal		
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Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management (Acid Carbuoys)				
Document Code	EMSG-07-G	Revision No.	00	Effective Date	September 15, 2015
Department	Assay Lab, Metallurgy Lab, Mill, Warehouse and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza		Reviewed by:	 ISO Core Team	
			Approved by:	 Al Buenavista AVP/OIC Resident Manager - BGO	

Each department will have a temporary space for empty carbuoy storage



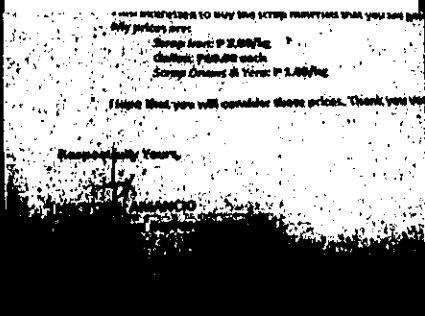
When space is full, notify ENVIRO for proper inventory & documentation



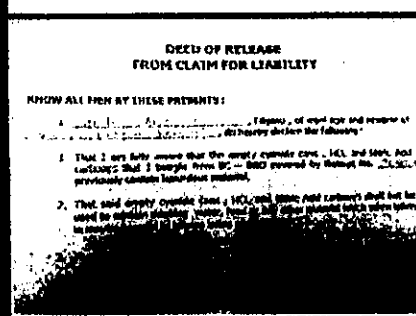
Collected carbuoys will be stored in a centralized temporary storage



Materials & Management Group will contact interested buyers


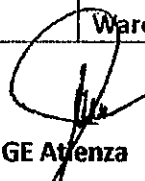
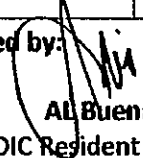







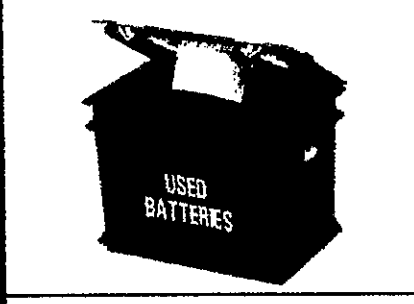
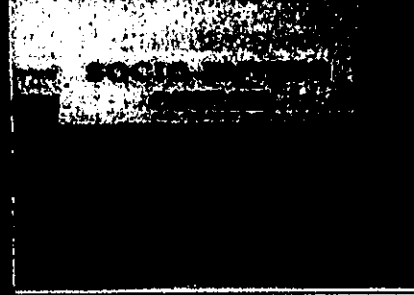


A signed waiver will be issued by the buyer to the company



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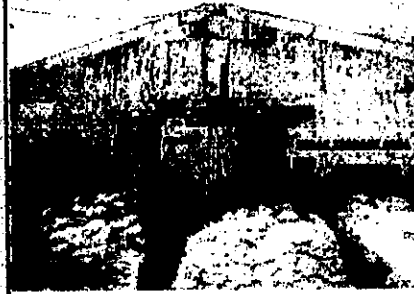


Document Title	EMS GUIDELINES				
Process	Hazardous Waste Management (Batteries)			Benguet Corp	
Document Code	EMSG-07-H	Revision No.	00	Effective Date	September 15, 2015
Department	All Departments, Motorpool, Mine Mechanical, Electrical, Warehouse, and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza		Reviewed by:	 Al Buenavista AVP/OIC Resident Manager - BGO	

VEHICLE BATTERY	Motorpool will collect all unusable batteries in a designated space	VEHICLE BATTERY	When space is full, notify ENVIRO for proper inventory & documentation	VEHICLE BATTERY	Collected batteries will be stored in a centralized temporary storage
					
VEHICLE BATTERY	Contact an EMB-accredited Treatment/Storage/Disposal Company	DRY CELL BATTERIES	Electrical Dept will collect all empty batteries from all departments	DRY CELL BATTERIES	Collected batteries will be stored in a leak-proof waste container
					
DRY CELL BATTERIES	When bin is full, notify ENVIRO for proper inventory & documentation	DRY CELL BATTERIES	Collected batteries will be stored in a centralized temporary storage	DRY CELL BATTERIES	Contact an EMB-accredited Treatment/Storage/Disposal Company
					

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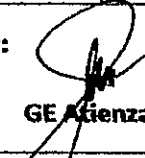

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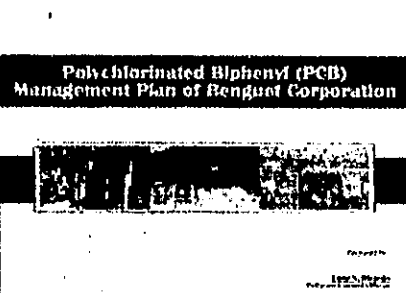




Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management – Fluorescent Lamps and Bulbs				
Document Code	EMSG-07-1	Revision No.	00	Effective Date	September 15, 2015
Department	All Departments, Electrical, Warehouse, and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Alienza		Reviewed by:	 ISO Core Team	
			Approved by:	 Al Buenavista AVP-QIC Resident Manager	

FLUORESCENT LAMPS/BULBS	All busted lamps and bulbs are collected by the Electrical Dept	FLUORESCENT LAMPS/BULBS	Collected lights/bulbs are stored in a centralized temporary storage	FLUORESCENT LAMPS/BULBS	Notify Enviro Department for proper inventory & documentation
					
FLUORESCENT LAMPS/BULBS	Contact an EMB-accredited Treatment/Storage/Disposal Company				
					

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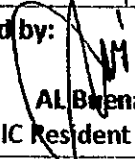
Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management - PCB				
Document Code	EMSG-07-J	Revision No.	00	Effective Date	September 15, 2015
Department	Electrical, Safety and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza		Reviewed by:	 Al Buenavista AVP-OIC Resident Manager	
			ISO Core Team		


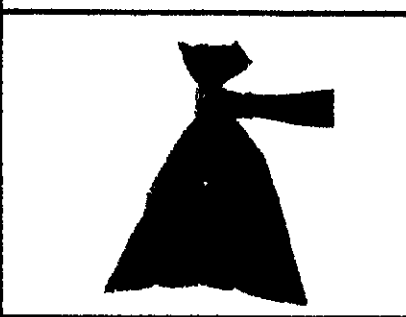
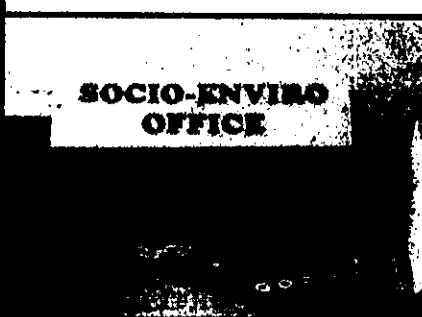
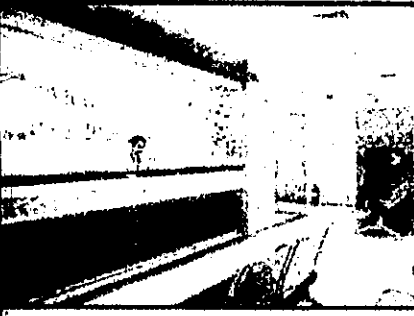
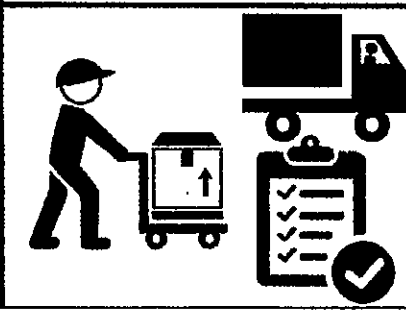
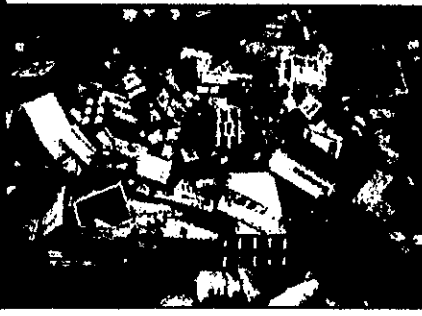
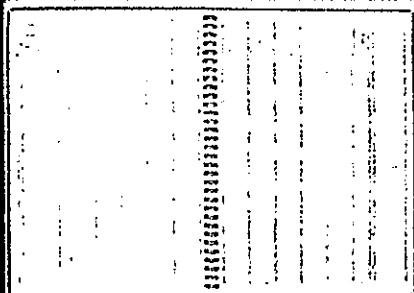
PCB OIL	In case of spill, follow ENVIRO's PCB Management Plan	PCB OIL	After spill cleanup, waste collected is stored in an approved steel drum	PCB OIL	Spill cleanup waste can only be handled by trained PCB responders
					
PCB OIL	Steel drum is transferred to a temporary centralized storage facility	PCB OIL	Contact an EMB-accredited Treatment/Storage/Disposal Company		
					

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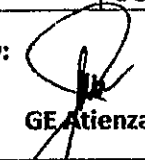
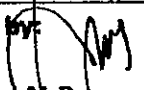
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Document Title	EMS GUIDELINES				
Process	Hazardous Waste Management – Medical Waste				
Document Code	EMSG-07-K	Revision No.	01	Effective Date	September 15, 2015
Department	Clinic, Safety, Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Alienza			Reviewed by:	 ISO Core Team
				Approved by:	 AL Brenavista AVP/OIC Resident Manager - BGO

MEDICAL WASTE	<p>Medical waste is collected in a separate waste bin</p> 	MEDICAL WASTE	<p>When bin is full, it is transferred to specially marked "biohazard" bags</p> 	MEDICAL WASTE	<p>Enviro Department is notified for proper inventory & documentation</p> 
MEDICAL WASTE	<p>Biohazard bags are sent to Benguet Lab every last Sunday of the month</p> 	MEDICAL WASTE	<p>Clinic will coordinate with Envi and Motorpool for delivery logistics</p> 	MEDICAL WASTE	<p>Expired medicines are also thrown on this special waste bin</p> 
MEDICAL WASTE	<p>All disposal are recorded in a logbook (including date & quantity)</p> 				

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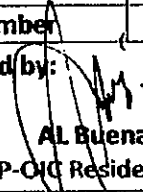
Document Title	EMS GUIDELINES			 BenguetCorp	
Process	Hazardous Waste Management – Other Chemical/Reagent Containers (Crates, Boxes, & Bottles)				
Document Code	EMSG-07-L	Revision No.	00	Effective Date	September 15, 2015
Department	Warehouse, Mill, Metallurgy Lab, Assay Lab, and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza		Reviewed by:	 Al Buenavista AVP-OIC Resident Manager	


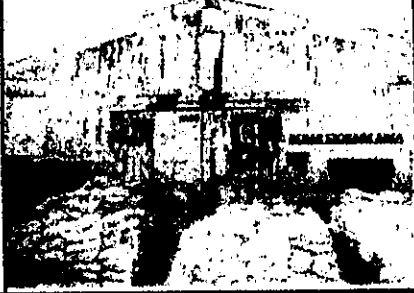



ACID BOTTLES	Assign designated areas for temp storage of empty bottles per dept	ACID BOTTLES	Segregate bottles and containers by following EMS guideline for chemicals	REAGENT CONTAINERS	Label designated areas properly
					
REAGENT CONTAINERS	When storage area is full, notify Enviro for proper inventory & documentation	REAGENT CONTAINERS	Collected containers are stored in a centralized temporary storage	REAGENT CONTAINERS	Maintain segregation and labels in the central storage
					
REAGENT CONTAINERS	Contact an EMB-accredited Treatment/Storage/Disposal Company				
					

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Document Title	EMS GUIDELINES			 Benquet Corp	
Process	Hazardous Waste Management – MIBK Waste				
Document Code	EMSG-07-M	Revision No.	00	Effective Date	September 15, 2015
Department	Assay Lab, and Enviro Department			Page Number	Page 1 of 1
Prepared by:	 GE Atienza			Reviewed by:	 MIBK ISO Core Team
				Approved by:	 AL Buenavista AVP-OIC Resident Manager

MIBK WASTE	Waste MIBK is stored back to it's original container for containment	MIBK WASTE	All filled up containers are sent to a centralized temporary storage	MIBK WASTE	Notify Enviro Dept for proper inventory and documentation
					
MIBK WASTE	In the central storage, all will be transferred in an approved steel drum	MIBK WASTE	Contact an EMB-accredited Treatment/Storage/Disposal Company		
					



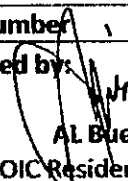
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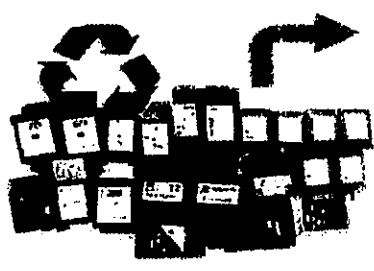




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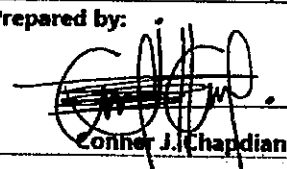
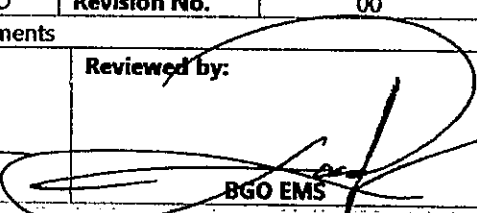
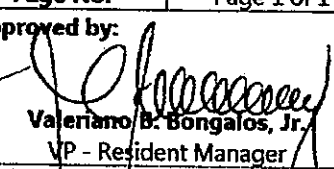
Document Title	EMS GUIDELINES				
Process	Hazardous Waste Management – Ink Cartridges			BenguetCorp	
Document Code	EMSG-07-N	Revision No.	00	Effective Date	September 15, 2015
Department	Enviro, All Departments			Page Number	Page 1 of 1
Prepared by:	 GE Atienza		Reviewed by:	 Al Buenavista AVP/OIC Resident Manager - BGO	
			ISO Core Team		

DISPOSAL	Empty printer ink cartridges are collected by each department	DISPOSAL	All empty cartridges are returned to the Enviro Dept. for storage	DISPOSAL	Refillable cartridges will be separated from disposable ones
					
DISPOSAL	Procurement will handle refilling	DISPOSAL	Envi or Procurement will re-sell disposable ink cartridges	DISPOSAL	
					



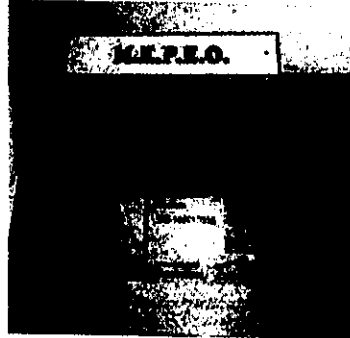




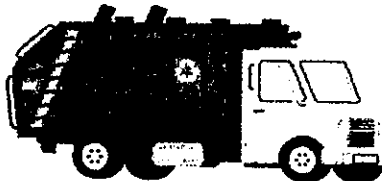
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Document Title	EMS GUIDELINES				
Process	Hazardous Waste Management- Used Face Mask				
Document Code	EMSG-07-O	Revision No.	00	Effective Date	January 22, 2022
Department	All Departments			Page No.	Page 1 of 1
Prepared by:	Reviewed by:		Approved by:		
 Conner J. Chappian	 BGO EMS		 Valeriano B. Bongalos, Jr. VP - Resident Manager		

USED FACE MASK- HANDLING AND DISPOSAL

Used face masks are disposed of on a designated waste bin.	When the waste container can be tied and sealed, it is transferred to a hazardous 2-layer waste bag and sealed properly.	MEPEO Dept. is notified for proper inventory and documentation.
		

Disinfect with 0.5% hypochlorite.	Collected used face masks are stored in a centralized temporary storage facility.	Disinfected face masks can be disposed as regular waste upon disinfection
 0.5% Hypochlorite		

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ENVIRONMENTAL COMPLIANCE CERTIFICATE

CAR 1012 – 174 – 2110 (Amended)

The Department of Environment and Natural Resources (DENR) thru the Environmental Management Bureau – Cordillera Administrative Region (EMB-CAR) hereby grants this Environmental Compliance Certificate (ECC) for the **Acupan Contract Mining Project (ACMP) of Benguet Corporation** located at the former Balatoc Power Station Area, Virac, Itogon, Benguet, after complying with the Environmental Impact Assessment (EIA) requirements as prescribed in the promulgated guidelines implementing section 3 (b) of P.D. 1586.

This Certificate is further specified as follows:

A. Scope:


1. This Certificate is valid only for the abovesited project with a rated milling capacity not to exceed 300 dry metric tons per day (300 DMT/Day) and/or as described in the submitted documents.
2. This Certificate does not exempt the project from the requirements of other concerned agencies;

B. Conditions:

1. The development and operation of the project shall be in accordance with the plans and specifications described in the submitted documents. Any major modification and/or expansion shall be subject to the Environmental Impact Statement (EIS) System requirement;
2. The proponent shall cause the implementation of the Environmental Management Plan (EMP) and all other BC commitments described in the submitted EIA documents;
3. Tailings and other wastes generated from the operation of the plant shall be contained and disposed-off properly in the designated pollution control facility(ies) as described in the submitted EIA documents;
4. Pond/plant effluent discharges shall conform with the standards set forth under RA 9275 otherwise known as the Clean Water Act of the Philippines and its implementing Rules and Regulations;

- ERN
5. Piezometer monitoring station(s) shall be installed along strategic area(s) at tailings pond nos. 1 and 2 (TP #1 & TP #2) to monitor phreatic level stability;
 6. The legal requirements pursuant to RA 6969 also known as the Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990, RA 9275 or the Philippine Clean Water Act of 2004 and, RA 8749 or the Philippine Clean Air Act of 1999 shall be secured consistent to the operations of the plant. Compliance to said requirements shall be coordinated with the EMB-CAR;
 7. Should there be a breakdown in the pollution control appurtenances and/or major damage(s) incurred, the proponent shall voluntarily cease its operation until such time that said damages incurred shall be rehabilitated or restored. Further, the proponent shall immediately inform the EMB, DENR-CAR of said damages and of the remedial measures undertaken;
 8. The proponent shall submit to EMB-CAR one (1) year prior to the final shutdown of the plant a comprehensive abandonment plan. In relation, the EMB shall first review and approve the environmental aspects/components of the plan consistent with EMB functions prior to implementation;
 9. To oversee the compliance of the proponent with the ECC conditions, the proponent shall maintain the operation of the established Sectoral Monitoring Team including the Environmental Monitoring Fund (EMF) to cover all costs attendant to the said monitoring.
 10. The project is subject to on-the-spot monitoring/inspection at any reasonable time by the EMB-CAR which may be in coordination with concerned groups.
 11. The proponent shall cause the implementation of any undertaking which may be imposed by the EMB-CAR as a result of Technical Conference/s called relative hereof;
 12. This Certificate supersedes the Environmental Compliance Certificate (ECC) NO. CAR 0211-144-120 issued the project on November 29, 2002.
 13. This Certificate shall be deemed automatically expired if the project is not implemented within five (5) years from the date of issuance; and
 14. Any transfer of project proprietorship or project name carries the same conditions in this ECC for which notification to the EMB-CAR shall be made by the proponent within fifteen (15) days from such transfer.

Non-compliance with any of the above stipulations will be sufficient cause for the suspension or cancellation of this Certificate, administrative sanctions against the office head and/or imposition of fine in the amount not to exceed Fifty Thousand Pesos (P



50,000.00) for every violations thereof, at the discretion of the DENR (Section 9 of P. D. 1586).

C. Recommendations (for the consideration of the project proponent, the PMRB-Benguet/MGB-CAR and, other concerned agencies in the issuance of applicable permits/authorities):

1. The recommendations cited in the Geotechnical Analysis of Dam and Review of the Hydrology for the Re-mining of Tailings from the BGO Tailings Ponds No. I, II, & III final report, where applicable, should be given preferential consideration under the requirements of the MGB-CAR;
2. Qualified local residents should be given priority employment during the development and operation of the project;
3. Construction works should be under the tight supervision of a technical personnel to ensure that standards and requirements of sound engineering, safety and health practices are strictly followed;
4. An emergency response and contingency plan in the event of failure of any of the project appurtenant facilities and/or during disaster/calamity; and
5. The appurtenant physical structures and equipment of the project, where applicable, are subject to the requirements of the National Building Code of the Philippines and the permitting requirements of MGB-CAR/LGU-concerned.

Issued this _____ day of 15 DEC 2010, Year Two Thousand Ten.

RECOMMENDING APPROVAL:

APPROVED:


NESTOR M. DONAAL
Chief, EIA Division


PAQUITO T. MORENO, JR.
Regional Director

Amendment of ECC Condition P 1,200.00 O.R. No. _____ Date _____
Legal Research Fee P 240.00 O.R. No. _____ Date _____

NOTE: NOT VALID WITHOUT SEAL

ANNEX K



REGISTRY OF COMPLIANCE OBLIGATIONS - BGO


Prepared by:	Reviewed by:	Approved by:
DRCS-11	Revision No: 07	Effectivity Date: January 16, 2022
Document Code:		

In-charge: MEPEO		Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
1	Governing Laws, Rules and Regulations	General Environment PD 1586 Establishing an Environment Impact Statement System including other Environmental Management related measures and for other purposes DAO 2003-30 Implementing Rules and Regulations (IRR) for the Philippine Environmental Impact Statement (EIS) System	DENR - EMB		COMPLIANT	Restricted to 300 tonnes per day
2	DAO 2014-02- Revised Guidelines for Pollution Control Officer Accreditation	Accreditation of Pollution Control Officer	DENR - EMB		COMPLIANT	Accreditation is valid until March 6, 2023
		Training Course for Managing Head				
3		Preparation and Submission of Self-Monitoring-Report (SMR)	DENR/ EMB		COMPLIANT	Held on Feb. 17, 2020
4	DAO 2003-27 Amending DAO 26, DAO 29 and DAO 81, Among others on the Submission of Self-Monitoring-Report (SMR)				COMPLIANT	Submitted on January 15, 2022, 10:05am thru Online
5					COMPLIANT	

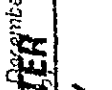


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No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
6	R.A. 9003 Ecological Solid Waste Management Act of 2000; DAO 2001-34 Implementing Rules & Regulations of RA 9003	Section 4, Segregation, Collection and Transport of Solid Waste	DENR - EMB	Actual On-site Inspection report and photographs dated 07/27/2021. (EMM) (Enclosure Form 001)	COMPLIANT	Submitted: Jan. 28, 2020 (REVISED) Solid waste management is included into the program
7				Self-Monitoring Report (SMR) of 2021 (Solid Waste Collection and Management Report)	COMPLIANT	SMR 4th Qtr 2021 - Module 5
8				Discharge Permit for Effluent Pollution	PARTIALLY COMPLIANT	Expiry date: November 19, 2021, (Renewal is on process, submitted on Oct. 27, 2021)
9	R.A. 9275 Philippine Clean Water Act of 2004; DAO 2005-10 Implementing Rules & Regulations of RA 9275	Section 14: Discharge Permit	DENR - EMB	Discharge Permit for Effluent Pollution (Municipal Wastewater Treatment Plant)	COMPLIANT	Expiry date: July 20, 2022
10		Section 14.6: Self-Monitoring Report	DENR - EMB	Self-Monitoring Report (SMR) Quarterly 2021	COMPLIANT	SMR 4th Qtr 2021 - Module 3
11				Latest sampling: October 30, 2021	COMPLIANT	Latest sampling: October 30, 2021
12		Compliance on Effluent Standard	DENR - EMB	Latest sampling: December 6, 2020	COMPLIANT	Date sampled: December 6, 2020
13	DAO 2016-08 Water Quality and General Effluent Standards Of 2016			Latest sampling: December 6, 2020 (included on the Quarterly MMT sampling & report)	COMPLIANT	Date sampled: December 6, 2020
14				Latest sampling: December 6, 2020	COMPLIANT	Date sampled: December 6, 2020

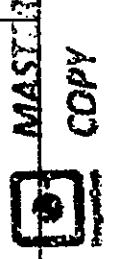


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No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
15				Permit to Operate - Sec 24 Pollution From Other Sources of RA 8749	COMPLIANT	Date Issued: May 22, 2021 Date Expires: January 22, 2026
16				Permit to Operate - Sec 24 Pollution From Other Sources of RA 8749	COMPLIANT	Issued: June 27, 2017 Expires on June 26, 2022
17	R.A. 8749 Philippine Clean Air Act of 1999; Article 4, Section 21-Pollution From Motor Vehicles Article 5, Section 24 Pollution From Other Sources DAO 2000-81 Implementing Rules & Regulations of RA 8749	Permit to Operate of Air Pollution Sources	DENR - EMB	Permit to Operate - Sec 24 Pollution From Other Sources of RA 8749	COMPLIANT	Issued: February 13, 2017 Expires on February 12, 2024
18				Permit to Operate - Sec 24 Pollution From Other Sources of RA 8749	COMPLIANT	Issued: March 11, 2020 Expires on February 16, 2025
19				Permit to Operate - Sec 24 Pollution From Other Sources of RA 8749	COMPLIANT	Issued: June 22, 2017 Expires on June 21, 2022
20				Permit to Operate - Sec 24 Pollution From Other Sources of RA 8749	COMPLIANT	Issued: May 22, 2018 Expires on May 21, 2023
R.A. 6969, Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990; DAO 1992-29 Implementing Rules & Regulations of RA 6969						
21	DAO NO. 1997-39 Chemical Control Order for Cigarettes and E-cigarettes	Securing CCO Reg. Cert.		Chemical Control Order for Cigarettes and E-cigarettes	COMPLIANT	Online registration issued on March 4, 2020



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No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
22	DAO NO. 2013-24 Chemical Control Order for Lead and Lead Compounds	Securing CCO Reg. Cert.	DENR - EMB	RCN: CCO-2016-025Pb	COMPLIANT	
23	DAO NO. 2013-24 Chemical Control Order for Lead and Lead Compounds	Securing CCO Reg. Cert.			COMPLIANT	
24	MEMORANDUM CIRCULAR NO. 2003 - 008 Series of 2003-Procedural and Reference Manual for DAO 2003-27	Quarterly SMR submission/s			RCN: CCO-PCB-RCAR-BEN-32	COMPLIANT
25	DAO 2013-22, Revised Procedures and Standards for the Management of Hazardous Waste (Revising DAO 2004-36) 3.3 Requirement for Waste Generators	1. Hazardous Waste Generator Registration Certificate	DENR - EMB		COMPLIANT	
26		2. Quarterly Report (SMR)			COMPLIANT	Submitted on January 15, 2022, 10:06 am thru Online
27		3. Comprehensive Emergency Contingency Plans			COMPLIANT	
28		4. Storage and Labeling requirements		EMSG Guidelines EMSG-07-A, EMSG-07-B, EMSG-07-C, EMSG-07-D, EMSG-07-E, EMSG-07-F, EMSG-07-G, EMSG-07-H, EMSG-07-I, EMSG-07-J, EMSG-07-K, EMSG-07-L, EMSG-07-M, EMSG-07-N	COMPLIANT	

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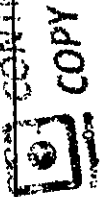
No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
29	DAO 2013-22, 4.0 Governing Rules and Regulation for Hazardous Waste Transporter Section 26. Waste Generators	Registered Waste Transporters, Duly Authorized by DENR	DENR - EMB	...	COMPLIANT	
30	DAO 2013-22, 4.0 Governing Rules and Regulation for Hazardous Waste Transporter Section 27 Waste Transporter	Waste Generator ID	DENR - EMB	...	COMPLIANT	
31	DO 136-18 Guidelines for the Implementation of Globally Harmonized System (GHS) in Chemical safety Program in the Workplace Section 29. Hazardous Waste Storage and Labelling	Storage & Labelling requirements	DENR - EMB	EMS GUIDELINES	COMPLIANT	
32	DAO 2013-22, 4.0 Governing Rules and Regulation for Hazardous Waste Transporter, 50 Governing Rules and Regulations for Hazardous Waste Treatment Storage and Disposal (TSD) Facilities.	TSD Registration Certificate	DENR - EMB	...	COMPLIANT	Issued Date: April 07, 2021 Expiration Date: April 06, 2022
R.A. 7942 Philippine Mining Act of 1995						
DAO 2010-21 Implementing Rules & Regulations of RA 7942						
33	Section 270. Reporting Requirements	Records of Extraction	MGB	...	COMPLIANT	
34	Section 166. General Provision for Environmental protection Section 168. Environmental Work Program (EWP)	Establishment of Environmental Protection	MGB	...	COMPLIANT	...
	Section 169. Environmental Protection and Enhancement Program		

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No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
35	Section 171. Annual Environmental Protection and Enhancement Program			Environmental Impact Statement (EIS) and Environmental Management Plan (EMAP)	COMPLIANT	Submitted: Nov. 24, 2021 (For revision)
36	Section 173. Organization of a Mine Environmental Protection and Enhancement Office (MEPEO)	Establishment of MEPEO as integral part of Mine Organization	MGB	MEPEO Organization Chart	COMPLIANT	
37	Section 174. Environmental Monitoring Audit	Monitoring by MMT at least every quarter	MGB	Environmental Monitoring Report (EMR) for the quarter ending October 2021.	COMPLIANT	Submitted: Jan. 13, 2021
38	Section 189. Mine Waste and Tailings Fess Reserve Fund	Submission of MWT report and MWT payment semi-annually	MGB	MWT Report for the period ending October 2021.	PARTIALLY COMPLIANT	Mine Waste & Tailings Report submitted on January 28, 2022. Awaiting for the validation and Order of Payment from MGB-Central Office.
	Section 191. Payment of Mine Waste and Tailings Fees Due				COMPLIANT	Submitted: Jan. 14, 2022
39	Section 270. Reporting Requirements	Monthly, Quarterly and Integrated Annual Reporting	MGB, EMB	Environmental Management Plan (EMAP) and Environmental Impact Statement (EIS)	COMPLIANT	Report making is ongoing
40					COMPLIANT	
In-charge: SAFETY DEPARTMENT						
R.A. 7942 Philippine Mining Act of 1995; DAO 2010-21 Implementing Rules & Regulations of RA 7942						
DAO 2000-98 Mine Safety and Health Standards						
1	Section 142. Responsibilities of a Contractor/ Permittee/ Lessee/ Permit Holder and Service contractor	Establishment of Safety and Health Program	MGB	Environmental Management Plan (EMAP)	COMPLIANT	Submitted: December 17, 2021
				Received: December 7, 2021		
		Monthly, Quarterly and		Environmental Management Plan (EMAP)		Submitted: December 17, 2021



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No.	Governing Laws, Rules and Regulations	Applicable Requirement Integrated	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
2	Section 270: Reporting Requirements	Annual Reporting Established SHO, Table of Organization under direct	MGB	Annual Report submitted to MGB	COMPLIANT	2021
3	Section 3, Rule 12 With Safety and Health Office (SHO)	Registered Safety Engineer/Safety Inspector	MGB	Registered Safety Engineer/Safety Inspector	COMPLIANT	
4	DAO 2010-21, Section 146, Registration of Safety Engineer and Safety Inspector DAO 2000-98 Section 7, Rule 6-1.1. With Safety Engineer/ Inspector	Registered Safety Engineer/Safety Inspector	MGB	Registered Safety Engineer/Safety Inspector	COMPLIANT	
5	Section 5, Rule 21.2 or Rule 27 With Central Safety and Health Committee (CSHC)	and Health Committee established, verified through minutes of meetings/attendance/logbook/photo documentation	MGB	Established CSHC by resolution of the Board of Directors (2019)	COMPLIANT	Election On: January 26, 2022
6	Section 5, Rule 21.2 Safety and Health Policy	Safety & Health Policy Statement signed by highest official on Site/President & strategically located on all work areas	MGB	Policy Statement	COMPLIANT	
7	Rule 1:09 Submission of Fatal to RO concerned within 15 days after the date of accident (if applicable)	Investigation Report	MGB	Investigation Report submitted to MGB	COMPLIANT	Latest IPIC Meeting conducted on February 2, 2022
8	Rule 30	CSHC monthly minutes of	MGB	CSHC monthly minutes of	COMPLIANT	January 26, 2022



No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
	Conduct of monthly CSHC Meetings	Departmental meetings on Safety and Health conducted regularly				
9	Rule 21.22 Conduct of Departmental Safety and Health Meetings/ Conduct of Pep talk or Toolbox Meetings	Departmental meetings on Safety and Health conducted regularly (monthly/quarterly as per SHP)/ Pep talk or Toolbox Meetings conducted regularly (per safety and Health Rules and Regulations manual/handbook, preferably with translation in local dialect and distributed every employee)	MGB	MGB	COMPLIANT	For the month of December 2021
10	Section 5, Rule 21.6 Presence of Safety and Health Rules and Regulations that includes Standard Operating Procedures and Protocols	Health Rules and Regulations manual/handbook, preferably with translation in local dialect and distributed every employee	MGB	MGB	COMPLIANT	
11	Section 49, Rule 637 Preparation/ Presence of Emergency Response and Preparedness Program	Emergency Response and Preparedness Program	MGB	DRCS-29 (Emergency Response Program)	COMPLIANT	EMS manual
12	Section 49, Rule 637 Organization of crisis management group;	Emergency Response Team	MGB	Emergency Response Team (ERT)	COMPLIANT	EMS manual- ERT Table of Organization
	Section 49, Rule 638 - The employer shall ensure that an emergency drill be conducted quarterly, in order to test the effectiveness of the program.	Quarterly	MGB	MGB		Earthquake and Evacuation Drill, Fire and Evacuation

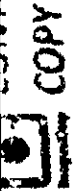
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No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
20	Section 49, Rule 659 - The employer shall be required to submit to the Bureau, copy furnished the Regional Office, a report on the conduct of the emergency drill as required in Rule 638	Emergency Drill Reports			COMPLIANT	Drill. Hazard waste spill Drill ETC.
In-charge: COMREL DEPARTMENT						
RA. 7942 Philippine Mining Act of 1995						
DAO 2010-21 Implementing Rules & Regulations of RA 7942						
1	Section 134. Development of mining Community, Mining Technology and Geosciences, and Institutionalization of Public awareness and Education on Mining and Geosciences Section 136-B. Processing and Approval of the SDMP, and the Program on Developments of Mining Technology and Geosciences, IEC and CDP Section 136-D. Monitoring and Auditing of Annual SDMP and Annual Programs on Development Of Mining Technology and on IEC and CDP Section 137. Contribution to the Advancement of Mining Technology and Geosciences	Program for development	MGB		COMPLIANT	Interim 2022 ASDMP submitted on Dec. 16, 2021
2	Section 136. Duties and Responsibilities of the Contractor/ Permit Holder/ Lessee on the Development of the Host and Neighboring Communities	Program for host & neighboring communities	MGB		COMPLIANT	Submitted on January 26, 2022
3		Establishment of Community Relations Office	MGB		COMPLIANT	
4	Section 136-C. Organization of Community Relations Office				COMPLIANT	
	Chapter XIV (Development of Mining Communities, Sciences and Mining Technology) of DENR					

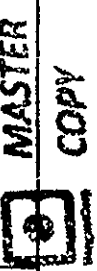


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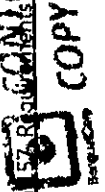
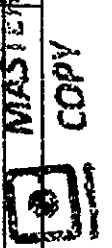


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No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
5	Administrative Order No. 96-40, as Amended, the revised implementing rules and regulations of Republic Act No. 7942 otherwise known as the "Philippine Mining Act of 1995"			Compliance Certificate	COMPLIANT	Interim 2022 ASDMP submitted on Dec. 15, 2021
In-charge: MTME DEPARTMENT						
R.A. 7942 Philippine Mining Act of 1995						
DAO 2010-21 Implementing Rules & Regulations of RA 7942						
1	Section 19. Application for Exploration/mandatory Requirements	Exploration Permit Application EPA	MGB	Compliance Certificate from the Department and Certificate of Compliance from the DENR (2021)	COMPLIANT	Issued: December 15, 2021
2				Compliance Certificate from the Department and Certificate of Compliance from the DENR (2021)	COMPLIANT	Submitted: January 14, 2022
3	Section 270. Reporting Requirements	Records of Extraction	MGB	Compliance Certificate from the Department and Certificate of Compliance from the DENR (2021)	COMPLIANT	Submitted: January 14, 2022
4	R.A. 7942 Philippine Mining Act of 1995 R.A. 7920 New Electrical Engineering Law	Electrical/Mechanical installations Permit Annual LGU Sanitary inspection (Municipal)	MGB PSME	Compliance Certificate from the Department and Certificate of Compliance from the DENR (2021)	COMPLIANT	
5	PD No. 856, Code on Sanitation of the Philippines		LGU	Compliance Certificate from the Department and Certificate of Compliance from the DENR (2021)	COMPLIANT	Expiration date: December 31, 2022



No.	Governing Laws, Rules and Regulations	Applicable Requirement Health Office)	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
6	DAO 2010-21, the Revised Implementing Rules and Regulations of R.A. 7942, Chapter XII, Section 117. Ore Transport Permit	Ore Transport permit	MGB		COMPLIANT	
7	R.A. 9514 Revised Fire Code of the Philippines of 2008	Compliance with the Fire Safety Conditions	BFP	Fire Safety Inspection Permit	PARTIALLY COMPLIANT	Fire Safety Inspection Permit No. 2022-09-0905-R Issued on: Jan. 20, 2022 Valid until: Dec. 31, 2022
8	Ordinance No. 66-2016		LGU		COMPLIANT	Permit No. 2022-09-0905-R Plate No. 22-4999 Issued on: Jan. 20, 2022 Valid until: Dec. 31, 2022
In-charge: PURCHASING DEPARTMENT						
R.A. 7942 Philippine Mining Act of 1995						
DAO 2010-21 Implementing Rules & Regulations of RA 7942						
1	Section 127. Scope	Accreditation of processors, traders, dealers and retailers in the trading of minerals/mineral products	MGB		COMPLIANT	
	Section 128. General Provisions					
2	Section 129. mandatory Requirements for Accreditation of processors, traders, dealers and retailers in the trading of minerals/ minerals products and by-products				COMPLIANT	
	Section 156. Rights to Possess and Use Explosives	Explosives Permit				
	Section 157. Requirements in the Application for					



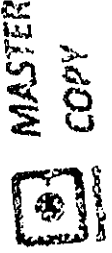
No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
3	Purchaser's License, License to Purchase/ Transfer Explosives or Blaster Foreman's License for Mining/ Quarrying Purposes	Purchaser's License	MGB	...	COMPLIANT	
4	Section 160. Filing of Application for Amendment and Renewal of Purchaser's License	License to Handle Explosives	MGB	...	COMPLIANT	
5		Foreman's Blasters Permit		...	COMPLIANT	
In-charge: HR DEPARTMENT						
1	DAO 2013-22, Revised Procedures and Standards for the Management of Hazardous Waste (Revising DAO 2004-36)	Personnel Training	FMB	...	COMPLIANT	
R.A. 7942 Philippine Mining Act of 1995						
DAO 2010-21 Implementing Rules & Regulations of RA 7942						
2	Section 163. Mine Labor	No person under sixteen (16) years of age in any phase; no person under eighteen (18) years of age in an underground mine.	MGB	...	COMPLIANT	As of January 21, 2022

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No.	Governing Laws, Rules and Regulations	Applicable Requirement (At least one (1))	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
3	Section 164. Mine Supervision	licensed mining Engineer with at least five (5) years of experience in mining operations and/or one (1) registered		APPLICABLE TO DENR-MGB	COMPLIANT	Applicable to DENR-MGB
In-charge: MOTORPOOL DEPARTMENT						
1	R.A. 8749 Philippine Clean Air Act of 1999; Article 4, Section 21-Pollution From Motor Vehicles Article 5, Section 24 Pollution From Other Sources DAD 2000-81 Implementing Rules & Regulations of RA 8749	licensed mining Engineer with at least five (5) years of experience in mining operations and/or one (1) registered	ENR-DRILLING		COMPLIANT	COMPLIANT TO DENR-MGB
In-charge: ISO CORE TEAM DEPARTMENT						
1	AO 2015-07 Mandating Contractors to secure ISO 14001 Certification	Certification to ISO 14001	DENR-MGB	Certification to ISO 14001 issued by Bureau of Certification Body	COMPLIANT	Annex 1 attached in Month 03/2022
SUMMARY OF ENVIRONMENTAL COMPLIANCE OBLIGATIONS						
				34		
Number of Compliant				3		
Number of Non- Compliant						
% Compliant				96%		



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Benguet Corporation
Balatoc, Virac, Itogon, Benguet
INTERNAL MEMORANDUM

DATE: 19 DECEMBER 2020	FROM: COVID19 TASK FORCE	TO: ALL CONCERNED
SUBJECT: MANDATORY WEARING OF FACE SHIELDS & FACE MASKS		REF NO.: PJFA-31-2020
CC: VBB/BC DEPARTMENT HEADS/SERVICE CONTRACTORS/FILE		

To further protect ourselves from the dreaded Corona virus disease (COVID-19), all BC employees, service contract employees, & visitors are hereby **REQUIRED** to wear FACE SHIELDS along with the following guidelines:

1. **SAFETY IN THE WORKPLACE:**

Employees reporting for work are likewise required to wear face shields in their respective workplaces.

2. **FACE SHIELDS MUST COMPLETELY COVER THE FACE:**

Face shields worn in workplaces must completely cover the sides and length of the face as prescribed by the World Health Organization (WHO). Visor-type face shield shall not be allowed as per DOLE.

3. **MAY BE REMOVED ACCORDING TO DEMANDS OF WORK:**

The memorandum also stated that face shields may be removed according to the demands of the work or when the occupational safety and health of the employees so requires.

4. **WORN WITH A FACE MASK:**

Face shields should be worn along with the prevailing necessity to wear face masks.

5. **NO FACE SHIELD, NO ENTRY:**

Upon entering the Company premises, wearing of face shields will be strictly monitored by all Security personnel. The same is true for all BC offices as we are entitled not to entertain visitors who fail to comply.

Effective date: December 21, 2020



PJE ABIVA



Benguet Corporation
Balatoc, Virac, Itogon, Benguet
INTERNAL MEMORANDUM

DATE: 28 JANUARY 2021	FROM: SAFETY	TO: ALL CONCERNED
SUBJECT: DISTANCE EATING & PROHIBITION OF FOOD SHARING		
CC: BC DEPARTMENT HEADS/SERVICE CONTRACTORS/CONCESSIONAIRES/FILE		
REF NO.: PJFA-04-2021		

Sharing or partaking of the food together (*salu-salo*) as workmates is part of the Filipino culture. However, our current situation suggests that this activity must be ceased temporarily in order to mitigate (*or lessen*) the transmission of the COVID-19 virus within the working places of our Company.

With that said, please refer to the following guidelines on **DISTANCE EATING & PROHIBITION OF FOOD SHARING**:

1. Eat in staggered meal breaks (*especially for employees working on straight time*).
2. If eating in groups can't be avoided, maintain a minimum 1-meter distance from each other.
3. Eating within your respective cubicles (*or workplaces*) is highly encouraged.
4. Bring your own eating utensils & wash them immediately after each use & properly dispose extra/leftover food into the garbage bin.
5. Bringing your own meals is highly encouraged.
6. Food sharing (*eating a common meal*) is strictly prohibited.
7. All food concessionaires are required to enforce the minimum health protocols such as the minimum 1-meter distancing for customers, sanitation of dining areas, wearing of PPE, & monitoring logbooks. Encourage take-out once all dining seats are occupied.

Any violation of the aforementioned guidelines will be subject to **DISCIPLINARY ACTION** with penalties based on the Company Conduct & Discipline Handbook & the Company Safety Manual.

Effective immediately upon approval.

Prepared by:

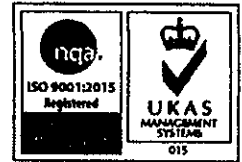

PJF ABIVA

Approved by:


VB BONGALOS, JR.



Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
Cordillera Administrative Region
80 Diego Silang St., Baguio City 2600
Tel. No. 63 74 442 6392; Fax No. 63 74 304 2596; Website: www.car.mgb.gov.ph
E-mail: car@mgb.gov.ph; car_mgb@yahoo.com; mgb.cordillera@gmail.com



CERTIFICATE OF APPROVAL

SHP # 10 – 2021 - CAR

The Mines and Geosciences Bureau-CAR, having evaluated and assessed the submitted CY 2021 Annual Safety and Health Program (ASHP) for **BENGUET CORPORATION - Acupan Contract Mining Project (BC-ACMP)**, located at Balatoc, Itogon, Benguet, hereby grants this **CERTIFICATE OF APPROVAL** after it was found to have substantially complied with DAO 2000-98, otherwise known as Mine Safety and Health Standard and the Suggested Guidelines in the preparation of the Safety and Health Program.

This Certificate is being issued subject to the pertinent provisions of the above DAO and to the following conditions:

1. This certificate is valid only for the activities stipulated in the approved 2021 Annual Safety and Health Program hereto attached as Annex "A" and made part hereof;
2. The amount of **PhP 1,680,000.00** shall be spent for the year by the Company as specified in the approved ASHP;
3. The firm shall notify the **MGB-CAR** of any alteration/changes in the approved **ASHP**, provided that, the alterations and/or changes do not compromise the overall Safety and Health programs of the company;
4. There shall be no Safety Engineer/Inspector be employed by Service Contractors at age sixty (60) years old and above;
5. It is timely and relevant that the firm shall have an ambulance with complete facilities for emergency use considering that there is no hospital on site.

MGB-CAR-FO-MSESDD-MSHS-011-00 (09.05.17)

**"MINING SHALL BE PRO-PEOPLE AND PRO-ENVIRONMENT
IN SUSTAINING WEALTH CREATION AND IMPROVED QUALITY OF LIFE."**

Office of the Regional Director/Finance and Administrative Division – 63 74 442 6392; ICT – 63 74 661 7685; Geosciences Division/Laboratory Section 63 74 304 2500; Mine Management Division - 63 74 304 3068 (Monitoring and Technical Services Section/Mining Tenement Evaluation/Mineral Lands Survey Section); Mine Safety Environment and Social Development Section – 63 74 304 2595; Social Development Section/Environment Section 63 74 304 2530

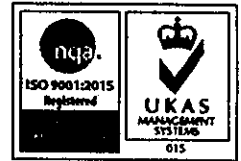


Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
Cordillera Administrative Region

80 Diego Silang St., Baguio City 2600

Tel. No. 63 74 442 6392; Fax No. 63 74 304 2596; Website: www.car.mgb.gov.ph

E-mail: car@mgb.gov.ph; car_mgb@yahoo.com; mgb.cordillera@gmail.com



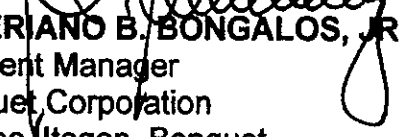
6. There is a need to enhance the company's "Safety and Health Incentive Scheme" to boost the morale of its workers;
7. Shall submit regularly all reportorial documents as provided for in DAO 2000-98, however, corresponding report for the Emergency Drill conducted shall be furnished within five (5) working days after the said activity; and
8. Additional conditions may be imposed to effectively implement the approved **ASHP** should the result of the monitoring by **MGB-CAR** or audits by the **MGB-CO** warrants.

Non-compliance with the above conditions shall be ground for the cancellation, revocation or termination of this certificate or suffer the penalty prescribed in the Penal Provisions of RA 7942, the Philippine Mining Act of 1995.

Given this 3rd day February 2021 at the Mines and Geosciences Bureau-CAR, Baguio City


FAY W. APIL
OIC, Regional Director

CONFORME:


VALERIANO B. BONGALOS, JR.
Resident Manager
Benguet Corporation
Balatoc, Itogon, Benguet

MGB-CAR-FO-MSESDD-MSHS-011-00 (09.05.17)

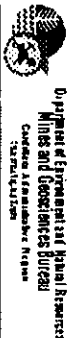
**"MINING SHALL BE PRO-PEOPLE AND PRO-ENVIRONMENT
IN SUSTAINING WEALTH CREATION AND IMPROVED QUALITY OF LIFE."**

Office of the Regional Director/Finance and Administrative Division – 63 74 442 6392; ICT – 63 74 661 7685; Geosciences Division/Laboratory Section 63 74 304 2500; Mine Management Division - 63 74 304 3068 (Monitoring and Technical Services Section/Mining Tenement Evaluation/Mineral Lands Survey Section); Mine Safety Environment and Social Development Section – 63 74 304 2595; Social Development Section/Environment Section 63 74 304 2530

136 PM

Certificate of Approval
02/24/2021

022421-GAR-36101





INTERNAL MEMORANDUM

OFFICE OF THE PRESIDENT

DATE: November 24, 2021 **FROM: LG FERNANDEZ**
TO: ALL EMPLOYEES AND SERVICE CONTRACTORS
SUBJECT: COVID 19 IMMUNIZATION PROGRAM
CC: CHQ BGO BNMI BCLI ILP AFC File **Ref. No. CHQ-OP-002-2021**

In compliance with the directives of the National Government through the Inter-Agency Task Force Resolution Nos. 148-B and 149 issued on November 11, 2021 and November 18, 2021, respectively, the IATF approved the following measures to the extent applicable under existing laws, rules and regulations, to wit:

“Resolution No. 148-B, Series of 2021

XXX

- Item A. In areas where there are sufficient supplies of Covid 19 vaccines as determined by the National Vaccines Operation Center (NVOC), all establishments and employers in the public and private sector shall require their eligible employees who are tasked to do on-site work to be vaccinated against Covid-19. Eligible employees who remain to be unvaccinated may not be terminated solely by reason thereof. However, they shall be required to undergo RT-PCR tests regularly at their own expense for purposes of on-site work. Provided that, antigen tests may be resorted to when RT-PCR capacity is insufficient or not immediately available.

XXX

- Item F. Upon sufficient proof of a confirmed vaccination schedule, all workers to be vaccinated during working hours shall not be considered as absent during the period.”

“Resolution No. 149, Series of 2021

- B.5 In furtherance of IATF Resolution No. 148-B (s.2021) providing for the implementation of measures to increase demand for COVID-19 vaccinations but except when all the onsite employees/workers of an establishment are required under the Alert Level System Guidelines to be fully vaccinated, all partially vaccinated employees in the public and private sector tasked to do onsite work need not undergo regular RT-PCR

test at their own expense, as long as their second dose is not yet due pursuant to the interval prescribed for the brand of vaccine received as first dose.”

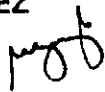
Thereby, effective January 1, 2022, Benguet Corporation and its subsidiaries shall not allow entry of unvaccinated Company employees, contractors and their miners/workers at the work premises

Further, the following information, guidelines and procedures shall be undertaken:

1. All partially vaccinated employees to do onsite work need not undergo regular RT-PCR test at their own expense, as long as their second dose is not yet due pursuant to the interval prescribed for the brand of vaccine received as first dose.
2. Employees/workers who refuse to be vaccinated are required to submit RT-PCR result at least once every two weeks, for purposes of onsite work. Only negative results from the government institution or Company accredited clinics shall be honored by the Company. RT-PCR test shall be for the account of the employee.
3. Unvaccinated employees/workers who refuse to submit RT-PCR result shall not be allowed to work on-site (except under par.4). In this case, the said unvaccinated employee/worker may avail of leave credits. Should leave credits be already consumed, a “no work-no pay” policy shall be implemented.
4. For those individuals with comorbidities, presentation of a medical clearance issued by Municipal Health Office and/or Provincial Health Office or medical certificate, as the case maybe, shall serve as sufficient and valid proof of ineligibility for vaccination.
5. Aside from the local vaccination schedule, there will be a National Vaccination Days or the “Bayanihan, Bakunahan” from November 29 to December 1, 2021. All unvaccinated individuals are encouraged to take the opportunity to be vaccinated.
6. Disciplinary procedures for those erring individuals shall be dealt with accordingly based on the respective Company policies and guidelines.

For reference and compliance.


LINA G. FERNANDEZ
President





ANNUAL SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM (ASDMP)

CERTIFICATE OF APPROVAL

No. 2022-03-CAR (2nd)

The Mines and Geosciences Bureau-CAR, having evaluated the 2022 Annual Social Development and Management Program (ASDMP), hereby grants this Certificate of Approval to **BENGUET CORPORATION (BC)** for its Acupan Contract Mining Project located in Barangay Virac, Municipality of Itogon, Province of Benguet, under the Mining Patent No. PC-ACMP-002-CAR after substantially complying with the requirements as mandated under DENR Administrative Order No. 2010-21.

This Certificate is being issued subject to the pertinent provisions of the abovementioned DAO and to the following conditions:

1. This Certificate is valid only for the Programs/Projects/Activities (P/P/As) stipulated in the submitted 2022 ASDMP;
2. The budget allocation for this ASDMP amounts to Five Million Five Hundred Eighty-Six Thousand Seven Hundred Seventy-Eight and 19/100 (Php 5,586,778.19), which is equivalent to the 1.5% of the previous years' total operating cost as declared in its Affidavit to implement the P/P/As stipulated in the Program which is broken down as follows.

2021 Operating Cost (Php)	Basis of Allocation	Total Amount (Php)
372,451,879.06	(75%) Community Development	4,190,083.64
	(15%) Information, Education Campaign	838,016.73
	Balance	63,608.03
	(10%) Development of Mining Technology and Geosciences	558,677.82
	Balance	113,421.35
	Sub-Total	5,586,778.19
	Sub-Total (Balance from Previous ASDMP)	177,029.38
	GRAND TOTAL	5,763,807.57

f *Ami* *Bo*



Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
Cordillera Administrative Region



3. The company shall include the remaining amount (Php 177,029.38) from its previous ASDMP after the determination of the 1.5% operating cost to implement the P/P/As stipulated in the Program. Said balance shall be treated separately on accomplishment/monitoring reports;
4. The company may incorporate any alterations and/or re-alignment of P/P/As and funds from the approved ASDMP. Provided that, such changes are the result of consultations with its host and neighboring communities, accompanied by supporting documents such as resolutions, and approved by the MGB RO;
5. The Company shall submit a quarterly monitoring report fifteen (15) calendar days after the end of each quarter to MGB RO. Likewise, the annual accomplishment report shall be submitted thirty (30) calendar days after the end of each calendar year to the MGB RO, copy furnished the MGB Central Office (CO); and
6. Additional conditions may be imposed to effectively and efficiently to implement the approved SDMP should the results of monitoring by the MGB RO or audit by the MGB CO warrant them.

Non-compliance with the above conditions shall be sufficient ground for the cancellation, revocation or termination of this Certificate or suffer the penalty prescribed in the Penal Provisions of RA 7942, The Philippine Mining Act of 1995.

Given this 2nd day of **March 2022**, at the Mines and Geosciences Bureau-CAR, Baguio City, Philippines.


FAY W. APIL
Regional Director
MGB-CAR




Department of Environment and Natural Resources
Mines and Geosciences Bureau
Cordillera Administrative Region
Baguio City

030322-CAR-41358



6:27 AM

Certificate of Approval

95319272



BenguetCorp

STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

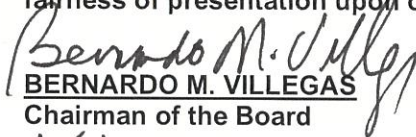
The management of BENGUET CORPORATION (the “Company”) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited 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 audit.


BERNARDO M. VILLEGAS
Chairman of the Board


LINA G. FERNANDEZ
President


MAX D. ARCEÑO
Senior Vice President – Finance & Treasurer

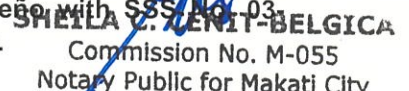
Signed this March 29, 2022.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
City of Makati) S.S.

SUBSCRIBED AND SWORN to before me this MAR 29 2022 at Makati City, affiants exhibited to me their valid identification: Mr. Bernardo M. Villegas with SSS No. 03-12455042; Atty. Lina G. Fernandez with SSS No. 03-7537025-8; and Mr. Max D. Arceño with SSS No. 03-82056688, all issued by the Office of the Social Security System, Philippines.

Doc. No. 197 ;
Page No. 40 ;
Book No. 1 ;
Series of 2022.


SHEILA C. ZENIT-BELGICA
Commission No. M-055
Notary Public for Makati City
Until December 31, 2023
7F Universal Re Building
106 Paseo de Roxas, Makati City
Roll No. 53476

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	1	3	4	1					
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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)

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Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

<p style="font-size: small;">Company's Email Address</p> <p style="text-align: center; border: 1px solid black; padding: 5px;">BCCorpSec@benguetcorp.com</p>	<p style="font-size: small;">Company's Telephone Number</p> <p style="text-align: center; border: 1px solid black; padding: 5px;">(02) 8812-1380</p>	<p style="font-size: small;">Mobile Number</p> <p style="text-align: center; border: 1px solid black; padding: 5px;">09166100630</p>
<p style="font-size: small;">No. of Stockholders</p> <p style="text-align: center; font-size: large;">16,901</p>	<p style="font-size: small;">Annual Meeting (Month / Day)</p> <p style="text-align: center; font-size: large;">First Wednesday in November</p>	<p style="font-size: small;">Fiscal Year (Month / Day)</p> <p style="text-align: center; font-size: large;">December 31</p>

CONTACT PERSON INFORMATION

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

<p style="font-size: small;">Name of Contact Person</p> <p style="text-align: center; font-size: large;">Mr. Reynaldo P. Mendoza</p>	<p style="font-size: small;">Email Address</p> <p style="text-align: center; font-size: large;">rey_men777@yahoo.com</p>	<p style="font-size: small;">Telephone Number/s</p> <p style="text-align: center; font-size: large;">(02) 8775-1913</p>	<p style="font-size: small;">Mobile Number</p> <p style="text-align: center; font-size: large;">N/A</p>
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CONTACT PERSON'S ADDRESS

5 Atipolo Bend St. Phase 2, Greenwoods Executive Village, Cainta, Rizal
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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.

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.



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Benguet Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Valuation of Land at Fair Value

The Group accounts for its land as investment properties using the fair value model and as property, plant and equipment using the revaluation model. As at December 31, 2021, land classified as investment properties amounting to ₱2,910.66 million and land classified as property, plant and equipment amounting to ₱1,651.26 million represented 33% and 19% of the consolidated total assets, respectively. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. Thus, we considered the valuation of land as a key audit matter.

The disclosures relating to investment properties are included in Note 12 while those relating to property, plant and equipment are included in Note 10 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and objectivity of the external appraiser by considering their qualifications, experience and reporting responsibilities. We reviewed the methodology and assumptions used in the valuation of the investment properties. We assessed the methodology adopted by referencing common valuation models and reviewed the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraisers the basis of adjustments made to the sales price.

Recoverability of Deferred Mine Exploration Costs

As at December 31, 2021, the carrying value of the Group's deferred mine exploration costs amounted to ₱455.40 million. These deferred exploration costs pertain to the expenditures incurred by the Group for the mining properties located in Benguet, Bataan and Nevada, USA. Under PFRS 6, *Exploration and Evaluation of Mineral Resources*, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Group to recover its deferred mine exploration costs would depend on the commercial viability of the reserves. We considered this is a key audit matter because of the materiality of the amount involved, and the significant judgment required in assessing whether there is any indication of impairment.

The Group's disclosures in relation to deferred exploration costs are included in Note 11 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that deferred mine exploration costs may be impaired. We inquired the status of each exploration project as of December 31, 2021, as certified by the Group's technical group head and compared it with the disclosures submitted to regulatory agencies. We reviewed contracts and agreements, and budgets for exploration and development costs. We inspected the licenses, permits and correspondences of each mine exploration project to determine that the period for which the Group has the right to explore in the specific areas has not expired, will not expire in the near future, and will be renewed accordingly. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.



Impairment Testing of Property, Plant and Equipment

In the event that an impairment indicator is identified, the assessment of the recoverable amount of property, plant and equipment requires significant judgment and involves estimation and assumptions about future production levels and costs, as well as external inputs such as commodity prices, discount rate, and foreign currency exchange rates. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to property, plant and equipment are included in Note 10 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include the expected life of the mining project, future production levels and costs as well as external inputs such as commodity prices, discount rate and foreign currency exchange rates. We compared the key assumptions used against the mine life based on the ore reserve reports, production reports from the operations departments, forecasted average market price of gold and nickel, discount rate based on industry weighted average capital cost, and forecasted foreign currency exchange rates of various financial institutions, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of property, plant and equipment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, 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.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.



We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Peter John R. Ventura.

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

Tax Identification No. 301-106-741

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 113172-SEC (Group A)

Valid to cover audit of 2021 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-140-2021, November 10, 2021, valid until November 9, 2024

PTR No. 8854381, January 3, 2022, Makati City

March 29, 2022



BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱603,248	₱271,548
Trade and other receivables (Note 5)	514,960	475,251
Inventories (Note 6)	142,059	101,140
Financial assets at fair value through profit or loss (FVPL; Note 7)	674,977	–
Other current assets (Note 8)	481,690	398,720
Total Current Assets	2,416,934	1,246,659
Noncurrent Assets		
Property, plant and equipment (Note 10)		
At revalued amount	1,703,403	1,673,288
At cost	848,388	942,002
Financial assets at fair value through other comprehensive income (FVOCI) (Note 9)	877	13,361
Deferred mine exploration costs (Note 11)	455,397	456,806
Investment properties (Note 12)	2,910,663	2,633,677
Deferred tax assets - net (Note 31)	11,646	6,712
Other noncurrent assets (Note 13)	402,045	406,777
Total Noncurrent Assets	6,332,419	6,132,623
TOTAL ASSETS	₱8,749,353	₱7,379,282
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 15)	₱669,398	₱620,719
Loans payable (Note 14)	337,035	508,998
Lease liabilities – current (Note 16)	9,181	1,678
Liability for mine rehabilitation – current (Note 17)	6,573	38,136
Income tax payable	137,816	2,006
Total Current Liabilities	1,160,003	1,171,537
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 16)	11,913	4,476
Liability for mine rehabilitation - net of current portion (Note 17)	54,174	67,470
Pension liability (Note 30)	73,352	81,831
Deferred tax liabilities - net (Note 31)	748,578	882,514
Other noncurrent liabilities (Note 18)	291,800	391,412
Total Noncurrent Liabilities	1,179,817	1,427,703
Total Liabilities	2,339,820	2,599,240
Equity		
Capital stock (Note 19)	624,015	617,215
Capital surplus	409,929	388,969
Cost of share-based payment (Note 20)	9,198	13,366
Retained earnings	4,021,846	2,598,788
Other components of equity (Note 19)	1,352,561	1,169,720
	6,417,549	4,788,058
Treasury shares (Note 19)	(8,016)	(8,016)
Total Equity	6,409,533	4,780,042
TOTAL LIABILITIES AND EQUITY	₱8,749,353	₱7,379,282

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		
	2021	2020	2019
REVENUE (Note 21)	₱3,841,888	₱1,619,725	₱802,067
COSTS AND OPERATING EXPENSES			
Costs of mine products sold (Note 22)	(921,685)	(725,772)	(504,267)
Costs of services and other sales (Note 23)	(74,842)	(39,167)	(49,795)
Selling and general expenses (Note 24)	(992,281)	(408,390)	(340,343)
Excise taxes and royalty fees (Notes 21)	(284,282)	(101,026)	(29,375)
	(2,273,090)	(1,274,355)	(923,780)
INTEREST EXPENSE (Notes 14 and 16)	(3,888)	(3,130)	(2,031)
OTHER INCOME - net (Note 27)	229,091	141,028	272,073
INCOME BEFORE INCOME TAX	1,794,001	483,268	148,329
PROVISION FOR INCOME TAX (Note 31)	372,397	101,883	32,592
NET INCOME	₱1,421,604	₱381,385	₱115,737
BASIC EARNINGS PER SHARE (Note 32)	₱2.29	₱0.62	₱0.19
DILUTED EARNINGS PER SHARE (Note 32)	₱2.27	₱0.61	₱0.19

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2021	2020	2019
NET INCOME	₱1,421,604	₱381,385	₱115,737
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
<i>Item to be reclassified to profit or loss in subsequent periods:</i>			
Translation adjustment on foreign subsidiaries	4,613	(1,997)	871
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of land (Note 10)	178,584	–	316,392
Remeasurement gain (loss) on pension liability (Note 30)	1,083	(11,823)	(2,788)
Unrealized gain on equity instruments designated at FVOCI (Note 9)	15	193	83
Revaluation of artworks (Note 10)	–	–	21,562
Unrealized gain on intangible asset (Note 13)	–	–	135
	179,682	(11,630)	335,384
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	184,295	(13,627)	336,255
TOTAL COMPREHENSIVE INCOME	₱1,605,899	₱367,758	₱451,992

See accompanying Notes to Consolidated Financial Statements.



BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Thousands)

	Other components of equity											Total
	Capital stock (Note 19)	Capital surplus	Cost of share-based payment (Note 20)	Revaluation increment on land and artworks (Note 19)	Cumulative translation adjustment on foreign subsidiaries (Note 19)	Remeasurement gain on pension liability (Notes 19 and 30)	Unrealized gain on financial assets at FVOCI (Notes 9 and 19)	Unrealized gain on intangible asset (Notes 13 and 19)	Total other comprehensive income	Retained earnings	Treasury shares (Note 19)	
Balances at January 1, 2019	₱616,863	₱376,964	₱25,089	₱839,669	₱32,721	₱24,201	₱1,013	₱-	₱897,604	₱2,029,559	(₱8,016)	₱3,938,063
Realization of revaluation increment on sale of investment property (Note 12)	-	-	-	(50,387)	-	-	-	-	-	50,387	-	-
Cancellation of stock options	-	3,418	(3,418)	-	-	-	-	-	-	-	-	-
Realization of deferred tax liability on sale of investment property (Note 12)	-	-	-	-	-	-	-	-	-	21,595	-	21,595
Transfer of fair value reserve on disposed financial assets at FVOCI	-	-	-	-	-	-	(125)	-	-	125	-	-
Net income	-	-	-	-	-	-	-	-	-	115,737	-	115,737
Other comprehensive income (loss)	-	-	-	337,954	871	(2,788)	83	135	336,255	-	-	336,255
Total comprehensive income (loss)	-	-	-	337,954	871	(2,788)	83	135	336,255	2,217,403	-	451,992
Balances at December 31, 2019	₱616,863	₱380,382	₱21,671	₱1,127,236	₱33,592	₱21,413	₱971	135	₱1,183,347	₱2,217,403	(₱8,016)	₱4,411,650
Exercise of stock options (Notes 19 and 20)	352	2,239	(1,957)	-	-	-	-	-	-	-	-	634
Cancellation of stock options (Notes 19 and 20)	-	6,348	(6,348)	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	-	381,385	-	381,385
Other comprehensive income (loss)	-	-	-	-	(1,997)	(11,823)	193	-	(13,627)	-	-	(13,627)
Total comprehensive income (loss)	-	-	-	-	(1,997)	(11,823)	193	-	(13,627)	381,385	-	367,758
Balances at December 31, 2020	₱617,215	₱388,969	₱13,366	₱1,127,236	₱31,595	₱9,590	₱1,164	₱135	₱1,169,720	₱2,598,788	(₱8,016)	₱4,780,042
Stock options vested (Notes 19, 20 and 25)	-	-	13,778	-	-	-	-	-	-	-	-	13,778
Exercise of stock options (Notes 19 and 20)	6,800	15,740	(12,726)	-	-	-	-	-	-	-	-	9,814
Cancellation of stock options (Notes 19 and 20)	-	5,220	(5,220)	-	-	-	-	-	-	-	-	-
Transfer of fair value reserve on financial asset at FVOCI (Note 9)	-	-	-	-	-	-	(1,454)	-	-	1,454	-	-
Net income	-	-	-	-	-	-	-	-	-	1,421,604	-	1,421,604
Other comprehensive income	-	-	-	178,584	4,613	1,083	15	-	184,295	-	-	184,295
Total comprehensive income	-	-	-	178,584	4,613	1,083	15	-	184,295	1,421,604	-	1,605,899
Balances at December 31, 2021	₱624,015	₱409,929	₱9,198	₱1,305,820	₱36,208	₱10,673	(₱275)	₱135	₱1,352,561	₱4,021,846	(₱8,016)	₱6,409,533

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P1,794,001	P483,268	P148,329
Adjustments for:			
Depreciation and depletion (Notes 10 and 26)	148,214	54,269	38,502
Rehabilitation costs (Note 17)	(30,958)	–	(12,788)
Stock options expense (Notes 20 and 25)	13,778	–	–
Provision for impairment loss on other noncurrent assets (Notes 13 and 27)	18,397	–	1,838
Movements in pension liability	(8,239)	2,379	4,452
Interest expense (Notes 14 and 16)	3,888	3,130	2,031
Accretion on the liability for mine rehabilitation (Notes 17 and 27)	2,453	3,376	6,467
Interest income (Notes 4, 13 and 27)	(3,293)	(819)	(1,727)
Change in estimate of liability for mine rehabilitation (Notes 17 and 27)	(6,872)	5,290	(9,672)
Provision for impairment losses on deferred mine exploration costs (Notes 11 and 27)	–	–	94,930
Noncapitalizable additions to liability for mine rehabilitation (Notes 17 and 27)	–	–	18,373
Loss (gain) on:			
Revaluation on investment property (Notes 12 and 27)	(276,986)	(154,815)	(287,213)
Write-off of deferred mine exploration costs (Notes 11 and 27)	16,511	–	–
Foreign currency exchange (Note 27)	9,564	(13,015)	(11,491)
Change in fair value of financial assets at FVPL (Note 7)	(2,389)	–	–
Rent concession (Notes 16 and 27)	(585)	–	–
Disposal of property, plant and equipment (Notes 10 and 27)	–	(35)	–
Sale of investment properties (Notes 12 and 27)	–	–	(68,592)
Operating income (loss) before working capital changes	1,677,484	383,028	(76,561)
Decrease (increase) in:			
Trade and other receivables	(39,692)	(184,285)	(13,961)
Inventories	(40,919)	31,440	(2,853)
Other current assets	(82,970)	(11,801)	81,763
Increase (decrease) in trade and other payables	59,399	38,484	(281,800)
Net cash flows generated from (used in) operations	1,573,302	256,866	(293,412)
Income taxes paid	(225,277)	(3,327)	(32)
Interest received	827	819	1,727
Interest expense paid	(1,596)	(1,488)	(1,209)
Net cash flows from (used in) operating activities	1,347,256	252,870	(292,926)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of:			
Financial assets at FVOCI (Note 9)	–	–	3,163
Property, plant and equipment (Note 10)	–	35	3,173
Investment properties (Note 12)	–	–	144,614
Additions to:			
Property, plant and equipment (Note 10)	(40,860)	(27,307)	(28,019)
Deferred mine exploration costs (Note 11)	(11,693)	(10,811)	(4,018)
Financial assets at FVPL (Note 7)	(660,089)	–	–
Financial assets at FVOCI (Note 9)	–	–	(5,450)
Advances to contractors and suppliers	(11,199)	(16,087)	(15,696)
Net cash flows from (used in) investing activities	(723,841)	(54,170)	97,767

(Forward)



	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans payable (Note 14)	(¥182,323)	(¥1,370)	(¥22,777)
Principal portion of lease liability (Note 16)	(7,697)	(2,070)	(3,521)
Proceeds from:			
Employees' exercise of stock options (Note 20)	9,814	634	-
Decrease in other noncurrent liabilities	(99,612)	-	(3,554)
Net cash flows used in financing activities	(279,818)	(2,806)	(29,852)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	343,597	195,894	(225,011)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(11,897)	(1,518)	65
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	271,548	77,172	302,118
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	¥603,248	¥271,548	¥77,172

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 and Status of Business Operations

Corporate Information

Benguet Corporation (the Ultimate Parent Company) was incorporated on August 12, 1903 was listed in the Philippine Stock Exchange (PSE) on January 4, 1950. On June 18, 1956 and June 19, 2006, the Philippines Securities and Exchange Commission (SEC) approved the extension of the Parent Company's 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, 1226 Makati City.

Status of Business Operations

Quasi-reorganization

On December 5, 2011, the Philippine SEC approved the application of the Parent Company 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:

	<i>Prior to quasi-reorganization</i>	<i>Effect of quasi-reorganization</i>	<i>After quasi-reorganization</i>
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 ₱1.01 billion until the asset to which the revaluation increment relates is disposed. In addition, the retained earnings of the Parent Company shall be restricted further by the accumulated fair valuation gains of investment properties amounting to ₱1,319.83 million and ₱1,042.85 million as at December 31, 2021 and 2020, respectively (see Note 12).

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

a. Mining Projects

Benguet Gold Operations (BGO)

The Group produces gold from the Benguet mines, consisting of the Acupan and Kelly underground mines, which were suspended in 1992, following the 1991 earthquake, which flooded the said underground mines. In 2003, BGO resumed operations and production is partly carried out through independent mining contractors in Acupan Contract Mining Project (ACMP) which is a community-based underground mining project.



The Parent Company is currently working on exploration and drilling programs to upgrade BGO'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 Greater Acupan Project was approved in 2013 and the Parent Company is still raising the necessary funds to start the execution of the project.

On October 28, 2016, the Parent Company received from the DENR the mine audit report dated October 21, 2016, which was conducted pursuant to DENR Memorandum Circular No. 2016-01 requiring audit of all operating mines which recommended the suspension of the Parent Company's mining operations and required the Parent Company to submit an explanation thereof within seven days from the date of receipt.

On November 1, 2016, the Parent Company submitted an explanation to the DENR stating that there are no legal and factual bases to recommend the suspension of the Parent Company's operations due to the following reasons:

- Based on the mine audit report, there are no significant findings of violations that would warrant the suspension order.
- None of the alleged violations found pose imminent danger or threat to the community that would justify the suspension of operation.
- The deficiencies cited, which are mostly permitting issues or operational concerns, can easily be remediated without need of suspending the Parent Company's operation.

On February 14, 2017, the Parent Company received from DENR a cancellation order dated February 8, 2017 cancelling its authority to undertake mining operations under Patent Claim (PC-ACMP-002-CAR) in Itogon, Benguet for violation of certain provisions of mining and environmental laws, rules and regulations such as the following:

- Republic Act (RA) No. 6969, otherwise known as the 'Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990'
- DAO No. 2013-22 or the 'Revised Procedures and Standards for the Management of Hazardous Wastes'
- RA No. 7942, otherwise known as 'The Philippine Mining Act of 1995'
- DAO No. 2010-21 or the 'Revised Implementing Rules and Regulations of RA No. 7942'

On February 22, 2017, the Parent Company filed a Notice of Appeal before the Office of the President, which stayed the execution of the cancellation order. On March 22, 2017, the Parent Company submitted to the Office of the President its Appeal Memorandum. As of March 29, 2022, the Office of the President has not yet resolved the appeal.

On March 18, 2019, TUV Rheinland (TUVR), an independent evaluation and certification service body, issued to BGO the ISO 14001:2015, which is an internationally accepted certification and standard for environmental management system. BGO passed the recertification on March 15, 2022 making BGO fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Administrative Order (DAO) No. 2015-07.

In November 2019, the DENR directed the regional offices of the Mines and Geosciences Bureau (MGB) and Environmental Management Bureau (EMB) to validate the environmental compliance of BGO as input to early resolution of the appeal. In January 2020, MGB submitted a favorable validation report to DENR and recommended to set aside the cancellation order. Hence as at December 31, 2021, the Parent Company continues to mine and operate.



Sta. Cruz Nickel Project (SCNP)

On March 11, 2016, TUVR, an independent evaluation and certification service body, issued to the BRMC the 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 BRMC fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Department Administrative Order (DAO) No. 2015-07. In 2019 to 2021, the BRMC passed the recertification audit by TUVR.

On July 8, 2016, BRMC received from the regional offices of the DENR, MGB, and EMB a joint suspension order, which suspended the mining operations in Sta. Cruz, Zambales based on the following grounds:

- Writ of Kalikasan case filed in the Supreme Court in the case filed by the Concerned Citizens of Sta. Cruz, Zambales
- Executive Order issued by the provincial government of Zambales declaring moratorium on mining operations in the said province
- Continuing complaints of various groups against alleged adverse impact of mining operations

The Writ of Kalikasan case was referred by Supreme Court to the Court of Appeals for trial proceedings.

On October 18, 2016, BRMC received the mining audit report dated October 3, 2016. The report states that BRMC violated several conditions of its Environmental Compliance Certificate and the provisions of several laws and regulations.

BRMC replied to the DENR taking strong exception to the mine audit report particularly on the recommendation to maintain the status quo of the Suspension Order issued by the DENR on July 7, 2016, on grounds summarized as follows:

- The conduct of the audit was irremediably flawed.
- The transparency and fairness of the audit report is under question because the audit team failed to follow its own protocol.
- Assuming the mine audit report was regularly conducted, it is very apparent that none of the findings of deficiencies therein were serious enough (even if taken collectively) to warrant the imposition or the continuance of the suspension order.
- The recommendation of status quo of the suspension order in the mine audit report will have far-reaching effect on its business, employees and the community.

On February 13, 2017, BRMC received from the DENR an order cancelling its MPSA. The cancellation order alleged that BRMC's operations had overlapped a watershed in the area and violated certain provisions of laws and regulations, majority of which were previously raised in the mine audit report.

On February 22, 2017, BRMC filed a Notice of Appeal before the Office of the President to set aside the cancellation order received. BRMC's nickel project is operated outside of any known critical or declared watershed. BRMC is operating within the Zambales Chromite Mineral Reservation, a mineral reservation which has been excluded from government declared watersheds. BRMC filed before the Office of the President its appeal memorandum on March 21, 2017.



On March 28, 2017, the local government of Zambales issued a Manifestation of Consent which lifted the moratorium and allowed BRMC to proceed with hauling and shipment of its nickel ore inventory, which was mined before the suspension took effect, to avoid any adverse impact on the environment.

On May 22, 2017, the Court of Appeals denied the petition for the Writ of Kalikasan case. Thereafter, the petitioners filed a Motion for Reconsideration.

On December 14, 2017, the Court of Appeals denied the Motion for Reconsideration. Accordingly, the prohibitory injunctive provisional Writ on the Kalikasan case issued by the Supreme Court was lifted.

On July 2, 2020, MGB Regional Office No. III in its Memorandum recommended granting the appeal of BRMC on the DENR order dated February 8, 2017 cancelling the MPSA agreement.

In August 2020, the DENR has determined that BRMC has fully addressed the violations and has complied with the recommendations of the Mining Industry Coordinating Council (MICC) Review Team. The recommendation was also approved by the Secretary of the DENR.

On October 29, 2020, BRMC received a Memorandum dated October 20, 2020 from DENR-MGB Regional Office No. III stating that the Regional Director DENR-MGB Regional Office No. III concurs with the directives of MGB Acting Director to lift the current suspension order still subject to its compliance with the certain requirements.

On November 17, 2020, BRMC further notified the MGB Regional Office No. III through letter dated November 18, 2020 the planned resumption of its mining operations on November 20, 2020.

BRMC now operates in Areas 2 and 3 of its MPSA, implementing activities pursuant to the Three-year Development and Work Program that it resubmitted on December 15, 2020, after getting the previous version approved last July 1, 2020 by the Director of MGB Regional Office No. III.

In 2021, the Company was able to fully operate its nickel mining project and continued to transport and hauled for shipment the ore inventory stockpiles in Areas 1 and 3 of the MPSA which were given Ore Transport Permit (OTP).

On June 11, 2021, BRMC's Board of Directors approved the following amendments in Articles of Incorporation:

- Amendment of Article I changing the name of the corporation from Benguetcorp Nickel Mines, Inc. to Benguetcorp Resources Management Corporation;
- Amendment of Article II adding the secondary purpose which is to develop, construct, own and operate electricity generation distribution facilities and/or hydroelectric, geothermal, wind, solar, and other renewable energy power plants, retail electricity supply facilities, or related businesses;
- Amendment of Article III its principal office from Monsalud Building, Lipay Sta. Cruz, Zambales to MJM Building Brgy. Lipay, Sta. Cruz, Zambales.

The amendments in BRMC's Articles of Incorporation and By-Laws were approved by the Philippine SEC on October 20, 2021.



Irisan Lime Project (ILP)

The Parent Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 7,645 tons, 7,072 tons and 9,671 tons of quicklime in 2021, 2020 and 2019, respectively. On September 4, 2017, the Mineral Processing Permit (MPP) for the ILP was renewed for a period of five years or until September 3, 2022.

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. Pursuant to DAO No. 2010-04, the Parent Company's Application for Mineral Production Sharing Agreement (APSA) No. 009-Cordillera Administrative Region (CAR) was denied on February 8, 2011. Subsequently, the Parent Company filed an appeal on April 15, 2011 in MGB Central Office and elevated the appeal to the DENR.

In October 2016, a leak occurred in BAGO's tailings dam which affected the Liang River. On November 23, 2016, the Company received from DENR a letter requiring the Company to show cause why its operation should not be suspended and/or mining contract be cancelled in view of the tailings spill.

On December 26, 2016, the Parent Company argued that there was no negligence because the incident is due to force majeure and the tailings leak was immediately remediated. The Parent Company also emphasized that it has no existing mining operations in BAGO as it has long been suspended. The BAGO open pit mine and the BAGO underground mine have not operated since 1998 and 1989, respectively. The Parent Company contended that its infrastructure in BAGO has been under care and maintenance since then up to the present. On January 1, 2017, the case was elevated to the Pollution Adjudication Board (PAB) from the EMB out of which the Parent Company submitted a position paper on May 8, 2017.

On May 9, 2017 a technical conference hearing was held in PAB regarding the case and as a result, the Parent Company submitted a supplemental motion on June 9, 2017. On October 5, 2021, the DENR granted the appeal and the APSA was reinstated back to the Parent Company.

Masinloc Chromite Operation (MCO)

From 1934 to 2007, the Parent Company managed the Coto mines under an operating agreement with its claimowner, Consolidated Mines, Inc. (CMI). With the expiration of the operating agreement on July 8, 2007, the Parent Company has transferred back the mine to CMI. As at March 29, 2022, the Parent Company is still engaged in discussion with CMI over the liquidation of MCO's assets.

b. Exploration, Research and Development Projects

Balatoc Tailings Project (BTP)

The Parent Company's Board of Directors (BOD) approved an initial ₱10.0 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.

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 Balatoc Gold Resources Corporation (BGRC), a subsidiary, 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 modeled after the Joint Ore Reserve Committee of Australia.

On September 2010, the Parent Company signed a Deed of Assignment with BGRC, to transfer MPP No. 13-2010-Cordillera Administrative Region covering the BTP subject to approval by the DENR. The MPP allows reprocessing of 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 and undertook activities for the detailed engineering of the project, rehabilitation of the tailings ponds and reinforcement of the silt dam. BGRC continued 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 pump the tailings to a processing plant in Balatoc.

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.

Following the expiration of MPP No. 13-2010-CAR, BGRC reconveyed to the Parent Company on March 16, 2016, all rights and interest in BTP, including liabilities to third parties, so that the reprocessing of tailings can be made part of the Acupan operation once more. The reconveyance was approved by the DENR-MGB on May 31, 2016.

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 ₱7.50 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 initial drilling conducted to test the impounded materials indicates a grade of 4.0 grams of gold per ton.

Surigao Coal Prospect (SCP)

Pre-development activities for the SCP were put on hold in 2011 due to DENR Circular Executive Order (EO) 23, 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 Parent Company 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 four for coal to possibly secure other prospective coal areas. The result of the bidding is awaiting the decision of the Department of Energy.

Ampucao Copper-Gold Prospect (Ampucao Prospect)

The Ampucao prospect is partly located inside the contract claims of Pugo Mining Company in 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.

Pantangan Copper 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 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 grams of silver. The Parent Company has implemented drilling programs in the property in 2020 and 2021.

Recent geological works in the Pantangan property have also led to the identification of two parcels composed of Block-1 and Block-3 area located inside the mineral tenement hosting high quality mountain rock deposits with favorable potential for rock aggregates. The potential rock formations comprise of consolidated volcanic conglomerate and massive andesite units based on actual ground analysis.

The second phase drilling works on the Pantangan Gold Prospect has been completed and core samples were sent for the analysis. The Phase two drilling works targetted the lateral and vertical continuations of the V9SL and V2SL. On the aggregates prospect, the Parent Company continues to do topographical/road surveys and apply for permits including for road-right-of-way in the 40-hectares Quarry Permit Area (QPA) outside the MPSA. The large-scale quarry in PAB-1 and 2 within the MPSA still needs drilling for Declaration of Mining Project Feasibility (DMPF). The MGB has issued area clearance in the QPA, and the Parent Company is working on LGU consent, tree inventory, NCIP certification, and ECC process.

Zamboanga Gold Prospect (ZGP)

The ZGP in R.T. Lim, Zamboanga Sibugay consists of 340.3 hectares of land area and is under an operating agreement with Orelina 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. 000015- IX of OMC. The APSA which was denied on May 12, 2010 and subject of an appeal filed on January 30, 2013, was reinstated by the DENR November 4, 2020.

The Parent Company has obtained the consent of the claimowner, Orelina Mining Corporation, for the proposed Minahang Bayan arrangement where the small scale miners cooperative will be allowed to continue with their livelihood activities under a regulated system, subject to the conditions that the Parent Company can conduct exploration/drilling works in San Fernandino



vein area and will be assisted in securing Free, Prior and Informed Consent (FPIC) from the Indigenous People. Duration of Minahang Bayan is until the Parent Company is ready to start large scale mining.

Financial or Technical Assistance Agreement (FTAA) Application

The Parent Company and its subsidiary, Sagittarius Alpha Realty Corporation (SARC), have two pending FTAA applications consisting of land area totaling 72,806,291 hectares. The FTAA application in Ilocos Norte (denominated as AFTA-000003-I) and Apayao (denominated as AFTA No. 033-CAR) are undergoing Free, Prior and Informed consent requirement through the Regional Office of the National Commission of Indigenous Peoples. Exploration work for the two areas will be undertaken as soon as the applications have been approved by the Philippine 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 then filed a case against BWD with the Regional Trial Court.

In 2019, pursuant to a Memorandum of Agreement with Manila Water Company, Inc. (MWCI) regarding the assignment of water rights in Laboy River in connection with MWCI's bulk water supply proposal to Baguio City, the Parent Company has withdrawn the case for specific performance against BWD without prejudice to filing of a new case for recovery of cost and damages due to the aborted bidding award.

Water Rights of Agua de Oro Ventures Corporation (ADOVC)

ADOVC, a subsidiary of BMC, has water permits 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.

The water permits give ADOVC water access to these water sources, except for Kairuz Spring. The owner sold the water source on August 2012. The new owner denied ADOVC to access the water source. In an order dated September 12, 2001, the transfer of the water permit was approved subject to the rights of ADOVC equivalent to 11.60 liters per second. The diversion of the water shall be from the source and for the purpose indicated in the permit and in no case should said use exceed the quantity and period indicated therein. As of March 29, 2022, management is still awaiting resolution of the issue.



As at December 31, 2021 and 2020, the cost and accumulated amortization of the water rights amounted to ₱4.59 million. ADOVC accrued and paid water permit fees amounting to nil and ₱0.03 million in 2021 and 2020, respectively.

d. Land Development Project

Kelly Special Economic Zone (KSEZ)

The Parent Company has approved an initial ₱4.9 million for the feasibility study covering the KSEZ and the potential of other real estate project of the Group. The Parent Company plans to transfer the said properties to BC Property Management, Inc. (BCPMI), a 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. As at March 29, 2022, the said project has not yet materialized.

e. Logistics Services

On August 31, 2017, the BOD approved the dissolution of Calhorr 1 Marine Services Corporation (CMSC) and Calhorr 2 Marine Services Inc. (CMSI), wholly owned subsidiaries of KPLMSC, by shortening their corporate term until September 30, 2017. CMSC and CMSI are awaiting the clearance letter from the Bureau of Internal Revenue (BIR) before it could apply for liquidation with the Philippine SEC. Final liquidation will take place after the Philippine SEC's approval of the said application. In 2021, CMSC and CMSI received the clearance letter from the BIR. As at March 29, 2022, CMSC and CMSI have not yet filed the BIR clearance and application of liquidation with the Philippine SEC.

f. Health Care Services

The Parent Company spun off its Benguet Laboratories (BL) Division on September 19, 2012 through 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 operates another facility under the trade name MedCentral in San Fernando City, Pampanga and Taytay, Rizal which started its operations on December 2012 and December 2013, respectively.

On a regular meeting of the BOD of BLI on January 27, 2016, the President informed the BOD that the Department of Health (DOH) license and Philhealth accreditation for a free-standing chemo infusion was not yet obtained. The management then suspended the operations of Oncology clinic.

Due to the continuous losses of the branches in Taytay and San Fernando, the BOD of BLI approved their closure on March 15, 2019 and August 15, 2019, respectively. As at December 31, 2021 and 2020, BLI has 2 clinics located in Baguio City.

Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were authorized for issuance by the BOD on March 29, 2022.



2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and artworks classified as property, plant and equipment, which have been measured at revalued amounts, financial assets at fair value through other comprehensive income (FVOCI), financial assets at fair value through profit or loss (FVPL), intangible asset under “other noncurrent assets” and investment properties, which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency. All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

Statement of Compliance

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

Basis of Consolidation and Group Information

As at December 31, 2021 and 2020, the consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

	Nature of business	Country of incorporation	Effective percentage of ownership
Berec Land Resources Inc. (BLRI)*	Exploration and development	Philippines	100.00
BRMC	Exploration and development	Philippines	100.00
BMC*	Foundry	Philippines	100.00
BMC’s Subsidiaries:			
Arrow Freight Corporation (AFC)	Logistics	Philippines	100.00
Benguetrade, Inc. (BTI)*	Trading	Philippines	100.00
BMC Forestry Corporation (BFC)	Real estate	Philippines	100.00
ADOVC*	Selling of treated and untreated water	Philippines	100.00
BPGC*	Exploration and development	Philippines	100.00
BCPMI*	Management services	Philippines	100.00
KPLMSC	Logistics	Philippines	100.00
KPLMSC’s Subsidiaries:			
CMSC**	Logistics	Philippines	100.00
CMSI**	Logistics	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 United States of America (USA), Inc.*	Exploration and development	USA	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 (IMRC)*	Exploration and development	Philippines	100.00
Acupan Gold Mines Inc.*	Exploration and development	Philippines	100.00
BLI	Health services	Philippines	100.00

* Non-operating

** In process of liquidation



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 arrangements 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 reassesses 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 Parent Company 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.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group, using consistent accounting policies. All intercompany balances, transactions, unrealized gains and losses resulting from the intercompany transactions and dividends are eliminated in full.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2021. Adoption of these pronouncement did not have any significant impact on the Group's financial position or performance.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*



Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Group is currently assessing the impact of these amendments.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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 the consolidated 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 12 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 12 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 in banks earns interest at the respective bank deposit rates. Cash equivalents include short-term deposits 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.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.



The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame 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.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

- *Financial assets at amortized cost (debt instruments)*
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses, advances to contractors under "other current assets" and loans receivable under "other noncurrent assets", respectively.

- *Financial assets at FVPL*
This include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

The Group's financial assets at FVPL includes its investments in unit investment trust fund (UITF) (see Note 7).

- *Financial assets designated at FVOCI (equity instruments)*
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.



Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in the consolidated statement of comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted shares under this category (see Note 9).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- 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.

When 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 of 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 its 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.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses publicly



available ratings from (i.e. Standard and Poor's (S&P), Moody's and Fitch) to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, advances to contractors and deposits, the Group calculates ECLs at initial recognition by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECLs.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and accrued expenses under "trade and other payables", loans payable, lease liabilities, and equity of claim owners on contract operations under "other noncurrent liabilities".



Subsequent Measurement - Financial liabilities at amortised cost (loans and borrowings)

After initial measurement, interest-bearing loans, non-interest-bearing liabilities and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

This category generally applies to the Group's loans payable lease liabilities and non-interest-bearing financial liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of 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 on a net basis, 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

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 consolidated 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 at fair value 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
Beneficiated nickel ore	-	at cost on a moving average production method during the year exceeding a determined cut-off grade
Quicklime and slakelime	-	at cost on a moving average production method
Gold buttons	-	at cost on a moving average production method
Subdivision lots	-	at land costs, amounts paid to contractors for costs incurred in the development and improvement of the properties (planning and design costs, cost of site preparation, professional fees, property taxes, construction overheads and other related costs)

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

Other Current and Noncurrent Assets

Other current and noncurrent assets include various prepaid expenses, advances to contractors, value-added tax (VAT), creditable withholding taxes (CWTs), and intangible asset.

Prepaid Expenses

Prepaid expenses pertain to advance payments for insurance, rent, other services and tax credit certificates (TCC) granted by the BIR to the Group. These are stated at cost.



Advances to Contractors

Advances to contractors comprise mainly of advance payments made by the Group relating to services, materials and supplies necessary for the Group's operations. These are noninterest-bearing and will be realized through offsetting against future billings from contractors, or cash payments, depending on the individual agreements.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Deferred input VAT arises from the Groups' unsettled purchase of services and will be claimed as input VAT upon payment.

CWTs

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.

Intangible Asset

The Group's intangible asset pertains to a non-proprietary golf club share. The golf club share was initially measured at cost. Following initial recognition, the intangible asset is carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible asset pertaining to a golf club share is not amortized, but is tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

A revaluation surplus is recorded in OCI and credited to the unrealized gain on intangible asset in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset recognized as unrealized gain on intangible asset in equity.

Upon disposal, any unrealized gain on intangible asset in equity is transferred to retained earnings.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.



Deferred Mine Exploration Costs

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

Exploration and evaluation activity include:

- 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 consolidated statement of income 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 that 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 and mining 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 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, if any. Such cost includes the cost of replacing part of such property, plant and equipment if the recognition criteria are met.



When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates, depletes and amortizes 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 when 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 accumulated depreciation and accumulated impairment in value. Depreciable amount is determined after considering the residual 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.

Right-of-Use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term, as follows:

Leased assets	Lease terms
Land	10 to 25 years
Office spaces	5 to 8 years
Clinic spaces	3 years
Machinery, tools and equipment	2 years

Right-of-use assets are subject to impairment.

The increment from valuation of land and artworks, net of deferred tax liability, resulting from the revaluation 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, the increase is recognized in consolidated statement of income. A revaluation deficit is recognized in the consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation increment. 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	3-25
Buildings	5-20
Machinery, tools and equipment	2-15

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

The estimated useful lives, residual values and depreciation and amortization 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 while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of income.

No depletion is charged during the mine 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 properties, which are held to earn rentals or for capital appreciation or both.

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 included in the consolidated statement of income in the period in which these arise. Fair values are determined based on the revaluation performed by an accredited external independent appraiser. Upon derecognition of the investment property, the portion of the revaluation increment realized in respect of previous valuation is released from the revaluation increment directly to retained earnings.

Investment properties are derecognized either when they have been disposed of or when they 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 property is 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.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group shall apply PAS 16, *Property, Plant and Equipment*, up to the date of change in use. The Group shall treat any difference at that date between the carrying amount of the property and its fair value in the same way as a revaluation in accordance with PAS 16. On subsequent disposal of the investment property, the revaluation surplus included in equity shall be transferred to retained earnings.



Impairment of Non-financial Assets

The Group assesses, at the end of each reporting period, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates 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 amount 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. When 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 consolidated statement of comprehensive income. For such properties, the impairment is recognized in consolidated statement of comprehensive income up to the amount of any previous revaluation.

For the other assets, 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 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 that 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 Group 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 of 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.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of clinic spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense 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 incidental to 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.



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 consolidated 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 and mining 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 include: 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 that 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 the consolidated statement of income 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.

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 reporting 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 number 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 Parent Company)
- There is stockholders' approval of said proposed increase and
- The application for the approval of the proposed increase has been presented for filing or 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 declarations, prior period adjustments, effect of changes in accounting policies and other capital adjustments.

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.



Components of Equity

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

- Revaluation increment - net of deferred tax
- Cumulative translation adjustment on foreign subsidiaries - net of deferred tax
- Cost of share-based payment
- Remeasurement gain on pension liability - net of deferred tax
- Unrealized gain on FVOCI
- Unrealized gain on intangible asset

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

The Group is principally engaged in the business of producing gold and nickel ore. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Sale of Mine Products

Revenue from sale of mine products is recognized at the point in time when the control of the asset is transferred to the customer which is normally at the time of shipment, and the selling prices are known or can be reasonably estimated. Revenue from sale of gold is measured at the prevailing international gold buying price and prevailing Philippine peso to United States dollar buying rate set by the BSP Treasury department on a daily basis and is recognized based on the initial weight and assay tests, which represent the best estimate. Revenue from sale of nickel ore is measured based on contract at the prevailing price at Ferro Alloy and prevailing Philippine peso to United States dollar buying rate and is recognized based on the initial weight and assay tests, which represent the best estimate. Subsequent adjustments to revenue due to quantity and/or quality changes are recognized upon determination of the final weight and assay tests.

BSP Refining Charges

BSP refining charges are deducted from revenue to arrive at revenue from contracts with customers since BSP refining charges are necessary expenses by BSP in determining the final gold content.

Despatch/Demurrage

Despatch/demurrage is added/deducted from revenue to arrive at revenue from contracts with customers. Despatch is earned when shipment is loaded earlier than the allowable lay time while demurrage is incurred when shipment is not loaded on time.

Medical and Dental Services

The Group has contracts with customers to provide medical and dental services. Each individual service is either sold separately or bundled together with other medical services. In determining the transaction price for the sale of medical and dental services, the Group considers the effects of variable consideration.



Revenue from medical and dental services are recognized over the period in which the medical and dental services are provided.

Trucking Services

The Group provides trucking services for the transportation of mining materials and construction supplies.

Revenue from trucking services is computed as actual delivered cubic meters multiplied by the contract price. The Group has concluded that revenue from trucking services is recognized over time since the customers simultaneously benefits as the Group performs the services.

Port Services

Revenue from port service is recognized over time upon loading of ores to the vessel.

Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

The Group does not have any contract asset as of December 31, 2021 and 2020.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets, 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 - 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 - net" in the consolidated statement of income.

Rental Income

Rental income arising from lease agreements is accounted for on a straight-line basis over the lease terms. Rental income from other activities is recognized when earned. These are presented in "Revenues" and "Other income-net", respectively, 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 outside services, materials and supplies, 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 control 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 consolidated income statement 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 and General Expenses

Selling and general expenses pertain to costs associated in the marketing and general administration of the day-to-day operations of the Group. These are generally recognized when 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.

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.

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 asset 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 consolidated statement of income in subsequent periods.

Past services costs are recognized in the consolidated statement of income 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 other sales” and “selling and general 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 computed based on the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately in the consolidated statement of income.

When the terms of an equity-settled award are 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.

Where an equity-settled award expires or is cancelled, its cost is transferred to capital surplus.

Forfeitures revise the expense to reflect the best available estimate of the number of equity instruments expected to vest.

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 and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

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 consolidated statement of income 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 consolidated statement of income. 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 is treated in line with the recognition of the gain or loss arising on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or consolidated statement of income are also recognized in OCI or consolidated statement of income, 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 income 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 of OCI relating to that particular foreign operation is recognized in the consolidated statement of income.

Income Taxes

Current Tax

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

Deferred Tax

Deferred 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 tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss)
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred 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, excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized

The carrying amount of deferred 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 tax assets to be utilized. Unrecognized deferred 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 tax asset to be recovered.



Deferred 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 tax relating to items recognized outside consolidated statement of income is recognized outside consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Uncertainty Over Income Tax Treatments

The Group assesses at the end of each financial reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and considering changes in relevant facts and circumstances. The Group then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Group concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings. If it is not probable that the taxation authority will accept a certain tax treatment, the Group measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentrated on one value) or 'expected value' method (better predicts uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value). The Group presents uncertain tax liabilities as part of current income tax liabilities or deferred income tax liabilities.

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.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.

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

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

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 34).

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.

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 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.



Distinction between Investment Property and Owner-Occupied Property

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, not for sale in the ordinary course of business, but is held primarily to earn rental income or capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Principal versus Agent Considerations

The Group enters into contracts with customers wherein the Group charges the customers for the services rendered. The Group determined that it does not control the goods or services before they are transferred to customers, and it does not have the ability to direct the use of the services or obtain benefits from the services. The following factors indicate that the Group does not control the services before they are being transferred to customers. Therefore, the Group determined that it is an agent in these contracts.

- The Group is not primarily responsible for fulfilling the promise to provide the professional services.
- The Group has no discretion in establishing the price for the services provided. The Group's consideration in these contracts is only based on the difference between the Group and the customer.

The Group determined that it is an agent with respect to the professional fees of its tenant doctors. Meanwhile, the Group concluded that it is the principal in all its other revenue streams.

Estimates and Assumptions

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

Provision for Expected Credit Losses on Trade and Other Receivables

The Group uses the simplified approach and general approach model in the assessment of the ECL for its trade and other receivables, respectively. An assessment of the ECL relating to these financial assets is undertaken upon initial recognition and each financial year and involves exercise of significant judgment. Key areas of judgment include defining default, determining assumptions to be used such as timing and amounts of expected net recoveries from defaulted accounts, determining debtor's capacity to pay, and incorporating forward looking information.

Provision for ECLs net of recoveries recognized in 2021, 2020, and 2019 amounted to ₱9.70 million, nil and ₱20.09 million, respectively (see Notes 5 and 24). The carrying amount of trade and other receivables amounted to ₱726.28 million and ₱475.25 million as at December 31, 2021 and 2020, respectively (see Notes 5 and 13).

Estimating Ore Reserves

Ore reserves estimates are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The Group also makes estimates and assumptions regarding a number of economic



and technical factors affecting ore reserves estimates, such as production rates, grades, foreign exchange rates, production and transport costs, and commodity prices.

These geological, economic and technical estimates and assumptions may change in the future in ways, which can affect the quality and quantity of the ore reserves. The Group reviews and updates estimates as required to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. These estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel or gold prices or production costs, and other factors.

Changes in the ore reserves estimates may impact the carrying values of mine and mining properties under “property, plant and equipment, liability for mine rehabilitation and decommissioning and depletion charges.

As at December 31, 2021 and 2020, carrying values of mine and mining properties amounted to ₱696.68 million and ₱769.46 million, respectively (see Note 10). Depletion charges recognized amounted to ₱73.60 million, ₱16.43 million and ₱11.79 million in 2021, 2020 and 2019, respectively (see Notes 10 and 26).

As at December 31, 2021 and 2020, carrying values of liability for mine rehabilitation amounted to ₱60.75 million and ₱105.61 million, respectively (see Note 17).

Assessing Recoverability of Deferred Mine Exploration Costs

The Group reviews the recoverability of deferred mine exploration costs when events or changes in circumstances indicate that the carrying amount of deferred mine exploration costs may exceed its estimated recoverable amount. The Group considers the following factors, among others, in its assessment:

- Status of each mine exploration project and plans on exploration and evaluation activities
- Validity of the licenses, permits and correspondences related to each mine exploration project
- Plans to abandon existing mine areas and plans to discontinue exploration activities
- Availability of information suggesting that the recovery of expenditure is unlikely

No impairment losses were recognized in 2021 and 2020. The Group recognized provision for impairment losses on deferred exploration costs in 2019 amounting to ₱94.9 million (see Note 27). In 2021 the group wrote off deferred exploration cost amounted to ₱16.51 million (see Notes 11 and 27). As at December 31, 2021 and 2020, deferred mine exploration costs amounted to ₱455.40 million and ₱456.81million, respectively (see Note 11).

Estimating Recoverability of Property, Plant and Equipment

The Group assesses impairment on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the property, plant and equipment 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 property, plant and equipment, the Group is required to make estimates and assumptions such as commodity prices (considering current and historical prices, price trends and related factors), discount rates and foreign currency exchange rates, operating costs, future production levels and costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired or the impairment charge reduced with the impact recognized in the consolidated statement of income.

The Group did not recognize any impairment loss in 2021, 2020 and 2019 on property, plant and equipment.

As at December 31, 2021 and 2020, property, plant and equipment (at cost) amounted to ₱848.39 million and ₱942.00 million, respectively (see Note 10)

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. Decrease in the NRV of inventories resulting in an amount lower than the original acquisition cost is accounted for as an impairment loss that is recognized in profit or loss. As at December 31, 2021 and 2020, the carrying value of inventories amounted to ₱142.06 million and ₱101.14 million, respectively (see Note 6).

Assessing Impairment of Advances to Contractors under Other Current Assets and Loans Receivable, Nontrade and Input VAT under Noncurrent Assets

The Group provides allowance for impairment losses on advances to contractors under other current assets and loans receivable, nontrade and input VAT under noncurrent assets when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for probable loss would increase recorded expenses and decrease other current and noncurrent assets.

Provision for impairment losses net of recoveries recognized in 2021, 2020, and 2019 amounted to ₱18.40 million, nil and ₱8.71 million, respectively (see Notes 8, 13 and 27).

The total carrying value of advances to contractors under other current assets and loans receivable, nontrade and input VAT under noncurrent assets amounted to ₱377.65 million and ₱402.78 million as at December 31, 2021 and 2020, respectively (see Notes 8 and 13).

Revaluation of Property, Plant and Equipment and Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. In addition, it measures the land and artworks at revalued amounts, with changes in fair value being recognized in the consolidated statements of comprehensive income. The land, artworks and investment properties were valued using the sales comparison approach. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. As at December 31, 2021 and 2020, the appraised value of land and artworks, and investment properties amounted to ₱4,614.07 million and ₱4,306.97 million, respectively (see Notes 10 and 12).



Unit-of-production (UOP) depreciation

Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine-specific assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortization could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

As at December 31, 2021 and 2020, the carrying amount of mine and mining properties amounted to ₱611.31 million and ₱681.96 million, respectively. Carrying amount of mine rehabilitation asset amounted to ₱65.08 million and ₱77.51 million as of December 31, 2021 and 2020, respectively (see Note 10).

Leases - Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱21.09 million and ₱6.15 million as at December 31, 2021 and 2020, respectively (see Note 16).

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 ₱60.75 million and ₱105.61 million as at December 31, 2021 and 2020, respectively (see Note 17).



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 employee stock ownership incentive plan (ESOIP) recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations. Cost of share-based payment amounted to ₱9.20 million and ₱13.37 million as at December 31, 2021 and 2020, respectively (see Note 19).

Estimating Pension Benefits

The cost of defined benefit pension and other post-employment 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.

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 Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases, and pension increases are based on expected future inflation rates for the Philippines.

Further details about the assumptions used are provided in Note 30.

Net pension liability of the Group amounted to ₱73.35 million and ₱81.83 million as at December 31, 2021 and 2020, respectively (see Note 30).

Assessing Realizability of Deferred Tax Assets

The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces deferred 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. Management believes that there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Group recognized deferred tax assets amounting to ₱100.84 million and ₱113.30 million as at December 31, 2021 and 2020, respectively (see Note 31).

The Group did not recognize deferred tax assets totaling ₱432.50 million and ₱721.34 million as at December 31, 2021 and 2020, respectively, on the remaining unused NOLCO, MCIT and deductible temporary differences (see Note 31).



4. Cash and Cash Equivalents

	2021	2020
Cash on hand and in banks	₱552,236	₱261,481
Short-term deposits	51,012	10,067
	₱603,248	₱271,548

Interest income from cash and cash equivalents amounted to ₱0.79 million, ₱0.66 million and ₱1.55 million in 2021, 2020, and 2019, respectively (see Note 27).

5. Trade and Other Receivables

	2021	2020
Trade	₱221,867	₱206,465
Nontrade	229,503	214,199
Advances to officers and employees	93,142	74,029
ESOIP (Note 28)	58,416	58,416
Loan receivable	–	49,763
Receivables from lessees of bunkhouses	3,689	4,754
Others	21,704	21,045
	628,321	628,671
Less allowance for ECLs	113,361	153,420
	₱514,960	₱475,251

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

Nontrade receivables pertain to advances made to suppliers by the Group relating to materials and supplies necessary in the Group's operation. These are noninterest-bearing and will be realized through offsetting against future billings from suppliers or will be settled in cash.

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

No movement in allowance for ECL in 2020. Movements of allowance for ECL in 2021 are as follows:

	2021							Total
	Trade Receivables	Nontrade Receivables	Advances to officers and employees	ESOIP (Note 28)	Loans receivable	Receivables from lessees of bunkhouses	Others	
Balances at beginning of year	₱27,882	₱8,409	₱1,830	₱58,416	₱49,763	₱3,644	₱3,476	₱153,420
Provisions (Note 24)	11,492	–	–	–	–	–	–	11,492
Recoveries (Note 24)	(627)	–	–	–	–	–	(1,161)	(1,788)
Reclassifications (Note 13)	–	–	–	–	(49,763)	–	–	(49,763)
Balances at end of year	₱38,747	₱8,409	₱1,830	₱58,416	₱–	₱3,644	₱2,315	₱113,361

The Group recognized gain on recovered receivables amounting to ₱9.50 million in 2019 (see Note 27).



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

Loan Receivable

On March 3, 2010, MMC granted an unsecured loan facility to a third party amounting to ₱135.00 million with an interest rate of 9% per annum. Outstanding receivable from this loan, including accrued interest, amounted to ₱49.76 million, net of allowance amounting to ₱49.76 million as at December 31, 2020. MMC did not recognize any interest income in 2020 and 2019. In 2021, this loan was negotiated for a longer term with 1% annual interest income and was reclassified to other Noncurrent assets (see Note 13).

6. Inventories

	2021	2020
At Cost:		
Beneficiated nickel ore	₱117,467	₱62,281
Quicklime and slakelime	1,446	3,682
Subdivision lots and housing units for sale	2,284	2,284
Gold button	–	8,638
	121,197	76,885
At NRV:		
Materials and supplies	196,364	199,757
Less allowance for impairment loss on materials and supplies	(175,502)	(175,502)
	20,862	24,255
	₱142,059	₱101,140

As at December 31, 2021 and 2020, the NRV of the Group's beneficiated nickel ore, gold button, quicklime and slakelime, and subdivision lots is higher than the related cost.

The gold button inventory represents gold and silver by-product produced by the Group in 2021 and 2020. These mineral products were immediately sold the following year. The gold button inventory includes depreciation and depletion related to the production of gold amounting to nil, ₱0.42 million and ₱0.31 million in 2021, 2020 and 2019, respectively (see Note 26).

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 ₱238.36 million, ₱209.54 million and ₱31.29 million in 2021, 2020 and 2019, respectively.

The aggregate cost of beneficiated nickel ore inventory that decreased cost of mine products sold amounted to ₱40.56 million in 2021 and increased cost of mine products sold amounted to ₱35.39 million and ₱7.82 million in 2020 and 2019, respectively (see Note 22).

The NRV of materials and supplies amounted to ₱20.00 million and ₱24.26 million as at December 31, 2021 and 2020, respectively.



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

	2021	2020
Balances at beginning of year	P175,502	P310,272
Write-off	-	(134,770)
Balances at end of year	P175,502	P175,502

Materials and supplies amounting to nil and P134.77 million, which were already provided with allowance for impairment loss, were written off as the Group assessed that such can no longer be used as at December 31, 2021 and 2020, respectively.

The Group recognized gain on recovered materials and supplies amounting to P0.90 million in 2019 (see Note 27).

Materials and supplies charged to current operations amounted to P210.83 million, P140.53 million and P131.96 million in 2021, 2020 and 2019, respectively (see Notes 22, 23 and 24). There are no purchase commitments related to inventories or inventories pledged as security for liabilities as at December 31, 2021 and 2020.

7. Financial Assets at FVPL

The Groups's financial assets at FVPL are investments in unit investment trust funds (UITF).

Movements in financial assets at FVPL are as follows:

	2021
Beginning balance	P-
Additions	660,089
Transfer from financial assets at FVOCI (Note 9)	12,499
Changes in fair value (Note 27)	2,389
	P674,977

8. Other Current Assets

	2021	2020
Input VAT - net	P293,363	P219,928
Advances to contractors	102,610	102,610
Deferred input VAT	74,609	57,811
CWTs	46,124	35,778
Prepaid expenses	6,761	11,548
Others	6,195	19,017
	529,662	446,692
Less allowance for impairment losses	47,972	47,972
	P481,690	P398,720



In 2020, BRMC refunded a total amount of ₱34.45 million out of the total applied for VAT refund amounting to ₱39.65 million in 2018. The BIR disallowed input VAT claims amounting to ₱5.20 million (see Note 27). In 2021, BRMC refunded a total amount of ₱22.79 million out of the total applied for VAT refund amounting to ₱30.17 million in 2019. The BIR disallowed input VAT claims amounting to ₱7.38 million (see Note 27).

In 2014, 2015 and 2016, AFC applied for refund of CWTs totaling ₱61.16 million. On November 15, 2021, a notice of decision was received which partially granted as refundable amount representing excess and unutilized CWTs for the taxable year 2014 amounting to ₱15.59 million. As at December 31, 2021, AFC is still awaiting the Court of Tax Appeals' final decision.

In 2021, recognized provision for impairment loss on its CWTs amounted to ₱9.48 million (see Note 27).

Others include surety bonds and security deposits. Surety bonds pertain to the agreement to guarantee compliance with MGB in putting a trust fund for MOEP issuance. This is valid for one year and a subject for renewal. Security deposits are deposits to satisfy lease obligation of the Group. This are refundable at the end of the lease term.

No movement in allowance for impairment loss on advances to contractors in 2021. Movements in allowance for impairment loss on on advances to contractors in 2020 are as follows:

	2020
Balances at beginning of year	₱47,967
Provision (Note 27)	5
Balances at end of year	₱47,972

9. Financial Assets at FVOCI

Financial assets at FVOCI pertain to investments in nonlisted and listed shares of stock in the Philippine Stock Exchange and Toronto Stock Exchange, which are carried at fair value based on bid market prices.

Movements in financial assets at FVOCI in 2021 and 2020 are as follows:

	2021	2020
Balances at beginning of year	₱13,361	₱13,168
Change in fair value	15	193
Reclassification (Note 7)	(12,499)	-
Balances at end of year	₱877	₱13,361

In 2021, the Company reclassified its financial assets measured at FVOCI to FVTPL. The carrying value of these financial assets approximates its fair value at the date of reclassification.

The unrealized loss amounting to ₱0.28 million and gain amounting to ₱1.16 million representing the change in fair value of these financial assets as at December 31, 2021 and 2020 is shown as part of the other components of equity in the consolidated statements of financial position and in the consolidated statements of changes in equity. The fluctuations in value of these investments are also reported as part of other comprehensive income in the consolidated statements of comprehensive income.



Movements in unrealized gain (loss) on financial assets at FVOCI recognized as a separate component of equity are as follows (see Note 19):

	2021	2020	2019
Balances at beginning of year	₱1,164	₱971	₱1,013
Change in fair value	15	193	83
Transfer of fair value reserve on disposal of FA at FVOCI	-	-	(125)
Transfer of fair value reserve to retained earnings	(1,454)	-	-
Balances at end of year	(₱275)	₱1,164	₱971

In 2019 the Group sold financial assets at FVOCI with cost amounting to ₱3.04 million. Proceeds from these disposals amounted to ₱3.16 million, resulting in realized gain amounting to ₱0.12 million transferred directly to retained earnings.

In 2019 the Group acquired financial assets at FVOCI amounting to ₱5.45 million.

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:

	2021	2020
Land	₱1,651,264	₱1,621,149
Artworks	52,139	52,139
	₱1,703,403	₱1,673,288

Land - at revalued amount

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 in 2021 and is categorized under level 3. 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.

In 2021, the Group recognized revaluation increment on land amounting to ₱30.12 million. Correspondingly, amounts charged to the consolidated statement of comprehensive income amounted to ₱22.59 million, net of deferred tax liability of ₱7.53 million in 2019.



In 2019, the Group recognized revaluation increment on land amounting to ₱451.99 million. Correspondingly, amounts charged to the consolidated statement of comprehensive income amounted to ₱316.39 million, net of deferred tax liability of ₱135.60 million in 2019.

	2021		
	Cost	Revaluation increment	Total
Balances at beginning of year	₱68,398	₱1,552,751	₱1,621,149
Change in fair value	-	30,115	30,115
Balances at end of year	₱68,398	₱1,582,866	₱1,651,264

	2020		
	Cost	Revaluation increment	Total
Balances at beginning and end of year	₱68,398	₱1,552,751	₱1,621,149

Artworks - at revalued amount

Artworks owned by the Group are stated at revalued amounts. Independent revaluations are performed every three to five years by an independent appraiser. The latest appraisal was performed by Heritage Arts & Antiquities, Inc., an independent appraiser for the year ended December 31, 2019, in which the fair value measurement is categorized under Level 3. 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. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.

Carrying values of artworks at revalued amounts amounted to ₱52,139 as at December 31, 2021 and 2020.

In 2019, the Group recognized revaluation increment on artworks amounting to ₱30.80 million. Correspondingly, amount charged to consolidated statement of comprehensive income amounted to ₱21.56 million, net of deferred tax liability of ₱9.24 million.

The artworks would have been recorded at ₱0.90 million in the consolidated statement of financial position had these been carried at cost.

Management assessed that the residual value of the artworks approximates the revalued amount as at December 31, 2021 and 2020, and therefore, no depreciation was recognized in both years.

Movements in the revaluation increment on land and artworks shown as part of other components of equity are as follows:

	2021	2020
Beginning balance	₱1,127,236	₱1,127,236
Revaluation during the year	22,586	-
Effect of change in tax rate	155,998	-
Ending balance	₱1,305,820	₱1,127,236



b. Property, Plant and Equipment - at cost

	2021							
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Right-of-use of assets	Total
Cost:								
Beginning balance	₱75,209	₱305,262	₱939,299	₱1,641,130	₱101,517	₱71,292	₱12,293	₱3,146,002
Additions	–	3,475	26,645	10,296	–	444	23,222	64,082
Retirement	–	–	–	–	–	–	(2,849)	(2,849)
Reclassification	–	2,653	28,754	–	–	(31,407)	–	–
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	–	(9,482)	–	–	–	(9,482)
Ending balance	75,209	311,390	994,698	1,641,944	101,517	40,329	32,666	3,197,753
Accumulated depreciation and depletion:								
Beginning balance	71,556	303,856	918,830	871,668	31,618	–	6,472	2,204,000
Depreciation and depletion (Note 26)	3,653	3,751	54,340	73,601	4,238	–	8,631	148,214
Retirement	–	–	–	–	–	–	(2,849)	(2,849)
Ending balance	75,209	307,607	973,170	945,269	35,856	–	12,254	2,349,365
Net book values	₱–	₱3,783	₱21,528	₱696,675	₱65,661	₱40,329	₱20,412	₱848,388



	2020							
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Right-of-use of assets	Total
Cost:								
Beginning balance	₱74,083	₱304,790	₱918,494	₱1,634,227	₱101,517	₱68,759	₱14,741	₱3,116,611
Additions	1,126	472	21,631	1,545	–	2,533	165	27,472
Disposals	–	–	(826)	–	–	–	–	(826)
Retirement	–	–	–	–	–	–	(2,613)	(2,613)
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	–	5,358	–	–	–	5,358
Ending balance	75,209	305,262	939,299	1,641,130	101,517	71,292	12,293	3,146,002
Accumulated depreciation and depletion:								
Beginning balance	68,663	300,648	895,377	855,238	27,382	–	5,439	2,152,747
Depreciation and depletion (Note 26)	2,893	3,208	24,279	16,430	4,236	–	3,646	54,692
Disposals	–	–	(826)	–	–	–	–	(826)
Retirement	–	–	–	–	–	–	(2,613)	(2,613)
Ending balance	71,556	303,856	918,830	871,668	31,618	–	6,472	2,204,000
Net book values	₱3,653	₱1,406	₱20,469	₱769,462	₱69,899	₱71,292	₱5,821	₱942,002



The Group's CIP includes the development of an enhanced mill production line in Balatoc, Benguet to increase the milling capacity of its gold operations.

Proceeds totaling nil, ₱0.04 million and ₱3.17 million in 2021, 2020 and 2019, respectively, from the disposal of property, plant and equipment items resulted in net gain of nil, ₱0.04 million, and nil in 2021, 2020 and 2019, respectively (see Note 27).

The cost of fully depreciated property, plant and equipment still being used in the Group's operations amounted to ₱464.39 million and ₱423.14 million as at December 31, 2021 and 2020, respectively.

Movements in mine and mining properties in 2021 and 2020 are as follows:

	2021			Total
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	
Cost:				
Balances at beginning of year	₱1,513,745	₱9,992	₱117,393	₱1,641,130
Addition	–	10,296	–	10,296
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	(9,482)	(9,482)
Balances at end of year	1,513,745	20,288	107,911	1,641,944
Accumulated depletion:				
Balances at beginning of year	831,787	–	39,881	871,668
Depletion (Note 26)	70,650	–	2,951	73,601
Balances at end of year	902,437	–	42,832	945,269
Net book values	₱611,308	₱20,288	₱65,079	₱696,675
	2020			Total
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	
Cost:				
Balances at beginning of year	₱1,513,745	₱8,447	₱112,035	₱1,634,227
Addition	–	1,545	–	1,545
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	5,358	5,358
Balances at end of year	1,513,745	9,992	117,393	1,641,130
Accumulated depletion:				
Balances at beginning of year	819,156	–	36,082	855,238
Depletion (Note 26)	12,631	–	3,799	16,430
Balances at end of year	831,787	–	39,881	871,668
Net book values	₱681,958	₱9,992	₱77,512	₱769,462



Movements in right-of-use of assets in 2021 and 2020 are as follows:

	2021				
	Office Space	Clinic Space	Machinery, tools and equipment	Land	Total
Cost:					
Balances at beginning of year	₱1,930	₱2,683	₱1,084	₱6,596	₱12,293
Additions	20,259	2,627	–	336	23,222
Retirement	(1,765)	–	(1,084)	–	(2,849)
Balances at end of year	20,424	5,310	–	6,932	32,666
Accumulated depreciation:					
Balances at beginning of year	1,478	2,530	896	1,568	6,472
Depreciation (Note 16)	6,908	518	188	1,017	8,631
Retirement	(1,765)	–	(1,084)	–	(2,849)
Balances at end of year	6,621	3,048	–	2,585	12,254
Net book values	₱13,803	₱2,262	₱–	₱4,347	₱20,412

	2020				
	Office Space	Clinic Space	Machinery, tools and equipment	Land	Total
Cost:					
Balances at beginning and end of year	₱4,378	₱2,683	₱1,084	₱6,596	₱14,741
Additions	165	–	–	–	165
Retirement	(2,613)	–	–	–	(2,613)
Balances at end of year	1,930	2,683	1,084	6,596	12,293
Accumulated depreciation:					
Balances at beginning of year	2,492	1,119	1,037	791	5,439
Depreciation (Note 16)	1,010	1,411	448	777	3,646
Retirement	(2,024)	–	(589)	–	(2,613)
Balances at end of year	1,478	2,530	896	1,568	6,472
Net book values	₱452	₱153	₱188	₱5,028	₱5,821

11. Deferred Mine Exploration Costs

Movements in deferred mine exploration costs are as follows:

	2021	2020
Balances at beginning of year	₱623,795	₱616,170
Additions	11,693	10,811
Translation adjustment	3,409	(3,186)
Write-off (Note 27)	(16,511)	–
	622,386	623,795
Less allowance for impairment losses	166,989	166,989
Balances at end of year	₱455,397	₱456,806

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

In 2021, BRMC written-off its deferred exploration costs amounting to ₱16.51 million.



since the Company no longer foresee the need to continue the study due to the current demand and marketability of the low-grade ores, from which the study was intended. As at December 31, 2021 and 2020, deferred mine exploration costs amounted to nil and ₱16.51 million, respectively. No additional exploration cost was incurred during the year.

No movement in allowance for impairment loss on deferred mine exploration costs in 2021 and 2020.

Recovery of Deferred Exploration Costs

The Group's ability to realize its deferred exploration costs depends on the success of exploration and development work in proving the viability of its mining properties to produce minerals in commercial quantities, and the success of converting the Group's exploration permits to new mineral agreements, which cannot be determined at this time. The consolidated financial statements do not include any adjustment that might result from these uncertainties.

12. Investment Properties

	2021	2020
Balances at beginning of year	₱2,633,677	₱2,478,862
Revaluation (Note 27)	276,986	154,815
Balances at end of year	₱2,910,663	₱2,633,677

In 2019, parcels of land in San Marcelino, Zambales with a revalued amount of ₱83.06 million were reclassified from property, plant and equipment to investment properties due to the change in use from being owner-occupied properties to being held for long-term capital appreciation (see Note 10). Portions of these properties amounting to ₱76.02 million were subsequently sold for ₱144.61 million, resulting in a gain of ₱68.59 million recognized in other income (see Note 27). Correspondingly, revaluation increment amounting to ₱50.39 and deferred tax liability on the revaluation increment from the portion sold amounting to ₱21.60 million were transferred to retained earnings.

Investment properties also include parcels of land located in Itogon, Benguet.

The Group engaged an independent appraiser to assess the fair market value of land under investment properties as at December 31, 2021 and 2020, respectively. The appraisal was performed by Cuervo Appraisers, Inc. The fair value of the investment properties was estimated using the sales comparative approach, which considers the sales of similar or substitute properties and related market values and establishes value estimates by processes involving comparisons (level 3).

Movements in accumulated fair valuation gains of investment properties are as follows:

	2021	2020
Balances at beginning of year	₱1,042,846	₱888,031
Revaluation (Note 27)	276,986	154,815
Balances at end of year	₱1,319,832	₱1,042,846

The Group recognized revaluation gain amounting to ₱276.99 million, ₱154.82 million and ₱287.21 million in 2021, 2020 and 2019, respectively, and were included as other income (see Note 27).

Direct operating expenses from these investment properties amounted to ₱0.76 million, ₱0.76 million and ₱0.88 million in 2021, 2020 and 2019, respectively.



13. Other Noncurrent Assets

	2021	2020
Loan receivable	₱261,087	₱–
Nontrade	140,038	362,618
Input VAT	141,940	137,412
Mine rehabilitation fund (MRF)	67,239	51,900
Prepaid rent	2,149	170
Intangible asset	250	250
Others	9,394	6,319
	622,097	558,669
Less allowance for impairment losses on other noncurrent assets	220,052	151,892
	₱402,045	₱406,777

Loan receivable pertains to unsecured loan facility granted by MMC to a third party with interest rate of 1% per annum and outstanding balance amounting to ₱208.86 million, net of allowance of ₱49.76 million. The loan is due on December 31, 2023. Interest earned for this loan amounted to ₱2.46 million in 2021 (see Note 27).

Nontrade noncurrent assets pertain to advances and prepayments of the Group to its contractors and suppliers for exploration and other related activities and projects that are expected to be settled beyond 12 months from the end of the reporting period.

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 ₱0.04, ₱0.16 million and ₱0.18 million in 2021, 2020 and 2019, respectively (see Note 27).

In 2019, the Group acquired the intangible asset at a cost of ₱0.11 million. This pertains to nonproprietary golf club shares that have been assessed as having an indefinite useful life. As at December 31, 2021 and 2020, the revalued amount of this intangible asset amounted to ₱0.25 million, after revaluation increment of ₱0.14 million, recognized in other comprehensive income. No impairment loss was recognized during the year for this intangible asset.

Others pertain to various assets of the Group, which are individually insignificant and are expected to be realized beyond 12 months after the reporting period.

No movement in allowance for impairment loss on other noncurrent assets in 2020. Movements in allowance for impairment loss on other noncurrent assets in 2021 are as follows:

	Loan Receivable	Nontrade	Input VAT	Total
Balances at beginning of year	₱–	₱151,892	₱–	₱151,892
Provision (Note 27)	–	–	30,251	30,251
Recoveries (Note 27)	–	(11,854)	–	(11,854)
Reclassifications (Note 5)	49,763	–	–	49,763
	₱49,763	₱140,038	₱30,251	₱220,052



14. Loans Payable

	2021	2020
Unsecured loans	₱85,063	₱270,066
Accrued interest and penalties	251,972	238,932
	₱337,035	₱508,998

Unsecured loans

In 2015, BRMC obtained an interest-bearing loan from Trans Middle East Phils. Equities, Inc. amounting to ₱250.00 million. During the same year, BRMC paid ₱65.00 million of the outstanding principal balance, after which the parties agreed that the loan becomes due and demandable. In 2021, BRMC settled this loan in full. Outstanding principal amount of the loan amounted to nil and ₱185.00 million as at December 31, 2021 and 2020.

The Parent Company has various loans, which are being renegotiated and are undergoing restructuring. Nominal interest rates vary from floating rate of 91-day Philippine PhP T-bill rate for peso loans and 3-month London Interbank Offered Rate (LIBOR) foreign loans, plus margin of 2.5%. Remaining balance related to these loans amounted to ₱85.06 million as at December 31, 2021 and 2020.

No proceeds from these loans in 2021, 2020 and 2019. Total principal payments for these loans amounted to ₱182.32 million, ₱1.37 million, ₱22.78 million in 2021, 2020 and 2019, respectively.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2021 and 2020. Total interest expense related to loans payable amounted to ₱2.29 million, ₱2.59 million and ₱1.21 million in 2021, 2020 and 2019, respectively.

15. Trade and Other Payables

	2021	2020
Trade	₱343,727	₱330,949
Contract liabilities	141,220	96,342
Nontrade	92,301	95,660
Output VAT	10,277	26,802
Accrued expenses:		
Taxes and licenses	9,883	9,883
Payroll	5,568	12,286
Professional fees and contracted services	849	1,859
Others	33,698	21,757
Excise taxes and royalties	4,012	6,214
Others	27,863	18,967
	₱669,398	₱620,719

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

Contract liabilities include amounts from off-take agreements and cash advances from BRMC's customers. The Group received additional advances amounting to \$2.76 million (₱140.82 million) and \$1.99 million (₱95.45 million) which will be settled through future nickel ore shipments.



Meanwhile, significant terms and conditions of the related off-take agreements are in Note 18. Movements in contract liabilities are shown below:

	2021	2020
Balances at beginning of year	₱406,618	₱333,961
Additions during the year	140,821	95,446
Effect of foreign exchange gain	11,139	(12,586)
Payments	(206,694)	(10,203)
	351,884	406,618
Less noncurrent portion (Note 18)	210,664	310,276
Current portion	₱141,220	₱96,342

Nontrade payables represent other operating expenses that are payable to various suppliers and contractors and regulatory agencies which are normally settled within one year.

Accrued expenses pertain to liabilities for professional fees, administrative expenses and payables to officers and employees for unclaimed wages, accrued vacation and sick leave credits and payroll. These are normally settled 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 include payables to government and individually insignificant payables, operating and administrative expenses which are normally settled within one year.

In 2020 and 2019, the Group recognized gain of ₱5.54 million and ₱22.46 million, respectively, from the settlement of its trade and other liabilities (see Note 27).

16. Lease Commitments

Lease Agreements

Group as a lessee

The Group has lease contracts for various office spaces, clinic spaces, machinery, tools and equipment, and land.

The Group also has certain leases of clinic space with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases. The Group's obligations under its leases are secured by the lessor's title to the leased assets.



The following are the amounts recognized in consolidated statement of income:

	2021	2020	2019
Depreciation expense of right-of-use assets included in property, plant and equipment (Note 10)	₱8,631	₱3,646	₱5,439
Expenses related to short-term leases included in selling and general expenses (Note 24)	66,423	43,717	6,193
Expenses related to short-term leases included in cost of services (Note 23)	3,544	1,655	5,471
Interest expense on lease liabilities	1,596	537	822
Gain on rent concession	585	-	-
Income from subleasing of right of use assets	-	-	(269)
Total amount recognized in consolidated statement of income	₱80,779	₱49,555	₱17,656

The rollforward analysis of lease liabilities follows:

	2021	2020
Balances at beginning of year	₱6,154	₱8,059
Interest expense	1,596	537
Additions	23,222	165
Gain on rent concession (Note 27)	(585)	-
Payments of:		
Interest portion	(1,596)	(537)
Principal portion	(7,697)	(2,070)
Balances at the end of the year	21,094	6,154
Less noncurrent portion	11,913	4,476
Current portion	₱9,181	₱1,678

Shown below is the maturity analysis of the undiscounted lease payments:

	2021	2020
Lease payments due in:		
Less than one year	₱8,634	₱1,943
Between one to five years	9,106	3,046
More than five years	3,391	3,715
Future minimum lease payments	₱21,131	₱8,704

Non-cancellable lease agreements pertain to the Parent's lease of land in Itogon, Benguet for the easement and right of way agreement over the land which the Parent Company needs for its existing water pipelines, and other future installation it may deem desirable for its operations.



Group as a lessor

The Group rented its condominium units under investment properties condominium units as office spaces. The Group has entered into lease contracts, which typically have a lease term of one to three years. The lease agreements are renewable upon mutual agreement between the Group and its lessees. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Rent income from these leases amounted to ₱0.73 million, ₱0.76 million and ₱1.79 million in 2021, 2020 and 2019, respectively (Note 21).

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2021 and 2020 are as follows:

	2021	2020
1 year	₱407	₱729
more than 1 year to 2 years	259	160
more than 2 years to 3 years	–	140
	₱666	₱1029

17. Liability for Mine Rehabilitation

Movements in this account are as follows:

	2021	2020
Balances at beginning of year	₱105,606	₱91,582
Actual rehabilitation costs	(30,958)	–
Change in estimate:		
Recognized as adjustment to the mine rehabilitation asset (Note 10)	(9,482)	5,358
Recognized in consolidated statement of income (Note 27)	(6,872)	5,290
Accretion (Note 27)	2,453	3,376
	60,747	105,606
Less noncurrent portion	54,174	67,470
Current portion	₱6,573	₱38,136

This provision is based on the Group's estimates. Assumptions based on the current economic environment have been made, which management believes are reasonable bases 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 rates (2.87% in 2021 and 2.68% in 2020) and changes in discount rates (1.57% in 2021 and 2.32% 2020).

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 that could affect future financial results.



The provision at the end of each reporting period represents management best estimate of the present value of the future rehabilitation cost required. This estimate is reviewed regularly to take into account any material changes in the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. The timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future gold and nickel prices, which are inherently uncertain.

In 2019, the Group recognized additions that was charged in profit or loss amounting to ₱18.37 million (see Note 27).

18. Other Noncurrent Liabilities

	2021	2020
Contract liabilities (Note 15)	₱210,664	₱310,276
Equity of claimowners in contract operations	49,136	49,136
Deposits for future stock subscription	32,000	32,000
	₱291,800	₱391,412

Contract liabilities of BRMC may be settled through future nickel ore shipments to its customers. The current portion of the said advances is presented as part of trade and other payables.

Nickel Off-take Agreements and other advances

- a. On April 11, 2014, BRMC entered into an off-take agreement with a Korean trading company for a total amount of US\$6.00 million in exchange for future shipments. The advances under the said offtake agreement are noninterest-bearing and will be settled through deductions from the selling price of every shipment.

As at December 31, 2021 and 2020, the remaining balance of the advances amounted to US\$3.55 million (₱199.63 million) and US\$4.17 million (₱219.29 million) respectively.

- b. On August 24, 2011, BRMC 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\$6.00 million to the Parent Company. BRMC will deliver and sell 1,800,000 tons of 1.8% grade laterite 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 repayment of the loan to the Parent Company.

As at December 31, 2021 and 2020, the remaining advances amounted to \$1.89 million (₱90.76 million) and \$1.89 million (₱90.76 million), respectively.

Equity of claim owners in contract operations pertain to the outstanding liability of the Parent Company to CMI. Discussions on the settlement of said liability are still on-going as at March 29, 2022.



As at December 31, 2021 and 2020, deposit for future stock subscriptions received by BLI from Almega Management and Investment, Inc. amounted to P32.00 million. The related increase in authorized capital stock of BLI has been approved by BLI's BOD and majority of its stockholders on March 16, 2016. As of March 29, 2022, BLI is yet to submit its application for increase in authorized capital stock to the Philippine SEC.

19. Equity

Capital stock as at December 31, 2021 and 2020 follows:

	2021		2020	
	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 - P1 par value	430,380,000	430,380	430,380,000	430,380
Common Class B - P1 par value	286,920,000	286,920	286,920,000	286,920
	736,952,912	P784,800	736,952,912	P784,800
Issued				
Convertible Preferred Class "A"	217,061	P745	217,061	P745
Common Class "A"	375,307,052	375,307	371,220,254	371,220
Common Class "B"	247,963,396	247,963	245,250,197	245,250
Total shares issued and subscribed	623,487,509	P624,015	616,687,512	P617,215
Treasury Shares				
Common Class "A"	310,794	P7,158	310,794	P7,158
Common Class "B"	37,275	858	37,275	858
Total treasury shares	348,069	P8,016	348,069	P8,016
Outstanding				
Convertible Preferred Class "A"	217,061	P745	217,061	P745
Common Class "A"	374,996,258	368,149	370,909,460	364,062
Common Class "B"	247,926,121	247,105	245,212,922	244,392
Total outstanding shares	623,139,440	P615,999	616,339,443	P609,199

No movement in the Parent Company's authorized and treasury shares in 2021 and 2020. The movement in the Group's issued shares in 2021 and 2020 are as follows

	2021		
	Balance at beginning of year	Issuance of shares for stock options exercised (Note 20)	Balance at end of year
Convertible Preferred Class "A"	217,061	-	217,061
Common Class "A"	371,220,254	4,086,798	375,307,052
Common Class "B"	245,250,197	2,713,199	247,963,396
	616,687,512	6,799,997	623,487,509



	2020		
	Balance at beginning of year	Issuance of shares for stock options exercised (Note 20)	Balance at end of year
Convertible Preferred Class "A"	217,061	–	217,061
Common Class "A"	371,050,755	169,499	371,220,254
Common Class "B"	245,068,497	181,700	245,250,197
	616,336,313	351,199	616,687,512

The two classes of common shares of the Parent Company 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 of ₱10.42 per share. Each preferred share is convertible into nine (9) 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 March 21, 2018, the BOD approved the increase in the Parent Company's authorized capital stock from ₱717.30 million (consisting of 430,380,000 Common Class A shares and 286,920,000 Common Class B shares, both having a par value of ₱1.00 each) to ₱762.30 million (consisting of 475,380,000 Common Class A shares and 286,920,000 Common Class B shares, both having a par value of ₱1.00 each). After the amendment, the total authorized capital stock of the Parent Company has increased from ₱785.50 million to ₱830.50 million.

The application for the increase was approved by the stockholders during the annual meeting held on November 8, 2018. As at March 29, 2022, the Parent Company has not yet filed the application for the increase in authorized capital stock with the Philippine SEC.

In 2020, the Parent Company issued 158,999 Common Class A shares and 181,700 Common Class B shares as a result of employees' exercise of stock options at a total consideration of ₱0.63 million; ₱0.11 million of which were from 55,200 Common Class B at a selling price of ₱1.91 per share and ₱0.53 million from 158,999 Common Class A shares and 126,500 Common Class B shares at an average exercise price of ₱1.78 per share.

In 2021, the Parent Company issued 4,086,798 Common Class A shares and 2,713,199 Common Class B shares as a result of employees' exercise of stock options at a total consideration of ₱9.81 million; ₱1.37 million of which were from 431,198 Common Class A shares and from 334,176 Common Class B at an average selling price of ₱1.80 per share and ₱8.45 million from 3,655,600 Common Class A shares and 2,379,023 Common Class B shares at an average exercise price of ₱1.41 per share.



Below is the Parent 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
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 into 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 3.43	90,000 60,000 67,500
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 3.43	360,000 240,000 67,500
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 3.43	430,874 287,135 67,500
July 29, 2016	Increase in number of common shares and reduction in par value Common class A Common class B Convertible preferred shares	430,380,000 286,920,000 19,652,912	1.00 1.00 3.43	430,874 287,135 67,500
As at December 31, 2021	Common class A Common class B Convertible preferred shares	430,380,000 286,920,000 19,652,912	₱1.00 1.00 3.43	₱430,874 286,920 67,500

As at December 31, 2021 and 2020, the Parent Company has 16,901 and 16,904 stockholders, respectively.

Other Components of Equity

	2021	2020
Revaluation increment	₱1,305,820	₱1,127,236
Cumulative translation adjustments of foreign subsidiaries	36,208	31,595
Remeasurement gain on retirement obligation (Note 30)	10,673	9,590
Unrealized gain (loss) on financial assets at FVOCI (Note 9)	(275)	1,164
Unrealized gain on intangible asset (Note 13)	135	135
	₱1,352,561	₱1,169,720

As at December 31, 2021 and 2020, the Parent Company has 348,069 shares held in treasury amounting to ₱8.02 million at ₱23 per share.



20. Stock Option Plan

Under the 1975 Nonqualified Stock Option Plan (Plan), as amended, 9,906,661 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.

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 and an increase in the shares reserved for issuance under the Plan from the total of 9,906,661 shares to 22,000,000 shares.

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 date of grant. The options authorized under this plan is exercisable for a period of 10 years from the date of grant.

On November 8, 2018, the BOD and the stockholders approved the proposed amendment to the existing Amended Stock Option Plan to extend the termination date of the existing Plan for five years or until May 31, 2023.

On March 17, 2017, upon endorsement of the Stock Option Committee, the BOD approved a new stock option grant to the Group's qualified directors, officer, employees and consultant, provided they have rendered at least two years of service as of March 11, 2017. Total number of common shares available for distribution under the plan is 8,414,375 shares at an exercise price of ₱1.38 and ₱1.43 for Class "A" and Class "B" shares, respectively.

On March 18, 2021, upon endorsement of the Stock Option Committee, the BOD approved a new stock option grant to the Group's officer, employees and consultant and to all members of the BOD, provided they have rendered at least two years of service as of March 15, 2021. Total number of common shares available for distribution under the plan is 3,003,612 shares at an exercise price of ₱2.19 and ₱2.05 for Class "A" and Class "B" shares, respectively.



Exercisable share options per grant are as follows:

	Exercisable share options as at January 1, 2021	Additions	Expired in 2021	Exercised in 2021	Exercisable share options as at December 31, 2021
Class A - May 2011 Grant	851,999	-	(420,801)	(431,198)	-
- September 2012 Grant	306,000	-	-	-	306,000
- May 2014 Grant	648,000	-	-	-	648,000
- March 2017 Grant	-	5,048,625	(499,350)	(3,655,600)	893,675
- March 2021 Grant	-	-	-	-	-
Class B - May 2011 Grant	613,845	-	(279,669)	(334,176)	-
- September 2012 Grant	204,000	-	-	-	204,000
- May 2014 Grant	432,000	-	-	-	432,000
- March 2017 Grant	-	3,365,750	(332,900)	(2,379,023)	653,827
- March 2021 Grant	-	-	-	-	-
Total	3,055,844	8,414,375	(1,532,720)	(6,799,997)	3,137,502

	Exercisable share options as at January 1, 2020	Expired in 2020	Exercised in 2020	Exercisable share options as at December 31, 2020
Class A - May 2011 Grant	1,668,297	(646,799)	(169,499)	851,999
- September 2012 Grant	306,000	-	-	306,000
- May 2014 Grant	864,000	(216,000)	-	648,000
Class B - May 2011 Grant	1,226,745	(431,200)	(181,700)	613,845
- September 2012 Grant	204,000	-	-	204,000
- May 2014 Grant	576,000	(144,000)	-	432,000
Total	4,845,042	(1,437,999)	(351,199)	3,055,844

On August 31, 2016, the Parent Company's BOD approved the following amendments to the Plan due to the effect of the share split on July 29, 2016:

- change in the exercise price of outstanding options
- change in the maximum number of shares per grant from 500,000 to 1,500,000
- repricing of the unexercised share options brought about by the low turn-out in the availment of the grant due to high exercise price compared to market price. The repricing was based on the closing price on August 18, 2016 of Class A and Class B common shares amounting to ₱2.25 and ₱2.55, respectively, less 25% discount pursuant to the provisions of the amended stock option plan of the Parent Company.

The exercise prices of outstanding options consider the effect of the stock split and the change in exercise prices, are as follows:

	At grant date	After effect of stock split	As modified
Class A - May 2011 Grant	₱16.50	₱5.50	₱1.69
- September 2012 Grant	17.96	5.99	1.69
- May 2014 Grant	7.13	2.38	1.69
Class B - May 2011 Grant	17.50	5.83	1.91
- September 2012 Grant	17.63	5.88	1.91
- May 2014 Grant	7.13	2.38	1.91

Average exercise price per share in 2021 and 2020 amounted to ₱1.59 and ₱1.78, respectively. Total number of shares available for future option grants is 38,784,114 shares and 48,669,381 shares as at December 31, 2021 and 2020, respectively.



The change in exercise price of outstanding options is treated as a modification of the Plan terms, which resulted in an additional expense, measured as at the date of modification, for the increase in the total fair value of the outstanding share options. The table below shows the increase in fair value due to the change in the exercise price of each grant:

	Fair value after change in exercise price	Fair value before change in exercise price	Increase in fair value
Class A - May 2011 Grant	₱2,718	₱2,462	₱256
- September 2012 Grant	792	763	29
- May 2014 Grant	781	775	6
Class B - May 2011 Grant	2,075	1,920	155
- September 2012 Grant	604	587	17
- May 2014 Grant	593	591	2

Stock option expense relating to the Plan recognized amounted to ₱13.78 million in 2021 and nil in 2020 and 2019 (see Note 25).

A summary of the number of shares under the Plan is shown below:

	2021	2020
Outstanding at beginning of year	3,055,844	4,845,042
Additions	11,417,987	–
Expiration	(1,532,720)	(1,437,999)
Exercised during the year	(6,799,997)	(351,199)
Outstanding at end of year	6,141,114	3,055,844
Exercisable at end of year	6,141,114	3,055,844

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 increase (decrease)y	Option life	Expected Dividends	Risk-free Interest rate	
May 3, 2011 Grant	A	16.50	16.50	91.20%	10 years	0.00%	6.46%
	B	17.50	17.50	155.57%	10 years	0.00%	6.46%
Sep 9, 2012 Grant	A	23.95	17.96	57.35%	10 years	0.00%	4.80%
	B	23.50	17.63	65.53%	10 years	0.00%	4.80%
May 26, 2014 Grant	A	9.50	7.13	77.28%	10 years	0.00%	3.90%
	B	9.50	7.13	84.29%	10 years	0.00%	3.90%
May 17, 2017 Grant	A	1.77	1.38	95.46%	10 years	0.00%	5.09%
	B	1.83	1.43	101.96%	10 years	0.00%	5.09%
May 18, 2021 Grant	A	2.60	2.19	(106.57%)	10 years	0.00%	4.44%
	B	2.94	2.05	92.75%	10 years	0.00%	4.44%

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. The cost of share-based payment amounted to ₱9.20 million and ₱13.37 million as at December 31, 2021 and 2020, respectively (see Note 19).



21. Revenue

	2021	2020	2019
Revenue from contracts with customers:			
Sale of mine products	₱3,787,403	₱1,585,826	₱747,726
Sale of goods and services	53,756	33,137	47,140
Others	–	–	5,407
Total revenue from contracts with customers	3,841,159	1,618,963	800,273
Rental income (Note 16)	729	762	1,794
	₱3,841,888	₱1,619,725	₱802,067

Sale of mine products includes sales of nickel, gold, silver and lime, which are subject to 4% excise tax based on gross revenues in 2021, 2020 and 2019.

As a requirement under DAO No. 2010-21, ‘The Mining Act Implementing Rules and Regulations’, BRMC pays royalty to the MGB for every shipment of nickel ore equivalent to 5% of the peso equivalent of the nickel ore shipped since the SCNP is within a Mineral Reservation.

Excise taxes and royalty fees related to the sale of mine products amounted to ₱284.28 million, ₱101.03 million and ₱29.38 million in 2021, 2020 and 2019, respectively.

Set out below is the disaggregation of the Group’s revenue from contracts with customers in 2021, 2020 and 2019:

Segments	2021		Total
	Mining	Health Services	
Type of product:			
Gold	₱942,427	₱–	₱942,427
Nickel	2,766,477	–	2,766,477
Lime	75,149	–	75,149
Silver	3,350	–	3,350
Health services	–	53,756	53,756
Total revenue from contracts with customers	₱3,787,403	₱53,756	₱3,841,159
Location of customer:			
Within the Philippines	₱1,020,926	₱53,756	₱1,074,682
Outside the Philippines	2,766,477	–	2,766,477
Total revenue from contracts with customers	₱3,787,403	₱53,756	₱3,841,159
Timing of revenue recognition:			
Transferred at a point in time	₱3,787,403	₱–	₱3,787,403
Transferred overtime	–	53,756	53,756
Total revenue from contracts with customers	₱3,787,403	₱53,756	₱3,841,159



Segments	2020		
	Mining	Health Services	Total
Type of product:			
Gold	₱700,800	₱-	₱700,800
Nickel	818,337	-	818,337
Lime	63,160	-	63,160
Silver	3,529	-	3,529
Health services	-	33,137	33,137
Total revenue from contracts with customers	₱1,585,826	₱33,137	₱1,618,963
Location of customer:			
Within the Philippines	₱767,489	₱33,137	₱800,626
Outside the Philippines	818,337	-	818,337
Total revenue from contracts with customers	₱1,585,826	₱33,137	₱1,618,963
Timing of revenue recognition:			
Transferred at a point in time	₱1,585,826	₱-	₱1,585,826
Transferred overtime	-	33,137	33,137
Transferred over time	1,585,826	-	1,585,826
Total revenue from contracts with customers	₱1,585,826	₱33,137	₱1,618,963

Segments	2019				Total
	Mining	Health Services	Logistics	Others	
Type of product:					
Gold	₱575,363	₱-	₱-	₱-	₱575,363
Nickel	64,649	-	-	-	64,649
Lime	106,581	-	-	-	106,581
Health services	-	35,964	-	-	35,964
Port and barge management services	-	-	1,602	-	1,602
Trucking	-	-	4,969	-	4,969
Sale of goods	-	-	4,605	-	4,605
Real estate sales	-	-	-	5,407	5,407
Silver	1,133	-	-	-	1,133
Total revenue from contracts with customers	₱747,726	₱35,964	₱11,176	₱5,407	₱800,273
Location of customer:					
Within the Philippines	₱683,077	₱35,964	₱11,176	₱5,407	₱735,624
Outside the Philippines	64,649	-	-	-	64,649
Total revenue from contracts with customers	₱747,726	₱35,964	₱11,176	₱5,407	₱800,273
Timing of revenue recognition:					
Transferred at a point in time	₱747,726	₱-	₱4,605	₱5,407	₱757,738
Transferred over time	-	35,964	6,571	-	42,535
Total revenue from contracts with customers	₱747,726	₱35,964	₱11,176	₱5,407	₱800,273



22. Costs of Mine Products Sold

	2021	2020	2019
Outside services	₱293,183	₱227,949	₱208,382
Contractor fees	188,885	166,807	27,988
Materials and supplies (Note 6)	154,524	121,788	110,890
Personnel expenses (Note 25)	99,398	68,827	58,393
Depreciation and depletion (Note 26)	97,372	33,619	14,694
Power, rent and utilities	62,700	40,903	43,144
Taxes and licenses	30,186	26	50
Repairs and maintenance	25,673	22,605	17,272
Smelting, refining and marketing	7,651	6,604	6,199
Travel and transportation	172	229	523
Others	2,500	1,027	8,915
	962,244	690,384	496,450
Net change in beneficiated nickel ore (Note 6)	(40,559)	35,388	7,817
	₱921,685	₱725,772	₱504,267

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

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

23. Cost of Services and Other Sales

	2021	2020	2019
Personnel expenses (Note 25)	₱26,092	₱14,269	₱14,495
Materials and supplies (Note 6)	17,622	7,937	10,543
Retainers and consultancy fees	13,898	8,031	3,697
Depreciation and depletion (Note 26)	6,381	3,469	9,372
Outside services	4,517	1,227	–
Rent (Note 16)	3,544	1,655	5,471
Professional fees	1,258	1,226	1,208
Travel and transportation	429	502	548
Repairs and maintenance	251	152	113
Taxes and licenses	139	144	–
Cost of real estate sold (Note 6)	–	–	2,245
Others	711	555	2,103
	₱74,842	₱39,167	₱49,795

Rent pertains to the expenses related to short-term leases (see Note 16).

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



24. Selling and General Expenses

	2021	2020	2019
Outside services	₱523,733	₱101,390	₱61,183
Personnel expenses (Note 25)	156,244	95,664	101,339
Rent (Note 16)	66,423	43,717	6,193
Depreciation and depletion (Note 26)	44,461	17,181	14,436
Materials and supplies (Note 6)	38,684	10,804	10,530
Community development programs	29,480	30,493	22,912
Taxes and licenses	27,272	32,806	11,295
Professional fees	13,239	9,909	18,475
Wharfage fees	11,068	4,923	538
Provision for impairment losses on receivables (Note 5)	9,704	–	20,085
Communication, light and power	8,369	6,750	12,650
Representation	8,238	11,347	29,340
Repairs and maintenance	6,362	14,217	6,232
Freight and handling	3,631	1,959	2,385
Transportation and travel	2,961	3,089	4,774
Insurance	1,551	1,046	1,217
Contract labor	–	3,333	–
Others	40,861	19,762	16,759
	₱992,281	₱408,390	₱340,343

Rent pertains to the expenses related to short-term leases (see Note 16).

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

25. Personnel Expenses

	2021	2020	2019
Salaries and wages	₱209,608	₱133,592	₱129,440
Benefits and allowances	45,068	34,989	32,214
Stock option expense (Note 20)	13,778	–	–
Pension expense (Note 30)	13,280	10,179	12,573
	₱281,734	₱178,760	₱174,227

Total personnel expenses were distributed as follows:

	2021	2020	2019
Cost of mine products sold (Note 22)	₱99,398	₱68,827	₱58,393
Cost of services and other sales (Note 23)	26,092	14,269	14,495
Selling and general expenses (Note 24)	156,244	95,664	101,339
	₱281,734	₱178,760	₱174,227



26. Depreciation and Depletion

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

	2021	2020	2019
Depreciation	₱74,613	₱38,262	₱27,018
Depletion	73,601	16,430	11,789
	₱148,214	₱54,692	₱38,807

Depreciation and depletion are broken down as follows:

	2021	2020	2019
Cost of mine products sold (Note 22)	₱97,372	₱33,619	₱14,694
Cost of services and other sales (Note 23)	6,381	3,469	9,372
Selling and general expenses (Note 24)	44,461	17,181	14,436
Gold button inventory (Note 6)	–	423	305
	₱148,214	₱54,692	₱38,807

27. Other Income - net

	2021	2020	2019
Gains (losses) on:			
Revaluation of investment properties (Note 12)	₱276,986	₱154,815	₱287,213
Foreign currency exchange	(9,564)	13,015	11,491
Disallowed input VAT and TCC (Note 8)	(7,380)	(5,195)	(6,704)
Rent concession	585	–	–
Settlement of trade and other liabilities (Note 15)	–	5,535	22,459
Deficiency tax (Note 13)	–	(19,596)	–
Disposal of property, plant and equipment (Note 10)	–	35	–
Sale of investment properties (Note 12)	–	–	68,592
Write-off of deferred mine exploration costs (Note 11)	(16,511)	–	–
Provision for impairment on:			
Other noncurrent assets - net (Note 13)	(18,397)	–	(1,838)
Other current asset (Note 8)	(9,483)	(5)	(8,714)
Deferred mine exploration cost (Note 11)	–	–	(94,930)
Change in estimate of liability for mine rehabilitation (Note 17)	6,872	(5,290)	9,672
Accretion on the liability for mine rehabilitation (Note 17)	(2,453)	(3,376)	(6,467)
Change in fair value of financial assets at FVPL (Note 7)	2,389	–	–
Interest income (Notes 4 and 13)	3,293	819	1,727
Noncapitalizable additions to liability for mine rehabilitation	–	–	(18,373)
Recovery of allowance for impairment loss	–	–	10,407
Sale of FVOCI (with recycling)	–	–	(2,462)
Others - net	2,754	271	–
	₱229,091	₱141,028	₱272,073



On August 19, 2020, the Parent Company received from the BIR the Final Decision on Disputed Assessment covering various tax assessments in relation to the Parent Company's 2013 deficiency taxes. Immediately on August 26, 2020, the Parent Company filed a Motion for Reconsideration as a protest to the assessment. On September 10, 2020, the Parent Company received the BIR's final assessment and was ordered to settle ₱19.60 million, covering basic taxes, interest and compromise penalties amounting to ₱9.15 million, ₱10.21 million and ₱0.24 million, respectively. In 2020, the Parent Company fully settled the final assessments.

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

28. ESOIP

The ESOIP, 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 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 Parent Company (but excluding directors of the Parent 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 Parent Company.

The balance of the employees' stock ownership pursuant to the said plan shown as part of the trade and other receivables in the consolidated statements of financial position amounted to ₱58.42 million as at December 31, 2021 and 2020 and was provided an allowance for the same amount (see Note 5).

29. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Group's related party transactions which are, individually or in aggregate over a 12-month period, 10% and above of the latest audited consolidated total assets are reviewed and evaluated by the Related Party Transaction Committee and Management Committee. Afterwards, these are approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the



independent directors' vote is not secured, the material related party transaction may be ratified by the majority vote of the shareholders, or two-thirds (2/3) of the outstanding capital stock.

All intercompany transactions are eliminated at the consolidated level. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under the Revised SRC Rule 68.

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.

	2021	2020	2019
Short-term benefits	₱19,025	₱12,389	₱28,003
Post-employment benefits	5,323	3,479	5,438
	₱24,348	₱15,868	₱33,441

Short-term benefits include salaries and stock compensation expense. Post-employment benefits include net pension expense.

30. Pension Benefits Plans

The existing regulatory framework, RA No. 7641, The Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

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 in accordance with RA 7641. 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.

The component of pension expense are as follows:

	2021	2020	2019
Current service cost	₱10,275	₱7,108	₱6,465
Net interest cost	3,005	3071	3979
Past service cost	-	-	2,129
Pension expense	₱13,280	₱10,179	₱12,573

Pension liability as at December 31, 2021 and 2020 are as follows:

	2021	2020
Present value of defined benefit obligation	₱99,035	₱87,381
Fair value of plan assets	(25,683)	(5,550)
Pension liability	₱73,352	₱81,831



Changes in the present value of defined benefits obligation are as follow:

	2021	2020
Balances at beginning of year	₱87,381	₱63,131
Interest cost	3,210	3,099
Current service cost	10,275	7,108
Actuarial losses (gains)	(312)	16,843
Benefits paid	(1,519)	(2,800)
Balances at end of year	₱99,035	₱87,381

Breakdown of actuarial gains (losses) on defined benefits obligation are as follows:

	2021	2020
Change in financial assumptions	₱10,188	(₱8,605)
Experience adjustments	(9,876)	(8,238)
	₱312	(₱16,843)

Fair value of plan assets of the Parent Company follows:

	2021	2020
Balances at beginning of year	₱5,550	₱569
Contribution	20,000	5,000
Remeasurement gain	(72)	(47)
Asset return in net interest cost	205	28
Balances at end of year	₱25,683	₱5,550

The plan assets of the Parent Company comprised mostly of cash in bank as at December 31, 2021 and 2020.

	2021	2020
Cash in bank	100.00%	89.75%
Investment in shares	0.00%	10.25%
	100.00%	100.00%

The Parent Company's plan assets are being managed by a trustee bank. The retirement fund includes 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 and the retirement fund has no investments in shares of stocks of the Parent Company.

The Parent Company expects to contribute ₱20.93 million to the defined benefits retirement plan in 2021.



Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2021 and 2020:

Plan Year	2021	2020
Less than 1 year	₱43,212	₱23,753
More than 1 year to 5 years	42,005	41,198
More than 5 years to 10 years	14,510	16,134
More than 10 years to 15 years	40,942	32,421
More than 15 years to 20 years	91,678	67,903
More than 20 years	632,349	491,220
	₱864,696	₱672,629

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 average duration of the defined benefit obligations of the Group is 13-19 years.

The principal assumptions used in determining the pension liability of the Group's plans are shown below.

	2021	2020
Discount rate	4.88% to 4.98%	3.21% to 3.69%
Salary increase rate	5.00% to 11.00%	5.00% to 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:

	December 31, 2021	
	Increase (decrease)	Present value of the defined benefit obligation
Discount rates	5.88% to 5.98% (+1.00%)	₱92,868
	4.88% to 4.98% (actual)	99,034
	3.88% to 3.98% (-1.00%)	106,640
Salary increase rate	6.00% to 12.00% (+1.00%)	₱106,176
	5.00% to 11.00% (actual)	99,034
	4.00% to 10.00% (-1.00%)	93,142
	December 31, 2020	
	Increase (decrease)	Present value of the defined benefit obligation
Discount rates	4.29% to 4.69% (+1.00%)	₱80,266
	3.21% to 3.69% actual	87,381
	2.21% to 2.69% (-1.00%)	96,016
Salary increase rate	6.00% to 12% (+1.00%)	₱95,433
	5.00% to 11% actual	87,381
	4.00% to 10% (-1.00%)	80,593



31. Income Taxes

The provision for current and deferred tax in 2021, 2020 and 2019 include the following:

	2021	2020	2019
Provision for current taxes:			
RCIT	₱364,195	₱23,147	₱1,385
MCIT	128	5,968	5,464
Effect of change in tax rate	(3,236)	-	-
	361,087	29,115	6,849
Provision for deferred taxes	11,310	72,768	25,743
Total	₱372,397	₱101,883	₱32,592

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

	Deferred tax assets - net		Deferred tax liabilities - net	
	2021	2020	2021	2020
Deferred tax assets on:				
Allowance for impairment losses on:				
Inventories	₱-	₱-	₱43,875	₱46,857
Trade and other receivables	3,679	4,415	16,122	18,071
Other current assets	-	-	9,813	11,053
Unrealized foreign exchange loss	3,284	148	662	-
Excess of liability for mine rehabilitation over mine rehabilitation asset	4,818	-	-	-
Excess of lease liabilities over ROU asset	4	5,205	145	-
Pension liability	699	931	17,639	23,625
	12,484	10,699	88,256	99,606
Deferred tax liabilities on:				
Unrealized foreign exchange gain	660	3,773	-	1,552
Cumulative translation adjustment of foreign subsidiaries	-	-	12,069	13,541
Excess of rental income over receipts	-	-	14	50
Excess of mine rehabilitation asset over liability for mine rehabilitation	-	-	5,721	-
Revaluation increment on property, plant and equipment	178	214	806,834	951,604
Revaluation increment on artworks	-	-	12,196	15,373
	838	3,987	836,834	982,120
Net deferred tax assets (liabilities)	₱11,646	₱6,712	(₱748,578)	(₱882,514)



The Group did not recognize deferred 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:

	2021	2020	2019
Allowance for inventory loss, impairment loss and others	₱353,936	₱479,647	₱479,647
NOLCO	60,498	115,655	339,858
Share-based payment	9,198	13,689	21,670
Accrued expenses	8,003	8,002	8,002
Excess of lease liabilities over ROU asset	387	463	626
Straight-line amortization of accrued rent	250	-	-
MCIT	226	15,007	18,049
Accumulated accretion on liability for mine rehabilitation	-	65,236	54,170
Accumulated depletion on asset retirement obligation	-	24,564	20,766
	₱432,498	₱722,263	942,788

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current year	NOLCO Unapplied
2018	2019-2021	₱-	(₱18,974)	(₱39,513)	₱-
2019	2020-2022	-	-	(2,925)	37,312
		₱394,896	₱-	(₱42,438)	₱149,248

As of December 31, 2021, the Group has incurred NOLCO in taxable year 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current year	NOLCO Unapplied
2020	2021-2025	₱-	₱-	(₱24)	₱16,907
2021	2022-2026	-	-	-	6,279
		₱23,210	₱-	(₱24)	₱23,186



As of December 31, 2021, the Group has MCIT that can be applied against payment of regular income tax as follows:

Year Incurred	Availment Period	Amount	MCIT Applied Previous Year/s	MCIT Expired	MCIT Applied Current year	MCIT Unapplied
2018	2019-2021	₱3,973	₱-	(₱142)	(₱3,831)	₱-
2019	2020-2022	5,055	-	-	(5,036)	19
2020	2021-2023	4,504	-	-	(4,425)	79
2021	2022-2024	128	-	-	-	128
		₱13,660	₱-	(₱142)	(₱13,292)	₱226

Movements of NOLCO are as follow:

	2021	2020	2019
Balances at beginning of year	₱115,655	₱452,765	₱470,244
Additions	6,279	16,872	130,093
Expirations	(18,974)	(34,260)	(137,114)
Application	(42,462)	(319,722)	(10,458)
Balances at end of year	₱60,498	₱115,655	₱452,765

Movements of MCIT are as follow:

	2021	2020	2019
Balances at beginning of year	₱15,007	₱18,049	₱22,037
Effect of change in tax rate	(1,475)	-	-
Additions	128	5,980	5,464
Expirations	(142)	(164)	(9,452)
Application	(13,292)	(8,858)	-
Balances at end of year	₱226	₱15,007	₱18,049

The reconciliation of pretax income computed at the statutory income tax rate to provision for income tax shown in the consolidated statements of income is as follows:

	2021	2020	2019
Tax computed at statutory rate	₱448,500	₱144,980	₱44,499
Add (deduct) effects of:			
Changes in unrecognized deferred tax assets	(62,746)	(59,976)	5,556
Nontaxable income	(69,247)	(57,535)	(99,344)
Nondeductible expenses	94,654	32,645	31,813
Effect of change in tax rate	(18,919)	-	-
Application of MCIT	(13,292)	(8,858)	-
Application of NOLCO	(10,616)	-	-
Expiration of NOLCO	4,744	10,278	41,134
Interest income subject to final tax	(823)	(246)	(518)
Expiration of MCIT	142	164	9,452
Write-off of inventory allowance	-	40,431	-
	₱372,397	₱101,883	₱32,592



Republic Act 11534 also known as “Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act”

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

Since CREATE Act is considered enacted or substantively enacted on March 26, 2021; the income tax rate used in computing for the provision for income tax for the year ended December 31, 2021 is 25%.

The effect of the reduction of income tax rates was recognized in 2021. Details are as follows:

Provision for current income tax in 2021	₱364,323
Effect of change in income tax rate	(3,236)
Provision for current income tax as presented in the consolidated statements of income	₱361,087

32. Basic/Diluted EPS

Basic EPS is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of common shares on issue during the year, excluding any ordinary shares purchased by the Parent Company and held as treasury shares.

In computing for the 2021 and 2020 diluted EPS, the Parent Company considered the effect of stock options outstanding since these are dilutive. In 2019, the diluted EPS did not consider the effect of stock options outstanding since these were anti-dilutive.

	2021	2020	2019
Net income	₱1,421,604	₱381,385	₱115,737
Current dividends on preference shares	(60)	(60)	(60)
Adjusted net income	₱1,421,544	₱381,325	₱115,677



Number of shares for computation of EPS as a result of stock split:

	2021	2020	2019
Basic EPS			
Weighted average common shares issued	620,919,986	616,687,512	616,119,252
Less: treasury shares	348,069	348,069	348,069
Weighted average common shares outstanding	620,571,917	616,339,443	615,771,183
Diluted EPS			
Weighted average common shares issued	620,919,986	616,687,512	616,119,252
Less: treasury shares	348,069	348,069	348,069
	620,571,917	616,339,443	615,771,183
Convertible preferred shares	2,059,366	2,059,366	2,059,366
Stock options	3,137,502	3,055,844	–
Weighted average common shares outstanding	625,768,785	621,454,653	617,830,549
Basic EPS	₱2.29	₱0.62	₱0.19
Diluted EPS	₱2.27	₱0.61	₱0.19

33. Segment Information

PFRS 8, *Operating Segments*, 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, who is the President of the Parent Company.

For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, as follows:

- The mining segment is engaged in exploration, nickel and gold mining operations.
- The health services segment is engaged in the business of offering medical and clinical diagnostic examinations and health care services on pre-employment.
- The logistics segment is engaged in logistics services to the supply-chain requirements of various industries.
- The other segments are comprised of aggregated operating segments of the Group who are engaged in research, development, real estate 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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Intersegment revenues are eliminated upon consolidation and reflected in the 'eliminations' column. All other adjustments and eliminations are presented in the table below.

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 taxes.



Business Segments

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

2021							
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱3,787,403	₱53,756	₱-	₱729	₱3,841,888	₱-	₱3,841,888
Interest income	796	3	5	2,489	3,293	-	3,293
Inter-segment	-	-	161,496	-	161,496	(161,496)	-
Other income	460,352	758	2	57	461,169	(171,583)	289,586
	4,248,551	54,517	161,503	3,275	4,467,846	(333,079)	4,134,767
Cost and Expenses							
Interest expense	3,175	-	713	-	3,888	-	3,888
Direct costs	888,414	41,562	26,440	458	956,874	(64,100)	892,774
Selling and general expenses	1,153,406	5,362	20,804	31,082	1,210,654	(262,834)	947,820
Accretion expense	2,453	-	-	-	2,453	-	2,453
Depreciation, depletion and amortization (Note 26)	204,749	694	7,923	1,515	214,881	(66,667)	148,214
Excise taxes and royalty fees (Note 21)	284,282	-	-	-	284,282	-	284,282
Other expenses	30,838	59	26,066	4,155	61,118	217	61,335
Income (loss) before tax	1,681,234	6,840	79,557	(33,935)	1,733,696	60,305	1,794,001
Provision for income tax	356,191	127	16,047	32	372,397	-	372,397
Net income (loss)	₱1,325,043	₱6,713	₱63,510	(₱33,967)	₱1,361,299	₱60,305	₱1,421,604
Operating assets	₱11,852,791	₱40,525	₱482,082	₱1,393,090	₱13,759,005	(₱5,021,298)	₱8,737,707
Operating liabilities	(₱3,033,365)	(₱78,576)	(₱357,964)	(₱794,277)	(₱4,264,182)	(₱2,672,940)	(₱1,591,242)
Other disclosure:							
Capital expenditure	₱39,213	₱1,570	₱11,438	₱332	₱52,553	₱-	₱52,553

2020							
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱1,585,826	₱33,137	₱-	₱762	₱1,619,725	₱-	₱1,619,725
Interest income	811	3	1	4	819	-	819
Inter-segment	-	-	65,127	-	65,127	(65,127)	-
Other income	204,679	668	5,570	1	210,918	(37,008)	173,910
	1,791,316	33,808	70,698	767	1,896,589	(102,135)	1,794,454
Cost and Expenses							
Interest expense	3,130	-	-	-	3,130	-	3,130
Direct costs	714,219	26,712	10,967	477	752,375	(24,524)	727,851
Selling and general expenses	403,009	7,465	12,552	9,550	432,576	(41,367)	391,209
Accretion expense	3,376	-	-	-	3,376	-	3,376
Depreciation, depletion and amortization (Note 26)	105,746	3,503	4,355	7,332	120,936	(66,667)	54,269
Excise taxes and royalty fees (Note 21)	101,026	-	-	-	101,026	-	101,026
Other expenses	24,723	-	5,497	69	30,289	36	30,325
Income (loss) before tax	436,087	(3,872)	37,327	(16,661)	452,881	30,387	483,268
Provision for income tax	89,943	74	11,860	6	101,883	-	101,883
Net income (loss)	₱346,144	(₱3,946)	₱25,467	(₱16,667)	₱350,998	₱30,387	₱381,385
Operating assets	₱10,093,544	₱31,131	₱414,919	₱1,386,702	₱11,926,296	(₱4,553,726)	₱7,372,570
Operating liabilities	(₱2,617,380)	(₱75,897)	(₱365,202)	(₱861,777)	(₱3,945,752)	₱2,203,530	(₱1,742,726)
Other disclosure:							
Capital expenditure	₱34,889	₱-	₱3,229	₱-	₱38,118	₱-	₱38,118



2019							
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱747,726	₱35,964	₱11,176	₱7,201	₱802,067	₱-	₱802,067
Interest income	177	10	37	1,503	1,727	-	1,727
Inter-segment	-	-	8,479	-	8,479	(8,479)	-
Other income	309,482	1,752	21,876	236,178	569,288	(159,454)	409,834
	1,057,385	37,726	41,568	244,882	1,381,561	(167,933)	1,213,628
Cost and Expenses							
Interest expense	2,084	202	-	3	2,289	(258)	2,031,547
Direct costs	489,243	27,962	13,787	2,417	533,409	(3,413)	529,996
Selling and general expenses	272,718	16,722	21,318	23,065	333,823	(7,916)	325,907,341,739
Accretion expense	6,467	-	-	-	6,467	-	6,467
Impairment losses	88,512	1,341	-	6,915	96,768	-	96,768
Depreciation, depletion and amortization (Note 26)	118,634	10,870	4,544	8,086	142,134	(103,632)	38,502,245,766
Excise taxes and royalty fees (Note 21)	29,375	-	-	-	29,375	-	29,375
Other expenses	36,823	1	70	15,951	52,845	(16,592)	36,253,156,531
Income (loss) before tax	(13,529)	(19,372)	1,849	188,445	184,451	(36,122)	148,329
Provision for income tax	32,139	16	(467)	904	32,592	-	32,592
Net income (loss)	(₱18,610)	(₱19,388)	₱2,316	₱187,541	₱151,859	(₱36,122)	₱115,737
Operating assets	₱9,478,109	₱26,811	₱465,472	₱1,285,064	₱11,255,456	(₱4,381,648)	₱6,873,808
Operating liabilities	(₱2,463,015)	(₱68,573)	(₱440,574)	(₱576,245)	(₱3,548,407)	₱1,886,533	(₱1,661,874)
Other disclosure:							
Capital expenditure	₱21,683	₱30	₱3,400	₱6,924	₱32,037	₱-	₱32,037

Notes to operating segments:

- Inter-segment revenue, cost and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'eliminations' column.
- Capital expenditures consist of additions to property, plant and equipment and deferred mine exploration costs.
- Further information of the Group's revenue about products and services as well as geographical areas are presented in Note 21.
- Gross revenues from each of the customers from the mining segment that exceeded 10% of the Group's revenue for the years ended December 31, 2021, 2020 and 2019 are presented below:

	2021	2020	2019
Customer 1	₱942,427	₱700,800	₱575,363
Customer 2	2,731,975	812,952	-
	₱3,674,402	₱1,513,752	₱575,363

34. Financial Risk Management Objectives and Policies

The Group's principal financial instruments pertain to unsecured and secured bank loans. The main purpose of these financial instruments is to fund the Group's operations. The Group has other financial instruments such as cash and cash equivalents, trade receivables, receivable from lessees of bunkhouses, advances to contractors under "other current assets" and loan receivable under "other noncurrent assets", trade and accrued expenses under trade and other payables and lease liabilities, which arise directly from its operations. Other financial assets include financial assets at FVPL and FVOCI.



The significant risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate 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 meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and availing of suppliers' credit. The long-term relationship of the Group to its suppliers gives it the advantage to negotiate the payment terms.

As part of its liquidity risk management, the Group has access to sufficient external funding (*bank credit lines*) and loans payable maturing within 12 months can be rolled over with existing lenders. It also continuously assesses conditions in the financial markets for opportunities to avail bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. As at December 31, 2021 and 2020, cash and cash equivalents may be withdrawn anytime while quoted FVPL may be converted to cash by selling them during the normal trading hours in any business day.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2021 and 2020, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Company's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates

	2021				Total
	On demand	0-90 days	91-365 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	₱552,236	₱-	₱-	₱-	₱552,236
Short-term deposits	51,012	-	-	-	51,012
Trade and other receivables					
Trade	-	-	183,120	-	183,120
Receivables from lessees of bunkhouses	45	-	-	-	45
Advances to contractors under "other current assets"	-	-	-	54,638	54,638
Loans receivable under "other noncurrent assets"	-	-	-	211,324	211,324
FVPL	674,977	-	-	-	674,977
FVOCI	-	-	-	877	877
	₱1,278,270	₱-	₱183,120	₱266,839	₱1,728,229
<i>Financial liabilities</i>					
Loans payable	₱337,035	₱-	₱-	₱-	₱337,035
Trade and other payables					
Trade	-	343,727	-	-	343,727
Nontrade*	27,050	-	-	-	27,050
Accrued expenses	849	-	33,698	-	34,547
Lease liabilities	-	2,159	6,475	12,497	21,131
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	₱364,934	₱345,886	₱40,173	₱61,633	₱2,239,399
	₱913,336	(₱345,886)	₱142,947	(₱205,206)	₱915,603
Net financial assets (liabilities)	913,336	388,597			

*Excluding statutory payables



	2020				Total
	On demand	0-90 days	91-365 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	₱261,481	₱-	₱-	₱-	₱261,481
Short-term deposits	51	10,016	-	-	10,067
Trade and other receivables					
Trade	-	-	178,583	-	178,583
Receivables from lessees of bunkhouses	1,110	-	-	-	1,110
Advances to contractors under “other current assets”	-	-	-	54,638	54,638
FVOCI	-	-	-	13,361	13,361
	₱262,642	₱10,016	₱178,583	₱67,999	₱519,240
<i>Financial liabilities</i>					
Loans payable	₱508,998	₱-	₱-	₱-	₱508,998
Trade and other payables					
Trade	-	330,948	-	-	330,948
Nontrade*	5,158	-	-	-	5,158
Accrued expenses	16,935	-	24,716	-	26,575
Lease liabilities	-	1,943	-	6,761	8,704
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	₱516,015	₱332,891	₱ 24,716	₱55,897	₱924,361
Net financial assets (liabilities)	(₱253,373)	(₱322,875)	₱153,867	₱222,828	(₱405,121)

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations as these falls 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, advances under other noncurrent assets and FVOCI, 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 components of the consolidated statements of financial position. The maximum exposure is shown at each instrument's carrying amount, before the effect of mitigation through the use of master netting and collateral agreements.

	2021	2020
Cash and cash equivalents		
Cash in banks	₱551,465	₱260,546
Short-term deposits	51,012	10,067
Trade and other receivables		
Trade	183,120	178,583
Receivables from lessees of bunkhouses	45	1,110
Advances to contractors under “other current assets”	54,638	54,638
	₱840,280	₱504,944



Impairment of financial assets

The Group has financial assets consisting of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses, advances to contractors under “other current assets” and loans receivable under “other noncurrent assets” that are subjected to ECL model.

General Approach

Cash and cash equivalents

The ECL relating to the cash of the Group is minimal as these are deposited in reputable banks which have good credit rating, and are considered to have lower credit risk.

Lessees of bunkhouses, advances to contractors under “other current assets” and loan receivable under “other noncurrent assets”

The Group provided a allowance for ECLs for these financial assets amounted to ₱101.38 million in 2021 and 2020.

Simplified Approach

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of trade receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group establishes credit limits at the level of the individual borrower, corporate relationship and industry sector. It also provides for credit terms with the consideration for possible application of intercompany accounts between affiliated companies. Also, the Group transacts only with related parties and recognized third parties, hence, there is no requirement for collateral.

Below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

As at December 31, 2021

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	3%	5%	19%	175%	200%	
Estimated total gross carrying amount at default	₱67,528	₱1,967	₱4,480	₱133,942	₱13,950	₱221,867
	₱697	₱17	₱65	₱24,018	₱13,950	₱38,747

As at December 31, 2020

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	1%	1%	1%	11%	200%	
Estimated total gross carrying amount at default	₱62,526	₱1,821	₱4,148	₱124,020	₱13,950	₱206,465
	₱391	₱10	₱37	₱13,494	₱13,950	₱27,882



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, 2020 and 2019, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans. The Group regularly monitors its interest due to exposure from interest rates movements.

The Group's unsecured loans payable are both payable on demand. Nominal interest rates vary from floating rate of 91-day Philippine Php T-bill rate for peso loans and 3-month LIBOR foreign loans, plus a margin of 2.5% for unsecured loans.

2021	Change in interest rates (in basis points)	Sensitivity of pretax Income
	+100	(₱3,370)
	-100	3,370
2020	Change in interest rates (in basis points)	Sensitivity of pretax Income
	+100	(₱5,090)
	-100	5,090

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 believes that active currency hedging would not provide long-term benefits to stockholders.



The Group's foreign currency-denominated monetary assets and liabilities as at December 31, 2021 and 2020 follow:

	2021		2020	
	US\$	Peso equivalent	US\$	Peso equivalent
<u>Financial Assets</u>				
Cash in banks	\$5,476	₱279,221	\$1,280	₱61,469
Trade receivables under "trade and other receivables"	527	26,872	527	25,308
Total monetary assets	\$6,003	₱306,093	\$1,807	₱86,777

As at December 31, 2021 and 2020, the exchange rates of the Philippine peso to the US\$ based on the Bankers Association of the Philippines are ₱50.99 and ₱48.02, 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, 2021 and 2020 is as follows:

	Change in foreign exchange rate	Income before income tax effect
2021		
	Strengthens by 0.60%	₱1,852
	Weaken by -2.56%	(7,826)
2020		
	Change in foreign exchange rate	Income before income tax effect
	Strengthens by 0.14%	₱118
	Weakens by 0.96%	(831)

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 quoted shares under financial assets at FVOCI.

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.

The table shows the sensitivity to a reasonably possible change in equity prices of quoted equity instruments as at December 31, 2021 and 2020, except equity-linked investments.

	Average change in market indices (in percentage)	Sensitivity to equity
2021		
	13.33%	₱5
	(13.33%)	(5)



2020	Average change in market indices (in percentage)	Sensitivity to equity
	33.30%	₱144
	(33.30%)	(144)

The equity impact is arrived using the reasonably possible change of the relevant market indices and the specific adjusted beta of each stock the Group holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

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 2021, 2020 and 2019. The Group monitors capital using the parent company financial statements. As at December 31, 2021 and 2020, the Group has met its capital management objectives.

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

	2021	2020
Capital stock	₱624,015	₱617,215
Capital surplus	409,929	388,646
Retained earnings	4,021,846	2,598,788
Other components of equity	1,361,759	1,183,409
Treasury shares	(8,016)	(8,016)
	₱6,409,533	₱4,780,042

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, 2021 and 2020 are as follows:

	2021	2020
Total liabilities (a)	₱2,339,820	₱2,599,240
Total equity (b)	6,409,533	4,780,042
Debt-to-equity ratio (a/b)	0.37:1	0.54:1

35. Changes in Liabilities arising from Financing Activities

Movements on the reconciliation of liabilities arising from financing activities are as follows:

	January 1, 2021	Cash flows	Foreign exchange movement	Additions	Reclassification	Others	December 31,2021
Loans payable	₱508,998	(₱182,323)	(₱2,680)	₱-	₱-	13,040	₱337,035
Lease liabilities-current	1,678	(7,697)			(7,437)	(585)	9,181
Lease liability-net of current portion	4,476	-	-	23,222	7,437	-	11,913
Other noncurrent liabilities	391,412	(89,798)	(9,814)	-	-	-	291,800
	₱906,564	(279,818)	(12,494)	₱23,222	₱-	₱12,455	₱649,929



	January 1, 2020	Cash flows	Foreign exchange movement	Additions	Reclassifi- cation	Others	December 31, 2020
Loans payable	₱507,893	₱-	₱-	₱1,105	₱-	₱-	₱508,998
Lease liabilities-current	2,476	(2,070)	-	165	1,107	-	1,678
Lease liability-net of current portion	5,583	-	-	-	(1,107)	-	4,476
Other noncurrent liabilities	414,201	(736)	(22,053)	-	-	-	391,412
	₱930,153	(₱2,806)	(47,041)	₱1,270	₱-	₱-	₱906,564

Others include interest expense, accretion expense, and changes in estimate of liability for mine rehabilitation (see Notes 14, 16 and 17).

36. Fair Value Measurement

Fair Values

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, 2021 and 2020:

	Carrying amounts		Fair values	
	2021	2020	2021	2020
Financial Assets:				
FVPL	₱674,977	₱-	₱674,977	₱-
FVOCI	877	13,361	877	13,361
Loan Receivable under "other noncurrent assets "	211,324	-	211,324	-
Financial Liabilities:				
Lease Liabilities	21,094	6,154	20,042	6,154
Loans payable	₱337,035	₱508,998	₱337,035	₱508,998

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, Loan receivable and Advances under Other Current Assets, nontrade under Other Noncurrent Assets, 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.

Loan Receivable

The the estimated fair value of loans receivables is based on the discounted value of future cash flows using the interest rate of 1% per annum.

Financial assets measured at FVTPL

The fair value of investments are based on published net asset value per unit or the price per unit of the UITF.



Financial assets measured at FVOCI

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.

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%.

Lease Liabilities

The fair value of lease liabilities is determined based on the discounted value of future cash flows using the interest rate of 2.67-4.85% per annum for a period of 1-12 years.

Fair Value Hierarchy

Set out below is the fair value hierarchy of the Group's assets measured at fair value.

	2021		
	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land at revalued amounts	P-	P-	P1,651,264
Artworks at revalued amounts	-	-	52,139
Investment properties	-	-	2,910,663
Financial assets at FVTPL	674,977	-	-
Financial assets at FVOCI	877	-	-
Lease liabilities	-	-	21,094
Intangible asset under "Other noncurrent assets"	-	250	-
	2020		
	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land at revalued amounts	P-	P-	P1,621,149
Artworks at revalued amounts	-	-	52,139
Investment properties	-	-	2,633,677
Financial assets at FVOCI	13,361	-	-
Lease liability	-	-	6,154
Intangible asset under "Other noncurrent assets"	-	250	-

Sensitivity of the fair value measurements that are categorized within Level 3

A 5% increase (decrease) in internal factors used in determining the price per square meter, such as use, size and location would decrease (increase) the fair value of land by P1,110 million (P1,075 million) and P319.76 million (P86.59 million) as at December 31, 2021 and 2020, respectively.



A 5% increase (decrease) in leeway discount in determining the price of each artwork would increase (decrease) the fair value of artworks by ₱1.54 million (₱1.54 million) as at December 31, 2021 and 2020.

As at December 31, 2021 and 2020, the fair value of land at revalued amounts, artworks at revalued amounts and investment property are calculated using the sales comparative approach, which resulted in measurement being classified as Level 3 in the fair value hierarchy.

As at December 31, 2021 and 2020, the Group's financial assets at FVPL and FVOCI are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations.

As at December 31, 2021 and 2020, the Group's intangible asset under "other noncurrent assets" are classified under Level 2 of the fair value hierarchy. There are no other assets and liabilities measured at fair value using any of the valuation techniques as at December 31, 2021 and 2020. There were no transfers between levels in 2021 and 2020.

37. 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.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
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 (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated March 29, 2022. 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 Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial consolidated statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

Tax Identification No. 301-106-741

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 113172-SEC (Group A)

Valid to cover audit of 2021 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-140-2021, November 10, 2021, valid until November 9, 2024

PTR No. 8854381, January 3, 2022, Makati City

March 29, 2022

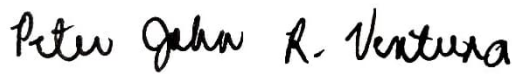


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
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 (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 29, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

Tax Identification No. 301-106-741

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 113172-SEC (Group A)

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BIR Accreditation No. 08-001998-140-2021, November 10, 2021, valid until November 9, 2024

PTR No. 8854381, January 3, 2022, Makati City

March 29, 2022



BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2021

Ratio	Formula	2021	2020														
<u>Profitability Ratios:</u>																	
Return on assets	Net Income divided by total average assets	17.63%	5.33%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">₱1,421,604</td> </tr> <tr> <td>Divided by: Total average asset</td> <td style="text-align: right;">8,064,318</td> </tr> <tr> <td style="border-top: 1px solid black;">Return on assets</td> <td style="text-align: right; border-top: 1px solid black;">17.63%</td> </tr> </table>	Net income	₱1,421,604	Divided by: Total average asset	8,064,318	Return on assets	17.63%										
Net income	₱1,421,604																
Divided by: Total average asset	8,064,318																
Return on assets	17.63%																
Return on equity	Net income divided by total shareholder's equity	22.18%	7.98%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">₱1,421,604</td> </tr> <tr> <td>Divided by: Total shareholder's equity</td> <td style="text-align: right;">6,409,533</td> </tr> <tr> <td style="border-top: 1px solid black;">Return on equity</td> <td style="text-align: right; border-top: 1px solid black;">22.18%</td> </tr> </table>	Net income	₱1,421,604	Divided by: Total shareholder's equity	6,409,533	Return on equity	22.18%										
Net income	₱1,421,604																
Divided by: Total shareholder's equity	6,409,533																
Return on equity	22.18%																
Gross profit margin	Gross profit after excise tax divided by total revenue	66.66%	52.77%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total revenue</td> <td style="text-align: right;">₱3,841,888</td> </tr> <tr> <td>Less: Cost of mine products sold</td> <td style="text-align: right;">921,685</td> </tr> <tr> <td style="padding-left: 20px;">Cost of services and other sales</td> <td style="text-align: right;">74,842</td> </tr> <tr> <td style="padding-left: 20px;">Excise tax and royalties' fees</td> <td style="text-align: right;">284,282</td> </tr> <tr> <td style="border-top: 1px solid black;">Gross profit</td> <td style="text-align: right; border-top: 1px solid black;">1,280,809</td> </tr> <tr> <td>Divided by: Total revenue</td> <td style="text-align: right;">3,841,888</td> </tr> <tr> <td style="border-top: 1px solid black;">Gross profit margin</td> <td style="text-align: right; border-top: 1px solid black;">66.66%</td> </tr> </table>	Total revenue	₱3,841,888	Less: Cost of mine products sold	921,685	Cost of services and other sales	74,842	Excise tax and royalties' fees	284,282	Gross profit	1,280,809	Divided by: Total revenue	3,841,888	Gross profit margin	66.66%		
Total revenue	₱3,841,888																
Less: Cost of mine products sold	921,685																
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Excise tax and royalties' fees	284,282																
Gross profit	1,280,809																
Divided by: Total revenue	3,841,888																
Gross profit margin	66.66%																
Operating profit margin	Operating income divided by total revenue	40.83%	21.32%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total revenue</td> <td style="text-align: right;">₱3,841,888</td> </tr> <tr> <td>Less: Operating costs and expenses</td> <td style="text-align: right;">2,273,090</td> </tr> <tr> <td style="border-top: 1px solid black;">Operating income</td> <td style="text-align: right; border-top: 1px solid black;">1,568,798</td> </tr> <tr> <td>Divided by: Total revenue</td> <td style="text-align: right;">3,841,888</td> </tr> <tr> <td style="border-top: 1px solid black;">Operating profit margin</td> <td style="text-align: right; border-top: 1px solid black;">40.83%</td> </tr> </table>	Total revenue	₱3,841,888	Less: Operating costs and expenses	2,273,090	Operating income	1,568,798	Divided by: Total revenue	3,841,888	Operating profit margin	40.83%						
Total revenue	₱3,841,888																
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Divided by: Total revenue	3,841,888																
Operating profit margin	40.83%																
Net profit margin	Net profit divided by total revenue	37.00%	23.55%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">₱1,421,604</td> </tr> <tr> <td>Divided by: Total revenue</td> <td style="text-align: right;">3,841,888</td> </tr> <tr> <td style="border-top: 1px solid black;">Net profit margin</td> <td style="text-align: right; border-top: 1px solid black;">37.00%</td> </tr> </table>	Net income	₱1,421,604	Divided by: Total revenue	3,841,888	Net profit margin	37.00%										
Net income	₱1,421,604																
Divided by: Total revenue	3,841,888																
Net profit margin	37.00%																
<u>Liquidity and Solvency Ratios:</u>																	
Current ratio	Total current assets divided by total current liabilities	2.08:1	1.06:1														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total current assets</td> <td style="text-align: right;">₱2,416,934</td> </tr> <tr> <td>Divided by: Total current liabilities</td> <td style="text-align: right;">1,160,003</td> </tr> <tr> <td style="border-top: 1px solid black;">Current ratio</td> <td style="text-align: right; border-top: 1px solid black;">2.08</td> </tr> </table>	Total current assets	₱2,416,934	Divided by: Total current liabilities	1,160,003	Current ratio	2.08										
Total current assets	₱2,416,934																
Divided by: Total current liabilities	1,160,003																
Current ratio	2.08																

Ratio	Formula	2021	2020														
Quick ratio	Quick assets divided by total current liabilities	0.96:1	0.64:1														
	<table border="1"> <tr> <td>Total current assets</td> <td>₱2,416,934</td> </tr> <tr> <td>Less: Inventories</td> <td>142,059</td> </tr> <tr> <td>Other current assets</td> <td>1,156,667</td> </tr> <tr> <td></td> <td>1,298,726</td> </tr> <tr> <td>Quick assets</td> <td>1,118,208</td> </tr> <tr> <td>Divided by: Total current liabilities</td> <td>1,160,003</td> </tr> <tr> <td>Quick ratio</td> <td>0.96</td> </tr> </table>	Total current assets	₱2,416,934	Less: Inventories	142,059	Other current assets	1,156,667		1,298,726	Quick assets	1,118,208	Divided by: Total current liabilities	1,160,003	Quick ratio	0.96		
Total current assets	₱2,416,934																
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	1,298,726																
Quick assets	1,118,208																
Divided by: Total current liabilities	1,160,003																
Quick ratio	0.96																
Solvency ratio	Total assets divided by total liabilities	3.74:1	2.84:1														
	<table border="1"> <tr> <td>Total assets</td> <td>₱8,749,353</td> </tr> <tr> <td>Divided by: Total liabilities</td> <td>2,339,820</td> </tr> <tr> <td>Solvency ratio</td> <td>3.74</td> </tr> </table>	Total assets	₱8,749,353	Divided by: Total liabilities	2,339,820	Solvency ratio	3.74										
Total assets	₱8,749,353																
Divided by: Total liabilities	2,339,820																
Solvency ratio	3.74																
Financial Leverage Ratios:																	
Asset to equity ratio	Total assets divided by total equity	1.37:1	1.54:1														
	<table border="1"> <tr> <td>Total assets</td> <td>₱8,749,353</td> </tr> <tr> <td>Divided by: Total equity</td> <td>6,409,533</td> </tr> <tr> <td>Asset to equity ratio</td> <td>1.37</td> </tr> </table>	Total assets	₱8,749,353	Divided by: Total equity	6,409,533	Asset to equity ratio	1.37										
Total assets	₱8,749,353																
Divided by: Total equity	6,409,533																
Asset to equity ratio	1.37																
Debt ratio	Total liabilities divided by total assets	0.27:1	0.35:1														
	<table border="1"> <tr> <td>Total liabilities</td> <td>₱2,339,820</td> </tr> <tr> <td>Divided by: Total assets</td> <td>8,749,353</td> </tr> <tr> <td>Debt ratio</td> <td>0.27</td> </tr> </table>	Total liabilities	₱2,339,820	Divided by: Total assets	8,749,353	Debt ratio	0.27										
Total liabilities	₱2,339,820																
Divided by: Total assets	8,749,353																
Debt ratio	0.27																
Debt to equity ratio	Total liabilities divided by total equity	0.37:1	0.54:1														
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Total liabilities	₱2,339,820																
Divided by: Total equity	6,409,533																
Debt to equity ratio	0.37																
Interest coverage ratio	Earnings before interest and taxes divided by total interest expense	462.42:1	155.40:1														
	<table border="1"> <tr> <td>Income before income tax and interes</td> <td>₱1,797,889</td> </tr> <tr> <td>Divided by: Total interest expense</td> <td>3,888</td> </tr> <tr> <td>Interest coverage ratio</td> <td>462.42</td> </tr> </table>	Income before income tax and interes	₱1,797,889	Divided by: Total interest expense	3,888	Interest coverage ratio	462.42										
Income before income tax and interes	₱1,797,889																
Divided by: Total interest expense	3,888																
Interest coverage ratio	462.42																

BENGUET CORPORATION AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2021

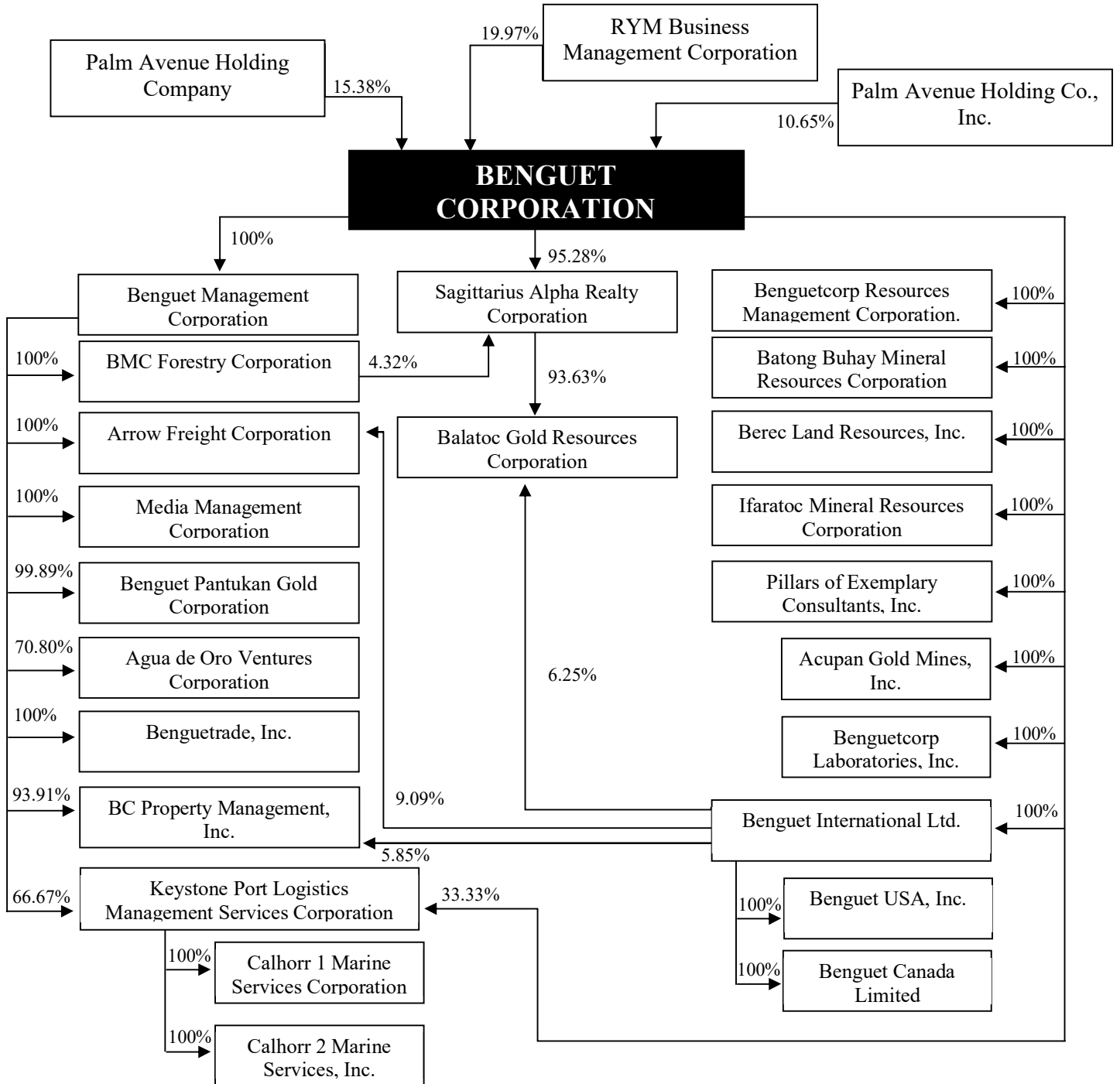
	<u>Schedule</u>
Reconciliation of retained earnings available for dividend declaration	I
A map showing the relationships of the Companies within the Group	II
Supplementary Schedules Required by Annex 68-J	
Financial assets	A
Amounts receivable from directors, officers, employees, related parties and principal stockholders	B
Amounts receivable from related parties which are eliminated during the consolidation of financial statements	C
Long-term debt	D
Indebtedness to related parties	E
Guarantees of securities of other issuers	F
Capital stock	G

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As at December 31, 2021
(Amount in Thousands)

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

Unappropriated Retained Earnings, beginning	₱2,522,201
Effect of quasi-reorganization on revaluation increment	(1,010,848)
Accumulated fair value gains of investment properties	(1,042,846)
Adjustment for recognized deferred tax asset	(103,751)
<hr/>	
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	364,756
<hr/>	
Add: Net income actually earned/ realized during the period	
Net income during the period closed to Retained Earnings	447,897
<hr/>	
Less: Non-actual/unrealized income net of tax	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	8,855
Fair value adjustment of Investment Property resulting to gain	276,986
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRSs	92
Subtotal	285,933
<hr/>	
Add: Non-actual losses	
Net decrease in recognized deferred tax asset	1,262
Subtotal	1,262
<hr/>	
Net income actually incurred during the period	163,226
Less:	
Treasury shares	(8,016)
	(8,016)
<hr/>	
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	₱519,966
<hr/>	

SCHEDULE II
BENGUET CORPORATION AND SUBSIDIARIES
A MAP SHOWING THE RELATIONSHIPS OF THE
COMPANIES WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2021



SCHEDULE A

BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS
DECEMBER 31, 2021
(Amounts in Thousands)

Name of Issuing Entity and Association of Each Issue	Number of Share or Principal Amount of Bonds and Notes	Amount in the Statement of Financial Position	Income Received and Accrued
Financial assets at amortized cost			
A. Cash in banks			
BDO Unibank, Inc.		₱388,128	₱416
Malayan Savings Bank		88,888	95
Metropolitan Bank & Trust Company		4,661	5
Union Bank of the Philippines		69	-
China Banking Corporation		168	-
Philippine National Bank		6,210	7
Equitable PCI Bank		183	-
United Coconut Planters Bank		326	1
Landbank of the Philippines		261	-
Others		62,571	67
B. Short Term Deposits			
Malayan Savings Bank		50,960	197
Metropolitan Bank & Trust Company		52	-
C. Trade and Other receivables			
Trade		183,120	-
Receivables from lessees of bunkhouses		45	-
D. Advances to contractors under "other current assets"			
		54,638	-
E. Loan Receivable under "other noncurrent assets"			
		211,324	2,466
F. Financial assets at fair value through profit or loss (FVPL)			
Unit Investment Trust Fund	387,641,984.3ss5	674,977	-
G. Financial assets at fair value through Other Comprehensive Income (FVOCI)			
PLDT, Inc.	206	373	-
Sherwood Hills Development, Incorporated	1	100	-
TVI Pacific, Inc.	518,775	404	-
		₱1,727,458	₱3,254

SCHEDULE B

BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2021
(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
Max D. Arceno <i>SVP - Accounting & Treasurer</i>	₱552	₱-	₱100	₱-	₱452	₱-	₱452
Reynaldo P. Mendoza <i>EVP - Legal</i>	1,271	1	-	-	1,272	-	1,272
Cynthia Lazaro <i>Sec. Mgr - Insurance (Treasury)</i>	550	4	-	-	554	-	554
Sheena Irish Barra <i>Division Manager (Accounting)</i>	235	38	40	-	233	-	233
Camilo Bernaldo <i>Section Mgr - Gov't Liaison (Legal)</i>	46	-	46	-	-	-	-
Eden Barcelona <i>Section Manager-Stockholders Relation Office</i>	111	-	-	-	111	-	111
Neilsen D. Olfindo <i>HR & Admin. Manager</i>	44	-	18	-	26	-	26
Pamela Gendrano <i>AVP - Compliance, COMREL & Environmental</i>	13	-	-	-	13	-	13
Marlene Villanueva <i>Purchasing Asst (Materials)</i>	16	80	45	-	51	-	51
Lourdes O. Calub <i>Finance Manager (Finance)</i>	20	-	-	-	20	-	20
Harold Jacinto <i>Technical Assistant</i>	30	-	30	-	-	-	-
Jessa t. Repasa <i>Admin Assistant</i>	24	50	32	-	42	-	42
Maricel Ulep <i>Group Asst for SVP-Finance & SVP Nickel Op'n</i>	119	-	-	-	119	-	119
Max D. Arceno <i>SVP - Accounting & Treasurer</i>	552	-	100	-	452	-	452
Reynaldo P. Mendoza <i>EVP - Legal</i>	1,271	1	-	-	1,272	-	1,272

SCHEDULE C

**BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Amounts in Thousands)**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts collected/ settlements	Amounts Written off	Current	Not Current	Balance at end period
Benguetcorp Resources Management Corporation.	(P612,042)	P7,081	P-	P-	(P604,961)	P-	(P604,961)
Balatoc Gold Resources Corporation	78,453	62	-	-	78,515	-	78,515
Benguetrade, Inc.	(43,879)	7,073	-	-	(36,806)	-	(36,806)
Benguetcorp Laboratories, Inc.	44,715	2,429	-	-	47,144	-	47,144
Berec Land Resources, Inc.	(35,127)	-	(90)	-	(35,127)	-	(35,127)
BC Property Management, Inc.	30,437	-	(91)	-	30,346	-	30,346
Ifaratoc Mineral Resources Corporation	29,897	136	-	-	30,033	-	30,033
Benguet-Pantukan Gold Corporation	29,634	21	-	-	29,655	-	29,655
BMC Forestry Corporation	(23,956)	-	(1,913)	-	(25,869)	-	(25,869)
Media Management Corporation	12,183	-	-	-	12,183	-	12,183
Arrow Freight Corporation	(6,618)	6,527	-	-	(91)	-	(91)
Benguet Management Corporation	65,881	30,280	-	-	96,161	-	96,161
Agua de Oro Ventures Corporation	12,177	178	-	-	12,359	-	12,359
Keystone Port Logistics Management Services Corporation	18,402	3,078	-	-	21,480	-	21,480
BenguetCorp International Limited	4,694	-	(229)	-	4,465	-	4,465
Sagittarius Alpha Realty Corporation	(33,835)	-	(9,023)	-	(42,858)	-	(42,858)
Batang Buhay Mineral Resources Corporation	2,487	131	-	-	2,618	-	2,618
Acupan Gold Mines, Inc.	(2,074)	101	-	-	(1,973)	-	(1,973)
Pillars of Exemplary Consultants, Inc.	739	42	-	-	781	-	781
	(P427,832)	P57,143	(P11,346)	P-	(P382,035)	P-	(P382,035)

SCHEDULE D

**BENGUET CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2021
(Amounts in Thousands)**

<u>Title of issue and type of obligation</u>	<u>Amount authorized by indenture</u>	<u>Amount shown under the caption 'Current Portion of long-term borrowings' in related balance sheet</u>	<u>Amount shown under the caption 'Long-term borrowings - net of current portion' in related balance sheet</u>
Unsecured loans, including interest	₱337,035	₱337,035	₱-
	₱337,035	₱337,035	₱-

SCHEDULE E

**BENGUET CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2021**

Name of related party	Balance at beginning of period	Balance at end of period	
<table border="1"><tr><td data-bbox="994 541 1310 576">NOT APPLICABLE</td></tr></table>			NOT APPLICABLE
NOT APPLICABLE			

SCHEDULE F

**BENGUET CORPORATION AND SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021**

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
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NOT APPLICABLE

SCHEDULE G**BENGUET CORPORATION AND SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2021**

The Parent Company's authorized share capital is ₱785.5 million divided into 737.0 million shares consisting of 19.7 million Convertible Preferred Class A shares with par value of ₱3.43 each and 430.4 million Class A common shares and 286.9 million Class B common shares with par value of ₱1.00 each. As at December 31, 2021, shares issued and outstanding totaled 623,139,440 held by 16,901 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	430,380,000	374,996,258	–	–	881,330	374,114,928
Class B	286,920,000	247,926,121	–	–	445,608	247,480,513



BenguetCorp

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of BENGUET CORPORATION (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

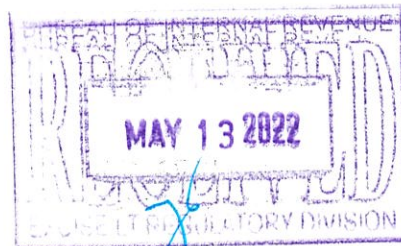
Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of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

Bernardo M. Villegas
BERNARDO M. VILLEGAS
Chairman of the Board

Lina G. Fernandez
LINA G. FERNANDEZ
President

Max D. Arceño
MAX D. ARCEÑO
Senior Vice President-Finance & Treasurer

Signed this March 29, 2022.



ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
City of Makati) S.S.

SUBSCRIBED AND SWORN to before me this MAR 29 2022 at Makati City, affiants exhibited to me their valid identification: Mr. Bernardo M. Villegas with SSS No. 03-12455042; Atty. Lina G. Fernandez with SSS No. 03-7537025-8; and Mr. Max D. Arceño with SSS No. 03-82056088, all issued by the Office of the Social Security System, Philippines.

Doc. No. 198 ;
Page No. 46 ;
Book No. 1 ;
Series of 2022.

SHEILA C. CENIT-BELGICA
Commission No. M-055
Notary Public for Makati City
Until December 31, 2023
7F Universal Re Building
106 Paseo de Roxas, Makati City
Roll No. 53476

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Benguet Corporation (the Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

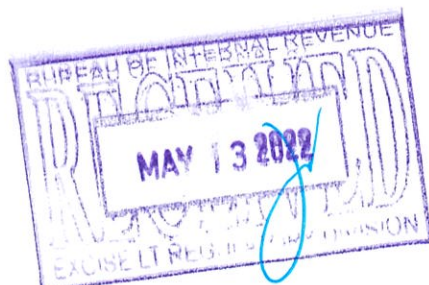
In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, 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.



In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

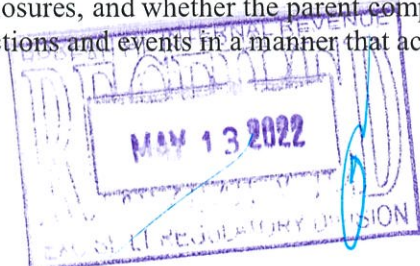
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 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 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our opinion on the parent company financial statements is not affected by the presentation of this information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Peter John R. Ventura.

SYCIP GORRES VELAYO & CO.

Peter John R. Ventura

Peter John R. Ventura

Partner

CPA Certificate No. 0113172

Tax Identification No. 301-106-741

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 113172-SEC (Group A)

Valid to cover audit of 2021 financial statements of SEC covered institutions

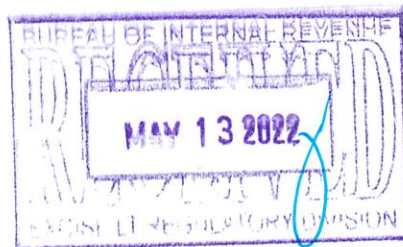
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-140-2021, November 10, 2021, valid until November 9, 2024

PTR No. 8854381, January 3, 2022, Makati City

March 29, 2022



BENGUET CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Number of Shares)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 4)	₱58,833	₱39,589
Trade and other receivables (Note 5)	1,051,018	556,030
Inventories (Note 6)	21,033	34,418
Financial assets at fair value through profit or loss (FVPL; Note 7)	60,108	–
Other current assets (Note 8)	259,614	269,401
Total Current Assets	1,450,606	899,438
Noncurrent Assets		
Investments in subsidiaries (Note 9)	2,076,463	2,076,463
Financial assets at fair value through other comprehensive income (FVOCI; Note 10)	473	316
Property, plant, and equipment (Note 11):		
At revalued amount - land	1,488,025	1,457,910
At cost	464,181	520,487
Investment properties (Note 33)	2,894,496	2,617,510
Deferred mine exploration costs (Note 12)	394,666	383,306
Other noncurrent assets (Note 13)	32,747	27,740
Total Noncurrent Assets	7,351,051	7,083,732
TOTAL ASSETS	₱8,801,657	₱7,983,170
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 15)	₱1,317,420	₱890,402
Loans payable (Note 14)	336,121	414,980
Liability for mine rehabilitation – current (Note 17)	6,572	38,136
Lease liabilities - current (Note 33)	2,685	698
Total Current Liabilities	1,662,798	1,344,216
Noncurrent Liabilities		
Pension liability (Note 27)	70,554	78,749
Liability for mine rehabilitation - net of current portion (Note 17)	30,869	40,396
Other noncurrent liability (Note 16)	49,136	49,136
Lease liabilities - net of current portion (Note 33)	4,016	3,988
Deferred tax liabilities - net (Note 28)	683,137	811,752
Total Noncurrent Liabilities	837,712	984,021
Total Liabilities	2,500,510	2,328,237
Equity		
Capital stock (Note 18)	624,015	617,215
Capital surplus (Note 18)	409,929	388,969
Cost of share-based payment (Notes 18 and 19)	9,198	13,366
Other components of equity:		
Revaluation increment on land (Note 11)	1,286,168	1,111,953
Unrealized gain on transfer of mining rights (Note 1)	1,000,000	1,000,000
Remeasurement gain on pension liability (Note 27)	10,025	9,672
Unrealized loss on financial assets at FVOCI (Note 10)	(270)	(427)
Retained earnings	2,970,098	2,522,201
Less cost of 116,023 shares held in treasury	(8,016)	(8,016)
Total Equity	6,301,147	5,654,933
TOTAL LIABILITIES AND EQUITY	₱8,801,657	₱7,983,170

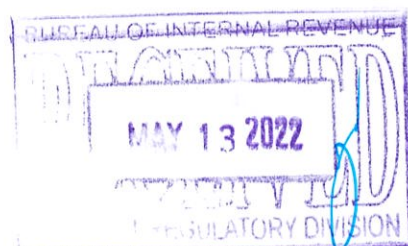
See accompanying Notes to Parent Company Financial Statements.



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

	Years Ended December 31	
	2021	2020
REVENUE (Note 20)	₱1,020,926	₱767,070
OPERATING COSTS AND EXPENSES		
Cost of mine products sold (Note 21)	701,131	517,025
Selling, general and administrative (Note 22)	252,851	172,458
Taxes on sale of mine products (Note 20)	38,404	27,861
	992,386	717,344
INTEREST EXPENSE (Notes 14 and 33)	2,737	2,471
OTHER INCOME - net (Note 24)	460,240	175,085
INCOME BEFORE INCOME TAX	486,043	222,340
PROVISION FOR INCOME TAX (Note 28)	38,146	46,090
NET INCOME	₱447,897	₱176,250
BASIC EARNINGS PER SHARE (Note 29)	₱0.72	₱0.29
DILUTED EARNINGS PER SHARE (Note 29)	₱0.72	₱0.28

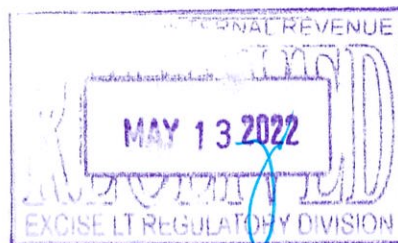
See accompanying Notes to Parent Company Financial Statements.



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

(Amounts in Thousands)

	Years Ended December 31	
	2021	2020
NET INCOME	₱447,897	₱176,250
OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX		
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of land (Note 11)	174,215	–
Remeasurement gain (loss) on pension liability (Note 27)	353	(11,282)
Unrealized gain on financial assets at FVOCI (Note 10)	157	72
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	174,725	(11,210)
TOTAL COMPREHENSIVE INCOME	₱622,622	₱165,040

See accompanying Notes to Parent Company Financial Statements.

BENGUET CORPORATION

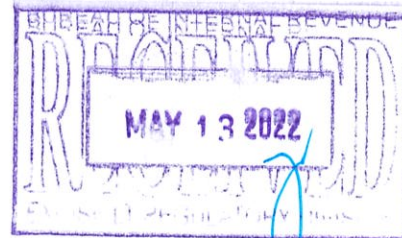
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in Thousands)

	Capital stock (Note 18)	Capital surplus (Note 18)	Cost of share-based payment (Notes 18 and 19)	Unrealized loss on financial assets at FVOCI (Note 10)	Other components of equity					Total
					Unrealized gain from transfer of mining right (Note 1)	Revaluation increment on land (Note 11)	Remeasurement gain on pension liability (Note 27)	Total other comprehensive income	Retained earnings	
Balances at January 1, 2020	617,215	388,969	13,366	(427)	1,000,000	1,111,953	9,672	2,121,198	(8,016)	5,654,933
Employees' exercise of stock options	6,800	15,740	(12,726)	-	-	-	-	-	-	13,778
Stock options expired (Note 18)	-	5,220	(5,220)	-	-	-	-	-	-	13,778
Net income	-	-	-	157	-	174,215	-	-	447,897	-
Other comprehensive income (loss) (Notes 10 and 27)	-	-	-	157	-	174,215	353	174,725	-	447,897
Total comprehensive income (loss)	-	-	-	314	-	348,430	353	349,080	-	895,794
Balances at December 31, 2021	624,015	409,929	9,198	(270)	1,000,000	1,286,168	10,025	2,296,422	(8,016)	6,301,147
Employees' exercise of stock options	352	2,239	(1,957)	-	-	-	-	-	-	634
Stock options expired (Note 18)	-	6,348	(6,348)	-	-	-	-	-	-	-
Net income	-	-	-	72	-	-	-	176,250	-	176,250
Other comprehensive income (loss) (Notes 10 and 27)	-	-	-	72	-	-	(11,282)	(11,210)	-	(11,210)
Total comprehensive income (loss)	-	-	-	144	-	-	(11,282)	176,250	-	165,040
Balances at December 31, 2020	617,215	388,969	13,366	(427)	1,000,000	1,111,953	9,672	2,522,201	(8,016)	5,654,933
Stock options vested	-	-	13,778	-	-	-	-	-	-	13,778
Employees' exercise of stock options (Note 18)	6,800	15,740	(12,726)	-	-	-	-	-	-	13,778
Stock options expired (Note 18)	-	5,220	(5,220)	-	-	-	-	-	-	13,778
Net income	-	-	-	157	-	174,215	-	-	447,897	-
Other comprehensive income (loss) (Notes 10 and 27)	-	-	-	157	-	174,215	353	174,725	-	447,897
Total comprehensive income (loss)	-	-	-	314	-	348,430	353	349,080	-	895,794
Balances at December 31, 2021	624,015	409,929	9,198	(270)	1,000,000	1,286,168	10,025	2,296,422	(8,016)	6,301,147

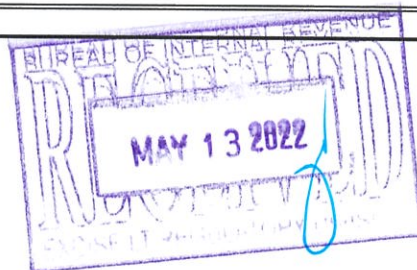
See accompanying Notes to Parent Company Financial Statements.



BENGUET CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31	
	2021	2020
OPERATING ACTIVITIES		
Income before tax	₱486,043	₱222,340
Adjustments for:		
Revaluation gain on investment properties (Notes 24 and 33)	(276,986)	(191,154)
Depreciation and depletion (Notes 11, 21 and 22)	77,210	36,026
Mine rehabilitation costs (Note 17)	(30,959)	-
Movements in pension liability (Note 27)	(8,644)	7,220
Change in estimate on liability for mine rehabilitation (Notes 17 and 24)	(6,872)	5,291
Net foreign exchange gains (Note 24)	(2,647)	(4,958)
Accretion expense (Notes 17 and 24)	1,920	2,436
Interest expense (Notes 14 and 33)	2,737	2,471
Stock options vested	13,778	-
Unrealized gain on financial assets at FVPL	(92)	-
Interest income (Notes 4, 13 and 24)	41	(147)
Reversal of land rental expense	-	(511)
Operating income before working capital changes	255,529	79,014
Decrease (increase) in:		
Trade and other receivables, excluding amounts owed by related parties	(15,560)	(1,623)
Inventories	13,385	(2,543)
Other current assets	(12,071)	557
Decrease in trade and other payables, excluding amounts owed to related parties	(16,350)	(44,174)
Net cash used in operations	224,933	31,231
Interest paid	-	(941)
Interest received	(41)	147
Net cash from operating activities	224,892	30,437
INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment (Note 11)	(22,495)	(19,660)
Deferred mine exploration costs (Note 12)	(11,360)	(10,236)
Increase in amounts owed by related parties	(479,428)	(38,635)
Decrease in other noncurrent assets	(5,007)	(14,118)
Net cash used in investing activities	(518,290)	(82,649)
FINANCING ACTIVITIES		
Decrease in amounts owed to related parties	443,368	35,308
Proceed from the exercise of stock option (Note 18)	9,814	634
Placement of financial assets at FVPL	(60,016)	-
Settlement of loans (Note 14)	(78,471)	(1,370)
Payment of principal portion of lease liabilities (Notes 33)	(2,019)	(1,083)
Net cash flows from financing activities	312,676	33,489
NET INCREASE (DECREASE) IN CASH	19,278	(18,723)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(34)	(5)
CASH AT BEGINNING OF YEAR	39,589	58,317
CASH AT END OF YEAR (Note 4)	₱58,833	₱39,589

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, 1226 Makati City.

Status of Business Operations

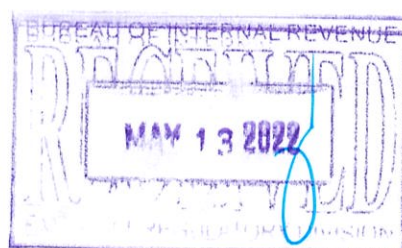
Quasi-reorganization

On December 5, 2011, the Philippine SEC approved the application of the Company 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 ₱1.01 billion until the asset to which the revaluation increment relates is disposed. In addition, the retained earnings of the Company shall be restricted further by the accumulated fair valuation gains of investment properties amounting to ₱1,319,742 and ₱1,042,846 as at December 31, 2021 and 2020, respectively.

On December 10, 2010, the Company and Benguetcorp Resources Management Corporation (BRMC) formerly, Benguetcorp Nickel Mines, Inc, 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 valued at a total of ₱1,000,000. BRMC issued 1.00 billion ordinary shares to the Company, with par value of ₱1.00 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 in the Company's operations follow:

a. Mining Projects

Benguet Gold Operations (BGO)

The Company produces gold from the Benguet mines, consisting of the Acupan and Kelly underground mines which were suspended in 1992, following the 1991 earthquake, which flooded the said underground mines. In 2003, BGO resumed operations and production is partly carried out through independent mining contractors in Acupan Contract Mining Project (ACMP) which is a community-based underground mining project.

The Company is currently working on exploration and drilling programs to upgrade BGO'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 Greater Acupan Project was approved in 2013 and the Company is still raising the necessary funds to start the execution of the project.

On October 28, 2016, the Parent Company received from the DENR the mine audit report dated October 21, 2016, which was conducted pursuant to DENR Memorandum Circular No. 2016-01 requiring audit of all operating mines which recommended the suspension of the Company's mining operations and required the Company to submit an explanation thereof within seven days from the date of receipt.

On November 1, 2016, the Company submitted an explanation to the DENR stating that there are no legal and factual bases to recommend the suspension of the Company's operations due to the following reasons:

- Based on the mine audit report, there are no significant findings of violations that would warrant the suspension order.
- None of the alleged violations found pose imminent danger or threat to the community that would justify the suspension of operation.
- The deficiencies cited, which are mostly permitting issues or operational concerns, can easily be remediated without need of suspending the Company's operation.

On February 14, 2017, the Company received from DENR a cancellation order dated February 8, 2017 cancelling its authority to undertake mining operations under Patent Claim (PC-ACMP-002-CAR) in Itogon, Benguet for violation of certain provisions of mining and environmental laws, rules and regulations such as the following:

- Republic Act (RA) No. 6969, otherwise known as the 'Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990'
- DAO No. 2013-22 or the 'Revised Procedures and Standards for the Management of Hazardous Wastes'
- RA No. 7942, otherwise known as 'The Philippine Mining Act of 1995'
- DAO No. 2010-21 or the 'Revised Implementing Rules and Regulations of RA No. 7942'

On February 22, 2017, the Company filed a Notice of Appeal before the Office of the President, which stayed the execution of the cancellation order. On March 22, 2017, the Company submitted to the Office of the President its Appeal Memorandum. As of March 29, 2022, the Office of the President has not yet resolved the appeal.



On March 18, 2019, TUV Rheinland (TUVR), an independent evaluation and certification service body, issued to BGO the 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 15, 2022, makes BGO fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Administrative Order (DAO) No. 2015-07.

In November 2019, the DENR directed the regional offices of the Mines and Geosciences Bureau (MGB) and Environmental Management Bureau (EMB) to validate the environmental compliance of BGO as input to early resolution of the appeal. In January 2020, MGB submitted a favorable validation report to DENR, and recommended to set aside the cancellation order. Hence, as at December 31, 2021, the Parent Company continues to mine and operate.

Irisan Lime Project (ILP)

The Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 7,645 tons and 7,072 tons of quicklime in 2021 and 2020, respectively. On September 4, 2017, the Mineral Processing Permit (MPP) for the ILP was renewed for a period of five years or until September 3, 2022.

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. Pursuant to DAO No. 2010-04, the Company's Application for Mineral Production Sharing Agreement (MPSA) No. 009-CAR was denied on February 8, 2011. Subsequently, the Company filed an appeal on April 15, 2011 in MGB Central Office and elevated the appeal to the DENR.

In October 2016, a leak occurred in BAGO's tailings dam, which affected the Liang River. On November 23, 2016, the Company received from DENR a letter requiring the Company to show cause why its operation should not be suspended and/or mining contract be cancelled in view of the tailings spill.

On December 26, 2016, the Company argued that there was no negligence because the incident is due to force majeure and the tailings leak was immediately remediated. The Company also emphasized that it has no existing mining operations in BAGO as it has long been suspended. The BAGO open pit mine and the BAGO underground mine has not operated since 1998 and 1989, respectively. The Company contended that its infrastructure in BAGO has been under care and maintenance since then up to the present. On January 1, 2017, the case was elevated to the Pollution Adjudication Board (PAB) from the EMB out of which the Company submitted a position paper on May 8, 2017.

On May 9, 2017 a technical conference hearing was held in PAB regarding the case and as a result, the Parent Company submitted a supplemental motion on June 9, 2017. On October 5, 2021, the DENR granted the appeal and the MPSA was reinstated back to the Company.

Masinloc Chromite Operation (MCO)

From 1934 to 2007, the Company managed the Coto Mine under an operating agreement with its claim owner, Consolidated Mines, Inc. (CMI). With the expiration of the operating agreement last July 8, 2007, the Company has transferred back the mine to CMI. As at March 29, 2022, the Company is still engaged in discussion with CMI over the liquidation of MCO's assets (see Note 15).



b. Exploration, Research and Development Projects

Balatoc Tailings Project (BTP)

The Company's Board of Directors (BOD) approved an initial ₱10.00 million research and development fund for the 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.

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

On the same date, the Company entered into a processing agreement with the Balatoc Gold Resources Corporation (BGRC), a subsidiary, to implement the BTP. The 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 modeled after the Joint Ore Reserve Committee of Australia.

In September 2010, the Company signed a Deed of Assignment with BGRC to transfer MPP No. 13-2010-CAR covering the BTP subject to approval by the DENR. The MPP allows reprocessing of 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 and undertook activities for the detailed engineering of the project, rehabilitation of the tailing's ponds and reinforcement of the silt dam. BGRC continued 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 pump the tailings to a processing plant in Balatoc.

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

Following the expiration of MPP No. 13-2010-CAR, BGRC reconveyed to the Company on March 16, 2016, all rights and interest in BTP, including liabilities to third parties, so that the reprocessing of tailings can be made part of the Acupan operation once more. The reconveyance was approved by the DENR-MGB on May 31, 2016.

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 ₱7.50 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 initial drilling conducted to test the impounded materials indicates a grade of 4.0 grams of gold per ton.

As at December 31, 2021, 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, series of 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 four 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, 2021, 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 partly located inside the contract claims of Pugo Mining Company 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 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 grams of silver. The Company has started implementing drilling programs in the property in 2020 and will continue to do in 2022.

Recent geological works in the Pantingan property have also led to the identification of two parcels composed of Block-1 and Block-3 area located inside the mineral tenement hosting high quality mountain rock deposits with favorable potential for rock aggregates. The potential rock formations comprise of consolidated volcanic conglomerate and massive andesite units based on their actual ground analysis.



The second phase drilling works on the Pantingan Gold Prospect has been completed and core samples were sent for analysis. The Phase two drilling works targetted the lateral and vertical continuations of the V9SL and V2SL. On the aggregates prospect, the Company continues to do topographical/road surveys and apply for permits including for road-right-of-way in the 40-hectares Quarry Permit Area (QPA) outside the MPSA. The large-scale quarry in PAB-1 and 2 within the MPSA still needs drilling for Declaration of Mining Project Feasibility (DMPF). The MGB has issued area clearance in the QPA, and the Company is working on LGU consent, tree inventory, NCIP certification, and ECC process.

Zamboanga Gold Prospect (ZGP)

The ZGP in R.T. Lim, Zamboanga Sibugay consists of 340.30 hectares of land area and is under an operating agreement with Orelina 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. 000015-IX of OMC. The APSA which was denied on May 12, 2010 and subject of an appeal filed on January 30, 2013, was reinstated by the DENR November 4, 2020.

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) and Apayao (denominated as AFTA No. 00033-CAR) are undergoing Free, Prior and Informed consent requirement through the Regional Office of the National Commission of Indigenous Peoples. Exploration work for the two areas will be undertaken as soon as the applications have been approved by the Philippine 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 then filed a case against BWD.

In 2019, pursuant to a Memorandum of Agreement with Manila Water Company, Inc. (MWCI) regarding the assignment of water rights in Laboy River in connection with MWCI's bulk water supply proposal to Baguio City, the Company has withdrawn the case for specific performance against BWD without prejudice to filing of a new case for recovery of cost and damages due to the aborted bidding award.



d. Land Development Projects

Kelly Special Economic Zone (KSEZ)

The Company has approved an initial budget of ₱4.90 million 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. As of December 31, 2021, the said project has not yet materialized.

Recovery of Deferred Exploration Costs

The Company's ability to realize its deferred exploration costs with carrying value amounting to ₱394,666 and ₱383,306 as at December 31, 2021 and 2020, respectively (see Note 12), depends on the success of exploration and development work in proving the viability of its mining properties to produce minerals in commercial quantities, and the success of converting the Company's exploration permits to new mineral agreements, which cannot be determined at this time. The parent company financial statements do not include any adjustment that might result from these uncertainties.

Net Negative Working Capital Position of the Company

The Company's current liabilities exceeded its current assets by ₱212,192 and ₱444,778 as at December 31, 2021 and 2020, respectively. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern for the next 12 months. Management is satisfied based on its assumptions and cash flow projection, while considering also the operations of its subsidiaries, that collectively Benguet Corporation and Subsidiaries can generate sufficient cash flows to meet its obligations as and when they fall due.

Authorization for the Issuance of the Parent Company Financial Statements

The accompanying parent company financial statements as at and for the years ended December 31, 2021 and 2020 were authorized for issuance by the BOD on March 29, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation

The parent company financial statements have been prepared in accordance with the Philippine Financial Reporting Standard (PFRSS) as issued by the Financial Reporting Standards Council (FRSC). The parent company financial statements have been prepared on a historical cost basis, except for land which is measured at revalued amount, and financial assets at fair value through other comprehensive income (FVOCI) and investment properties, which are 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 (₱000), 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 new standards effective January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.



Unless otherwise indicated, adoption of these new standards did not have a significant impact on the parent company financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Standards and Interpretation Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Presentation of Financial Statements

The Company has elected to present all items of recognized income and expense in two statements: a parent company statements of income and a parent company statements of comprehensive income.

Current versus Noncurrent Classification

The Company 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 12 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 12 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.

Cash

Cash consists of cash on hand and cash in banks. Cash in banks earn interest at the respective bank deposit rates.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Company has applied the practical expedient are measured at transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion). This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame 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.



Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- *Financial assets at amortized cost (debt instruments)*
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include cash in banks, trade and other receivables (excluding nontrade receivables, advances to officers and employees and employee stock ownership incentive plan), advances to contractors under "other current assets", and nontrade receivables and refundable deposits under "other noncurrent assets".

- *Financial assets at FVPL (debt instruments)*
This include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the balance sheet at fair value with net changes in fair value recognized in the parent company statement of income.

The Company's financial assets at FVPL includes its investments in unit investment trust fund (UITF) (see Note 7).

- *Financial assets designated at FVOCI (equity instruments)*
Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its equity instruments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, but has transferred control of the asset.



When the Company 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 asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company 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 Company 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 Company could be required to repay.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses publicly available ratings from (i.e. Standard and Poor's (S&P), Moody's and Fitch) to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognized a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For amounts owed by related parties, other receivables, advances to contractors and deposits, the Company calculates ECLs at initial recognition by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECLs.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.



Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Company's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Company from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows;

- *Payables and non-interest-bearing liabilities*

These pertain 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 and non-interest-bearing liabilities 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 category generally applies to the Company's trade and other payables (excluding payables to officers and employees and to government agencies), lease liabilities and other noncurrent liability.

- *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs under the "Interest expense" in the parent company statements of income.

This category generally applies to the Company's loans payable.



Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the parent company statements of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the 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 assets and settle the liabilities 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

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 parent company financial statements at fair value 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 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
- Quicklime and slaked lime - at cost on a moving average production method
- Gold buttons - at cost on a moving average production method

NRV for materials and supplies represents the current replacement cost. NRV of gold buttons is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Other Current Assets

Other current assets include input value-added tax (VAT), excess creditable withholding taxes (CWTs), advances to contractors and prepaid expenses, which the Company expects to realize or consume within twelve (12) months after the end of the reporting period. Other current assets are all stated at the estimated NRV.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Advances to Contractors

Advances to contractors comprise mainly of advance payments made by the Company relating to services, materials and supplies necessary for the Company's operations. These are noninterest-bearing and will be realized through offsetting against future billings from contractors, or cash payments, depending on the individual agreements.

CWTs

CWTs are amounts withheld from income of the Company subject to expanded withholding taxes. CWTs can be utilized as payments for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules of Philippine income taxation.

Prepaid expenses

Prepaid expenses pertain to various prepayments consumable within one year from the end of the reporting period. This account comprises of advance payments for insurance, and other services. These are apportioned over the period covered by the payment and charged to the appropriate accounts in the parent company statements of income when incurred.



Investments in Subsidiaries

A subsidiary is an entity over which the Company has control. 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 Company controls an investee if, and only if, the Company has all of the following:

- 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; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company 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, or
- the Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The investment in subsidiaries is carried in the parent company statement of financial position at cost less any impairment in value. Dividends received are recognized as income.

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 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 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 statements 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 stated at cost. This includes costs of construction and other direct costs related to the asset being constructed. 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 tax liability, resulting from the revaluation of land is credited to revaluation increment on land under the other components of equity caption included in the equity section in the statement of financial position. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the parent company statements of income, the increase is recognized in parent company statements of income.



A revaluation deficit is recognized in the parent company statements of income, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation increment. 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, depletion and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal Company that is classified as held for sale) in accordance with PFRS 5 and the date the asset is derecognized.

The useful lives and depreciation methods are reviewed periodically to ensure that the periods and methods of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Right-of-Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term, as follows:

<u>Right-of-use asset</u>	<u>Number of years</u>
Land	15-25
Office space	8
Machinery, tools and equipment	2

Right-of-use assets are subject to impairment.

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 statements of income in the year the asset is derecognized.



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.

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 while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the parent company 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.

Investment Properties

Investment properties consist of assets that are held for rentals or for capital appreciation or both.

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 reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in the parent company statements of income in the year in which they arise, including the corresponding tax effect. Fair values are determined based on the revaluation performed by an accredited external independent appraiser.

Investment properties are derecognized either when they have been disposed of, or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the parent company statements of income in the period of derecognition.



Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with PAS 16, *Property, Plant and Equipment* up to the date of change in use.

Deferred Mine Exploration Costs

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

Exploration and evaluation activity include:

- 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 that 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 Noncurrent Assets

Other noncurrent assets, which include nontrade receivables, prepaid expenses, refundable deposits and various restricted bank deposits for the settlement of environmental obligations, are presented at the estimated NRV. These are classified as noncurrent since the Company expects to utilize the assets beyond twelve (12) months from the end of the reporting period.

Impairment of Nonfinancial Assets

The Company 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 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 amount 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. When 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 most recent 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 statements 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 the other assets, 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 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 that asset in prior years. Such reversal is recognized in the parent company statements 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 Company 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 Company considers in determining whether there is impairment on deferred mine exploration costs:

- the period for which the Company 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 of 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 statements 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. 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 statements of income.

When the Company expects some or all of the provision to be reimbursed, 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 parent company statements of income, net of any reimbursement.

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 that 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.

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 statements 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 parent company statements of income in subsequent periods.

Past services costs are recognized in the parent company statements of income 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 costs of mine products sold, costs of services and selling and general expenses in the parent company statements 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 expense or credit in the parent company statements of income 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 computed based on the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the parent company statements of income.

When the terms of an equity-settled award are 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.

Where an equity-settled award expires or is cancelled, its cost is transferred to additional paid-in capital.

Forfeitures revise the expense to reflect the best available estimate of the number of equity instruments expected to vest.

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

Foreign Currencies

The Company's financial statements are presented in Philippine peso. The Company determines the functional currency and items included in the financial statements are measured using that functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company using the functional currency exchange rate at the date of the transaction.

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 the parent company statements of income 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 the parent company statements of income. 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 is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or parent company statements of income are also recognized in OCI or parent company statements of income, respectively).

Income Taxes

Current Tax

Current 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 authority. The income tax rates and income tax laws used to compute the amount are those that have been enacted or substantively enacted at the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statements of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred 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, excess MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in other comprehensive income or directly in equity.

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



Earnings Per Share (EPS)

Basic EPS 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.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.

OCI

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

Contingencies

Contingent liabilities are not recognized in the 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 financial statements but are disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period

Events after the end of the reporting period up to the auditor's report that provide additional information about the Company's position at the reporting period (adjusting events) are reflected in the financial statements. Events after the end of the reporting period up to the auditor's report that are not adjusting events are disclosed in the notes to financial statements when material.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in accordance with PFRSs 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. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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



Other disclosures relating to the Company's exposure to risks and uncertainties include financial risk management and policies, and sensitivity analyses disclosures are provided in Note 30.

Judgments

In the process of applying the Company's accounting policies, management has made the judgment below, apart from those involving estimations, that have the most significant effect on the amounts recognized in the parent company financial statements.

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 34).

Distinction between Investment Property and Owner-Occupied Property

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property is not occupied substantially for use by, or in operations of the Company, not for sale in the ordinary course of business, but is held primarily to earn rental income or capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply

Estimates and Assumptions

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

Provision for expected credit losses on trade and other receivables

The Company uses the simplified approach and general approach model in the assessment of the ECL for its trade and other receivables, respectively. An assessment of the ECL relating to these financial assets is undertaken upon initial recognition and each financial year and involves exercise of significant judgment. Key areas of judgment include defining default, determining assumptions to be used such as timing and amounts of expected net recoveries from defaulted accounts, determining debtor's capacity to pay, and incorporating forward looking information.

Provision for ECLs recognized in 2021 and 2020 amounted to ₱4.89 million and ₱0.19 million, respectively. In 2021 and 2020, gain on reversal of allowance for ECL was also recognized amounting to ₱0.63 million and ₱1.18 million, respectively (see Notes 5 and 24). The carrying amount of trade and other receivables amounted to ₱1,051.09 million and ₱556.03 million, net of allowance for ECL of ₱175.63 million and ₱171.38 million, as at December 31, 2021 and 2020, respectively (see Note 5).



Assessing Impairment of Advances to Contractors under Other Current Assets and Loans Receivable, Nontrade and Refundable Deposits under Noncurrent Assets

The Company provides allowance for impairment losses on advances to contractors under other current assets and loans receivable, nontrade and refundable deposits under noncurrent assets when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for probable loss would increase recorded expenses and decrease other current and noncurrent assets.

No provision for impairment losses was recognized in 2021 and 2020 (see Notes 8 and 13).

The total carrying value of advances to contractors under other current assets and loans receivable, nontrade and refundable under noncurrent assets amounted to ₱96.10 million and ₱90.93 million as at December 31, 2021 and 2020, respectively (see Notes 8 and 14).

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 subsidiary, which requires the determination of future cash flows expected to be generated from the holding and ultimate disposition of such asset, requires the Company to make estimates and assumptions that can materially affect its 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 statements of financial position and parent company statements of comprehensive income.

The Company recognized provision for impairment losses on investments in subsidiaries amounting to nil in 2021 and 2020 (see Note 9). The carrying amount of investments in subsidiaries amounted to ₱2,076.46 million as at December 31, 2021 and 2020 (see Note 9).

Estimating Ore Reserves

Ore reserves estimates are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. The Company estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The Company also makes estimates and assumptions regarding a number of economic and technical factors affecting ore reserves estimates, such as production rates, grades, foreign exchange rates, production and transport costs, and commodity prices.

These geological, economic and technical estimates and assumptions may change in the future in ways, which can affect the quality and quantity of the ore reserves. The Company reviews and updates estimates as required, but at least annually, to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. These estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes gold prices or production costs, and other factors.

Changes in the ore reserves estimates may impact the carrying values of property, plant and equipment, provision for mine rehabilitation and decommissioning, recognition of deferred tax assets and depreciation and depletion charges.



Assessing Recoverability of Deferred Mine Exploration Costs

The Company reviews the recoverability of deferred mine exploration costs when events or changes in circumstances indicate that the carrying amount of deferred mine exploration costs may exceed its estimated recoverable amount. The Company considers the following factors, among others, in its assessment:

- Status of each mine exploration project and plans on exploration and evaluation activities
- Validity of the licenses, permits and correspondences related to each mine exploration project
- Plans to abandon existing mine areas and plans to discontinue exploration activities
- Availability of information suggesting that the recovery of expenditure is unlikely

The Company recognized provision for impairment losses on deferred mine exploration costs amounting to nil in 2021 and 2020 (see Notes 13 and 24). As at December 31, 2021 and 2020, deferred mine exploration costs amounted to ₱394.65 million and ₱383.31 million, respectively (see Note 12).

Estimating Recoverability of Property, Plant and Equipment

The Company assesses impairment on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the property, plant and equipment 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 property, plant and equipment, the Company is required to make estimates and assumptions such as commodity prices, discount rates and foreign currency exchange rates, which can materially affect the financial statements. Commodity prices and foreign exchange rates are based on forecasts of various financial institutions while the discount rate is based on industry weighted average cost of capital.

An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, property, plant and equipment are grouped at the lowest levels for which there are separately identifiable cash flows. An impairment loss is recognized and charged to earnings if the discounted expected future cash flows are less than the carrying amount. 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. No allowance for impairment losses on property, plant and equipment was recognized in 2021 and 2020.

As at December 31, 2021 and 2020, property, plant and equipment at cost amounted to ₱464.18 million and ₱520.49 million, respectively (see Note 11).

Revaluation of Property, Plant and Equipment and Investment Properties

The Company carries its investment properties at fair value, with changes in fair value being recognized in the parent company statements of income. In addition, it measures its land under property, plant and equipment at revalued amounts, with changes in fair value being recognized in the parent company statements of comprehensive income. The land and investment properties were valued using the sales comparison approach. The Company engaged an independent appraiser firm, which holds a recognized and relevant professional qualification and has recent experience in the location of the properties being valued to assess fair values.



As at December 31, 2021 and 2020, the fair value of the Company's land under property, plant and equipment, and investment properties amounted to ₱4,382.52 million and ₱4,075.42 million, respectively (see Notes 11 and 33).

Unit-of-production (UOP) depreciation

Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine-specific assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortization could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

As at December 31, 2021 and 2020, the carrying amount of mine and mining properties amounted to ₱344.50 million and ₱359.59 million, respectively. Carrying amount of mine rehabilitation asset amounted to ₱60.33 million and ₱68.46 million as of December 31, 2021 and 2020, respectively (see Note 11).

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to ₱6.70 million and ₱4.69 million as at December 31, 2021 and 2020, respectively (see Note 33).

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 ₱37.44 million and ₱78.53 million as at December 31, 2021 and 2020, respectively (see Note 17).



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. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. 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 ₱70.55 million and ₱78.75 million as at December 31, 2021 and 2020, respectively (see Note 27).

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 27.

Assessing Realizability of Deferred Tax Assets

The Company reviews the carrying amounts of the deferred tax assets at each end of the reporting date and reduces deferred tax assets to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized. Management believes that there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company recognized deferred tax assets amounting to ₱88.26 million and ₱99.61 million as at December 31, 2021 and 2020, respectively (see Note 34).

The Company did not recognize deferred tax assets on the NOLCO, MCIT and deductible temporary differences (see Note 28).

4. Cash

	2021	2020
Cash on hand	₱539	₱465
Cash in banks	58,294	39,124
	₱58,833	₱39,589

Interest income pertaining to cash in banks totaled to ₱29 and ₱140 in 2021 and 2020, respectively (see Note 24).



5. Trade and Other Receivables

	2021	2020
Trade receivables		
External	₱16,212	₱26,830
Related parties (Note 25)	111,818	3,945
Nontrade	264,042	250,111
Amounts owed by related parties (Note 25)	712,144	340,589
Employee stock ownership incentive plan (ESOIP; Note 26)	58,415	58,415
Advances to officers and employees	56,708	39,678
Receivables from lessees of bunkhouses	3,689	4,754
Others	3,624	3,091
	1,226,652	727,413
Less allowance for ECL	175,634	171,383
	₱1,051,018	₱556,030

Trade receivables and receivables from lessees of bunkhouses are noninterest-bearing and are generally collectible within a period of one year. Advances to officers and employees pertain to cash advances used in the operations which are generally subject to liquidation.

Nontrade receivables pertain to advances made to suppliers by the Company relating to materials and supplies necessary in the Company's operation. These are noninterest-bearing and will be realized through offsetting against future billings from suppliers.

Other receivables comprise mainly of receivables that are considered to be individually insignificant.

Movements of allowance for ECL on trade and other receivables are as follows:

	2021			
	Trade receivables	Amounts owed by related parties (Note 25)	ESOIP (Note 26)	Total
Balances at the beginning of year and end of year	₱1,822	₱111,146	₱58,415	₱171,383
Provisions (Note 24)	4,878	-	-	4,878
Recoveries (Note 24)	(627)	-	-	(627)
Balances at the end of the year	₱6,073	₱111,146	₱58,415	₱175,634

	2020			
	Trade receivables	Amounts owed by related parties (Note 25)	ESOIP (Note 26)	Total
Balances at the beginning of year	₱1,632	₱112,327	₱58,415	₱172,374
Provision for ECL (Note 24)	190	-	-	190
Recoveries (Note 24)	-	(1,181)	-	(1,181)
Balances at the end of year	₱1,822	₱111,146	₱58,415	₱171,383

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



6. Inventories

	2021	2020
At cost:		
Quicklime and slaked lime	₱1,447	₱3,682
Gold button - at cost	-	7,781
	<u>1,447</u>	<u>11,463</u>
At NRV:		
Materials and supplies	195,088	198,457
Less allowance for impairment losses on materials and supplies	(175,502)	(175,502)
	<u>19,586</u>	<u>22,955</u>
	<u>₱21,033</u>	<u>₱34,418</u>

The gold button inventory represents gold and silver by-product produced by the Company in 2021 and 2020. These mineral products were immediately sold the following year. The gold buttons include depreciation and depletion related to the production of gold amounting to nil and ₱423 in 2021 and 2020, respectively (see Note 11).

Movements of allowance for impairment losses on inventories are as follows:

	2021	2020
Balance at beginning of the year	₱175,502	₱310,270
Write-off	-	(134,768)
Balance at end of the year	<u>₱175,502</u>	<u>₱175,502</u>

Materials and supplies charged to current operations amounted to ₱155,577 and ₱125,944 and in 2021 and 2020, respectively (see Notes 21 and 22).

The Company has no inventories pledged as security for liabilities nor any purchase commitments related to inventories as at December 31, 2021 and 2020.

7. Financial Assets at FVPL

The Company's financial assets at FVPL are investments in unit investment trust funds (UITF), which are carried at fair value based on published net asset value per unit or the price per unit of the UITF.

Movement in financial assets at FVPL in 2021 are as follows:

	2021
Beginning balance	₱-
Additions	60,016
Changes in fair value	92
	<u>₱60,108</u>



8. Other Current Assets

	2021	2020
Input VAT - net	₱109,930	₱117,193
Advances to contractors	102,609	102,609
CWTs	73,979	79,730
Prepaid expenses	2,594	22
Others	9,755	9,100
	298,867	308,654
Less allowance for impairment losses	39,253	39,253
	₱259,614	₱269,401

There was no movement in allowance for impairment losses on advances to contractors in 2021 and 2020.

9. Investments in Subsidiaries

The details of investments in subsidiaries as at December 31, 2021 and 2020 are as follows:

	2021	2020
Acquisition cost of investments:		
BRMC	₱1,250,000	₱1,250,000
BMC	600,000	600,000
Benguetcorp International Ltd. (BIL)	115,565	115,565
Benguetcorp Laboratories, Inc. (BLI)	56,889	56,889
Berec Land Resources, Inc. (BLRI)	39,463	39,463
SARC	7,046	7,046
BBMRC	2,500	2,500
Ifaratoc Mineral Resources Corporation (IMRC)	2,500	2,500
KPLMSC	2,500	2,500
Acupan Gold Mines, Inc. (AGMI)	2,500	2,500
Pillars of Exemplary Consultants, Inc. (PECI)	1,130	1,130
	2,080,093	2,080,093
Less allowance for impairment losses	3,630	3,630
	₱2,076,463	₱2,076,463

BMC was organized primarily to invest in projects and enterprises that diversify, stabilize and strengthen the investment portfolio of the Benguet Company of Companies. As at December 31, 2021 and 2020, BIL, BBMRC, AGMI, which were established to operate mining prospects, are still pre-operating.

No movement in allowance for impairment losses on investments in subsidiaries in 2021 and 2020.



10. Financial Assets at FVOCI

Financial assets at FVOCI pertain to investments in non-listed and listed shares of stock in the Philippine Stock Exchange, which are carried at fair value based on bid market prices.

Movements in financial assets at FVOCI are as follows:

	2021	2020
Balance at beginning of year	₱316	₱244
Unrealized valuation gain	157	72
Balance at end of year	₱473	₱316

Movements in the unrealized loss on financial assets at FVOCI are as follows:

	2021	2020
Balance at beginning of year	(₱427)	(₱499)
Unrealized valuation gain	157	72
Balance at end of year	(₱270)	(₱427)

11. Property, Plant and Equipment

a. Land - at revalued amount

Revalued amount of land as at December 31, 2021 and 2020 amounted to ₱1,488,025 and ₱1,457,910, respectively. The valuation was performed by an independent firm of appraisers, Cuervo Appraisers, Inc.

The revaluation increment, recognized as a separate component of equity, amounted to ₱1,286,168 and ₱1,111,953 as at December 31, 2021 and 2020, and is not available for distribution to stockholders until the related assets are sold.

In 2021, the Company engaged Cuervo Appraisers Inc., an independent firm of appraisers, to determine the fair value of the land as at December 31, 2021. The fair value was estimated using the sales comparison approach, which considers the sales of similar or substitute properties and the related market values and establishes value estimates by processes involving comparisons (level 3). In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered. The Company recognized unrealized valuation gain in OCI amounting to ₱22,586 in 2021.

Movements in the revaluation increment on land 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
2018	75,716
2019	251,499
<i>Forward</i>	



2021	₱22,586
Effect of change in tax rate	151,629
Ending balance as at December 31, 2021	₱1,286,168

b. Property, Plant and Equipment - at cost

	2021						
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining Properties	CIP	Right-of-use assets	Total
Cost:							
Beginning balance	₱78,441	₱273,637	₱705,861	₱1,160,248	₱30,683	₱7,322	₱2,256,192
Additions	-	3,474	8,725	10,296	-	3,589	26,084
Reclassifications	-	1,929	28,754	-	(30,683)	-	-
Disposal	-	-	-	-	-	(1,965)	(1,965)
Change in estimate of the liability for mine rehabilitation (Note 17)	-	-	-	(5,180)	-	-	(5,180)
Balances at end of year	78,441	279,040	743,340	1,165,364	-	8,946	2,275,131
Accumulated depreciation and depletion:							
Beginning balance	69,680	269,318	671,714	722,202	-	2,791	1,735,705
Depreciation and depletion (Notes 6, 21 and 22)	5,041	2,961	48,165	19,042	-	2,001	77,210
Disposal	-	-	-	-	-	(1,965)	(1,965)
Balances at end of year	74,721	272,279	719,879	741,244	-	2,827	1,810,950
Net book values	₱3,720	₱6,761	₱23,461	₱424,120	₱-	₱6,119	₱464,181

	2020						
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining Properties	CIP	Right-of-use assets	Total
Cost:							
Beginning balance	₱77,313	₱273,165	₱690,375	₱1,155,363	₱28,754	₱7,322	₱2,232,292
Additions	1,128	472	15,486	1,547	1,929	-	20,562
Change in estimate of the liability for mine rehabilitation (Note 17)	-	-	-	3,338	-	-	3,338
Balances at end of year	78,441	273,637	705,861	1,160,248	30,683	7,322	2,256,192
Accumulated depreciation and depletion:							
Beginning balance	67,683	266,774	657,081	706,168	-	1,550	1,699,256
Depreciation and depletion (Notes 6, 20 and 21)	1,997	2,544	14,633	16,034	-	1,241	36,449
Balances at end of year	69,680	269,318	671,714	722,202	-	2,791	1,735,705
Net book values	₱8,761	₱4,319	₱34,147	₱438,046	₱30,683	₱4,531	₱520,487

The Company's CIP pertains to the development of a continuous mill production line in Balatoc, Benguet to increase the milling capacity of its gold operations.

The cost of fully depreciated property and equipment still being used in the Company's operations amounted to ₱284,772 and ₱243,705 as at December 31, 2021 and 2020, respectively.

Components of mine and mining properties are as follows:

	2021				
	Mine and mining properties	Mine development cost	Mine rehabilitation	Mine asset	Total
Cost:					
Balances at beginning of year	₱1,050,030	₱9,994	₱100,224	-	₱1,160,248
Additions	-	10,296	-	-	10,296
Change in estimate (Note 17)	-	-	(5,180)	-	(5,180)
Balances at end of year	1,050,030	20,290	95,044	-	1,165,364
Accumulated depletion:					
Balances at beginning of year	690,438	-	31,764	-	722,202
Depletion	16,091	-	2,951	-	19,042
Balances at end of year	706,529	-	34,715	-	741,244
Net book values	₱343,501	₱20,290	₱60,329	₱-	₱424,120



	2020			
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	Total
Cost:				
Balances at beginning of year	₱1,050,030	₱8,447	₱96,886	₱1,155,363
Additions	-	1,547	-	1,547
Change in estimate (Note 17)	-	-	3,338	3,338
Balances at end of year	1,050,030	9,994	100,224	1,160,248
Accumulated depletion:				
Balances at beginning of year	678,202	-	27,966	706,168
Depletion	12,236	-	3,798	16,034
Balances at end of year	690,438	-	31,764	722,202
Net book values	₱359,592	₱9,994	₱68,460	₱438,046

Components of right-of-use-assets are as follows:

	2021			
	Office Space	Machinery, tools and equipment	Land	Total
Cost:				
Balances at beginning of year	₱882	₱1,083	₱5,357	₱7,322
Additions	3,589	-	-	3,589
Disposal	(882)	(1,083)	-	(1,965)
Balances at end of year	3,589	-	5,357	8,946
Accumulated depreciation:				
Balances at beginning of year	₱882	₱896	₱1,013	₱2,791
Depreciation (Note 33)	1,196	187	618	2,001
Disposals	(882)	(1,083)	-	(1,965)
Balances at end of year	1,196	-	1,631	2,827
Net book values	₱2,393	₱-	₱3,726	₱6,119

	2020			
	Office Space	Machinery, tools and equipment	Land	Total
Cost:				
Balances at beginning of year	₱882	₱1,083	₱5,357	₱7,322
Additions	-	-	-	-
Balances at end of year	882	1,083	5,357	7,322
Accumulated depreciation:				
Balances at beginning of year	588	448	514	1,550
Depreciation (Note 33)	294	448	499	1,241
Balances at end of year	882	896	1,013	2,791
Net book values	₱-	₱187	₱4,344	₱4,531

Depreciation and depletion charges were distributed as follows:

	2021	2020
Cost of mine products sold (Note 21)	₱42,745	₱28,912
Selling, general and administrative expenses (Note 22)	34,465	7,114
Depreciation expense included in gold buttons inventory (Note 6)	-	423
	₱77,210	₱36,449



12. Deferred Mine Exploration Costs

Movements in deferred mine exploration costs are as follows:

	2021	2020
Balances at beginning of year	₱550,290	₱540,054
Additions	11,360	10,236
	561,650	550,290
Less allowance for impairment losses	166,984	166,984
Balances at end of year	₱394,666	₱383,306

Additions pertain to drilling, hauling and other ongoing exploration and evaluation activities of the Company.

There was no movement in allowance for impairment losses on deferred mine exploration costs in 2021 and 2020.

13. Other Noncurrent Assets

	2021	2020
Nontrade	₱140,037	₱153,762
Mine rehabilitation funds (MRFs)	35,483	20,155
Refundable deposits	9,119	5,545
Prepaid expenses and other deposits	–	170
	184,639	179,632
Less allowance for impairment losses	151,892	151,892
	₱32,747	₱27,740

Nontrade noncurrent assets pertain to advances and prepayments of the Company to its contractors and suppliers for exploration and other related activities and projects.

MRFs 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 MRFs 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. Interest income pertaining to MRF amounted to ₱12 and ₱7 in 2021 and 2020, respectively (see Note 24).

Refundable deposits pertain to amounts deposited with the Company's power providers and are refundable upon termination of the related service agreements.

There was no movement in allowance for impairment losses on other noncurrent assets in 2021 and 2020.



14. Loans Payable

	2021	2020
Accrued interest and penalties	₱240,033	₱238,931
Unsecured bank loans	85,063	85,063
Others	11,025	90,986
	₱336,121	₱414,980

a. Unsecured loans

The Company has various loans, which are being renegotiated and are undergoing restructuring. Nominal interest rates vary from floating rate of 91-day Philippine PhP T-bill rate for peso loans and 3-month London Interbank Offered Rate (LIBOR) foreign loans, plus a margin of 3.5% for unsecured loans. Remaining balance related to these loans amounted to ₱85.06 million as at December 31, 2021 and 2020.

b. Others

Nickel Off-take Agreement

On August 24, 2011, BRMC 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\$6.0 million to the Company and that BRMC will deliver and sell 1,800,000 tons of 1.8% grade nickel ore.

As at December 31, 2021 and 2020, the remaining advances amounted to \$216 (₱11,025) and \$1,895 (₱90,986), respectively.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2021 and 2020.

Interest expense from these loans amounted to ₱2,292 and ₱2,042 in 2021 and 2020, respectively. Total principal payments for these loans amounted to ₱79,961 and ₱1,370 in 2021 and 2020, respectively.

15. Trade and Other Payables

	2021	2020
Trade payables		
External	₱25,679	₱47,015
Related parties (Note 25)	51,354	51,124
Amounts owed to related parties (Note 25)	1,154,644	711,506
Nontrade	60,809	48,598
Accrued expenses	7,544	6,367
Payables to officers and employees	5,563	12,280
Others	11,827	13,512
	₱1,317,420	₱890,402



Trade, accrued expenses, and other payables are noninterest-bearing and are normally settled in 60 to 90 days terms. These pertain mainly to operating expenses, which are payable to various suppliers and contractors, accrual of professional fees, amounts accruing to various government agencies and other expenses of the Company.

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

16. 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, 2021 and 2020 (see Note 1).

17. Liability for Mine Rehabilitation

	2021	2020
Balances at beginning of year	₱78,532	₱67,467
Actual rehabilitation costs	(30,959)	-
Effect of change in estimate:		
Recognized in profit or loss (Note 24)	(6,872)	5,291
Recognized as adjustment to the mine rehabilitation asset (Note 11)	(5,180)	3,338
Accretion (Note 24)	1,920	2,436
	37,441	78,532
Less noncurrent portion	30,869	40,396
Current portion	₱6,572	₱38,136

As at December 31, 2021, the revised Final Mine Rehabilitation and/or Decommissioning Plan of the BAGO project is still pending approval by the MGB.

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 (2.87% in 2021 and 2.68% in 2020) and changes in discount rates (1.57% for 2021 and 2.32% for 2020).

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 that could affect future financial results.

The provision at the end of each reporting period represents management's 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.



18. Capital Stock

Capital stock as at December 31, 2021 and 2020 follows:

	2021		2020	
	No. of shares	Amount	No. of shares	Amount
Authorized				
Convertible Preferred				
Class A - ₱3.43 par value	19,652,912	₱67,500	19,652,912	₱67,500
Common Class A - ₱1 par value	430,380,000	430,380	430,380,000	430,380
Common Class B - ₱1 par value	286,920,000	286,920	286,920,000	286,920
	736,952,912	₱784,800	736,952,912	₱784,800
Issued				
Convertible Preferred Class "A"	217,061	₱745	217,061	₱745
Common Class "A"	375,307,052	375,307	371,220,254	371,220
Common Class "B"	247,963,396	247,963	245,250,197	245,250
Total shares issued and subscribed	623,487,509	₱624,015	616,687,512	₱617,215
Treasury Shares				
Convertible Preferred Class "A"	-	₱-	-	₱-
Common Class "A"	310,794	7,158	310,794	7,158
Common Class "B"	37,275	858	37,275	858
Total treasury shares	348,069	₱8,016	348,069	₱8,016
Outstanding				
Convertible Preferred Class "A"	217,061	₱745	217,061	₱745
Common Class "A"	374,996,258	368,149	370,909,460	364,062
Common Class "B"	247,926,121	247,105	245,212,922	244,392
Total outstanding shares	623,139,440	₱615,999	616,339,443	₱609,199

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 ₱10.42 a share. Each preferred share is convertible into 9.4875 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 July 29, 2016, the Philippine SEC approved the amendments to Article Seventh of the Amended Articles of Incorporation and Article 1, Section 1 of the Amended By-Laws of the Company, which changed the par value of its Common Class A and Common Class B Shares from ₱3.00 to ₱1.00 per share and increased the number of common shares by threefold. The reduction in par value essentially resulted in a stock split.

On March 21, 2018, the BOD approved the increase in the Company's authorized capital stock from ₱717.30 million (consisting of 430,380,000 Common Class A shares and 286,920,000 Common Class B shares, both having a par value of ₱1.00 each) to ₱762.30 million (consisting of 475,380,000 Common Class A shares and 286,920,000 Common Class B shares, both having a par value of ₱1.00 each). After the amendment, the total authorized capital stock of the Parent Company has increased from ₱785.50 million to ₱830.50 million.



The application for the increase was approved by the stockholders during the annual meeting held last November 8, 2018. As at March 29, 2022, the Company has not yet filed its application for the increase in authorized capital stock with the Philippine SEC.

In 2020, the Company issued 158,999 Common Class A shares and 181,700 Common Class B shares as a result of employees' exercise of stock options at a total consideration of ₱634; ₱105 of which were from 55,200 Common Class B at a selling price of ₱1.91 per share and ₱529 from 158,999 Common Class A shares and 126,500 Common Class B shares at an average exercise price of ₱1.78 per share. As at December 31, 2020, total shares issued and outstanding for Common Class A and B shares are 370,909,460 and 45,212,922, respectively.

In 2021, the Company issued 4,086,798 Common Class A shares and 2,713,199 Common Class B shares as a result of employees' exercise of stock options at a total consideration of ₱9,814; ₱1,367 of which were from 431,198 Common Class A shares and from 334,176 Common Class B at an average selling price of ₱1.80 per share and ₱8,447 from 3,655,600 Common Class A shares and 2,379,023 Common Class B shares at an average exercise price of ₱1.41 per share. As at December 31, 2021, total shares issued and outstanding for Common Class A and B shares are 374,996,258 and 247,926,121 respectively.

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
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 into 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 ₱3.43	90,000 60,000 ₱67,500
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 3.43	360,000 240,000 67,500
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 3.43	430,874 287,135 67,500
July 29, 2016	Increase in number of common shares and reduction in par value Common class A Common class B Convertible preferred shares	430,380,000 286,920,000 19,652,912	1.00 1.00 3.43	430,874 287,135 67,500
As at December 31, 2021	Common class A Common class B Convertible preferred shares	430,380,000 286,920,000 19,652,912	₱1.00 1.00 3.43	₱430,874 286,135 67,500

As at December 31, 2021 and 2020, the Company has 16,901 and 16,904 stockholders, respectively.



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

	2021	2020
Balances at beginning of year	₱13,366	₱21,671
Stock options vested	13,778	—
Stock options expired	(5,220)	(6,348)
Stock options exercised	(12,726)	(1,957)
Balances at end of year	₱9,198	₱13,366

Movements in capital surplus are as follows:

	2021	2020
Balances at beginning of year	₱388,969	₱380,382
Expiration of stock options	5,220	6,348
Exercise of stock options	15,740	2,239
Balances at end of year	₱409,929	₱388,969

19. 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 and an increase in the shares reserved for issuance under the Plan from the total of 9,906,661 to 22,000,000 shares.

On November 8, 2018, the BOD and the stockholders approved the proposed amendment to the existing Amended Stock Option Plan to extend the termination date of the existing Plan for five years or until May 31, 2023.

On March 17, 2017, upon endorsement of the Stock Option Committee, the Board approved a new stock option grant to the Company's qualified directors, officer, employees and consultant, provided they have rendered at least two years of service as of March 11, 2017. Total number of common shares available for distribution under the plan is 8,414,375 shares at an exercise price of ₱1.38 and ₱1.43 for Class "A" and Class "B" shares, respectively.

On March 18, 2021, upon endorsement of the Stock Option Committee, the Board approved a new stock option grant to the Company's officer, employees and consultant and to all members of the BOD, provided they have rendered at least two years of service as of March 15, 2021. Total number of common shares granted for distribution under the plan is 3,003,612 shares at an exercise price of ₱2.19 and ₱2.05 for Class "A" and Class "B" shares, respectively.



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 date of grant. No option is exercisable after 10 years from the date of grant. Exercisable shares per grant are as follows:

	Exercisable share options as at January 1, 2021	Additions	Expired in 2021	Exercised in 2021	Exercisable share options as at December 31, 2021
Class A - May 2011 Grant	851,999	-	(420,801)	(431,198)	-
- September 2012 Grant	306,000	-	-	-	306,000
- May 2014 Grant	648,000	-	-	-	648,000
- March 2017 Grant	-	5,048,625	(499,350)	(3,655,600)	893,675
- March 2021 Grant	-	-	-	-	-
Class B - May 2011 Grant	613,845	-	(279,669)	(334,176)	-
- September 2012 Grant	204,000	-	-	-	204,000
- May 2014 Grant	432,000	-	-	-	432,000
- March 2017 Grant	-	3,365,750	(332,900)	(2,379,023)	653,827
- March 2021 Grant	-	-	-	-	-
Total	3,055,844	8,414,375	(1,532,720)	(6,799,997)	3,137,502

	Exercisable share options as at January 1, 2020	Expired in 2020	Exercised in 2020	Exercisable share options as at December 31, 2020
Class A - May 2011 Grant	1,668,297	(646,799)	(169,499)	851,999
- September 2012 Grant	306,000	-	-	306,000
- May 2014 Grant	864,000	(216,000)	-	648,000
Class B - May 2011 Grant	1,226,745	(431,200)	(181,700)	613,845
- September 2012 Grant	204,000	-	-	204,000
- May 2014 Grant	576,000	(144,000)	-	432,000
Total	4,845,042	(1,437,999)	(351,199)	3,055,844

The exercise prices of outstanding options are as follows:

	At grant date	After effect of stock split	As modified
Class A - May 2011 Grant	₱16.50	₱5.50	₱1.69
- September 2012 Grant	17.96	5.99	1.69
- May 2014 Grant	7.13	2.38	1.69
- March 2017 Grant	1.38	-	-
- March 2021 Grant	2.19	-	-
Class B - May 2011 Grant	17.50	5.83	1.91
- September 2012 Grant	₱17.63	₱5.88	₱1.91
- May 2014 Grant	7.13	2.38	1.91
- March 2017 Grant	1.43	-	-
- March 2021 Grant	2.05	-	-

Average exercise price per share in 2021 and 2020 amounted to ₱1.59 and ₱1.78, respectively. Total number of shares available for future option grants is 38,784,114 shares and 48,669,381 shares as at December 31, 2021 and 2020, respectively.

Stock option expense relating to the Plan recognized amounted to ₱13,778 and nil in 2021 and 2020, respectively.



A summary of the number of shares under the Plan is shown below:

	2021	2020
Outstanding at beginning of year	3,055,844	4,845,042
Additions	11,417,987	-
Expiration	(1,532,720)	(1,437,999)
Exercised during the year	(6,799,997)	(351,199)
Outstanding at end of year	6,141,114	3,055,844
Exercisable at end of year	6,141,114	3,055,844

The Company used the binomial options pricing model to determine the fair value of the stock options at grant date.

The following assumptions were used to determine the fair value of the stock options at grant date:

		Share Price	Exercise price	Expected volatility	Option life	Expected Dividends	Risk-free Interest rate
May 3, 2011 Grant	A	16.50	16.50	91.20%	10 years	0.00%	6.46%
	B	17.50	17.50	155.57%	10 years	0.00%	6.46%
Sep 9, 2012 Grant	A	23.95	17.96	57.35%	10 years	0.00%	4.80%
	B	23.50	17.63	65.53%	10 years	0.00%	4.80%
May 26, 2014 Grant	A	9.50	7.13	77.28%	10 years	0.00%	3.90%
	B	9.50	7.13	84.29%	10 years	0.00%	3.90%
May 17, 2017 Grant	A	1.77	1.38	95.46%	10 years	0.00%	5.09%
	B	1.83	1.43	101.96%	10 years	0.00%	5.09%
May 18, 2021 Grant	A	2.60	2.19	(106.57%)	10 years	0.00%	4.44%
	B	2.94	2.05	92.75%	10 years	0.00%	4.44%

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. The cost of share-based payment amounted to ₱9,198 and ₱13,366 as at December 31, 2021 and 2020, respectively (see Note 18).

20. Revenue

Revenue of the Company pertains to sale of gold to the Bangko Sentral ng Pilipinas (BSP), which is subject to 4% excise tax based on gross revenues, and sale of silver and lime to outside customers.

	2021	2020
Revenue from contracts with customers		
Sale of gold	₱942,427	₱700,381
Sale of lime	75,149	63,160
Sale of silver	3,350	3,529
Total revenue from contracts with customers	₱1,020,926	₱767,070

Set out below is the disaggregation of the Company's revenue from contracts with customers in 2021 and 2020:

	2021	2020
Type of customer:		
Government	₱942,427	₱700,381
Private corporations	78,499	66,689
Total revenue from contracts with customers	₱1,020,926	₱767,070



In 2021 and 2020, the Company recognized excise taxes on sale of mine products amounting to ₱38.40 million and ₱27.86 million, respectively.

21. Cost of Mine Products Sold

	2021	2020
Outside services	₱348,046	₱243,830
Materials and supplies (Note 6)	147,827	120,964
Personnel expenses (Note 23)	64,181	52,510
Power and utilities	62,376	40,509
Depreciation and depletion (Note 11)	42,745	28,912
Repairs and maintenance	25,673	22,605
Smelting, refining and marketing	7,651	6,604
Freight and handling	163	249
Taxes and licenses	22	19
Others	2,447	823
	₱701,131	₱517,025

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

Other expenses include postage, insurance and maintenance expenses, which are individually insignificant.

22. Selling, General and Administrative Expenses

	2021	2020
Personnel expenses (Note 23)	₱121,356	₱73,490
Depreciation and depletion (Note 11)	34,465	7,114
Outside services	15,290	20,091
Taxes, fees and licenses	12,643	14,983
Security expenses	12,396	15,747
Legal and audit expense	8,868	3,895
Materials and supplies (Note 6)	7,750	4,980
Power consumption	5,244	3,879
Social development and management program	4,992	5,880
Rent and utilities	3,770	3,320
Repairs and maintenance	3,759	2,313
Freight and handling	3,350	1,921
Subscription and membership	2,784	3,100
Travel and transportation	2,119	1,784
Environmental protection and enhancement program expense	1,456	6,816
Insurance expense	1,391	961
Others	11,218	2,184
	₱252,851	₱172,458

In 2021 and 2020, rent and utilities include expenses relating to short-term leases amounting to ₱1,337 and ₱690, respectively (see Note 33).



On August 19, 2020, the Company received from the BIR the Final Decision on Disputed Assessment covering various tax assessments in relation to the Company's 2013 deficiency taxes. Immediately on August 26, 2020, the company filed a Motion for Reconsideration as a protest to the assessment. On September 10, 2020, the Company received the BIR's final assessment and was ordered to settle a total of ₱19.60 million, covering basic taxes, interest and compromise penalties amounting to ₱9.15 million, ₱10.21 million and ₱0.24 million, respectively. In 2020, the Company fully settled the foregoing amounts.

In 2020, the Company was assessed by the BIR of tax delinquency due to non-remittance of taxes withheld on income payments to suppliers from 1988 to 1991 amounting to ₱4.95 million and ₱4.95 million, respectively. These were settled by the Company in 2020 for a total amount of ₱9.90 million.

In 2021, the Company was assessed by the BIR of tax delinquency due to non-remittance of taxes withheld on income payments to suppliers for return period in 2018. The Company received the BIR's final assessment and was ordered to settle a total of ₱6.71 million, covering surcharge and interest amounting to ₱3.41 million and ₱3.30 million, respectively. The Company fully settled the foregoing amounts in 2021.

Others consist of mainly of costs incurred for entertainment amusement and representation and other various incidental expenses which are individually insignificant.

23. Personnel Expenses

	2021	2020
Salaries and wages	₱131,179	₱99,380
Benefits and allowances	27,705	16,743
Stock option expense	13,778	-
Net pension expense (Note 27)	12,875	9,877
	₱185,537	₱126,000

The above amounts were distributed as follows:

	2021	2020
Selling, general and administrative expenses (Note 22)	₱121,356	₱73,490
Cost of mine products sold (Note 21)	64,181	52,510
	₱185,537	₱126,000

24. Other Income - net

	2021	2020
Revaluation gain on investment properties (Note 33)	₱276,986	₱191,154
Marketing fee (Note 25)	172,675	-
Change in estimate of liability for mine rehabilitation (Note 17)	6,872	(5,291)
Recoveries (provision) for ECL on trade and other receivables - net (Note 5)	(4,251)	991
Foreign currency exchange gain (loss) - net	(2,647)	4,958
<i>Forward</i>		



	2021	2020
Accretion expense (Note 17)	(₱1,920)	(₱2,436)
Rent income	1,478	1,613
Interest income (Notes 4 and 13)	41	147
Unrealized gain on financial assets at FVPL (Note 7)	92	16
Legal settlements	-	(19,596)
Others - net	10,914	3,529
	₱460,240	₱175,085

Others include contractor identification processing, permits for peddlers, various miscellaneous income and incidental expenses that are individually insignificant.

25. 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. In 2021, the Company entered into a marketing agreement with BRMC for five (5) years commencing January 1, 2021 and may be extended upon mutual agreement of the parties. BRMC shall pay a marketing fee of US\$3.00 per ton of nickel ore shipped, VAT exclusive. The Company earned ₱172.68 million marketing fees in 2021 (see Note 24). Outstanding trade receivable from this transaction amounted to ₱111.82 million and ₱3.95 million.
- b. On January 1, 2021, the Company entered into a contract agreement with BMC Forestry Corporation, for the management of the former's property (i.e., Irisan Lime Kilns) for its Lime operations in Itogon, Benguet. Said contract shall continue to exist for a period of 5 years. BMC Forestry Corporation is compensated with a management fee equal to 10% of the managed properties' 'net profit before tax and before management fee'. The Company incurred management fee expense amounting to ₱0.74 million in 2021.
- c. 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 outstanding balance to the Company in 2021 and 2020 amounted to ₱2.79 million and ₱2.56 million, respectively. The Company earned trucking service revenue amounting ₱2.98 million and ₱1.75 million in 2021 and 2020, respectively.
- d. The Company provides and receives unsecured noninterest bearing cash advances to and from its subsidiaries for working capital requirements, which are settled in cash.



Outstanding payables from these transactions in the normal course of business are as follows:

Category	Year	Movements	Outstanding balance	Terms	Conditions
<i>Trade payables to related parties</i>					
<i>(Note 15)</i>					
BTI	2021	P-	P48,564	Payable on demand; noninterest-bearing	Unsecured; no guarantees; no impairment
	2020	P-	P48,564		
AFC	2021	230	2,790	Payable on demand; noninterest-bearing	Unsecured; no guarantees; no impairment
	2020	331	2,560		
Total	2021	P230	P51,354		
	2020	P331	P51,124		

The parent company statements of financial position include the following amounts resulting from transactions with related parties, aside from those arising from the Company's normal course of business:

Category	Year	Movements	Outstanding balance	Terms	Conditions
<i>Amounts owed by related parties (Note 5)</i>					
BGRC	2021	P2,604	P81,049	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	P52	P78,445		
BMC	2021	26,018	96,191	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	26,856	70,143		
BLI	2021	3,266	47,144	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	5,543	43,878		
BCPMI	2021	(87)	30,350	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	147	30,437		
IMRC	2021	1,918	31,838	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	82	29,920		
BPGC	2021	15	29,655	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	41	29,640		
KPLMSC	2021	2,635	21,480	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	1,968	18,845		
Agua De Oro Ventures Corporation (ADOVC)	2021	-	12,359	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	361	12,359		
Media Management Corporation (MMC)	2021	-	12,183	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	-	12,183		
BTI	2021	7,094	11,758	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	949	4,664		
BIL	2021	-	4,465	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	226	4,465		

Forward



Category	Year	Movements	Outstanding balance	Terms	Conditions
BBMRC	2021	₱126	₱2,618	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	₱41	₱2,492		
AFC	2021	328	2,699	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
	2020	2,371	2,371		
PECI	2021	34	781	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	45	747		
BFC	2021	28,784	28,784	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	-	-		
BLRI	2021	154,776	154,776	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	-	-		
BRMC	2021	144,045	144,045	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	-	-		
	2021	371,555	712,144		
	2020	38,683	340,589		
Less allowance for impairment losses	2021	-	111,146		
	2020	-	111,146		
Total	2021	₱371,555	₱600,998		
	2020	₱38,683	₱229,395		

In 2021 and 2020, the Company recognized allowance for ECL amounting to ₱111,146, covering amounts which management believes may no longer be recovered (see Note 5).

Category	Year	Movements	Outstanding balance	Terms	Conditions
<i>Amounts owed to related parties (Note 15)</i>					
BRMC	2021	₱245,754	₱860,824	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	₱27,460	₱615,070		
BLRI	2021	154,864	189,992	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	1,090	35,128		
SARC	2021	9,015	42,858	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	3,760	33,843		
BMC Forestry Corporation (BFC)	2021	29,251	54,653	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	625	25,402		
AGMI	2021	(90)	1,973	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	41	2,063		
AFC	2021	-	-	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	2,001	-		
IMRC	2021	1,806	1,806	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	-	-		
<i>Forward</i>					



Category	Year	Movements	Outstanding balance	Terms	Conditions
BGRC	2021	₱2,534	₱2,534	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	₱-	₱-		
BCPM	2021	4	4	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	-	-		
Total	2021	₱443,138	₱1,154,644		
	2020	₱34,977	₱711,506		

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.

	2021	2020
Short-term benefits	₱19,025	₱12,389
Post-employment benefits	5,323	3,479
	₱24,348	₱15,868

The Company's related party transactions which are, individually or in aggregate over a 12-month period, 10% and above of the latest audited consolidated total assets are reviewed and evaluated by the Related Party Transaction Committee and Management Committee. Afterwards, these are approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the majority vote of the shareholders, or two-thirds (2/3) of the outstanding capital stock.

26. 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 ₱58,415 as at December 31, 2021 and 2020 and was provided an allowance for the same amount (see Note 5).



27. 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

	2021	2020
Current service cost	₱9,969	₱6,905
Net interest cost	2,906	2,972
Net pension expense (Note 23)	₱12,875	₱9,877

Pension liability as at December 31, 2021 and 2020

	2021	2020
Present value of obligation	₱96,237	₱84,299
Fair value of plan assets	(25,683)	(5,550)
Pension liability	₱70,554	₱78,749

Reconciliation of other comprehensive income

	2021	2020
Balances at beginning of year	₱9,672	₱20,954
Loss on remeasurement of pension liability	(449)	(16,117)
Tax effect	112	4,835
Effect of change in tax rate	690	-
Remeasurement loss on pension liability - net of tax	353	(11,282)
Balances at end of year	₱10,025	₱9,672

Changes in the present value of defined benefit obligation

	2021	2020
Balances at beginning of year	₱84,299	₱60,980
Current service cost	9,969	6,905
Interest cost	3,111	3,000
Remeasurement losses	377	16,071
Benefits paid	(1,519)	(2,657)
Balances at end of year	₱96,237	₱84,299

Breakdown of remeasurement loss (gain) on defined benefit obligation

	2021	2020
Change in financial assumptions	(₱9,821)	₱8,275
Experience adjustments	10,198	7,796
Remeasurement gain	₱377	₱16,071



Changes in the fair value of plan assets

	2021	2020
Balances at beginning of year	₱5,550	₱569
Asset return in net interest cost	205	28
Contribution	20,000	5,000
Remeasurement loss	(72)	(47)
Balances at end of year	₱25,683	₱5,550

The major categories of the Company's plan assets as a percentage of the fair value of total plan assets are as follows:

	2021	2020
Cash and time deposit	100%	90%
Investment in shares	-	10%
	100%	100%

The Company's plan assets are being managed by a trustee bank. The retirement fund includes time deposits, shares of stocks, which are traded in the PSE, and unquoted shares of stocks. The Company has no transactions with its retirement fund. The retirement fund has no investments in shares of stocks of the Company.

In 2021 and 2020, the Company directly paid ₱1,519 and ₱2,657, respectively, to the beneficiaries of the pension benefits plan, resulting in a net movement in pension liability of ₱8,195 and ₱18,338 in those years.

The Company is expected to contribute ₱23,928 to the defined benefits retirement plan in 2022.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2021:

Plan year	Expected benefit payments
Less than 1 year	₱41,571
More than 1 year to 5 years	42,005
More than 5 years to 10 years	14,085
More than 10 years to 15 years	38,605
More than 15 years to 20 years	84,634
More than 20 years	632,349

The principal assumptions used in determining the pension benefits obligation of the Company's plan is shown below.

	2021	2020
Discount rate	4.98%	3.69%
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:

		<u>December 31, 2021</u>
	<u>Increase (decrease)</u>	<u>Present value of the defined benefit obligation</u>
Discount rates	5.98% (+1.00%)	₱90,251
	4.98% actual	96,237
	3.98% (-1.00%)	103,634
Salary increase rate	6.00% (+1.00%)	₱103,194
	5.00% actual	96,237
	4.00% (-1.00%)	90,508

		<u>December 31, 2020</u>
	<u>Increase (decrease)</u>	<u>Present value of the defined benefit obligation</u>
Discount rates	4.69% (+1.00%)	₱77,429
	3.69% actual	84,299
	2.69% (-1.00%)	92,645
Salary increase rate	6.00% (+1.00%)	₱92,098
	5.00% actual	84,299
	4.00% (-1.00%)	77,733

The Company's weighted average duration of the defined benefit obligation is 21 years as at December 31, 2021. The Company's computation is based on per employee considering other contingencies to normal retirement and weighted by the benefit due.

28. Income Taxes

The provision for current and deferred tax in 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
Provision for current taxes		
RCIT	₱23,333	₱-
Effect of change in tax rate	(1,475)	-
MCIT	-	5,900
Provision for deferred taxes	16,288	40,190
	₱38,146	₱46,090



The Company did not recognize deferred 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:

	2021	2020
Allowance for impairment losses on:		
Deferred mine exploration costs	₱166,984	₱166,984
Other noncurrent assets	151,892	151,892
Investments in subsidiaries	3,630	3,630
Inventories	-	19,313
Other current assets	-	2,411
Share-based payment	9,198	13,688
Accrued expenses	8,002	8,002
Straight-line amortization of accrued rent	250	351
Provision for mine rehabilitation	-	41,901
NOLCO	-	35,211
Accumulated depletion on asset retirement obligation	-	24,564
Accumulated accretion on liability for mine rehabilitation	-	23,335
MCIT	-	14,767
	₱339,956	₱506,049

The components of the Company's net deferred tax liabilities are as follows:

	2021	2020
Deferred tax liabilities:		
Revaluation increment on land in OCI	₱765,672	₱909,772
Excess of liability for mine rehabilitation over mine rehabilitation asset	5,721	-
Unrealized foreign exchange gain	-	1,553
Excess of rental income over receipts	-	34
	771,393	911,359
Deferred tax assets:		
Allowance for impairment losses on:		
Inventories	43,875	46,857
Trade and other receivables	16,122	18,072
Other current assets	9,813	11,054
Pension liability	17,639	23,624
Unrealized foreign exchange loss	662	-
Excess of lease liabilities over ROU asset	145	-
	88,256	99,607
Deferred tax liabilities – net	₱683,137	₱811,752



The deferred taxes presented above are from the following temporary differences:

	2021	2020
Deferred tax liabilities:		
Revaluation increment on land in OCI	₱3,062,689	₱3,032,574
Excess of liability for mine rehabilitation and mine rehabilitation asset	22,886	-
Unrealized foreign exchange gain	-	5,175
Excess of rental income over receipts	-	114
	3,085,575	3,037,863
Deferred tax assets:		
Allowance for impairment losses on:		
Inventories	175,502	156,189
Trade and other receivables	64,489	60,239
Other current assets	39,253	36,845
Unrealized foreign exchange loss	2,647	-
Excess of lease liabilities over ROU asset	581	-
Pension liability	70,554	78,749
	353,026	332,022
Net deferred tax liabilities	₱2,732,549	₱2,705,841

The reconciliation of income tax computed at the statutory tax rates to provision for income tax as shown in the parent company statements of income is summarized as follows:

	2021	2020
Tax at statutory rate	₱121,511	₱66,702
Add (deduct) tax effects of:		
Nontaxable income	(69,247)	(57,347)
Effect of change in tax rate	15,552	-
Changes in unrecognized deferred tax assets	(17,239)	(8,381)
Application of MCIT	(13,292)	-
Nondeductible expenses	894	6,192
Interest income subject to final tax	(33)	(44)
Write-off of inventory allowance	-	38,968
Provision for income tax	₱38,146	₱46,090

On September 30, 2020, the BIR issued Revenue Regulations (RR) No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the Company has incurred NOLCO before taxable year 2021 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied	
			Current Year	NOLCO Unapplied
2018	2018-2021	₱32,286	₱32,286	₱-
2019	2019-2022	2,925	2,925	-
		₱35,211	₱35,211	₱-



The Company has MCIT that can be applied against payment of regular income tax as follows:

Year Incurred	Availment Period	Amount	MCIT Applied	
			Current year	MCIT Unapplied
2018	2019-2020	₱3,831	₱3,831	₱-
2019	2020-2022	5,036	5,036	-
2020	2020-2023	4,425	4,425	-
		₱13,292	₱13,292	₱-

The movements in NOLCO and excess MCIT in 2021 and 2020 are, as follows:

	NOLCO		MCIT	
	2021	2020	2021	2020
Balances at beginning of year	₱35,211	₱102,643	₱14,767	₱8,867
Effect of change in tax rate	-	-	(1,475)	-
Additions	-	-	-	5,900
Applications	(35,211)	(67,432)	(13,292)	-
Balances at end of year	₱-	₱35,211	₱-	₱14,767

The Company did not avail of the optional standard deduction in 2021 and 2020.

Republic Act 11534 also known as “Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act”

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

Since CREATE Act is considered enacted or substantively enacted on March 26, 2021; the income tax rate used in computing for the provision for income tax for the year ended December 31, 2021 is 25%.

The effect of the reduction of income tax rates was recognized in 2021. Details are as follows:

Provision for current income tax in 2021	₱23,333
Effect of change in income tax rate	(1,475)
Provision for current income tax as presented in the statements of income	₱21,858



29. 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 2021 and 2020 diluted EPS, the Company considered the effect of stock options outstanding since these are dilutive.

	2021	2020
Net income	₱447,897	₱176,250
Current dividends on preference shares	(60)	(60)
Adjusted net income	₱447,837	₱176,190

Number of shares for computation of EPS:

	2021	2020
Basic EPS		
Weighted average common shares issued	620,919,986	616,687,512
Less treasury shares	348,069	348,069
Weighted average common shares outstanding	620,571,917	616,339,443
Diluted EPS		
Weighted average common shares issued	620,919,986	616,687,512
Less treasury shares	348,069	348,069
	620,571,917	616,339,443
Convertible preferred shares	2,059,366	2,059,366
Stock options	3,137,502	3,055,844
Weighted average common shares outstanding	625,768,785	621,454,653
Basic EPS	₱0.72	₱0.29
Diluted EPS	₱0.72	₱0.28

30. 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 in banks, trade and other receivables, trade and other payables (excluding government payables) and other noncurrent liability in contract operations, which arise directly from its operations. Other financial assets include financial assets at FVOCI.

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 these 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, 2021 and 2020, cash in banks may be withdrawn anytime while financial assets at FVOCI may be converted to cash by selling them during the normal trading hours in any business day.

The table below summarizes the aging analysis and maturity profile of the Company's financial assets and financial liabilities, respectively, as at December 31, 2021 and 2020:

	2021			Total
	On demand	Within 90 days	Over 90 days	
<i>Financial assets</i>				
Cash on hand and in banks	P58,833	P-	P-	P58,833
Trade and other receivables:				
Trade	111,818	10,140	-	121,958
Amounts owed by related parties	3,689	-	-	3,689
Receivables from lessees of bunkhouses	600,998	-	-	600,998
Others	-	3,624	-	3,624
Advances to contractors under "other current assets"	-	-	63,356	63,356
FVOCI	473	-	-	473
FVPL	60,108	-	-	60,108
Refundable deposits under "other noncurrent assets"	-	-	9,119	9,119
	P835,919	P13,764	P72,475	P922,158
<i>Financial liabilities</i>				
Loans payable	P325,096	P-	P11,025	P336,121
Trade and other payables:				
Trade	51,354	25,679	-	77,033
Amounts owed to related parties	1,154,644	-	-	1,154,644
Accrued expenses*	-	7,544	-	7,544
Payables to officers and employees	-	5,563	-	5,563
Other payables	-	11,827	-	11,827
Lease liability	-	1,054	7,173	8,227
Other noncurrent liability	-	-	49,136	49,136
	P1,531,094	P51,667	P67,334	P1,650,095
Net financial liabilities	(P695,175)	(P37,903)	P5,141	(P727,937)

*excluding payables to the government

	2020			Total
	On demand	Within 90 days	Over 90 days	
<i>Financial assets</i>				
Cash on hand and in banks	P39,589	P-	P-	P39,589
Trade and other receivables:				
Trade	3,945	25,009	-	28,954
Amounts owed by related parties	229,443	-	-	229,443
Receivables from lessees of bunkhouses	4,754	-	-	4,754
Others	-	3,090	-	3,090
Advances to contractors under "other current assets"	-	-	63,356	63,356
FVOCI	316	-	-	316
Refundable deposits under "other noncurrent assets"	-	-	5,545	5,545
	P278,047	P28,099	P68,901	P375,047

Forward



	2020			Total
	On demand	Within 90 days	Over 90 days	
<i>Financial liabilities</i>				
Loans payable	₱323,994	₱-	₱90,986	₱414,980
Trade and other payables:				
Trade	51,124	47,016	-	98,140
Amounts owed to related parties	711,506	-	-	711,506
Accrued expenses*	-	6,367	-	6,367
Payables to officers and employees	-	12,280	-	12,280
Other payables	-	13,511	-	13,511
Lease liability	-	856	5,670	6,526
Other noncurrent liability	-	-	49,136	49,136
	₱1,086,624	₱80,030	₱145,792	₱1,312,446
Net financial liabilities	(₱808,577)	(₱51,931)	(₱76,891)	(₱937,399)

*excluding payables to the government

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when these falls 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.

With respect to credit risk arising from financial assets of the Company, 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 each instrument's carrying amount, before the effect of mitigation through the use of master netting and collateral agreements.

	2021	2020
Cash in banks	₱58,294	₱39,124
Trade and other receivables		
Trade	121,958	28,954
Amounts owed by related parties	600,998	229,443
Receivables from lessees of bunkhouses	3,689	4,754
Others	3,624	3,090
Advances to contractors under "other current assets"	63,356	63,356
Financial assets at FVOCI	473	316
Financial assets at FVPL	60,108	-
Refundable deposits under "noncurrent assets"	9,119	5,545
	₱921,619	₱374,582



Impairment of financial assets

The Group has financial assets consisting of cash and cash equivalent, amount owed by related parties trade receivables, financial assets at FVPL at FVOCI, receivables from lessees of bunkhouses, loan receivable, advances to contractors under “other current assets” and refundable deposits that are subjected to ECL model.

General Approach

Cash in banks

The ECL relating to the cash of the Group is minimal as these are deposited in reputable banks which have good credit rating, and are considered to have lower credit risk.

Amounts owed by related parties, receivables from lessees of bunkhouses, advances to contractors under ‘other current assets’, financial assets at FVPL and FVOCI and refundable deposits

The Company provided an allowance for ECLs for these financial assets amounting to ₱208,815 in 2021 and 2020.

Simplified Approach

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of trade and other receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group establishes credit limits at the level of the individual borrower, corporate relationship and industry sector. It also provides for credit terms with the consideration for possible application of intercompany accounts between affiliated companies. Also, the Group transacts only with related parties and recognized third parties, hence, there is no requirement for collateral.

Below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

As at December 31, 2021

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	3%	5%	6%	10%	100%	
Estimated total gross carrying amount at default	₱119,972	₱347	₱1,017	₱4,879	₱1,815	₱128,030
	₱3,670	₱17	₱65	₱505	₱1,825	₱6,072

As at December 31, 2020

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	₱27,528	₱80	₱233	₱1,119	₱1,815	₱30,775
	₱-	₱-	₱-	₱-	₱1,815	₱1,821



Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery is that the debtors or a group of debtors is experiencing financial difficulty, default or delinquency in interest or principal payments.

Impairment losses on trade receivables are presented as impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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, 2021 and 2020, the Company's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans with floating interest rates. The Company regularly monitors its interest due to exposure from interest rates movements.

The Company's secured bank loans are 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 LIBOR foreign loans, plus a margin of 3.5%.

The following tables set forth, for the year indicated, the impact in changes on interest rate on the parent company statements of income:

<u>2021</u>	<u>Change in interest rates (in basis points)</u>	<u>Sensitivity of pretax income</u>
	+100	₱3,251
	-100	(3,251)
<u>2020</u>	<u>Change in interest rates (in basis points)</u>	<u>Sensitivity of pretax income</u>
	+100	₱3,240
	-100	(3,240)

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.

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, 2021 and 2020 follow:

	2021		2020	
	US\$	Peso equivalent	US\$	Peso equivalent
Asset				
Cash in banks	US\$5	₱238	US\$2	₱96
Liability				
Other loans	216	11,025	1,895	90,986
Net liability position	US\$ 211	₱10,787	US\$1,893	₱90,890

As at December 31, 2021 and 2020, the exchange rates of the Philippine peso to the US\$ based on Philippine Dealing System exchange rates at closing date are ₱50.999 and ₱48.023, 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, 2021 and 2020 is as follows:

	Peso	Sensitivity of pretax income
2021	Strengthens by 0.27	₱57
	Weakens by 1.02	(216)
2020	Strengthens by 0.41	₱774
	Weakens by 0.11	(208)

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 quoted equity investments at FVOCI.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on the company statement of financial position.

Since the amount of financial assets subject to equity price risk is immaterial relative to the Company financial statements taken as a whole, management opted not to disclose equity price risk sensitivity analysis for 2021 and 2020.

31. 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 2021 and 2020.

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

	2021	2020
Capital stock	P624,015	P617,215
Capital surplus	409,929	388,646
Cost of share-based payment	9,198	13,689
Unrealized loss on financial assets at FVOCI	(270)	(427)
Other components of equity	2,296,193	2,121,625
Retained earnings	2,970,098	2,522,201
Treasury shares	(8,016)	(8,016)
	P6,301,147	P5,654,933

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, 2021 and 2020 follows:

	2021	2020
Total liabilities (a)	P2,500,510	P2,328,596
Total equity (b)	6,301,147	5,654,933
Debt-to-equity ratio (a/b)	0.40:1	0.41:1

32. 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, 2021 and 2020:

	Carrying Amount		Fair Values	
	2021	2020	2021	2020
<i>Financial assets</i>				
FVOCI	P473	P316	P473	P316
FVPL	60,108	10,016	60,108	10,016
<i>Financial liabilities</i>				
Loans payable	336,121	414,980	336,121	414,980
Lease liabilities	8,227	6,526	7,175	6,526

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:



in banks, trade receivables, receivables from lessees of bunkhouses, and amounts owed by/to related parties and other receivables under Trade and Other Receivables, advances to contractors under Other Current Assets, Refundable deposits under Other Noncurrent Assets, trade, accrued expenses, and payables to officers and employees under Trade and Other Payables. The fair values of these instruments approximate their carrying amounts as of the reporting date due to their short-term nature.

Financial assets at FVOCI

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. As at December 31, 2021 and 2020, the Company has quoted financial assets at FVOCI amounting to ₱473 and ₱316, respectively, carried at fair value in the Company's statement of financial position. The quoted financial assets at FVOCI are classified under level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations.

Financial assets at FVPL

The carrying values of financial assets at FVPL are measured at fair value and is computed based on certain valuation techniques.

Land at revalued amount and investment property

The fair value of land at revalued amounts and investment property is calculated using the sales comparative approach, which results in measurements being classified as level 3 in the fair value hierarchy.

Nontrade and Refundable deposits under Other Noncurrent Assets and Other Noncurrent Liability

The fair values of these instruments were determined by discounting the expected cash flows using effective interest rate.

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.

Fair Value Hierarchy

Set out below is the fair value hierarchy of the Company's assets measured at fair value.

	2021		
	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land at revalued amounts	₱-	₱-	₱1,488,025
Investment properties	-	-	2,894,496
Financial assets at FVOCI	473	-	-
	₱473	₱-	₱4,382,521



	2020		
	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land at revalued amounts	₱-	₱-	₱1,457,910
Investment properties	-	-	2,617,510
Financial assets at FVOCI	316	-	-
	₱316	₱-	₱4,075,420

Sensitivity of the fair value measurements that are categorized within Level 3

A 5% increase (decrease) in internal factors used in determining the price per square meter, such as use, size and location would decrease (increase) the fair value of land by ₱1,110 million (₱1,075 million) and ₱319.76 million (₱86.59 million) as at December 31, 2021 and 2020, respectively.

As at December 31, 2021 and 2020, the fair value of land at revalued amounts, and investment property are calculated using the sales comparative approach, which resulted in measurement being classified as Level 3 in the fair value hierarchy.

Significant unobservable inputs used include value adjustments due to location, size, neighborhood data, and bargaining allowance. Each of these factors includes an adjustment ranging from 10% to 20% of the asking prices per square meter of comparable lots used which range from ₱1,000 to ₱2,000 per square meter. Significant increases (decreases) in each estimated value adjustment would result in a significantly higher (lower) fair value on a linear basis.

As at December 31, 2021 and 2020, the Company's financial assets at FVOCI is classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations.

There are no other assets and liabilities measured at fair value using any of the valuation techniques as at December 31, 2021 and 2020. There were no transfers between levels in 2021 and 2020.

33. Leases and Investment Properties

Lease Agreements

Company as a lessee

The Company has lease contracts for various office spaces, machinery, tools and equipment, and land, which generally have lease terms, as follows:

Lease	Lease terms
Land	15 to 25 years
Office spaces	3-8 years
Machinery, tools and equipment	2 years

The Company also has certain leases of land and machinery, tools and equipment with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemption for these leases. The Company's obligations under its leases are secured by the lessor's title to the leased assets.



In 2021, the Company signed a lease agreement with Perea Realty and Development Corporation for the rental of its office space at Universal-Re Building for three (3) years starting July 1, 2020 and expiring on June 30, 2023. The monthly rental for the leased office space is ₱121,000 subject to an annual escalation rate of 10%. The Company paid security deposit amounting to ₱242,000 to be refunded at the end of the lease term net of any unpaid charges.

The following are the amounts recognized in the parent company statements of income:

	2021	2020
Depreciation expense of right-of-use assets included in property and equipment (Note 11)	₱2,001	₱1,241
Interest expense on lease liabilities	445	429
Expenses relating to short-term leases included in selling, general and administrative costs (Note 22)	1,337	690
Income from subleasing right-of-use assets (Note 24)	(1,478)	(1,613)
Total amount recognized in parent company statements of income	₱2,305	₱747

The carrying amount of PFRS 16 lease liabilities as at December 31, 2021 and 2020 are as follows:

	2021	2020
Beginning balances	₱4,686	₱5,340
Additions	3,589	-
Interest for the period	445	429
Lease payments	(2,019)	(1,083)
	6,701	4,686
Less: lease liabilities - current portion	2,685	698
Lease liabilities - net of current portion	₱4,016	₱3,988

The lease liabilities were measured at the present value of the remaining lease payments discounted at the Company's incremental borrowing rates as at January 1, 2021. The weighted average incremental borrowing rates applied to the lease liabilities on January 1, 2021 was 9.39%.

Shown below is the maturity analysis of lease liabilities pertaining to contractual undiscounted cash flows:

	2021	2020
1 year	₱2,376	₱856
more than 1 years to 2 years	1,597	699
more than 2 years to 3 years	738	718
more than 3 years to 4 years	759	738
more than 5 years	2,757	3,515

Movements in accumulated fair valuation gains of investment properties are as follows:

	2021	2020
Balances at beginning of year	₱2,617,510	₱2,426,356
Revaluation (Note 24)	276,986	191,154
Balances at end of year	₱2,894,496	₱2,617,510



On February 11, 2022 and March 13, 2021, the Company engaged an independent appraiser to assess the fair market value of land under investment properties as at December 31, 2021 and 2020, respectively. The appraisal was performed by Cuervo Appraisers, Inc. The fair value of the investment properties was estimated using the sales comparative approach, which considers the sales of similar or substitute properties and related market values and establishes value estimates by processes involving comparisons (level 3).

The Company recognized revaluation gain amounting to ₱276,986 and ₱191,154 in 2021 and 2020, respectively (see Note 24). As at December 31, 2021 and 2020, the Company's retained earnings shall be restricted for dividend declaration to the extent of the accumulated revaluation gains amounting to ₱1,319,832 and ₱1,042,846, respectively.

34. 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 Company's 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. The contract provides for a payment discount of 0.5% on its monthly billing if the Company pays TLI on or before the 15th of the payment month. Electrical charges recognized amounted to ₱5.24 million and ₱3.88 million.

35. Changes in Liabilities Arising from Financing Activities

Movements on the reconciliation of liabilities arising from financing activities are as follows:

	January 1, 2021	Cash flows	Foreign exchange movement	Noncash additions	Others	December 31, 2021
Loans payable	₱414,980	(₱78,293)	(₱2,680)	₱-	₱2,114	₱336,121
Liability for mine rehabilitation	78,532	(30,959)	-	(12,052)	1,920	37,441
Amounts owed by related parties	762,630	443,368	-	-	-	1,205,998
Lease liabilities	4,686	(2,019)	-	3,589	445	6,701
	₱1,260,828	₱332,097	(₱2,680)	(₱8,463)	₱4,479	₱1,586,261
	January 1, 2020	Cash flows	Foreign exchange movement	Noncash additions	Others	December 31, 2020
Loans payable	₱420,212	(₱1,370)	(₱4,963)	₱-	₱1,101	₱414,980
Liability for mine rehabilitation	67,467	-	-	8,629	2,436	78,532
Amounts owed by related parties	733,586	29,044	-	-	-	762,630
Lease liabilities	5,340	(1,083)	-	-	429	4,686
	₱1,226,605	₱25,950	(₱4,963)	₱8,629	₱3,966	₱1,260,187

Noncash additions include change in estimates and increase in liability for mine rehabilitation other than accretion expense.



Others pertain to the interest expense related to the loans payable and lease liabilities, and accretion expense related to the liability for mine rehabilitation which are recognized in the parent company statements of income.

36. Operating Segments

In accordance with PFRS 8, *Operating Segments*, management opted to present segment information as part of its disclosures in the consolidated financial statements.

