COVER SHEET

11341

SEC Registration Number

BENGUET CORPORATION

(Group's Full Name)

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

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

Mr. Reynaldo P. Mendoza
(Contact Person)

8812-1380
(Group Telephone Number)

1 2 **3 1**
Month *Day*
(Calendar Year)

17-A
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

16,896
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

TABLE OF CONTENTS

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, 2022**................................

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

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

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

6. [ ] (SEC Use Only)
   Industry Classification Code:

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

8. .... **(632) 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

Title of Each Class		Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2022)
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, 2022- ₱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 [**X**]   No [ ]

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

Yes [ ]   No [**X**]

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

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 119 years of existence as a testament to its adaptability and resiliency in the face of changes 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 (Keystone). 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 and Construction Corporation (AFCC) (formerly Arrow Freight Corporation); 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, Benguetcrorp Resources Management Corporation (BMRC). 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:
Gold operations in Itogon Province, milled a combined 47,516 tons of ore at an average mill head of 6.13 grams of gold per ton producing 9,402 ounces of gold this year, lower compared to 56,753 tons milled at an average mill head of 5.86 grams of gold per ton producing 10,675 ounces last year, higher against 43,756 tons of ore at an average mill head of 5.74 grams of gold per ton producing 7,915 ounces of gold in 2020 and 41,151 tons of ore at an average mill head of 6.43 grams per ton producing 8,175 ounces of gold in 2019.

Revenues reached ₱914.8 million in 2022, lower versus ₱945.8 million in 2021, (30% higher than ₱703.9 million in 2020 and 59% higher than ₱576.5 million in 2019). Revenues were derived from the sale of 9,363.56 ounces which is lower than last year's 10,685.25 ounces, (16% higher than 8.081 ounces in 2020 and 14% higher than 8,236.65 ounces in 2019). Gold prices averaged at US$1,802.02 per ounce in 2022, slightly lower than US$1,806.02 in 2021 but higher than US$1,750.25 per ounce in 2020 and US$1,395.43 per ounce in 2019. Despite the strong price of gold and the strengthening of the US dollar against peso, pre-tax income this year decreased to ₱10.8 million from pre-tax income of ₱149.9 million in 2021, ₱106.5 million in 2020 and pre-tax income of ₱34.3 million in 2019. The income this year was affected by the upsurge of operating cost brought by increasing cost of fuel, power, and materials and supplies. The Acupan Gold Project (AGP) increased its milling charges to its contractors effective August 1, 2022 to mitigate increasing cost of fuel, power and other materials and supplies.

AGP is continuously pursuing its development and production plans in all potential underground mining areas towards attaining its 2023 budgeted targets. In line with this, AGP renewed production contract of 15 contractors.

Raising of Tailings Storage Facility 2 (TSF2) dam embankment and its appurtenances are now complete and constantly being monitored for its stability and soundness. Study and renewed use of TSF 3 as alternate tailings disposal is ongoing.

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:
SCNP continued its remarkable performance this year despite the increasing cost of fuel and supplies. This year, SCNP reported a net income of ₱1.0 billion, higher compared to the net income of ₱880.4 million last year, net income of ₱169.9 million in 2020, and net losses of ₱191.2 million in 2019. The net income was the net effect of the higher revenues this year. SCNP generated ₱2.9 billion revenue this year, higher as compared to the ₱2.8 billion in 2021, ₱818.3 million in 2020 and ₱64.7 million in 2019. The revenue was derived from the sales of its low grade ore ranging from 1.2% to 1.4% aggregating 1,169,328 tons this year versus 1.2% to 1.5% nickel ores aggregating 1,175,050 tons in 2021, 1.2% to 1.4% nickel ore aggregating 483,952 tons in 2020 and 1.5% nickel ore weighing 55,000 tons in 2019. Increase in revenues was also brought about by higher foreign exchange rate at ₱53.18 per US$1.00 against ₱48.97 per US$1.00 in 2021, ₱49.43 per US$1.00 in 2020 and ₱51.77 per US$1.00 in 2019 and higher nickel price averaging at US$46.97/ton this year versus US$47.38/ton in 2021, US$34.21/ton in 2020, and US$22.50/ton in 2019.

Following the continued demand for nickel, Benguetcorp Resources Management Corporation (BRMC) which manages the nickel business of the Company continued its mining operation and activities in Areas 2 and 3 in alignment with the approved 3-year Development and Work Program.

BRMC has been awarded the Presidential Mineral Industry Environmental Award (PMIEA)'s 2022 Platinum Achievement Award – Surface Mining Operation Category during the 68th Annual National Mine Safety and Environment Conference held on November 18, 2022. The Company continues to be ISO 14001:2015 certified by NQA. Its certification is valid until February 3, 2023. The scope of certification is Mining of Nickel Ore.

Irisan Lime Project (ILP) in Baguio City:
The Company's ILP generated ₱100.0 million revenue this year, higher against the ₱75.1 million in 2021, ₱63.2 million in 2020, but lower than the ₱106.6 million in 2019. Increase in revenue is mainly due to higher price of lime this year. Lime products were sold at an average price of ₱14,587/DMT this year versus ₱10,518/DMT in 2021, ₱10,268/DMT in 2020 and ₱11,021/DMT in 2019. Pre-tax income amounted to ₱18.1 million in 2022, compared to ₱13.5 million in 2021, ₱10.8 million in 2020 and ₱29.1 million in 2019.

On March 22, 2022, ILP obtained MGB approval of its 5-year Mineral Processing Permit valid until March 21, 2027. ILP was awarded Safest Mineral Processing – Calcining Plant Category Award – Runner-Up by the Philippine Mine Safety and Environment Association and the Department of Environment and Natural Resources – Mines and Geosciences Bureau, consistent for the past five (5) years, during the 68th Annual National Mine Safety and Environment Conference held on November 18, 2022.

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 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 such as 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 in review, the Company spent a total of ₱4.1 million for BAGO-Care and Maintenance Program (CMP) bringing its expenditures to-date to ₱27.0 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 wholly owned subsidiary, 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.

Pantingan Gold Prospect in Bagac, Bataan Province:
The Pantingan 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 Company continues to implement the drilling program upon showing encouraging results from earlier drilling data which will provide necessary justifications in applying for Mineral Production Sharing Agreement (MPSA) renewal (which is due to expire in March 2025). Other preparation for the renewal includes conduct of topographic survey and environmental impact study.

On the aggregates prospect, permitting of the additional 6 QPA blocks which are nearest to proposed hauling road, is being rushed and scheduled to be completed in year 2023. Among others, this includes conduct of Environmental Compliance Certificate (ECC), inventory for Tree Cutting Permit, Special Land Use, and LGU clearances, NCIP certificate of non-coverage has been secured. Development of the quarry project will be undertaken with a joint venture partner, who will construct the road, provide processing equipment and port facility.

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 converted to EXPA No. 0122-CAR pursuant to Section 9 of the Department of Environment and Natural Resources (DENR) DAO No. 2021-25.

Zamboanga Gold Prospect (BOLCO) in R.T. Lim Zamboanga del Sur:
The Company has an operating agreement with Oreline 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.

The Company has completed all the requirements for conversion of Zamboanga Gold Prospect's Application for Mineral Production Sharing Agreement (APSA) to Exploration Permit Application (EPA) such as revisions of environmental/exploration programs, proof of operatorship and financial capability. Following execution of the Memorandum of Agreement (MOA) with Indigenous People, the National Commission on Indigenous People (NCIP) has yet to issue Certificate of Precondition (FPIC). Once the EPA is approved, the Company will start the exploration activities including drilling in San Fernandino vein.

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's application for a new Coal Operating Contract (COC) is under evaluation by the Department of Energy (DOE). Market prospects for local coal with low BTU remains to be a concern, as well as DoE's preference for clean energy and global shift to net-zero emissions.

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 and Construction Corporation (AFCC) (formerly Arrow Freight Corporation (AFC))**

AFCC, the logistics provider of the Company generated ₱81.2 million revenue this year, lower as compared to revenues of ₱83.2 million in 2021, but higher than ₱ 32.2 million in 2020 and ₱14.2 million in 2019. The increase in revenues is attributable to the higher management fee in providing the logistical requirements of BRMC and the higher volume of nickel ore hauled using its own dump trucks. This resulted to a net income of ₱27.3 million, higher than the net income of ₱17.9 million in 2021, ₱11.6 million in 2020 and ₱1.9 million in 2019. AFCC purchased 3 units of dump truck increasing its hauling fleet to 11 units and 2 backhoes to handle ore loading services for BRMC. AFCC amended its Articles of Incorporation expanding its business from logistics to logistics and construction business and to increase its capital. With the approval of the amendment by the Securities and Exchange Commission in February 2023, AFCC plan to purchase additional dump trucks and construction equipment to handle the hauling requirements of BRMC, the aggregates project in Pantingan, Bataan and to start its construction business.

- **Keystone Port Logistics and Management Services Corporation (Keystone)**

Keystone, the port and barging services provider of the Company generated ₱84.7 million revenue this year, higher as compared to ₱78.3 million revenue in 2021, ₱33.0 million in 2020 and ₱5.5 million in 2019. This year, Keystone handled 1,169,328 tons of nickel ore exports versus 1,175,050 tons nickel ore exports in 2021, 483,952 tons in 2020 and 55,000 tons in 2019. Net income in 2022 amounted to ₱38.1 million, lower than ₱48.4 million in 2021, ₱13.9 million in 2020 and ₱5.3 million net loss in 2019. Repair of south of the pier head is still ongoing and expected to be completed in year 2023. This will allow more shipments for BRMC and other mining companies in the area.

B. **REAL ESTATE**

- **BMC Forestry Corporation (BFC)**

BFC manages the real estate projects and the lime kiln operation of Irisan Lime Project. BFC reported net income of ₱2.8 million this year higher than the net income of ₱1.6 million in 2021, net loss of ₱0.4 million in 2020 and net in come of ₱1.6 million in 2019 were reported.

BFC plans to acquire and develop new property as part of its plan to expand its real estate projects in La Union.

Kelly Ecozone Project (KEP)

Phased development activities of the proposed Kelly Ecozone Project (KEP) are still on hold pending resolution of tenurial issues.

Updating and assessment of improvements of small-scale miners that will be affected by the KEP and consultation with the project-affected-people (PAP) and the local government units is a continuing program.

Assessment and evaluation of areas for the agroforestry component of KEP including site preparation and sourcing of spring to supply water needs of the project is a work in progress.

C. HEALTHCARE

- **BenguetCorp Laboratories Inc. (BCLI)**

BCLI, the health care provider of the Company generated ₱55.5 million revenue this year, higher against ₱53.8 million in 2021, ₱33.1 million in 2020, and ₱36.0 million in 2019. The increase is attributed to Annual Physical Examination (APE) services to major clients Texas Instruments and MOOG, flu vaccination, special services, 2D echo and Ultrasound procedures, as well as increase in walk-in patients due to improving COVID-19 situation in the city although reducing availments for Antigen swab. As a result, BCLI reported a net income of ₱8.1 million this year, higher against net income of ₱6.7 million in 2021, net losses of ₱3.9 million and ₱18.0 million in 2019.

BCLI's contract with Texas Instruments ended in December 31, 2022, however, client requested an extension of 3 months ending in March 2023 for the clinic management and medical services for Baguio City and Clark, Pampanga hubs. On the other hand, its long-standing corporate client, MOOG, renewed its contract to provide full clinic management services in its site.

BCLI maintained its ISO certification having passed ISO second surveillance audit last November 22, 2022 with scope on provision of out patient medical services. Since January 2018, BCLI has been ISO 9001:2015 – Quality Management System, certified by an accredited certifying body TÜVRheinland®. BCLI is the only free standing clinic in Baguio City that is ISO-certified.

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) renewed its claims over 217 hectares of mineral property for gold/silver in Royston Hills, Nevada, USA. The Company engaged the services of Burgex, Inc. to provide and perform services as needed to identify and evaluate mineral interests and opportunities necessary for the project.

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 AFCC, 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:

	2022 (% to total revenue)			2021 (% to total revenue)			2020 (% to total revenue)			2019 (% to total revenue)		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Gold	23%	-	23%	25%	-	25%	44%	-	44%	72%	-	72%
Lime	3%	-	3%	2%	-	2%	4%	-	4%	13%	-	13%
Nickel	-	73%	73%	-	72%	72%	-	50%	50%	-	8%	8%
Logistics & Others	1%	-	1%	1%	-	1%	2%	-	2%	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 2022 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. On the other hand, 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 23% of the total sales. The Company and its subsidiary, BRMC, have 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 ₱14.2 million, ₱111.8 million, ₱3.9 million and ₱3.9 million in 2022, 2021, 2020 and 2019 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 circumstances 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 to December 1, 2025.

b. AFCC, a wholly owned subsidiary of the Company through BMC, continued to provide services to the Company for the delivery of various materials and supplies to various project sites. Total amount charged to the Company in 2022, 2021, 2020 and 2019 amounted to ₱2.1 million, ₱2.8 million, ₱2.5 million and ₱2.3 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. AFCC must provide all the required equipment/ service vehicle as well as personnel necessary for the Company's operations in its project sites. AFCC is a wholly owned subsidiary of BMC, and BMC is a wholly owned subsidiary of the Company that is 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 amounts charged to the Company in 2022 and 2021 are ₱2.7 million and ₱0.7 million respectively.
   1. The business purpose of the arrangement is to handle the over-all operations and management 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 to December 31, 2025.

Please see Note 24 – Related Party Transactions, of the Company's 2022 (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; Oreline 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 Exploration Permit Application (EXPA) are undergoing evaluation by the Department of Environment and Natural Resources – Mines and Geosciences Bureau (MGB): (a.) EXPA Nos. 0122-CAR and 0123-CAR (former Mineral Production Sharing Agreement application (APSA) No. 009 CAR) for the Company's Benguet Gold Operation, Antamok Gold Operation and Ampucao Copper-Gold Prospect in Itogon, Benguet; (b.) and EXPA No. 156-IX (former APSA No. 000015-IX) 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 AFTA-033 is under evaluation by the MGB Central.

Effect of Existing or Probable Governmental Regulations
The effect of existing governmental regulations is 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 Revenues
2022	₱31.2	0.8%
2021	₱11.7	0.3%
2020	₱10.8	0.7%
2019	₱4.0	0.5%

Costs and Effects of Compliance with Environmental Laws
The costs and effects of compliance with environmental laws are varied. The Company focused on identifying and seizing opportunities to help and improve the environment while undertaking compliances.

The nickel and gold operations of the Company have been ISO 14001:2015 certified since March 2016. This aims to demonstrate the Company's commitment to protect and manage the environment and mitigate environmental impact of its activities. Moreover, the Company continued to lay out its accomplishments on its Annual Environmental Protection and Enhancement Program (AEPEP) submitted and approved by the Mines and Geosciences Bureau (MGB). In 2022, the gold operation spent a total of ₱9.4 million in the implementation of the activities during the year bringing its expenditures to-date to ₱96.2 million since 2015 while nickel operations spent a total of ₱22.8 million which translates to 91.6% increase from the approved budget to carry out the activities indicated on its 2022 AEPEP bringing its expenditures to-date to ₱309 million. The Company's ILP spent a total of ₱1.7 million this year in programmed activities bringing its expenditures to-date to ₱11.3 million since 2014. Such activities include enhancement of land resources which include the progressive rehabilitation and maintenance of various environmental structures such as Tailings Storage Facility (TSF), spillways, drainage tunnels, settling ponds, silt traps, wash bays, hauling roads and the implementation of hazardous and solid waste management, water, air and noise quality monitoring.

The Company supports the Mines and Geosciences Bureau's (MGB) Mining Forest Program within Tenement and Philippine Government's National Greening Program Outside Tenement. In 2022, the gold operations planted 2,040 Chinese and Mindanao Bamboo culms in a 1,200 hectares area along Barangays Ucab and Loakan with 84% survival rate and 1,700 Benguet Pine seedlings in 5 hectares area with average survival rate of 85% while nickel operations planted in 2022 a total of 210,979 tree seedlings and bamboo culms with an approximate survival rate of 95% and 96% survival rate respectively. Gold and nickel operations allocated 3.08 hectares and 30 hectares respectively in 2022 as bamboo plantation.

To address the conversion of mined-out areas for productive land use, the Company's nickel operations embarked on Agroforestry Program- "Gulayan Sa Minahan". It also lined up projects for 2023 such as mangrove reforestation projects and continuous clean-up of coastline along coastal communities in Sta, Cruz, Zambales in close coordination with Bureau of Fisheries and Aquatic Resources (BFAR), Department of Agriculture and concerned communities.

Community Relations/Social Development & Management Programs (SDMP)

The Company ensures its host and neighboring communities and development which supplements the general welfare programs provided by the national and local governments. During the year 2022, the Company's gold operation spent ₱5.2 million bringing its expenditures to-date to ₱58.3 million since 2005 and the nickel operations has spent ₱10.5 million in 2022 bringing its expenditures to-date to ₱60.0 million since 2013. The Company's ILP spent a total of P0.8 million in 2022 for SDMP bringing its expenditures to-date to P8.6 million since 2013.

The Company provided its host communities in Itogon, Benguet, educational support covering seven (7) Elementary Schools, two (2) Integrated Schools, one (1) High School and eleven (11) Child Development Centers in its areas of operations by providing various cleaning materials and instructional materials and equipment. High School and College Scholarship Programs continue to benefit 52 students from the various host communities (47 Junior High School, 1 Senior High School and 5 in college). In Zambales, the Company provided educational assistance to 222 High School students and 116 College students for school year 2021 – 2022.

On Access to Health Services to the community, your Company continuously aided with the Barangay Health Workers (BHW), Barangay Nutrition Scholars (BNS) and Barangay Peacekeeping Action Team (BPATs). The assistance was extended to help in the promotion of a healthy and safe community, enhance response to medical emergencies, and improve medical facilities. Incentives are provided for Barangay Health Workers and Barangay Nutrition Scholars to assist them in conducting their duties in reaching remote areas of Itogon, Benguet.

The Company continues to promote economic development by supporting various livelihood programs, projects and other income generating activities, training and provision of materials in pursuance of a sustainable livelihood project. Farmers were also given agricultural supply and equipment and supported the organic fertilizer production of the community in Sta. Cruz, Zambales.

Infrastructure development and support services were provided in the construction, rehabilitation and maintenance of structures and facilities such as the Construction of Waterworks System, riprap, canal, pavement, drainage, solar streetlights, and improvements for the barangay and health centers.

With these activities, the Company showed how serious it is with its commitment to responsible mining operation and deliver social services which will help to uplift the living condition of the people in the community where it operates.

Total Number of Employees
The Company has a total manpower complement of 1,330 in 2022, 1,422 in 2021, 1,252 in 2020 and 853 in 2019. This is broken down as follows:

Type of Employee	2022	2021	2020	2019
Administrative	226	175	171	76
Clerical	10	20	37	60
Exploration/Operation	292	304	223	263
Outsourced Staff (seasonal, project based, security guards, janitors & retainers/consultants	802	923	821	454
Total	1,330	1,422	1,252	853

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 pending labor actions against the Company and its subsidiaries during the past four (4) years. The Company continuously provides free housing or accommodation for managers and employees at mine site with free water, free meals 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 or suspend 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 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 world market 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 also 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 regularly 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.

<u>Additional Requirements as to Certain Issues or Issuers –</u>
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 13 of the Notes to 2022 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; port, dump trucks and mining equipment in Zambales 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 ₱655,916.80 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 subject to escalation rate of 7.5% every two years. Also, it leases a property being used as staff house for ₱25,000 net of tax subject to 10% escalation rate every two years

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 four (4) lots with an aggregate area of 1,403 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, a wholly owned subsidiary of the Company owns various medical instruments, medical furniture/fixtures/appliances, office and laboratory equipment for its clinic operations. BCLI continues to lease for its business operation occupancies in SM Baguio at ₱330,750.00 per month, and in Central Mall, Baguio City at ₱112,299.44 per month. The lease is subject to 10% escalation yearly.

AFCC owns various heavy equipment/vehicles for its logistics business operations. It leases a property at ₱24,200 per month for office occupancy at Sta. Maria, Bulacan subject to 10% escalation rate up to February 15, 2023. It also leases office space and land for motorpool purposes at Sta. Cruz, Zambales 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 except for BFC which plans to acquire new property in La Union and nearby areas of Pangasinan for development of new housing project.

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, 2022, 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 9, 2022 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 9, 2022 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 9, 2022 and PSE on November 9, 2022. 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 April 28, 2023 are ₱4.55 per share for Common Class A and ₱4.55 per share for Common Class B. The closing price of the Company's Convertible Preferred Class A on the last trading day of December 6, 2022 is ₱23.30 per share.

a.) For each Quarter 2022, 2021 and First Quarter 2023, the high and low prices of the Company's shares in the PSE are as follows:

	1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER		**2023 1st Quarter**
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	
CONVERTIBLE PREFERRED CLASS A*									
Highest Price/Share	**₱47.30**	₱27.00	**₱ -**	**₱30.00**	**₱ -**	₱45.00	**₱33.20**	₱31.55	**₱ -**
Lowest Price/Share	**47.30**	18.00	**₱ -**	18.90	**₱ -**	45.00	**23.30**	31.55	**-**
COMMON CLASS A									
Highest Price/Share	**₱7.20**	₱3.73	**₱7.68**	₱5.88	**₱5.89**	₱5.88	**₱5.05**	₱6.58	**₱5.70**
Lowest Price/Share	**4.95**	2.26	**5.45**	2.48	**4.77**	4.40	**4.07**	4.80	**4.05**
COMMON CLASS B									
Highest Price/Share	**₱7.00**	₱3.60	**₱7.77**	₱5.58	**₱5.95**	₱5.87	**₱5.44**	₱6.40	**₱5.40**
Lowest Price/Share	**4.50**	2.41	**5.60**	2.40	**4.90**	4.12	**4.03**	4.73	**4.06**

(*) No trading transactions in 2nd and 3rd quarter of 2022 and 1st quarter of 2023.

Holders:
a.) As of March 31, 2023, the Company's public float is 45.91% of the 623,401,190 outstanding shares of the Company consisting of 375,120,008 common Class A, 248,064,121 common class B and 217,061 Convertible Preferred Class A shares with a total of 16,894 stockholders.
b.) Of the 623,401,190 outstanding shares of the Company, 83,783,021 common Class B shares or 13.43% are owned by foreign nationals/institutions as of March 31, 2023.

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, 2023 are as follows:

A. Common Class "A" Share

Name	Number of Shares Held	Percent to Total Outstanding/Class
PCD Nominee Corporation (Filipino)	180,350,759	48.08%
Palm Avenue Holding Company, Inc.	65,624,727	17.49%
Palm Avenue Holdings Co. and/or Palm Avenue Realty Corp.	63,920,490	17.04%
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	868,957	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	0.09%
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%

B. Common Class "B" Share

Name	Number of Shares Held	Percent to Total Outstanding/Class
PCD Nominee (Filipino)	115,291,436	46.48%
Palm Avenue Realty and Development Co.	43,680,000	17.61%
Cede & Co.	29,674,860	11.96%
PCD Nominee (Non-Filipino)	28,941,139	11.67%
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)	65,378	30.12%

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 2022, 2021, 2020 and 2019 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 percentum (8%) of the par value of such Stock before any cash dividends shall be declared or set apart for holders of Common Class A and Common Class B Stock. The balance of the net profits of the Corporation available for cash dividends shall be distributable exclusively to holders of Common Class A and Common Class B Stock. Dividends accrued and unpaid, if any, on the Convertible Preferred Stock at the end of any given fiscal year of the Corporation shall be cumulated, provided and to the extent that the net profits of the Corporation earned during such fiscal year are at least equal to the amount of such accrued and unpaid dividends; no cash dividends shall be declared and paid to holders of Common Class A and Common Class B Stock until after such accumulated, accrued and unpaid dividends on the Convertible Preferred Stock shall have been paid or provision for payment thereof made. Holders of Convertible Preferred Stock shall not be entitled to any part of stock dividends declared and issued on outstanding Common Class A and Common Class B and no stock dividends may be declared and issued on Convertible Preferred Stock."

Recent Sales of Unregistered or Exempt Securities
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 four years ended December 31, 2022, 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 four years ended December 31, 2022, 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, 2022, 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, 2022 VERSUS 2021

CONSOLIDATED RESULTS OF OPERATIONS

The Company continued its growth momentum despite the increasing cost of power, fuel and supplies brought by the Russia and Ukraine War.

Consolidated net income for 2022 amounted to ₱1.3 billion lower than the net income of ₱1.4 billion in 2021, (more than 3 times higher than the net income of ₱381.4 million in 2020, and twelve times higher than net income of ₱115.7 million in 2019). The increase/decrease in net income was the net effect of the following:

Revenues
The Company registered consolidated revenues of ₱4.0 billion, 5% higher than the ₱3.8 billion in 2021, 149% higher than the ₱1.6 billion in 2020, and 402% higher than ₱802.0 million in 2019. Revenues were composed mainly of nickel, gold and lime sales.

	2022	2021	2020	2019
Nickel	₱2,952.3	₱2,732.0	₱818.3	₱64.7
Gold and silver	914.8	945.8	703.9	576.5
Lime and others	158.1	164.1	97.5	160.9
Gross Revenue	₱4,025.2	₱3,841.9	₱1,619.7	₱802.1

Revenues increased at the back of higher metal prices, higher volume of nickel ore sold and favorable foreign exchange. BRMC shipped 22 boatloads of 1.2% to 1.4% nickel ore aggregating 1,169,328 tons higher as compared to 22 boatloads of 1.2% to 1.5% nickel ore aggregating 1,175,050 tons in 2021, 9 boatloads of 1.2% to 1.4% nickel ore aggregating 483,952 tons in 2020, 1 boatload of 1.5% nickel ore aggregating 55,000 tons sold in 2019. Nickel ore was sold at effective average price of US$46.97/ton this year, versus US$47.38/ton in 2021, US$34.21/ton in 2020 and US$22.50/ton in 2019. Nickel sales contributed 73% of gross revenues. Gold sales on the other hand contributed 23% on account of better price this year. The Acupan Gold Project (AGP) sold 9,363.56 ounces of gold this year against 10,685.25 ounces in 2021, 8,081 ounces in

2020 and 8,236.65 ounces in 2019. Average selling price of gold in 2022 is US$1,802.02/ounce versus US$1,806,.02/ounce in 2021, US$1,750.25/ounce in 2020 and US$1,395.43/ounce in 2019.

Operating and Other Expenses

Cost and operating expenses increased to ₱2.4 billion from ₱2.3 billion in 2021, ₱1.3 billion in 2020, and ₱923.8 million in 2019. The increase is mainly due to higher cost of production of nickel ores, gold and lime this year brought by the increasing cost of power, fuel, materials and supplies and contractors fees.

Cost of mine products sold increased to ₱970.4 million in 2022 from ₱921.7 million in 2021, ₱725.8 million in 2020 and ₱504.3 million in 2019. The increase is mainly due to higher cost of production of nickel ores, gold and lime this year brought by the increasing cost of power fuel, materials and supplies and contractors fees.

Cost of services and other sales increased to ₱80.2 million from ₱74.8 million in 2021, ₱39.2 million in 2020 and ₱49.8 million in 2019. The increase is mainly due to high cost of fuel and materials and supplies.

Selling and general expenses increased to ₱1.1 billion in 2022 from ₱992.3 million in 2021, P408.4 million in 2020 and ₱340.3 million in 2019. The increase is mainly due to higher volume of nickel ores sold this year and increasing cost of fuel, power and contractors fees.

Excise taxes are taxes imposed by the Bureau of Internal Revenue (BIR) on the extraction of mineral resources. Royalty fees, on the other hand, are fees imposed by the Mines and Geosciences Bureau (MGB) on the extraction of mineral resources in any mineral reservation areas. Excise taxes and royalty fees increased to ₱299.7 million from ₱284.3 million in 2021, ₱101.0 million in 2020 and ₱29.4 million in 2019. Increase is mainly from higher revenues from sale of nickel laterite ores.

Other income this year amounted to ₱164.0 million, lower than ₱229.1 million in 2021, ₱141.0 other income in 2020, and ₱272.1 million in 2019. The other income this year is attributable to the gain on revaluation of investment properties amounting to ₱85.3 million, against ₱277.0 million gain in revaluation of investment properties in 2021, ₱154.8 million gain in revaluation of investment properties in 2020, (and ₱287.2 million gain in revaluation of investment properties, P68.6 million gain on sale of properties and ₱22.5 million gain on settlement of trade and other liabilities in 2019).

Provision for income tax in 2022 amounted to P428.2 million versus ₱372.4 million in 2021, ₱101.9 million in 2020, and ₱32.6 million in 2019. 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) (formerly Benguetcorp Nickel Mines, Inc.(BNMI)), Arrow Freight and Construction Corporation (AFCC) (formerly 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, 2022, amounted to ₱9.9 billion, 13% higher than ₱8.7 billion in 2021, (34% higher than ₱7.4 billion in 2020, and 43% higher than ₱6.9 billion in 2019). The increase is the net effect of the following:

Cash and cash equivalent increase by 66% to ₱1,002.7 million from ₱603.2 million in 2021, 268% higher than ₱271.5 million in 2020, and thirteen times higher than ₱77.2 million in 2019. The increase was mainly from the collection of nickel ore sold in 2022 and 2021 and the ₱136.4 million tax refund obtained from the Bureau of Internal Revenue (BIR) in 2022. In 2021, 2020 and 2019, the Company obtained tax refund from the BIR amounting to ₱22.8 million, ₱34.5 million and ₱33.5 million, respectively.

Trade and other receivables increased to ₱782.5 million from ₱515.0 million in 2021, ₱475.3 million in 2020, ₱290.0 million in 2019. The increase pertains to the nickel ore and lime sold in 2022 collected the following year.

Inventories increased to ₱180.6 million from ₱142.1 million in 2021, ₱101.1 million in 2020, and ₱132.1 million in 2019. The increase is mainly due to the nickel laterite ore produced in 2022.

Financial assets at fair value through profit or loss (FVPL) increased to ₱1.1 billion from ₱675.0 million in 2021. The increase pertains to the additional investment in unit trust fund and fair value gain recognized in 2022.

Other current assets decreased to ₱352.4 million from ₱481.7 million in 2021, ₱398.7 million in 2020, and ₱314.1 million in 2019. The decrease is attributable mainly to the VAT refund claimed amounting to ₱149.0 million in 2022, ₱30.2 million in 2021, ₱39.6 million in 2021 and ₱40.23 million in 2019.

The property, plant and equipment at revalued amount slightly increased to ₱1.73 billion from ₱1.70 billion in 2021, (higher than ₱1.7 billion in 2020 and ₱1.7 billion in 2019). In 2021, the Company recognized revaluation increment on land amounting to ₱30.1 million.

Property, plant and equipment (PPE) at cost, decline to ₱780.2 million from ₱848.4 million in 2021, ₱942.0 million in 2020, and ₱963.9 million in 2019. The decline was mainly due to the depletion and depreciation booked this year and sale of AFC's 2,045 sq.m. property located in San Pedro, Province of Laguna.

Deferred mine exploration costs increased to ₱492.5 million from ₱455.4 million in 2021, ₱456.8 million in 2020 and ₱449.4 million in 2019. The increase pertains mainly to drilling and other ongoing exploration activities in the Company's Pantingan gold and aggregate prospect in Bataan.

Investment properties amounted to ₱2,992.0 million, higher than the ₱2,910.7 million in 2021, ₱2,633.7 million in 2020 and ₱2,478.9 million in 2019. The increase is mainly from the ₱85.3 million revaluation gain on investment property booked this year. The Company booked revaluation gain on investment property amounting to ₱277.0 million in 2021, ₱154.8 million in 2020 and ₱287.2 million in 2019.

Other noncurrent assets increased to ₱471.9 million from ₱402.9 million in 2021, ₱406.8 million in 2020 and ₱482.0 million in 2019. The increase is mainly due to increase in deferred input VAT and additional funding related to the Group's mine rehabilitation fund.

Liabilities

Total consolidated liabilities as of December 31, 2022, amounted to ₱2.1 billion, 9% lower than ₱2.3 billion in 2021, (18% lower than ₱2.6 billion in 2020 and 15% lower than ₱2.5 billion in 2019). The decrease was due to the following:

Trade and other payables decreased to ₱555.7 million in 2022 from ₱669.4 million in 2021, ₱620.7 million in 2020 and ₱576.9 million in 2019. The decrease is due to repayment made to various suppliers and contractors.

Loans payable remained unchanged against last year's payable of ₱337.0 million. This is, however, lower against the ₱509.0 million in 2020 and ₱507.89 million in 2019. The reduction was mainly due to the full payment of ₱185.0 million loans with Transmiddle East partly offset by accrued interest.

Lease liabilities (current and noncurrent) amounted to ₱12.1 million versus ₱21.1 million in 2021, ₱6.2 million in 2020 and ₱8.1 million in 2019. The decline was due to payment of lease liabilities. No additional leases were entered into by the Group this year. On the other hand, the increase versus 2020 and 2019 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 ₱59.1 million versus ₱60.7 million in 2021, ₱105.6 million in 2020, and ₱91.6 million in 2019. Provision for Mine Rehabilitation costs represent the Company's estimated rehabilitation costs.

Income tax liability amounted to ₱105.9 million against ₱137.8 million in 2021, ₱2.0 million in 2020, and ₱0.7 million in 2019. The decrease is due to the higher payments of income tax in the first three quarters of 2022.

Pension liability amounted to ₱56.0 million in 2022, ₱73.4 million in 2021, ₱81.8 million in 2020, and ₱62.5 million in 2019. 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 ₱769.2 million in 2022, compared to ₱748.6 million in 2021, ₱882.5 million in 2020, and ₱848.0 million in 2019. Increase pertains to the additional revaluation increment on PPE and recoveries of allowance on inventory obsolescence,

Other noncurrent liabilities decreased to ₱237.8 million from ₱291.8 million in 2021, ₱391.4 million in 2020, and ₱414.2 million in 2019. The decline was mainly due to the repayment made to Bright Mining Resources Corporation. Bright Mining provided advance to the Company against nickel ore shipment.

Equity

Stockholders Equity at year-end amounted to ₱7.8 billion, higher than the ₱6.4 billion reported in 2021, ₱4.8 billion in 2020, and ₱4.4 billion in 2019. The increase was due to the following:

Capital surplus increased to ₱415.1 million from ₱409.9 million in 2021, ₱389.0 million in 2020, and ₱380.4 million in 2019. The increase is due to the cancelled and expired stock options during the year.

Retained earnings amounted to ₱5.3 billion in 2022, higher versus ₱4.0 billion in 2021, ₱2.6 billion in 2020 and ₱2.2 billion in 2019. The increase was due to the net income earned during the year.

Other components of equity amounted to ₱1.4 billion in 2022, compared to ₱1.36 billion in 2021, ₱1.2 billion in 2020, and ₱1.2 billion in 2019. Increase is from the revaluation increment, net of deferred tax, cumulative translation adjustments, remeasurement gain on pension liability and unrealized gain on FVOCL.

Consolidated Cash Flows

The net cash flows generated from operating activities for 2022 amounted to ₱1,243.4 million, versus ₱1,347.3 million in 2021, ₱252.9 million in 2020, and net cash used of ₱281.0 million in 2019. The net cash flows generated is attributable mainly from the 22 boatloads of nickel ore and 9,363 ounces of gold sold this year and ₱136.3 million VAT refund obtained from the BIR. In 2021 and 2020, net cash flows came mainly from the sale of nickel ore to China, gold sold to Bangko

Sentral ng Pilipinas (BSP) and VAT refund obtained from the BIR. In 2019, cash was used to settle its trade payables.

During the year, the Company generated ₱64.1 million from the disposal of financial assets at FVPL, PPE and investment properties. In 2022, the Company invested ₱31.2 million in exploration activities and ₱45.4 million in mining, milling and logistics equipment for the expansion of its Acupan Gold Project and Sta. Cruz Nickel Operation in Zambales and AFCC logistics operation. The Company also invested ₱480.7 million in unit trust funds during the year, and advanced ₱258 million to suppliers and contractors.

In 2021, 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 in 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 ₱38.0 million in mining equipment for the expansion of its Acupan Gold Project.

Net cash flows used in financing activities amounted to ₱65.2 million in 2022. ₱279.8 million in 2021, ₱2.8 million in 2020, and ₱29.8 million in 2019. During the year, the Company paid some of its advances from Bright Mining Resources Corporation and its liabilities.

In 2021, 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 generated 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 P22.8 million.

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

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated net income for 2021 amounted to ₱1.4 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 ₱119.0 million in 2018). The increase in net income was the net effe
ct of the following:

Revenues
The Company registered consolidated revenues of ₱3.8 billion in 2021, 138% higher than the ₱1.6 billion in 2020, 379% higher than ₱802.0 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	₱2,732.0	₱818.3	₱64.7	₱226.5
Gold and silver	945.8	703.9	576.5	614.8
Lime and others	164.1	97.5	160.9	167.4
Gross Revenue	₱3,841.9	₱1,619.7	₱802.1	₱1,008.7

Revenues went up significantly at the back of higher metal prices and shipment tonnage of nickel ore and gold production. Benguetcorp Resources Management Corporation (BRMC) 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 in 2021 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% to1.5% 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 8,081 ounces of gold at an average price of US$1,750.25/ounce in 2020, 8,236.65 ounces at U$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 ₱2.3 billion in 2021 from ₱1.3 billion in 2020, (146% higher than ₱923.8 million in 2019 and 88% higher than ₱1.2 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.

Cost of mine products sold in 2021 increased to ₱921.7 million in 2021 from ₱725.8 million in 2020, ₱504.3 in 2019 and ₱688.36 million in 2018. The increase is mainly due to higher production and sales of nickel laterite ores.

Costs of services and other sales increased to ₱74.8 million from ₱39.2 million in 2020, ₱49.8 million in 2019 and ₱67.9 million in 2018. The increase is due to the aggressive marketing strategy and additional COVID-related expenses necessary to carry out the Company's healthcare services.

Selling and general expenses significantly increased to ₱992.3 million in 2021 from ₱408.4 million in 2020, ₱340.3 million in 2019 and ₱407.6 million in 2018. The increase is mainly due to higher shipments of nickel laterite ores.

Excise taxes and royalty fees are taxes imposed by the government on the extraction of mineral resources. Excise taxes and royalty fees are charged 4% and 5% of revenues, respectively. Excise taxes and royalty fees increased to ₱284.3 million in 2021 from ₱101.0 million in 2020, ₱29.4 million in 2019 and ₱45.2 million in 2018. Increase in the account is mainly from higher revenues from nickel laterite ore.

Interest expense grew in 2021 to ₱3.9 million, from ₱3.1 million in 2020, ₱2.0 million in 2019 and ₱4.8 million in 2018. These represents interest expense in relation to loans payable and various lease commitments.

Other income in 2021 amounted to ₱229.1 million, versus ₱141.0 income in 2020, ₱272.1 million in 2019 and ₱337.69 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 ₱60.40 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 ₱8.7 billion, 19% higher than ₱7.4 billion in 2020, (26% higher than ₱6.9 billion in 2019, 32% higher than ₱6.6 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 came from cashflows from operating activities, offsetted by investments made and payments of obligations.

Trade and other 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 receivables from the sale of nickel ores and lime in 2021.

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 increased production of nickel laterite ore to cope up with the increasing demand of nickel customers.

Financial assets at fair value through profit or loss (FVPL) amounting to ₱675.0 million pertains to investment in unit trust fund (UITF). In 2021, the Company invested in UITF amounting to ₱660.1 million while previously classified financial assets at FVOCI was reclassified. Total amount transferred amounted to ₱12.5 million. Other increase came from gain in relation to the change in value of UITFs.

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 in 2021.

Property, plant and equipment (PPE) at cost, decline to ₱848.49 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. Additions to PPE in 2021 totaled to ₱40.9 million.

Financial assets at fair value through after comprehensive income (FVOCI) decrease in 2021 to ₱0.9 million from ₱13.4 million in 2020, ₱13.2 million in 2019 and ₱10.8 million in 2018. This was due to the reclassification of UITF to FVPL.

Deferred mine exploration costs amounted to ₱455.4 million in 2021, lower than ₱456.8 million in 2020, higher than ₱449.2 million in 2019 and lower than ₱539.00 million in 2018. This was mainly due to the write off of BRMC's deferred exploration costs amounting to ₱16.5 million. This was partially offset by the ongoing exploration works in Pantingan Gold Project.

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 in 2021, 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 unrealized foreign exchange losses and excess of lease liabilities over right-of-use assets. 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.

Other noncurrent assets amounted to ₱402.0 in 2021, lower than ₱406.8 million in 2020, lower than ₱482.0 million in 2019 and higher than P307.6 million in 2018. Other noncurrent assets consist of nontrade receivables, input VAT and mine rehabilitation fund. Additional funds were lodged in the bank in compliance with DAO No. 2010-21 to cover for the rehabilitation of areas and communities affected by the mine operations.

Liabilities

Total consolidated liabilities as of December 31, 2021, amounted to ₱2.3 billion, 10% lower than ₱2.6 billion in 2020, (7% lower than ₱2.5 billion in 2019 and 13% lower than ₱2.7 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, ₱507.9 million in 2019 and ₱530.7 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, road right of way and washbay rentals.

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 payable 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

Equity at year-end amounted to ₱6.4 billion, higher than ₱4.8 billion in 2020, ₱4.4 billion in 2019 and ₱3.9 billion in 2018. The increase was due to the following:

Capital stock increased to ₱624.0 million in 2021 from ₱617.2 million in 2020, ₱616.9 million to 2019 and ₱616.9 million in 2018 while 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 increases were due to stock options exercised in 2021.

Cost of share-based payment decreased by 31% of ₱9.2 million in 2021 from ₱13.4 million in 2020 and nil in 2019 and 2018. Decrease was due to expiration and stock option exercised in 2021.

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 ₱1.36 billion in 2021, compared to ₱1.18 billion in 2020, ₱1.21 billion in 2019 and ₱0.92 billion in 2018. Increase is from the revaluation increment, net of deferred tax and cumulative translation adjustments of foreign subsidiaries.

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 ₱281.0 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 8,081 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 and financial assets. The Company invested ₱4.0 million in exploration activities and ₱28.02 million in mining equipment for the expansion of its Acupan Gold Project.

In 2018, the Company generated ₱5.5 million from the sale of some disposable equipment and financial assets. The Company invested ₱5.5 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, ₱29.8 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

III. <u>Key Performance Indicators</u>

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, 2022, the Company's current ratio is 3.38:1, 2.08:1 in 2021, 1.06:1 in 2020 and 0.73:1 in 2019,

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$1,802.02 per ounce this year, US$ 1,806.68 per ounce in 2021, US$1,750.25 per ounce in 2020 and US$1,395.43 per ounce in 2019. Nickel ore was sold at effective average price of US$46.97/ton this year, US$47.38/ton in 2021, versus US$34.21/ton in 2020 and US$22.50/ton in 2019.

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 47,516 in 2022, with average ore grade of 6.13 grams per ton of gold, compared to 56,753 in 2021 with average grade of 6.68 grams per ton of gold, 43,756 in 2020 with average grade of 5.74 grams per ton of gold, 41,151 tons in 2019 with average grade of 6.43 grams per ton of gold.

Gold sold in 2022 were 9,363.56 ounces versus 10,685.25 ounces in 2021, 8,081 ounces sold in 2020 and 8,236.65 ounces sold in 2019. BRMC sold nickel ore this year with an aggregate volume of 1,169,328 ranging from 1.2% to 1.4% grade nickel ore versus 1,175,050 tons of 1.2% to 1.5% grade nickel ore in 2021, in 2020 with aggregate volume of 483,952 tons of 1.2% to 1.4% grade nickel ore and in 2019 with 55,000 tons of 1.5% grade nickel ore.

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, 2022, the peso to dollar exchange rate was at ₱55.75, ₱50.99 in 2021, ₱48.021 in 2020 and ₱50.635 in 2019.

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 2022 is ₱2.14, ₱2.29 in 2021, ₱0.62 in 2020 and ₱0.19 in 2019.

IV. **Known Trends, Events or Uncertainties**

The Company constantly observe precautionary measures in response to the COVD-19 pandemic and other infectious diseases to reduce risks, safeguard 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 ₱1.16 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 2022, COVID-19 related expenses totaled ₱10.03 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.

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 and provide positive financial results despite upsurge in operating costs caused by escalating price of commodities, exorbitant power charges, fuel materials and supplies and some services. The Company continues to pursue the innovation and enhancement of milling processes, methods, and equipment. 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 and continuing Russia-Ukraine War.

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:

- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Material changes in the financial statements of the Company from the year ended December 31, 2022 vs December 31, 2021; and
- Seasonal aspects that had a material impact on the Company's financial condition or results of operations.

ITEM 7. FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements (Benguet Corporation and Subsidiaries) for the period ended December 31, 2022 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, 2022 and November 9, 2022, respectively. Audit services of SGV for the calendar year ended December 31, 2022 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 2022 is Mr. Peter John R. Ventura- SEC accredited auditing partner of SGV and previously, Mr. Alexis C. Zaragoza. This is Mr. Ventura's fourth 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 ₱5.7 million for 2022, ₱5.5 million for 2021, ₱5.5 million for 2020 and ₱5.5 million for 2019. There are no other services rendered by the external auditor other than the usual audit services as mentioned above.

Tax fees
The Company paid ₱1.1 million for the year 2022 and ₱0.7 million in 2021 to the external auditor as professional fees for tax advisory services. 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 9, 2022 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 2022:

Board	Name	Date of Election/ Appointment	No. of Meetings Held During the Year	No. of Meetings Attended	% Attended
Chairman/ Independent	Bernardo M. Villegas*	11.07.2019	5	5	100%
Member	Maria Remedios R. Pompidou	10.25.2000	5	4	80%
Member	Luis Juan L. Virata	08.08.1995	5	5	100%
Independent	Rhodora L. Dapula	08.16.2018	5	5	100%
Member	Jesse Hermogenes T. Andres**	08.16.2018	5	1	100%
Member	Jose Raulito E. Paras	08.16.2018	5	5	100%
Independent	Reginald S. Velasco	08.16.2018	5	5	100%

Member	Andrew Patrick R. Casiño	06.04.2020	5	5	100%
Member	Kwok Yam Ian Chan	09.25.2020	5	5	100%
Member	Anthony M. Te	09.25.2020	5	5	100%
Member	Lina G. Fernandez	03.18.2021	5	5	100%
Member	Andrew Julian K. Romualdez***	08.24.2022	5	4	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. His extension of term/retention as the Company's Independent Director was approved by the Board on August 24, 2022 and ratified by the Stockholders on November 9, 2022.*

(**) Mr. Jesse Hermogenes T. Andres resigned as member of the Board of Directors effective June 30, 2022. There was only one (1) meeting held before his resignation.

(***) Mr. Andrew Julian K. Romualdez was appointed as member of the Board of Directors on August 24, 2022. There were four (4) meetings held after his appointment.

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 the Board Risk Oversight Committee and the Related Party Transactions Committee

Atty. Jose Raulito E. Paras, Filipino, 50 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 Padernal & Paras Law Offices since 2004 and Director of *listed companies*, Leisure & Resorts World Corporation, 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, 56 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. She is Rockefeller University Council Member and Cornell Weill Medical School Dean's Council Member.

LUIS JUAN L. VIRATA, Director
Member of the Related Party Transactions Committee

Mr. Luis Juan L. Virata, Filipino, 69 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 Chairman and major shareholder of Amber Kinetics Philippines, Inc. Mr. Virata is also Chairman Emeritus of Exchange Equity Partners Group Corporation, Chairman of Cavitex Holdings, Inc., Chairman of MTV Investment Properties Holdings Corporation 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 Board Member of the Huntsman Foundation Wharton School University of

Pennsylvania. 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 the Audit Committee

Atty. Andrew Patrick R. Casiño, Filipino, 56 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
Chairman of the Executive Committee and Salary and Stock Option Committee;
Member of the Nominations and Election Committee

Mr. Anthony M. Te, Filipino, 53 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 companies* Marcventures Holdings, Inc. and Philippine Stock Exchange, Inc.; Member of Capital Markets Development Committee (CMDC); 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 the Audit Committee and Member of the Corporate Governance Committee

Atty. Rhodora L. Dapula, Filipino, 45 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 currently an Independent Director of *listed company* Bright Kindle Resources and Investments, Inc. 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, Independent Director
Chairman of the Board Risk Oversight Committee, Member of the Corporate Governance Committee, Salary and Stock Option Committee and Related Party Transactions Committee

Mr. Reginald S. Velasco, Filipino, 71 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 currently the Secretary General of the House of the Representatives since July 25, 2022. He was Deputy Secretary General of National Unity Party since 2013 to July 24, 2022. 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 the Nominations and Election Committee, Corporate Governance Committee and Related Party Transactions Committee; Member of the Executive Committee, Salary and Stock Option Committee, Audit Committee and Board Risk Oversight Committee

Mr. Bernardo M. Villegas, Filipino, 84 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 28, 2002. He is currently Chairman and Independent Director of *listed company*, Filipino Fund, Inc and Independent Director of *listed companies*, First Metro Philippine Equity Exchange Traded Fund, Inc. and DMCI Holdings, Inc.. He holds, among others, the following directorships/positions: Independent Director of Benguetcorp Resources Management Corporation (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). He earned his Ph.D. in Economics from Harvard University and obtained his

Bachelor's degrees in Commerce and Humanities (both Summa Cum Laude) from De La Salle University.

KWOK YAM IAN CHAN, Director
Member of Executive Committee

Mr. Kwok Yam Ian Chan, Filipino, 35 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 companies* Marcventures Holdings, Inc. and Bright Kindle Resources and Investments, Inc. He is a Managing Director of Zenith System and Heavy Equipment, Seaborne Shipping Inc., Isky Empire Realty Inc., King Dragon Realty Corporation, Armstrong Securities, Inc. and DK Ventures Inc. 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. Fernandez, Filipino, 58 years old, first became a Director of the Company 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 (October 2018-Mar 2021), and concurrently Senior Vice President for Finance and Comptroller since March 2018-March 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; Chief of Staff (August 2006-November 2015); Risk Management Officer (March 2011-March 2018) and Compliance Officer for Corporate Governance (December 2016-March 2018). She also holds several positions and directorship in the following subsidiaries of the Company: President (2021 to present) and Director (2014-Present) of Benguetcorp Resources Management Corporation (formerly Benguetcorp Nickel Mines, Inc.); 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 Benguet Laboratories, Inc. She is a CPA-lawyer.

ANDREW JULIAN K. ROMUALDEZ, Director
Member of Executive Committee, Salary and Stock Option Committee
and Nominations and Election Committee

Mr. Romualdez, Filipino, 23 years old, first became a Director of the Company by appointment on August 24, 2022 to replace Atty. Jesse Hermogenes T. Andres who resigned effective June 30, 2022. He is currently a Director of *listed companies* Marcventures Holdings, Inc. (MHI) and Bright Kindle Resources and Investments, Inc. (BKR). He is also a director of the Company's subsidiaries, Benguetcorp Resources Management Corporation, Arrow Freight and Construction Corporation, Benguetcorp Laboratories, Inc. and Benguet Management Corporation. He is also a Director of MHI's subsidiaries namely: Marcventures Mining and Development Corporation, Alumina Mining Phils., Inc. Bauxite Resources, Inc. and Brightgreen Resources Corporation. He is also a director of BKR's subsidiary, Brightstar Holdings and Development, Inc. He is a Director of Armstrong Securities, Inc. and Armstrong Capital Holdings, Inc. Mr. Romualdez graduated from Cornell University in 2022 with a Bachelor's Degree in International Agriculture and Rural Development.

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, 58 years old, is the President of the Company since March 18, 2021.

REYNALDO P. MENDOZA, Filipino, 66 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 (October 2018 to March 2021) and concurrently Senior Vice President for Legal (August 2006 to March 2021). Currently, he holds various positions and directorship in the following subsidiaries of the Company: He is concurrent 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, 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 (1985-1986). He obtained his Bachelor of Law degree from the University of the Philippines in 1984 and passed the bar examination in the same year.

MAX D. ARCEÑO, Filipino, 61 years old, is the Senior Vice President for Finance and Treasurer of the Company since March 18, 2021. He was also designated as Compliance Officer for Corporate Governance since August 24, 2021. He previously served as its Vice President for Finance and Treasurer (November 2019-March 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 various positions in the following subsidiaries of the Company: he is concurrent 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 Corporation, 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., Balatoc Gold Resources Corporation, Benguet Pantukan Gold Corporation, Batong Buhay Mineral Resources Corporation, Acupan Gold Mines, Inc., Sagittarius Alpha Realty Corporation, Ifaratoc Mineral Resources Corporation and Pillars and Exemplary, Inc.; and Director of Agua de Oro Ventures, Inc. Mr. Arceño graduated from the University of the East (Batch 1983) with a degree in BSBA-Accounting and passed the board examination for Certified Public Accountant in 1984. He joined the Company in 1985 as Accounting Staff I, where he rose from the ranks.

VALERIANO B. BONGALOS, JR., Filipino, 73 years old, is the Vice President/Resident Manager of Benguet District Operations since January 15, 2020. He also holds positions in in the following subsidiaries of the Company: Director and President of Agua de Oro Ventures Corporation and Director of Acupan Gold Mines, Inc., Balatoc Gold Resources Corporation, 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 & 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, Lepanto Consolidated Mining Co., Lepanto, Mankayan, Benguet (2016-2017). He was Vice President for Operations and Resident Manager, Apex Mining Co., Compostella Valley, Mindanao. Inc. (May 2010-July 2011); Mine Manager, Phuoc Son Gold Company, Ltd., Quang Nam, Vietnam (November 2006-July 2009); Mine Planning Manager, Ban Phuc Nickel Mines in Hanoi, Vietnam (March to June 2006); Mine Superintendent, Lepanto Consolidated Mining Company (1999-2001); Tunnel Superintendent, San Roque Multipurpose Dam (1998); Mine Manager, Base Metal Mineral Res. Corp. (1996-1997) Davao Del Norte; Project Manager, 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, Zambia Consolidated Copper Mines (Underground Copper Mine) in Zambia, Africa (1980-1983); Project Engineer, Argonaut Mineral Exploration (1975-1978); and Shift Foreman, Long Beach Mining Corporation (1974). 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, 56 years old, is the Assistant Vice President for Environmental Compliance since November 6, 2019. She was also appointed as Chief Risk Officer since November 11, 2020. Formerly, she was AVP for Environmental Compliance-BNMI (Feb. 20, 2012-Nov. 6, 2019). She is currently Director of Agua De Oro Ventures Corporation and Balatoc Gold Resources Corporation. 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. 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 with 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 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, 67 years old, is the Corporate Secretary of the Company since October 25, 2000. She is currently Director of publicly-listed Companies: (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 and Construction Corporation (2019 to present); Director of Benguetcorp Laboratories, Inc.(2019 to present); 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 to present); Director of Crimson Bauxite Mining Development Corp. (2018 to present); Director of High Reliance Holdings Company, Inc. (2021 to present); Director/Treasurer of Golden Peregrine Holdings, Inc. (January 2022 to present); and Director of Bright Star Holdings and Development, Inc. (March 2022 to present). She is also Corporate Secretary of Benguetcorp Resources

Management Corporation (2014 to present), Corporate Secretary of Universal Re Condominium Corporation; Trustee and Assistant Corporate Secretary, Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present); and Practicing Lawyer, D. S. Tantuico and Associates (1998 to present).

Resignation of Director
Mr. Jesse Hermogenes T. Andres resigned as member of the Company's Board of Directors and Nomination and Election Committee and as chairman of Executive Committee and Salary and Stock Option Committee.

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

Family Relationship
Except with respect to Mr. Andrew Julian K. Romuadlez who is nephew of Ms. Maria Remedios R. Pompidou, no other 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:

	Name	Principal Position
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	2023*	₱20.4	₱1.7	₱1.4
	2022**	14.2	2.4	0.9
	2021**	13.4	2.3	0.8
	2020**	14.6	1.5	0.7
All other directors and officers as a group unnamed	2023*	₱3.8	₱5.8	₱1.7
	2022**	9.9	7.9	2.3
	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 ₱25,000.00 (gross). For the year 2022, the directors received Christmas gift in appreciation of their invaluable service and support to the Company. 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 2022, 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 August 24, 2022 and ratified by the stockholders of the Company during the November 9, 2022 annual stockholders' meeting, extending the termination date of granting stock options under the Plan until May 31, 2031.

The following changes in the stock option grants was approved by the Board in its meeting held on August 31, 2016 and ratified 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, 2022, the following stock options are still valid from the date of the grant.

a. 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 624,000 common shares with a par value of P3.00 per share consisting of 374,400 class “A” common shares at an exercise price of ₱17.96 per share and 249,600 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. The shares are exempted from registration under SRC rules and the listing was approved by the PSE. The options expired on September 7, 2022 pursuant to the provisions of the Plan, that no option is exercisable after ten (10) years from the date of grant. Expired options totaled to 510,000 common shares available for future grant.

b. 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, 2022, 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.

c. 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, 2022, 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	92,400	-	-	-	-
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.

d. 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, 2022, 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	P2.19	P2.05	-	-	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, 2023:

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), 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City. (Stockholder)	(see note[1])	Filipino	180,350,759	48.08%
	Palm Ave. Holding Company, Inc. 3F Universal Re-Building, 106 Paseo de Roxas,	(see note[2])	Filipino	65,624,727	17.49%

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

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

Class A Common	Makati City (Stockholder)				
	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	17.04%
	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), 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City. (Stockholder)	(see note[1])	Filipino	65,378	30.12%
	Fairmount Real Estate c/o PCGG 6th Floor, PhilComcen Bldg., Ortigas Avenue cor. San Miguel Avenue, Pasig City (Stockholder)	(see note[3])	Filipino	59,262	27.30%
Class B Common	PCD Nominee Corporation (Filipino), 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City. (Stockholder)	(see note[1])	Filipino	115,291,436	46.48%
	Palm Ave. Realty & Devt. Corporation, 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note[3])	Filipino	43,680,000	17.61%
	CEDE & CO. (Non-Filipino), P.O. Box 20, Bowling Green Stn., New York, NY 10004	(see note[4])	American	29,674,860	11.96%
	PCD Nominee Corporation (Npn-Filipino) 29th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City	(see note[1])	American	28,941,139	11.67%

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

The following are 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, 2023:

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

Companies). In the November 9, 2022 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.*

Class A Common	RYM Business Management Corporation, Universal Re Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note[4])	Filipino	62,930,820	16.78%
Class B Common		(see note[6])	Filipino	60,108,441	24.23%

Security Ownership of Management

The following table sets forth certain information as of March 31, 2023, 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%
A	Andrew Julian K. Romualdez	Filipino	1,000	0.00%
B			1,000	0.00%
B	Bernardo M. Villegas	Filipino	3	0.00%
A	Lina G. Fernandez	Filipino	152,166	0.04%
B			108,400	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	5,638	0.00%
B			13,000	0.00%
A	Hermogene H. Real	Filipino	240,600	0.06%
B			125,300	0.05%

As a Group

Class A Convertible Preferred	Filipino	59,262 shares[5]	27.30%
Class A Common	Filipino	224,190,742 shares[6]	59.77%

[4] *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 9, 2022 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.*

[5] *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*

[6] *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).*

Class B Common	Filipino	104,267,448 shares[7]	42.03%

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 28 – Related Party Disclosures of the Notes to 2022 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 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 2021 Integrated Annual Corporate Governance Report (2021 I-ACGR) to the Commission and Exchange on May 30, 2022. The 2022 I-ACGR will be submitted on or before May 30,2023.

The directors, officers and employees adhere to the leading practices and principles of good corporate governance. Corporate governance policies and principles are 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 is no incidence of deviation from the Company's Manual requiring disclosure as to the person/s and sanction/s imposed.

[7] *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)*

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, 2022 (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, 2022:
   - Statement of Management's Responsibility for Consolidated Financial Statements
   - Independent Auditors' Report
   - Audited Consolidated Financial Statements & Notes for the year ended December 31, 2022
   - 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, 2022:
   - Statement of Management's Responsibility for Financial Statements
   - Independent Auditors' Report
   - Audited Financial Statements & Notes for fiscal year ended December 31, 2022

(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
04.12.2023	Report on the list of Top 100 Stockholders of the company with PCD Beneficial Owner Participants for the quarter ended March 31, 2023.
04.05.2023	Report on the computation of minimum public ownership for the quarter ended March 31, 2023.
04.04.2023	Report on the implementation of stock option plan for the month of March 2023
04.03.2023	Report on shares by lot for the month of March 2023

04.03.2023	Press Release on the Company's 2022 Earnings
03.30.2023	Disclosure on approval by the Board of Directors of the Company's audited parent financial statements and audited consolidated financial statements as of year ended December 31, 2022
03.03.2023	Report on the implementation of stock option plan for the month of February 2023
03.02.2023	Report on shares by lot for the month February 2023
02.03.2023	Report on the implementation of stock option plan for the month of January 2023
02.03.2023	Disclosure regarding the Annual Verification and Certification issued by Mines and Geosciences Bureau (MGB)
02.02.2023	Report on shares by lot for the month of January 2023
01.20.2023	Change in number of issued and outstanding shares of the Company due to exercised stock option
01.13.2023	Report on the list of Top 100 Stockholders of the Company with PCD Beneficial Owner Participants for the quarter ended December 31, 2022.
01.10.2023	Report on the computation of minimum public ownership for the quarter ended December 31, 2022
01.09.2023	Attendance of the Company's Directors to board meetings for the year 2022
01.06.2023	Report on the implementation of stock option plan for the month of December 2022
01.05.2023	Report on the implementation of stock option plan as of year ended December 31, 2022.
01.05.2023	Report on shares by lot for the month of December 2022
12.05.2022	Report on the implementation of stock option plan for the month of November 2022
12.01.2022	Report on shares by lot for the month of November 2022
11.16.2022	Certificate of Attendance of Directors and Officers who attended corporate governance webinar entitled "Fostering Good Corporate Governance in the New Normal conducted by Center for Training and Development, Inc. on November 11, 2022.
11.09.2022	Results of Virtual Annual Stockholders' Meeting held on November 9, 2022 and Organizational Meeting of the Board of Directors held after the Annual Meeting of the stockholders
11.04.2022	Report on the implementation of stock option plan for the month of October 2022
11.03.2022	Report on shares by lot for the month of October 2022
10.13.2022	Report on the list of Top 100 Stockholders of the Company with PCD Beneficial Owner Participants for the quarter ended September 30, 2022
10.10.2022	Report on the computation of minimum public ownership for the quarter ended September 30, 2022
10.05.2022	Report on the implementation of stock option plan for the month of September 2022
10.04.2022	Report on shares by lot for the month of September 2022
09.05.2022	Report on shares by lot for the month of August 2022
09.02.2022	Report on the implementation of stock option plan for the month of August 2022
08.24.2022	Board Approval on the Appointment of Mr. Andrew Julian K. Romualdez as New Director and member of Nomination and Election Committee
08.24.2022	Board approval on holding of Virtual Annual Stockholders' Meeting on November 9, 2022 at 3:00PM.
08.24.2022	Extension of termination date of granting stock options and retention of Chairman Bernardo Villegas as one of the Company's Independent Director
08.22.2022	Press Release in relation to the Company's First Half of 2022 results
08.03.2022	Report on the implementation of stock option plan for the month of July 2022
08.02.2022	Report on shares by lot for the month of July 2022
07.13.2022	Resignation of Atty. Jesse Hermogenes T. Andres as member of the Company's Board of directors and Nomination and Election Committee and as Chairman of Executive Committee and Salary and Stock Option Committee

07.13.2022	Report on the list of Top 100 Stockholders of the company with PCD Beneficial Owner Participants for the quarter ended June 30, 2022
07.05.2022	Report of the computation of minimum public ownership for the quarter ended June 30, 2022
07.05.2022	Report on the implementation of stock option plan for the month of June 2022
07.04.2022	Report on shares by lot for the month of June 2022

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 0 2 2023.

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

REYNALDO P. MENDOZA
Executive Vice President and
Assistant Corporate Secretary

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

SUBSCRIBED AND SWORN to before me this MAY 0 2 2023 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. Reynaldo P. Mendoza with SSS No. 03-3865936-9, 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 9568019 / 01.04.2023

Doc. No. 270
Page No. 75
Book No. I
Series of 2023.

Annex A: Sustainability Report

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: 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	1. Total average number of employees for 2022 is 419 employees which includes Central Headquarters (CHQ), Benguet Gold Operation (BGO) and Irisan Lime Project (ILP). 2. Total number of operations: ➢ One (1) – Mining and milling operations for gold and silver ➢ One (1) – 3 Kilns alternately operating for lime production. 3. Net Sales (private sector) – Php 1.015B ➢ Total Capitalization – Php 9.061B ➢ Debt – Php 2.089B ➢ Equity – Php 6.972B 4. Quantity of products – ➢ Gold – 9,402.31 ounces ➢ Silver – 9,325.27 ounces ➢ Lime – 7,340.34 Metric Tons
Reporting Period	CY 2022
Highest Ranking Person responsible for this report	Atty. Lina G. Fernandez – President

Materiality Process

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

The 2022 Sustainability Report will provide the transition beyond coronavirus disease-19 (COVID-19) pandemic that has impacted on people's health, the environment, and the economy. Beyond the unprecedented challenges, the Company has embodied a solution-driven mindset to impart lasting value to its investors and stakeholders. The report provides a detailed overview on the way best sustainability practices are deeply rooted in Benguet Corporation's business.

It is of these facts that Benguet Corporation unceasingly strives to manage its operation under the following principles and commitments to attain its long-term objectives:

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://:benguetcorp.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://:benguetcorp.com/corporate-governance/board-committee/

Economic Material Factors

With the continuing increase of power rates and fuel cost, BC thought of retooling strategies that can manage to withstand multiple operational headwinds and prolonged worries in this new reality as it resumes its growth trajectory in the long term. Implementation of staggered increase in milling cost charges to contractors and advancement of mine development are among the derived strategies that were considered. Towards the last quarter of 2022, the management decided to increase milling charges to contractors due to the rise of power consumption charges. The decision was a preemptive measure to avert enormous losses.

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

Our economic performance is 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 created derived demand resulting in the establishment of micro, small, and medium enterprises in our mining community as well as in other areas where we source our value chain. 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.

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 no 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. R.A. 9275 – Philippine Clean water Act 0f 2004
3. Department Administrative Order No. 2005-10 (IRR of R.A. 9275 – Philippine Clean Water Act);
4. Department Administrative Order No. 2000-98 (Mine Safety and Health Standard);
5. Department Administrative Order No. 2000-81 (IRR of R.A. 8749 – Philippine Clean Air Act);
6. R.A. 8371 – Indigenous Peoples Rights Act;
7. DENR Administrative Order N0. 2001-34 (IRR of R.A. No. 9003 – Ecological Solid Waste Management Act),
8. R.A. No. 6969 – An Act to Control Toxic Substances and Hazardous and Nuclear Wastes
9. Department Administrative Order No. 28 (IRR of R.A. 6969 – Toxic Substances and Hazardous and Nuclear Wastes Control Act); and
10. 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

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
8. On United Nations Sustainable Development Goals

This is our fundamental way to maintain our social license.

ECONOMIC

Economic Performance (c/o CHQ)

Direct Economic Value Generated and Distributed

Disclosure	Amount (2022) - BGO	Amount (2022) - ILP	Total Amount (2022)	Total Amount (2021)	Unit
Direct economic value generated (revenue)	914.75M	99.98M	1,014.73M	1,020.9M	PhP
Direct economic value distributed:					
a. Operating costs	379.02M	5.92M	384.94M	147.1M	PhP
b. Employee wages and benefits	107.76M	4.15M	111.91M	185.5M	PhP
c. Payments to suppliers, other operating costs	360.97M	69.27M	430.24M	581.7M	Php
d. Dividends given to stockholders and interest payments to loan providers				2.7M	PhP
e. Taxes given to government	40.31M	0.39	40.70M	110.5M	PhP
f. Investments to community (e.g. donations, CSR)	12.52M	2.48M	15.00M	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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) The operation of Benguet Corporation-Benguet Gold Operation, Acupan Contract Mining Project (BC-BGO-ACMP) employs underground mining method or tunneling while the Irisan Lime Project (ILP) 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 2022 combined total revenue of the operations slightly increased by 0.01% (up by P 0.106M vs. 2021 value). The Company is operating in partnership with MGB, EMB, LGU and the accredited mining contractors that employ miners from the indigenous peoples of the Cordillera Region. The Mines and Geosciences Bureau (MGB) and the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR) in the Cordillera Administrative Region (CAR) monitor regulatory compliances to best and responsible practices of the mining operations.	Employees of the Company and mining contractors. People in the host and neighboring communities. Local and national government – revenue / tax collection. Service providers and suppliers. Business establishments in the community. National government – additional gold reserve and contributes to national revenue 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	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company ensures that all regulatory requirements are religiously complied with, work programs are implemented according to approved plans, commitments to 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 care of. Measures are in place to prevent or mitigate, if not totally eliminate, the negative impacts of the operation. BC is striving to diversify into other business prospects in agribusiness and land development projects with the aim to sustainably maintain its economic prosperity.

The local government unit assist in maintaining peace and order in camp, provide social health and other community services, facilitate local government required permits and assist in information dissemination and proper education of the community. The mining operation through the accredited mining contractors provides employment opportunities to people across several regions in the country, majority of which are from the communities where we do our business. We also provide business opportunities to our various suppliers and service providers that support the day-to-day operation of the company. *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **Benefits derived from the operation by employees and our host and neighboring communities:** • 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;	the communities surrounding the mining operation.	

• 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. **Negative impacts of the mining operation include the ff:** • 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.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization. Risk identified that have affected the 2022 operation are the following: ➢ Appreciation of the Philippine Peso versus US dollar; ➢ Lower ore grades and mineable ore reserves. ➢ The everchanging policies toward mining industry is greatly affected as investors tend to shy away from mining investments. ➢ 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 blamed the incident to the operation of the Company. ➢ Intrusion of illegal small-scale miners into the working areas of mining contractors resulting to high-grading of mineral ores;	*(e.g. employees, community, suppliers, government, vulnerable groups)* Company – production target not attained. Employees of the Company and mining contractors. People in the host and neighboring communities. Local and national government – reduced revenue / tax collection. Service providers and suppliers.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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 monitored regularly. Compliance with regulatory obligations is likewise discussed during these meetings. 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.

➢ High-grading / pilferage of high grade ore by employees of mining contractors due to shortage and limited presence of security personnel in the underground mining operation. ➢ Uncontrolled entry of hazardous substance/explosives inside camp for illegal miner's use. ➢ The unstable supply of electric power and the unscheduled power interruption in 2022 have contributed to lower gold production.		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:14001-2015 Certification on Environmental Management System (EMS). The Company maintains strong relationships with the IPs, and LGUs through its SDMP, and multi-sectoral monitoring / consultation meetings. 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. On COVID-19, the Company continuously implemented following the IATF programs that have prevented the spread of the virus inside the mining camp. **Following are measures imposed to abate pilferage of processed gold inside the industrial zone:** Site managers had closely monitored the production performance and issue guidance / instructions to department heads to improve on their mining activities and gold recovery at the mill operation.

		Increased security surveillance and visibility of security personnel at the BGO mill area to prevent pilferage of gold. Installed security cameras to deter attempts by persons from pilfering.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization? Through continuous cost monitoring of power consumption, BC Management have realized that the increased power rates have greatly affected the revenue. With this finding, management decided to impose shared mill charges through graduated increase in milling cost per tonnage to the contractors.	*(e.g. employees, community, suppliers, government, vulnerable groups)* BC-BGO Employees. Mining contractors	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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. Profound and faithful monitoring of mining and milling cost to determine the various factors that are contributing to the economic losses of the operation. Strengthened mining strategy with the advanced development that preceded the geology and exploration activity in the identification of high-grade ore mineable areas.

Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities. 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. As a responsible enterprise, the operation of Benguet Corporation-Benguet Gold Operation advocates for natural ecosystem preservation. The Management Committee exercises its mandate in the enforcement of laws for the operation not to pose any significant pollution that contribute to climate-related risks that threaten biodiversity existence. Global warming is distinct. The climate change covers a wide range of different circumstances, such as the increasing number of natural calamities caused by	***Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.*** Every year, BC-BGO and ILP allocates portion of its operating cost to further strengthen its environmental programs that, to some extent, go beyond mere regulatory compliance. BGO and ILP operations are in collaboration with the host and neighboring villages to actively participate in the CO^2 sequestration by planting more trees in their surroundings. In 2022, the company has planted 6.0 hectares of open brushlands inside its mineral claims.	***Disclose how the organization identifies, assesses, and manages climate-related risks.*** 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.	***Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.*** The Company continuously looks at ways in contributing to community and ecosystem resiliency. 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.

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.

abnormal weather conditions, depletion of water resources, food scarcity, flooding, typhoons, earthquakes, etc. Under each condition, the impacts to the environment are pronounced. *Please refer to Manual on Corporate Governance. http://benguetcorp.com/corporate-governance/board-committees/.*	The total expenditures for the implementation of the environmental protection program of BC-BGO and ILP in 2022 amounted to **P 11,049,039.** In 2022, the consumption of fuel oil (GHG Emission – Scope 1) increased by 12.24% while use of electricity (GHG Emission - Scope 2 went down by 1.33% vs. 2021 value. The increase in the consumption of bunker fuel by the lime kiln operation with the full utilization of the two units kiln plant contributed to the increase in GHG Emission – Scope 1. This resulted in slight increase of lime produced for the requirement of farmers and mining operation in Benguet Province. During the 2nd semester of 2022, there is a slowdown of gold milling operation at BC-BGO mill resulting in low power consumed during the period that resulted in the reduction of Scope 2 - GHG Emission.		
Recommended Disclosures			

a) *Describe the board's oversight of climate-related risks and opportunities.* 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). 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.	a) *Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.* Among the identified risks and opportunities related to climate change are the following: 1. Risks - a. Deforestation b. Landslide c. Forest fire / bush fire d. Underground water depletion e. Air pollution 2. Opportunities – a. Employment through reforestation activities b. Watershed enhancement c. Water spring and water impounding development d. Cleaner air	a) *Describe the organization's processes for identifying and assessing climate-related risks.* Risks identification attributed to climate change is supported by the following approach: 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.	a) *Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.* There is open line communication between the members of the Board, the Committees, and the Company Executives down to the Site Management. 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. BC-BGO and ILP are following the provisions of Environmental Laws, Rules and Regulation: 1. R.A. 9275 – Philippine Clean Water Act 0f 2004 2. Department Administrative Order No. 2005-10 (IRR of R.A. 9275 – Philippine Clean Water Act);

		Please refer to Board Risk Oversight Committee Charter link http://benguetcorp.com/wp-content/uploads/2020/06/C-Board-Risk-Oversight-Comm-Charter.pdf	3. Department Administrative Order No. 2000-81 (IRR of R.A. 8749 – Philippine Clean Air Act); 4. DENR Administrative Order N0. 2001-34 (IRR of R.A. No. 9003 – Ecological Solid Waste Management Act), 5. R.A. No. 6969 – An Act to Control Toxic Substances and Hazardous and Nuclear Wastes 6. Department Administrative Order No. 28 (IRR of R.A. 6969 – Toxic Substances and Hazardous and Nuclear Wastes Control Act); and 7. DENR Administrative Order No. 2003-30 (Revised Procedural Manual of P.D. 1586 – Environmental Impact Statement System).
b) Describe management's role in assessing and managing climate-related risks and opportunities. 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.	***b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.*** 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	***b) Describe the organization's processes for managing climate-related risks*** 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	***b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.*** The implementation of the approved 2022 Environmental Protection and Enhancement Program (EPEP) of BGO and ILP includes the annual targets and corresponding budget per activity. The total expenditures

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.	compliance to environmental laws and regulations to reduce or eliminate pollution. The Company stands in solidarity with the government to arrest the deteriorating climate pattern through wise utilization of natural resources and lowering CO^2 emission that affects the ozone layer. The Company's reforestation programs (Mining Forest Program and the National Greening Program of the government) are its positive contribution to the worsening climate change. As presented in the approved Annual Environmental Protection and Enhancement Program of 2022, Plans/Programs/Activities (P/P/A's) are all provided with corresponding budget and monitoring strategies.	aspects to prevent and minimize the effects of climate change. The company implements programs that are consistent with its goals and targets. Budget for the full implementation of the reforestation program on denuded slopes of the mountain and rehabilitation of eroded areas are funded. Water pollution control measures are strictly monitored to prevent scape of processed water from leaks that may contaminate the water bodies. 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	for the implementation of the 2022 EPEP is P11,049,039 representing 60.02% accomplishment vs. the P18,407,665 budget. Non-attainment of goal was due to failure or late compliance by the communities/beneficiaries to the requirements and partly due to health restrictions imposed on villages due to the COVID-19 pandemic during 1st half of 2022. For the year 2022, the total area reforested in BGO is 6.0 hectares planted with assorted seedlings of forest tree species and fruit trees.

		reducing the negative effect of climate change.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario. BC's environmental enhancement program, particularly, on reforestation and forest protection is aimed at reducing CO^2 in the atmosphere. In addition to the establishment of forest plantations, additional projects implemented to attain the different climate related scenarios are as follows: • 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	***c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.*** The Board Risk Oversight Committee is tasked to make sure that the Company's environmental programs and 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. 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.	

	equipment to ensure smoke emissions are within the DENR prescribed standards. • All environmental safeguards are put in place to mitigate and reduce emission of CO^2.		

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity				Units
	BGO		ILP		
	2022	2021	2022	2021	
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers.	71.00% (P104,987,980.5)	94% (218,886,534)	110% (61,696,298)	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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Sustainable procurement of essential commodities / supplies and materials needed by the operation is attained by working closely with	*(e.g. employees, community, suppliers, government, vulnerable groups)* Employees in-charge of procurement	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

our key partners/suppliers along our value chain. BC's procurement practices are always in accord with the Procurement Policy of the company. *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Sustainability activities in our value chain were categorized as follows: 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. The 2022 operation of BGO has incurred a total purchase of materials and supplies from local suppliers amounting to P 104,987,980.5M vs budget of P 148,517,392.57. On the other hand, the Irisan Lime Project spent a total of P 61,696,298 on local purchases of materials and supplies vs. budget of P 55,766,064. The variance is due to the increase in volume and price of fuel and other commodities needed in the operation.	Suppliers/manufacturers of product and services providers Materials Management Departments	BC believes that the success of the operation can be achieved through respect and transparent dealings between the management and the various agencies/entities and suppliers 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 acknowledge the invaluable contributions of our suppliers and service providers who play an integral role in our holistic value chain.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Identify risk/s related to material topic of the organization Delay in the delivery of imported supplies and materials / equipment parts during COVID-19 pandemic affected the mechanical availability of the ball mill equipments. 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.	*(e.g. employees, community, suppliers, government, vulnerable groups)* Shareholders – lesser revenue due to lower production; Employees of contractors and suppliers – productivity is affected; Operations – they must work around the limitations of local suppliers sometimes sacrificing the timeliness in the process that may result to higher production cost. Suppliers – loss of trust and confidence	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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. 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.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization. Partnering with local suppliers gives BC better credit lines, more responsive lead times, and customization options (smaller minimum order requirement). 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).	*(e.g. employees, community, suppliers, government, vulnerable groups)* Suppliers – local suppliers can sustain and grow their operations because of the mining operation of BGO and ILP. MSMEs – as mining operations expand, intermediate industries are given opportunity to address the needs in each part of value chain.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* Continue to develop good relationship with suppliers and service providers. Continue to work with local suppliers that provide quality services and products with lower cost.

	Employees – direct collaboration in dealing with local suppliers	

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	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* 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:	*(e.g. employees, community, suppliers, government, vulnerable groups)* Suppliers – all suppliers must go through the same screening. This ensures the company gets what it pays for and supplier delivers what it promises. Employees – must be the vanguards of integrity especially when representing the company to external parties. Community – those who support corruption by supporting peers engaged in unlawful conduct deprive honest businesses the chance of	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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.

Employees maybe involved in bribery and corruption on permit and license acquisition and during land acquisitions/negotiation. As there are numerous purchasing transactions, employees may be offered bribes/ incentives on these engagements. 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. 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.	flourishing their trade and contributing back to the community. 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. Government regulatory agencies – officials must practice global policies on anti-corruption in the conduct of government and private business transactions.	*Pls refer to the following links:* *Code of Employee Conduct and Discipline* http://benguetcorp.com/wp-content/uploads/2018/05/ECD%20with%20ee%20acknowledgement.pdf *Code of Business Conduct and Ethics* *http://benguetcorp.com/wp-content/uploads/2020/06/E.-Code-of-Conduct-of-Business-and-Ethics.pdf*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
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	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.	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

➢ Exposure to higher or additional operational costs		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. *Pls refer to link Code of Employee Conduct and Discipline, link #41 & 47 Page 8* http://benguetcorp.com/wp-content/uploads/2018/05/ECD%20with%20ee%20acknowledgement.pdf
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

With the existence of written policies and communication to all concerned and its vigorous implementation, possible involvement in corruption and bribery will be minimized if not eliminated. Harmonious relationship with the regulatory agencies, community and other stakeholders. 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.	Host community – increase in public investment and support to the organization. National government agencies and local government units – strengthens the position of regulatory system and guarantee a degree of fairness. Suppliers / contractors / service providers – leads to a secure and long-term business relationship. Employees – job satisfaction and security and increase in employee morale and shared values.	Closer relationship with all the stakeholders in the mining circle and government agencies. Strict observance on the schedule for the submission of regulatory reports and compliances.

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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

The Company did not experience and has no recorded incidents of corruption by any of its Board of Directors, Officers and Senior Managers in 2022. The company's Code of Business Conduct and anti-corruption standard clearly prohibit bribery and corruption in all business dealings. Benguet Corporation has been recently recognized as being the top performing publicly-listed company of the Philippines under the 2021 ASEAN Corporate Governance Scorecard (ACGS) given by the Institute of Corporate Directors. The award was received on January 20, 2022. The recognition is an indication for the strong commitment of Management for a good corporate governance initiative.	The Company, Board of Directors, officers, Senior Managers and all employees were all responsible for the strict implementation and compliances to the Employee Code of Conduct and compliant to all government and other pertinent governing bodies.	All employees are covered by the Anti-Fraud, Corruption and Whistleblowing Policy and Employee Code of Business Conduct. Review of the Code was recently undertaken, and changes were communicated to BC and subsidiaries' employees. Members of the Management Team continued to comply governing bodies' requirements including Corporate Governance reports and compliances. *Pls refer to the following links:* *Code of Employee Conduct and Discipline, link #41 & 47 Page 8* http://benguetcorp.com/wp-content/uploads/2018/05/ECD%20with%20ee%20acknowledgement.pdf *Anti-fraud, Corruption and Whistle-blowing Policy* http://benguetcorp.com/wp-content/uploads/2020/06/anti-fraud-corruption-whistleblowing-policy.pdf *ACGS Awarded Benguet Corporation as top performing publicly listed Company* *http://benguetcorp.com/corporate-governance/*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Identify risk/s related to material topic of the organization Keeping the workplace free from corruption vis a' vis building a culture of integrity is always a continuous challenge as employees and stakeholders are exposed to high valued minerals and assets. If the risk of income/profit loss due to corruption or pilferages will not be addressed, it will eventually lead to business closure.	Business closure may may affect the following: Mining contractors – reduced amount of share in volume and value. LGU – lesser tax collection Employees – Suspension or termination of employment Host community - community development projects might be suspended/stopped.	Management, including its officer and Managers should set personal example of integrity. Strong leadership and commitment in the implementation of the "Anti-fraud, Corruption and Whistleblowing Policy" which is included in the Employee Code of Conduct should be uniformly implemented across all organization and levels.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization A workplace free of corruption with employees with high regard of integrity could lead to a more productive and greater business opportunities for the Company. .	The opportunities/outcome will surely be reaped by the communities, LGUs, employees and other stakeholders.	Management endeavors to further strengthen its core values, systems and procedures to reduce, if not totally eliminate corruption and fraud in the workplace.

Resource Management

Energy consumption within the organization:

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2022	2021	2022	2021	2022	2021	
Energy consumption (kerosene)	3,044.79	3,534.49	0.00	0.00	3,044.79	3,534.49	GJ
Energy consumption (diesel)	5,886.30	6,551.44	229.11	289.25	6,115.41	6,840.69	GJ
Energy consumption (bunker fuel)	0.00	0.00	48,555.167	46,630.17	48,555.167	46,630.17	GJ
Energy consumption (electricity)	6,568,656	6,696,713.31	241,560	205,374	6,810,216	6,902,087.31	kWh
Energy consumption (gasoline)	0.00	0.00	27.03 GJ	7.67	27.03	7.67	GJ

Reduction of energy consumption

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2022	2021	2022	2021	2022	2021	
Energy reduction (kerosene)	489.7	0.00	0.00	0.00	489.7	0.00	GJ
Energy reduction (diesel)	665.14	0.00	60.14	0.00	725.28	0.00	GJ
Energy reduction (bunker fuel)	0.00	0.00	0.00	0.00	0.00	0.00	GJ
Energy reduction (electricity)	128,057	0.00	0.00	6,456	128,057	0.00	kWh
Energy reduction (gasoline)	0.00	0.00	0.00	0.00	0.00	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

Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* In 2022, there was a slowdown of milling operation due to the lower delivery of ore as a result of delayed development of the underground working areas and non-delivery of low grade ore to the mill by mine contractors due to the increased milling rate that requires higher cut-off grade coupled with non-delivery of equipment needed by the operation due to covid-19 travel protocols imposed by IATF. The electricity consumption is down by 1.33% or 91,871.31 KWH for the year under report. This resulted in the reduction of GHG emission (Scope 2) by 26.01 CO_2e vs 2021. However, GHG emission (Scope 1) increased by 12.24% or 549.15 CO_2e vs 2021. The increased fuel consumption of ILP for running the full operation of the Kiln plant contributed to the increase in Scope 1 CO_2e. The Company, however, continuously observes the energy conservation guidelines. *Please refer to the following:* *Appendix "A"– EMS Document # EMSG06 (EMS Guidelines on Power Conservation)*	*(e.g. employees, community, suppliers, government, vulnerable groups)* Operations – power cost is a significant cost driver in gold operations. Small-scale miners – The Company implemented disconnection of illegal power connections to eliminate pilferage of electricity, however, despite this preventive action, there are still Illegal electrical connections. Increase in milling charges due to increased cost of electricity and fuel/oil affected the operation of mining contractors. Employees – home activities of employee dependents are affected by the energy conservation measures being implemented.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* Safeguards in the following measures in order to be sustainable: Conduct regular energy level monitoring/reports. Submission of regulatory reports on energy consumption to Mines and Geosciences Bureau and Environmental Management Bureau. Maintain BC Program on energy conservation. Disconnection of illegally connected power lines by small scale miners. 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.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization ➢ 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. ➢ Ore grade - Low grade of ore from the mining operation have affected the milling cost. ➢ Pilferage of processed and unprocessed ore - stealing of processed / loaded carbon have contributed to income loss. ➢ Misappropriation – inappropriate target / goal setting affected the revenue projection.	BC Operation Suppliers of fuel & oil Employees / miners Community	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: ➢ Energy level monitoring; ➢ Strengthen security measures and surveillance of mine and mill workers / employees; ➢ Close monitoring of production vs budget and revise projections when necessary; ➢ Submission of regulatory reports on energy consumption; ➢ Conduct regular Preventive Maintenance Schedule on equipment and vehicles; and ➢ Conduct regular monitoring of small-scale miners' operation in the area and implement immediate disconnection of illegally connected power lines.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization. Cost savings initiatives are being implemented across the value chain to become a least cost producer as well as achieve greener, cleaner operations. Developed better understanding of the mine and mill operations process flow and coordination with	Community LGU	Continuously monitor its power consumption and check areas that can be subjected to power adjustments. 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.

security, mill and mine managers that will improve relationship among department heads in the prevention of pilferage of commodities.		Shared electricity rates through graduated increased milling charges to contractors.

Water consumption within the organization

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2022	2021	2022	2021	2022	2021	
Water withdrawal Industrial Domestic	113,241.83	111,966.52	447 170	483 170	113,688.83 170	112,449.52 170	Cubic meters
Water consumption Industrial Domestic	113,241.83	111,966.52	447 170	483 170	113,688.83 170	112,449.52 170	Cubic meters
Water recycled and reused	106,057.55	0.00	0.00	0.00	106,057.55	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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Water is an essential input to the mining operations of BC-BGO. The Company monitors the impact of the operation to the adjacent river	*(e.g. employees, community, suppliers, government, vulnerable groups)* The affected stakeholders are as follows: Company – has 24/7 access to water supply from its underground mine tunnels for industrial use.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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

systems and downstream communities to ensure that these are maintained at minimum levels for equal access of water source by various stakeholders. The Company sourced its industrial water from its old underground mine tunnel located at L-2000, Acupan, Virac, Itogon, Benguet with water rights Permit No. 16154 issued by the National Water Resources Board (NWRB). 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. 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.	BC-BGO employees, contractors/service providers – have access to safe potable water within the mine site. Host, and neighboring communities – have free access to water sources present in the area since the Company source and utilize its water internally.	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 Environmental Protection and Enhancement Program. Streamflow measurement and water quality monitoring is done quarterly. *Please refer to Appendix "B" –* ***Certificate of Approval of Annual Environmental Protection and Enhancement Program (AEPEP)***
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Identify risk/s related to material topic of the organization The identified risk are as follows: The water quality for domestic use may be compromised if good housekeeping is not properly observed by the miners working underground. With the increase in population and business establishments in the area, it is expected that water demand will double. 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. There is high water competition with illegal small-scale miners during dry season due to their ball milling operation.	*(e.g. employees, community, suppliers, government, vulnerable groups)* BC-BGO employees, contractors/service providers, community residents.	***What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*** 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. 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.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization The operations have slightly increased water usage in 2022 by 1.1% or 1,239.31 cu.m. in 2022 due to the full operation of the gold processing plant after easing the health protocol. The intensified watershed development in the area have provided additional livelihood	BC-BGO employees, contractors/service providers, community residents	***What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*** Engagement with the stakeholders by providing livelihood opportunities, like seedling propagation, tree planting

opportunities to the IPs through contract reforestation, seedling propagation, plantation maintenance and forest protection activities. 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.		contracts and maintenance of previously established reforestation areas, will improve the relationships and empower the community on forest rehabilitation. 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. The Company may consider developing the water source from the Company's Acupan underground as a potential business opportunity to supply bulk water for Itogon and Baguio City.

Materials used by the organization

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2022	2021	2022	2021	2022	2021	
Materials used by weight or volume							
Renewable (identify) – lumber, paper, sawdust, flour	383,182.47	496,427.38	118 (paper)	180	383,300.47	496,607.38	kg/liters
Non-renewable - lubricants, motor oils, bunker fuel oil, diesel oil, kerosene, dynamite explosive, sodium cyanide, nitric acid,	1,012,721.12	6,162,329.17	1,190,768 ltrs.	1,172,243	2,203,489.12	7,334,572.17	kg/liters

ammonium nitrate, sodium hypochlorite, hydrochloric acid, activated carbon, lime and sulfuric acid, caustic soda, hydrochloric acid, nitric acid, etc.							
Percentage of recycled input materials used to manufacture the organization's primary products and services. Note: Only sawdust was used for firing carbon ash while papers are recycled for printing internal reports and memos.	0.04% (sawdust)	0.32	100% 118 (paper)	100 180 (paper)	0.04	0.32	% Kgms.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* 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	*(e.g. employees, community, suppliers, government, vulnerable groups)* BGO mine and mill employees, community, suppliers and Irisan Lime Project employees and its surrounding residential areas. Employees of the mining contractors.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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,

origin issued by DENR to make sure these are sourced legally. Wood wastes and other renewable materials are recycled for other beneficial use. 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. There is a reduction in the utilization of renewable materials by 22.82% or 113,306.91 in 2022. In parallel, the non-renewable materials (chemicals) also have large volume reduction of 69.96% or 5,131,083.05 in 2022 due to reduced milling operation of ore. The Irisan Lime Project have slightly increased the quantity of non-renewable materials (bunker fuel) by 1.58% or 18,525 kgs with slight increase in lime production during the year under report.		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. Forest plantation will be part of the Company's sustainable commitment for 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. 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.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization. Identified risks are as follows: ➢ Timber resource – depletion or shortage of wood resources (lumber, paper, sawdust). ➢ Environmental risks – non-renewable materials will contribute to air and water pollution and health hazards if not properly handled and disposed. ➢ The safety and health of employees directly and regularly exposed to non-renewable materials are at risks. ➢ Utilizing large quantities of non-renewable inputs drive the cost of production, pushing margins in an already highly commoditized market. ➢ 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. *Please refer to the following:* *Appendix "C" – (DRCS - 09) Summary of Risks and Opportunities* *Appendix "D" – EMS Document # EMSG-03 (EMS Guidelines on Diesel, Oil and Grease Hauling, Transport and Storage)*	Underground employees/miners/blasters; Employees at the motor pool area, mine and mill mechanical shops; Communities adjacent to the operation.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* Management will focus on the following approach to minimize risk: • Monitor implementation of ISO 14001:2015 objectives, targets and performance vs. audit reports • 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

Appendix "E" – EMS Document # EMSG - 12 (EMS Guidelines on Contaminated Water)		deployment in assigned working area to remind workers of safety protocols in the underground mining activities and proper handling of chemicals at the mill.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach** *What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
Identify the opportunity/ies related to material topic of the organization. The following opportunities that were identified in relation to the utilization of renewable and non-renewable resources are: ➢ Sawdust are being recycled for firing carbon ash while used papers are recycled for printing internal reports and memos. ➢ Continuous improvement in mining technologies and innovations and how it can benefit from renewable sources of energy throughout the stages of operation. ➢ 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). ➢ Better planning and forecasting of usage of non-renewable materials in relation to programmed	Residents in the surrounding communities stand to benefit from cleaner air and water. • 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.	Safety lectures and work briefings before deployment to assigned working areas. Continue to monitor the usage of non-renewable materials to attain reduction year over year without sacrificing production. 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. Regular water quality monitoring to ensure water is free from contaminants that are hazardous to human and animal health.

procurement systems can lead to cost efficiencies of the operation.		

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 Irisan has no protected areas outside or adjacent to the operation.	Has.
Habitats protected or restored and newly established plantation areas	➢ Crosby Park – 11.0 ➢ Virac Timber Yard Plantation Area – 6.0 ➢ *How about the ff included in 2021 SR:* *-Calhorr, Virac Plantation – 5.0* *-Poded, Ucab Plantation – 5.0*	Has.
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.

[4] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* For the year 2022, 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 visitors from other areas are visiting the Park, enjoying the scenery and do camping. 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 6.0 hectares was planted with various forest tree species and bamboos. Overall, the total plantation area that BGO have maintained over the period of 16-years, consist of 800.0 hectares. Likewise, Irisan Lime Project have	*(e.g. employees, community, suppliers, government, vulnerable groups)* Employees and families – benefit from using the Crosby Park Contractors and laborers of the reforestation project. Community residents – inhaling pollution-free and fresh air.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* Continue to undertake care and maintenance of the forest park – included in the Environmental Work Program of BC-BGO The company hired a caretaker from the community to protect and maintain the established forest park. Conduct regular foot patrol by BC's Claims Protection Team to avert illegal activities in the area. Intensified reforestation and forest protection program as included activity in the AEPEP.

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). Protection and maintenance of the established plantation is the focus in 2022.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Illegal cutting of trees and squatting. Illegal cattle grazing. Forest / bush fire	Employees and nearby residents	Intensified forest protection activities in the area. Conducted regular foot patrol by BC's Claims Protection team to avert illegal activities in the area, particularly by squatters/SSM.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization. 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. The reforestation activities provide employment opportunities to interested families or community associations through seedling production, plantation establishment and forest protection.	Employees and the host and neighboring communities.	Continue to maintain the park through enrichment planting and forest protection activities by involving the residents in the area. 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.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity						Units
	BGO	BGO	ILP	ILP	Total		
	2022	2021	2022	2021	2022	2021	
Direct (Scope 1) GHG Emissions (Diesel fuel, Gasoline, Kerosene, Bunker fuel)	702.262	796.21	4,333.098	3,690	5,035.36	4,486.21	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions (electricity)	1,859.38	1,895.64	68.38	58.13	1,927.76	1,953.77	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)		0.00		0.00		0.00	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Scope 2 GHG emission reduced by 1.33% or 26.01 CO_2e in 2022 as against 2021. Less operating hours of the mill plant due to reduced ore to be processed is the major reasons for the reduction in carbon dioxide emission. On the other hand, GHG emission (Scope 1) increased by 12.24% or 549.15 CO_2e due to the following:	*(e.g. employees, community, suppliers, government, vulnerable groups).* Employees and their families Community / IP's Suppliers	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* Identify other sources / areas to reduce GHG emissions and establish measures to minimize emissions.

<table>
<tr><td>The Irisan Lime kiln operation increased its diesel and bunker fuel consumption due to the operation of 2 kilns.

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

The lime operation is the major contributor to the increase in greenhouse gas emission (GHG) due to the operation of the 2 kilns during the period. Increased feed of diesel and bunker fuels was required to run the 2 kilns.

There are more orders of lime products by the mining and agriculture industries in 2022.</td><td></td><td>Horsepower of air conditioning units should be evaluated to reduce the cooling capacity per floor area of the office.

Regular preventive maintenance program of diesel run motors and other equipments to improve efficiency.</td></tr>
<tr><td>What are the Risk/s Identified?</td><td>Which stakeholders are affected?</td><td>Management Approach</td></tr>
<tr><td>Identify risk/s related to material topic of the organization.

Risk identified are as follows:

A. Lime Kiln Operation

➢ Prolonged exposure of kiln operators to heat is a health risk;

➢ Inhaling of dust from feed materials and fumes during start up operation by kiln operators;

B. Underground Mining Operation</td><td>.

Employees - Health of employees is affected that will result to reduced workforce.

Company - reduced ore tonnage</td><td>Implement regular preventive maintenance program of the machines and equipments.

Record the running hours of equipments for monitoring purposes and schedule of preventive maintenance.

There should always be available spare parts in the warehouse in case of mechanical breakdown of the equipments.</td></tr>
</table>

➢ Breakdown of the air compressor machine/equipment may result to suspension or slowdown of underground mining operation. ➢ Poor ventilation may slowdown performance of miners and reduces the production. ➢ Poor ventilation will result to carbon monoxide poisoning coming out from the diesel-run locomotive that will affect health and safety of underground miners that may cause fatality to underground miners.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization. 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. Increased production and sales of kiln products and improved revenue.	Employees of the company and mining contractors. Residents residing in camp.	Stronger, effective, and efficient coordination among heads of the operation and company executives gives a good account in addressing challenges in the operation. Regular preventive maintenance program of all equipments and machineries to minimize downtime and increase operating efficiency. Maintain records of running time of machineries and equipments to check wear and tear of parts.

Air pollutants

Disclosure	Quantity		Unit
	BGO	ILP	

	2022	2021	2022	2021	
NO_x Stack emission Ambient	72.5 23.67	114 10.5	Kiln 1 = 92.4 Kiln 2 = 102.5 to 148	3.33	mg/Nm^3
SO_x Stack emission Ambient	8.00 11.27	2.5 15.48	Kiln 1 = 25.4 Kiln 2 = 118.9 to 154.0	2.53	mg/Nm^3
Carbon Monoxide (CO)	0	0	Kiln 1 = 69.1 Kiln 2 = 73.3 to 146.8		mg/Nm^3
Persistent organic pollutants (POPs) e.g. PCB's, PFOs; Biphenols; Pthalates: Atrazine (herbicide)	0.00	0.00		0.00	kg
Volatile organic compounds (VOCs) Propane, butane	0.00	0.00		0.00	kg
Hazardous air pollutants (HAPs) (Lead)	0.00	0.00		0.00	kg
Particulate matter (PM10)	5.75	7.67	Kiln 1 = 46.8 Kiln 2 = 6.5 to 11.0	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**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)	*(e.g. employees, community, suppliers, government,*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and*

Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) . Cognizant of the impact of mining operations to the environment particularly on air quality, the company is much aware of its consequences but equally aware of managing it properly. The identified major source of air pollution are as follows: 1. Generation of dust during mining development caused by blasting; 2. Generated fumes at the mill operation during gold smelting where chemicals are added to separate gold from other impurities; and 3. ILP operation – Kiln plant operation and generation of dust along access road. Poor air quality will impact on the health of the employees and the community residents living near the mining operation. During the period under report, the ambient air quality sampling and source emission monitoring within the established sampling sites at BGO was conducted on April 07, 2022, June 16, 2022, and October 07, 2022, by Greentek Environmental Engineering Services. *Note:* BC-BGO - The air quality performance during the period under report is within the National Standard on air pollutants. The noise levels as well in the 3 stations are within the applicable DENR daytime limit of 70dBA. Both are shown in the reports (Source Emission Test Report and Ambient Air Quality and Noise	*vulnerable groups)* BC-BGO - Employees/workers, community. ILP - Employees, community/neighbouring Puroks of the Plant	*initiatives do you have to manage the material topic?* The implementation of the following procedures/mechanisms are being monitored: ➢ Conduct regular air quality monitoring by EMB accredited third-party environmental engineering services. ➢ Reduced dust pollution through a dust suppressor system using air and water to act as suppressors. ➢ Regular system maintenance of underground ventilation machines and blowers to ensure suppression of dust during blasting activity. Provide respirators in the different underground working areas for ready use by employees when needed. ➢ Follow protocols on proper management, storage, use and handling of chemicals and reagents.

Level Monitoring Report) of the Greentek Environmental Engineering Services. ILP - Results/volume of pollutants in the Plant site is within the DENR Standards based on the monitoring report conducted by EMB accredited party, BERKMAN SYSTEMS, INC. *Please refer also to **Appendix "F" and "F-1" - Report Certification of Greentek Environmental Engineering Services on Source Emission Test Result and*** ***Appendix "G", "G-1" and "G-2" - Ambient Air Quality and Noise Monitoring Report of Greentek Environmental Engineering Services***		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization. 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). Dust and acid fumes exceeding DENR standards are health hazards that may lead or cause the suspension or even stoppage of operation.	Employees/workers, adjacent communities ILP - community/residents of direct impact areas (Purok 10 and 11; employees	Following management approach are being monitored: ➢ Conduct regular air monitoring to determine the quality of air within the industrial and residential areas. ➢ Follow protocols on proper management, storage, use and handling of chemicals and reagents. ➢ Enhance the mitigating measures of air pollution employed or to introduce better air pollution mitigating measures.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Identify the opportunity/ies related to material topic of the organization. Employees gained environmental awareness and the Company commits to sustain good air quality in its surrounding environs. 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). Employees were trained on proper handling and use of chemicals and reagents to avoid exposure/accidents at the workplace. 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.	Employees/workers, community	Continue training employees and workers on the observance and compliance of protocols on environmental laws and Company policies. Follow protocols on proper management, storage, use and handling of chemicals and reagents. Maintain the established guidelines on air pollution control/mitigating measures and conduct regular PMS of vehicles and equipments.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2022	2021	2022	2021	2022	2021	
Total solid waste generated	350,579.20	312,402.94	1,318.5	1,110	351,897.7	313,512.94	kg
Reusable (Sawdust, Paper)	235.20	200.00	132	100	367.2	300	kg
Recyclable (used sacks, cartons, pet bottles, cans)	30,064.00	12,605.22	380.5	76	30,444.5	12,681.22	kg

Composted	0.00	0.00	0.00	0.00	0.00	0.00	kg
Incinerated	0.00	0.00	0.00	0.00	0.00	0.00	kg
Residuals/Landfilled	320,280.00	299,597.72	806	934	321,086	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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Residents in camp and concession stores are the major source of residual wastes. The volume of solid waste collected and delivered to the landfill facility increased by 9.36% or 20,554.28 kg. (300,531.72 vs 321,086 in 2022) for persistently initiating 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 a culture that was developed among the residents. *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The following practices are being implemented: ➢ Proper waste management is part of the Company's good housekeeping practices. ➢ Scraps are collected and hauled to a designated depository area or scrap yard every first and last hour of each shift. ➢ The Company practices segregation at source and encourages the recycling of materials which are sorted and sold to DENR	*(e.g. employees, community, suppliers, government, vulnerable groups)* Employees of Benguet Corporation and workers of solid waste/residual waste hauling contractor. Owners of concession stores.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* Strict compliance of the provision of R.A. 9003 (Ecological Solid Waste Management Act) and its IRR – DAO No. 2001-34 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. Remind hauling contractor to provide enough PPE to their workers and regularly check hauling permits and health of workers.

accredited solid wastes and recycling contractor thus resulting in the reduction of solid wastes generated. ➢ 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. ➢ The Company established a Material Recovery Facility (MRF) to store recyclable wastes. 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.		Proper sorting of wastes and proper disposal of waste materials in each labelled garbage bin is being practiced in the offices and residential areas.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization. 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. 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. Health and safety risk to workers of hauling contractor. There is possibility of water pollution if wastes are not properly managed and collected.	Workers of solid waste/residual waste hauling contractor Employees of the Company Community	Strengthen information campaign on the provision of R.A. 9003 to all residents in camp. Reprimand hauler if provisions on the contract are not being followed. Stipulation in the contract includes among others, the issuance of complete PPE to workers. Availability of hauling permits. Proper sorting of solid wastes disposed in each labelled garbage bins.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Identify the opportunity/ies related to material topic of the organization Additional income for residents on the sale of recyclable materials (plastic bottles, scrap materials, cartons, etc.). Highly sustained clean environment translates to environmental compliance by the company. The Company is compliant to the provision of Ecological Solid Waste Management Act (RA 9003) and its Implementing Rules and Regulations, DAO No. 2001-34. Well-kept and litter-free surroundings is a better community to live in.	Company Hauling contractor Employees	Continue to maintain beneficial relationship with the hauling contractor to avoid violations of environmental laws and regulations. The company has its own MRF within the industrial area as well as its own centralized hazardous wastes storage are.

Hazardous Waste

Disclosure	Quantity						Units
	BGO		ILP		Total		
	2022	2021	2022	2021	2022	2021	
Total weight of hazardous waste generated:			74.48	6.5			
Type of waste generated –							
➢ Mill tailings	47,180.51	51,134,828.63		0.00	47,254.99	51,134,838.13	Kg.
➢ Other hazardous waste (lead compounds, busted fluorescent lamps, non-halogenated organic chemicals, clinical waste	6,293.71	6,691.78			6,293.71	6,691.78	Kg.
Total weight of hazardous waste transported	7,040.00	0.00	84.98	0.00	7,124.89	0.00	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**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) 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. *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The impounded tailings contain chemicals like cyanide. If the treatment facility is not properly managed and maintained, soil and water contamination may develop. Other hazardous wastes (acids, alkali and organic waste from assay laboratory; organic solvent wastes such as used oil, grease, etc.; 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. Based on records, there is a total of 7,124.89 kgs. of hazardous waste generated hauled/transported outside of the Company facility by a DENR-EMB -accredited third-party service provider engaged for this purpose.	*(e.g. employees, community, suppliers, government, vulnerable groups)* Employees of BC-BGO, and ILP Employees of mining contractors and hauler	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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. The Company has obtained/secured from DENR-EMB the Treatment Storage and Disposal Registration (TSDR) for Tailings Storage Facility per RA 6969 regulation.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization.		

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. 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. 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).	Employees of BC-BGO, BC-CHQ and ILP Employees of mining contractors	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. Continuous monitoring of the anti-pollution structures, regular repair and maintenance of penstocks and spillways and strengthen tailings dam embankment (engineering intervention). The Company posted security personnel at the TSF area to secure the facility from intentional damage to the structure by outsiders. ***Please refer to Appendix "H" – EMSG-07-A (EMS Guidelines on Hazardous Waste Management – Used Oil, Oil and Grease Contaminated Items)***
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization. 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 Hazardous Waste Management *(Appendix "I")*, and Environmental Compliance Certificate provisions.	BC-BGO/ACMP, BC-CHQ and ILP employees Employees of mining contractors Suppliers Community.	Management awareness and compliance to the Code of Business Conduct and Ethics which provide among others, adherence to the provisions of environmental laws, rules and regulations for the operation's key to sustainability.

		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

Effluents

Disclosure	Quantity	Units
Total volume of water discharges Effluent discharge from the mill	106,057.55	Cubic meters
Percent of wastewater recycled.	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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) 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. *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* 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	*(e.g. employees, community, suppliers, government, vulnerable groups)* The Company; Employees; Community	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The following are measures that were implemented to mitigate the impacts: ➢ The company treats the wastewater through detoxification with sodium hypochlorite;

the Ambalanga river if not managed and maintained properly.		➢ Conductswater sampling at the established sampling stations downstream to monitor the quality of water; ➢ Maintains underground drainage system and canals to drain run-off water; ➢ Maintains oil water separator and conducted regular clean-up of canals/drains and check-up of discharge valves, pipes and connections; ➢ The company adheres to the provisions of R.A. 9275 (Philippine Clean Water Act) and conditions set forth in the Environmental Compliance Certificate (ECC). *Please refer to Appendix "I" – Photocopy of Environmental Compliance Certificate*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization Risks identified are as follows:	The Company; Employees;	➢ Observe proper maintenance of the Tailings Storage Facilities and other appurtenant structures and

➢ Complaints from the farmers/residents downstream of the Tailing's Storage Facility (TSF); ➢ Deprived farmers/residents of the downstream community of their livelihood; ➢ Fish kill; ➢ Water contamination will result to suspension of operation, and; ➢ Suspension of permit/ECC, and/or imposed monetary penalties	Community	implement mitigating measures to prevent accidental wastewater discharge/leaks. ➢ Assessment of improvement downstream - keep database of all improvements for future reference. ➢ Strict enforcement and compliance with the provisions of environmental laws & policies and the ECC.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization ➢ Employees awareness of the importance of responsibility & accountability in Environmental Management. ➢ Application of new technologies to process wastewater to eliminate or reduce toxicity before discharge.	Employees, community residents; Mines Environmental Protection and Enhancement Officer; Pollution Control Officer.	Top management demonstrates leadership and commitment with respect to the Environmental Management System (EMS) of the Company by ensuring: ➢ that the environmental policy and objectives are compatible with the strategic direction of the Company; ➢ the integration of the Environmental Management System into the organization's business processes through identification of risks/impacts

		and addressing corresponding risks and opportunities; ➢ the availability of resources needed for the implementation of Environmental Management System; ➢ 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; ➢ that the Environmental Management System achieves its intended output(s), specifically those required in the ECC, AEPEP, ASDMP and EPRMP; ➢ the promotion of continual improvement of environmental management through the system of internal audits and reporting/analyzing incidents and applying corrective actions to prevent recurrence;

		➢ that support in terms of resources is readily available to demonstrate relevant management roles and leadership in environmental management areas; ➢ that adequate trainings are provided 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.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations 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 (2022).	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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* 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.	*(e.g. employees, community, suppliers, government, vulnerable groups)* The Company employees, service contractors, suppliers, investors, community, local and national government, other stakeholders.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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. BGO formulated its environmental policy striving for excellence in mineral resources development.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization 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	Benguet Corporation, employees, service contractors, suppliers, investors, community, local and national government, other stakeholders	➢ Continuous implementation of rehabilitation work program to eliminate risks during rainy season. ➢ Preventive maintenance of Tailings Storage Facilities and all pollution control structures

Management Program (ASDMP) and Annual Safety and Health Program (ASHP) may lead to issuance of penalties. Non-compliance to the relevant environmental laws, rules and regulations have its respective penalties.		to eliminate environmental risks. ➢ 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. ➢ Timely submission of accomplishment reports in accordance with the guidelines on submission of compliance reports and other obligations to the government. *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 ll, #7-9, p.1 and Detailing Responsibility of IAO – Item V, # 4-6 p. 2 of the Charter.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	Management, employees, mining contractors, stakeholders	➢ Re-assess and evaluate physical conditions of all

There are no violations of any government laws, rules and regulation resulting in smooth operation. Improved production due to continuous mining and milling operation (there are no operation stoppage or suspension issued). Proactive attitude by the Company in addressing unfavorable situations caused by operational failure or infirmities. Company awareness in compliance to environmental laws, rules, policies and compliance to Social Development Programs of the Company.		pollution control structures and further intensify regular monitoring of all facilities to ensure safe operation and compliance with environmental policies and programs of the operation. ➢ Conduct regular Information, Education and Communication (IEC) to all stakeholders on the different aspects of mining operation and environmental policies. ➢ 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. ➢ 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 awareness among its workers at all levels. *Please refer to Appendix "J"– Summary of Status of Regulatory Compliance Performance for C.Y. 2022*

SOCIAL

Employee Management

Employee Hiring and Benefits434

Employee Data

Disclosure	Quantity (2022)			Units
	Combined BGO & CHQ	ILP	TOTAL	
Total number of employees[5]	427	7	434	Headcount
a. Number of female employees	63	3	66	Headcount
b. Number of male employees	364	4	368	Headcount
Attrition rate[6]	.016%		0.46%	Percent Rate

[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 are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Ratio of lowest paid employee against minimum wage (P380 lowest rate / regional min. wage of P380)	380/day CAR 570/day NCR	1:1.04 or 4% higher than the prescribed minimum wage in the region	1:1	Ratio

Employee Benefits

List of Benefits	Y/N	% of female employees who availed for the year		% of male employees who availed for the year	
		CHQ & BGO	ILP	CHQ & BGO	ILP
SSS (premium)	Y	100%	100%	100%	100%
PhilHealth (premium)	Y	100%	100%	100%	100%
Pag-ibig (premium)	Y	100%	100%	100%	100%
Parental leaves Maternity Paternity Solo Parent	 Y 	 0.04% 0 0%	 0 0 0	 0 0 0	 0 0 14 %
Vacation leaves	Y	100%	100%	100%	100%
Service Incentive Leave	Y	100%	100%	100%	100%
Sick leaves	Y	100%	100%	100%	100%
Medical benefits (aside from PhilHealth))	Y	100%	100%	100%	100%
Free Housing in camp	Y	34.8%	0	46.1%	0
Retirement fund (aside from SSS)	Y	0	0	0.54 %	0
Tuition Fee Refund	Y	3.02 %	0	22.2 %	0
Company stock options	Y	0	0	0	0
(Others) Insurance (Group life; Accident) Birthday Leave Mine workers onsite: Subsidized water Subsidized electricity	 Y Y Y Y	 100% 100% 34.8% 34.8%	 100% 100% 0 0	 100% 100% 46.1 % 46.1 %	 100% 100% 0 0

Free meal during the shift	Y	21.2 %	100 %	10.32% %	100 %

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The backbone of the operation are the workers (skilled and professionals) of BC-BGO, CHQ and ILP that delivers the metallic gold, silver and lime products that generate revenue for the Company. The company have invested in skills training program for its personnel, provide more than what the government's statutory benefits to employees and contribute to poverty alleviation by creating livelihood opportunities for community members to earn a decent living and obtain basic economic services. During the 1st half of 2022, the Company's expenses to mitigate the effect of Covid-19 was reduced to 75% compared to 2021 due to the implementation of the massive vaccination and health protocol compliance by employees. The company is a diverse, equal opportunity and non-discriminating employer. It believes in the ability of women as key contributors to its business. Female employees are well represented within the organization. For the year 2022, the female employees represent more than 15% of the total workforce, starting from the Board of Directors down to the lower rank employees.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* The Company continued to operate with reduced Covid-19 cases from 130 in 2021 to 45 cases in 2022. Basic Safety and Health protocols were still strictly implemented in the workplace. BC continued to provide its employees' benefits on timely manner. Recognition for a job well-done or satisfactory performance through promotions and a simple "pat at the back" was made part of the Management responsibilities to boost the morale of employees. To mitigate the high turnover rate, Human Resources continues to benchmark with other mining companies on the compensation package or other best practices to mitigate the high turnover rate. Critical positions have been identified. Strengthened succession for understudies, employee's development and training programs are in place to keep loyal employees. Continued and widened network on finding talents is being done by the Corporate and minesite Human Resources departments. Despite the operational and financial challenges by the Company, BC implemented the Regional Tripartite Wages and Productivity Board (RTWPB) Wage Order to cover all rank-and-file employees

Ninety percent (90%) of the workers of the 16 mining contractors belongs to the indigenous peoples of the different tribal communities in the Cordillera Region. The employees of BC-BGO, BC-CHQ and ILP, came from the different territorial Regions in the Philippines. The continuing high metal prices have greatly contributed to the Company's good financial record for the year. The most challenging impact was the high turnover rate due to the opening of the local and international borders. Employment opportunities opened doors for the skilled and professionals looking for employment opportunities that offer higher compensation, locally or abroad. Attrition/turnover rate for the year is at 0.46% compared to 2021 at 0.17%. The Company has spent additional costs for talent acquisition such as recruitment costs (to include job posting, pre-employment medical, etc.) and training investment.	including those receiving above the minimum wage and extended to Managerial employees to mitigate the effect of inflation on their take home pay. `
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Operational risks - employees voluntarily leaving the Company due to higher offers by local or foreign companies is expected to continue. Brain drains – technical /managerial positions are becoming scarce in the human resource trade because of greater competition locally and internationally.	To minimize this identified risk, BC shall seriously consider the following: 1. Continuously aim to strengthen robust succession and contingency planning for business continuity especially for the critical positions; 2. Pursue benchmarking/study on the improvement of compensation benefits 3. Invest on strengthening the employees' career and training development with more stringent training agreement

	4. Implement employee engagement initiatives to improve employees' and family relationships.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization The high turnover rate is an opportunity for BC to review and revisit the following: 1. existing employee compensation package 2. relevant policies and procedures 3. leadership and work environment 4. training and development	BC Management team shall continue to support the identified initiatives and efforts to mitigate the internal risks identified.

Employee Training and Development

Disclosure	Quantity (2021)	Quantity (2022)	Units
Total training hours provided to employees	1,018	6,322	hours
a. Female employees	451	345	hours
b. Male employees	567	5,977	hours
Average training hours provided to employees	2.42	14.56	hours
a. Female employees	7.51	5.22	hours
b. Male employees	1.59	16.24	hours

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	Training hours have significantly increased from 1,018 hours in 2021 to 6,362 hours in 2022. This shows the commitment of Management to train and develop its workforce.

The moderate implementation of Covid-19 health protocols in the 2nd half of 2022, the conduct of training and seminars were less tedious. Leadership and skills training/seminars were conducted face to face, though, vulnerable employees were still allowed to attend virtually. The Company religiously complied with the requirements of the regulatory bodies and certification by 3rd party certifiers.	Safety, Health and Environmental trainings and orientations were part of the regular activities especially at the mine sites to inculcate the importance of safe and clean working environment.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization The increased training costs is a continuing challenge for Management considering the high cost of professional fees, transportation, meals and accommodation during the training and other training related cost. Training investment is also a challenge as trained employees are more marketable after the training. This is one factor why they are poached and offered attractive compensation and benefits. The challenge of the high turnover rate is how to retain these trained and high performing employees.	Management must investigate or improve on the following retention strategies to address/minimize high turnover rate: 1. Motivate employees to grow in the organization by providing career opportunities and development. 2. Due recognition for excellent performance. 3. Continual review/benchmarking with the same industry on compensation and benefits to include best practices. ➢ Enforce workable succession plan ➢ Continue to create an excellent working environment where there is integrity, trust and respect in the attainment of Company's goals and objectives.

	➢ Management to provide strong leadership to win the trust of the employees and other stakeholders.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization The high turnover of employees holding critical positions have affected the operation, however, it may also create opportunities or avenue for stayers to grow in the organization, if given the chance and support. It also gives signal to Management to review the existing policies and procedures, strengthen employee development and engagement.	Management shall continue to develop and recognize high performing employees and potential leaders. Effective retention strategies shall be developed or skilled-up to address the risk at hand.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0.00	%
Number of consultations conducted with employees concerning employee-related policies	0.00	Ea.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

The employees of the Company are not member of any labor union; hence, they are not covered by any Collective Bargaining Agreement. Labor related policies are reviewed and issued/discussed to employees by the Policies and Procedures Committee through the Human Resources Department.	Best efforts to maintain status as a non-unionized organization by keeping an open communication with employees at all levels. Employee grievances are addressed by immediate supervisors and elevated to higher Management if not solved at their level.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization 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.	Continue to implement identified strategies to maintain employee engagement, cooperation, and satisfaction.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Maintain harmonious relationship between Management and employees to maintain industrial peace in the workplace through continued provision of: 1. Good leadership; 2. Career development for the employees; 3. Maintain good benefits that is beneficial to employees themselves and their families.	Management ensures that good leadership is maintained, there is competitive compensation package and established employee engagement strategies.

Diversity and Equal Opportunity

Disclosure	Quantity (2021)	Units	Quantity (2022)	Units

% of female workers in the workforce	15.27% (64)	%	15.21% (66)	%
% of male workers in the workforce	84.73% (355)	%	84.79% (368)	%
Number of employees from indigenous communities and/or vulnerable sector*	Elderly - 19 Solo Parent - 4 Indigenous Peoples - 195 Approximate 90% of the site workforce Indigenous People.	% % %	Elderly - 16 Solo Parent - 0 PWDs - 3 Indigenous Peoples - 198 Approximate 90% of the site workforce are Indigenous people.	% % % %

**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 (2021)	No. of Employees (2022)
National Capital Region (NCR)	52	52
CALABAR Zone		7
CARAGA		1
Region 1	116	116
Region 2	7	7
Region 3	27	27
Region 4A	6	6
Region 4B	1	1
Region 5	3	5
Region 6		1
Region 7	8	8
Region 8		1
Region 11	4	4
Cordillera Administrative Region (CAR)	195	198

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The Company sustained its commitment to provide employment to its impact and nearby communities. For the Benguet Gold Operation in Benguet, 90% of the headcount are locals in Benguet and nearby provinces. Worth noting is the 15% female employees employed by the company. Mining has always been known to be "a world of men" but BC strives to offer equal employment opportunity for all if they are qualified for the job.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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, sex or religious affiliations. Succession Plan includes local employees to be trained for higher positions.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Elderly employees or persons with disabilities and underlying conditions and female employees may have limitations to work in hazardous areas such as the underground and mill areas due to their perceived vulnerabilities	For elderly employees/managers, Management ensures that succession plans shall be in place for continuity and effective operation. Persons with disabilities and/or underlying conditions are closely monitored by the Company's Medical and Safety teams to ensure a safe and healthy work environment.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization 1. Seasoned employees can transfer their knowledge and skills to the younger generation which is advantageous to the Company. This may	Management maintains its approach of giving equal opportunities in the workplace and in the communities where it operates.

post additional costs in the operations but in the long run, the investment is worth it. 2. Employment opportunities to the vulnerable sector. Persons with disabilities can prove that they are useful to the Company and the society as well. 3. Women proved to be as equally capable and competent as person in the opposite sex.	Currently, the Company is headed by a Lady President and 15.21 % in the Management team are ladies.

<u>Workplace Conditions, Labor Standards, and Human Rights</u>

<u>Occupational Health and Safety</u>

Disclosure	Quantity (2022)	Quantity (2022)	Units
	BGO-CHQ	ILP	
Safe Man-Hours	2,847,708	102,523	Man-hours
No. of work-related injuries	22	0	#
No. of work-related fatalities	0	0	#
No. of work related ill-health	0	0	#
No. of safety drills	Conducted Four (4) safety drills in 2022: 1. Fire Evacuation Drill - 1 2. Rescue Drill - 1 3. Earthquake Evacuation Drill - 1 4. Mine Rescue Drill - 1	Conducted three (3) Safety Drills: 1. Fire Evacuation Drill - 1 2. Rescue Drill - 1 3. First Aid/CPR - 1	

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

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 equipment and other perilous working conditions. Performing these activities require miners to be physically fit, alert, well-trained on safety and aware of various underground hazards and how to mitigate or eliminate them to perform their jobs safely. ***Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*** For this reporting period, while no work-related fatalities and ill-health was recorded, the company has recorded a decrease of about 15% (26 in 2021 to 22 in 2022) in work-related injuries from that of year 2021 record. Manageable incidents of work-related injuries and illnesses did not warrant suspension of operations and production. Reduced absenteeism among employees if they are safety and health conscious.	***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 R.A. 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 No. 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 to proper counseling and/or reprimanding or imposing penalty when necessary. The company Safety Department has been conducting regular monthly safety meeting to the employees. It shall continue to implement its safety obligation and responsibility as stated in its Health and Safety Program to respond to any type of emergencies within the workplace, its host, and neighboring communities, to wit:

	1. Occupational Health – This pertains to the 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 from risks usually arising from factors adverse to health; placing and maintaining occupational environment in accordance with their physiological and psychological ability; and adaptability of the worker to his/her job. Company clinic is available at the mine site for emergencies and consultation anytime and in the event of untoward incidents. 2. Mental Health – By providing recreational and social facility and programs; and providing research and training to build up competence with sound mind and body. 3. Occupational Exposure – Control of work environment hazard, physical and biological agents.

What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization. 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.	Continuous implementation of Health and Wellbeing Programs as well as Health Awareness Program focused on Disease Prevention and Healthy Lifestyle. Continuous training for the Emergency Response Team (ERT) in handling situations during emergency and disasters. Company provides equipment needed in emergency and rescue operations.

What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization. Despite the reduction of work-related injuries by 15% as against injuries in 2021, most appropriate to review and enhance even more are the health and safety program to reduce further or eliminate injuries and work-related ill-health. Pre-emptive actions would prevent occurrence of wok-related incidents that may adversely affect the mining operation. 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 in recognition to the Company's contribution not only to safety activities but also to other development components. 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.	The company always prioritize strict observance and compliance to Occupational Health and Safety Policy of its employees as mandated by DENR Department Administrative Order (DAO) No. 2000-98. For the reporting period, the company has allotted as approved by the MGB, the amount of PhP 11,723,600.04 for BGO Safety and Health Programs. While ILP has budgeted PhP 745,190.00 for its Health and Safety Program. Consistent practice and participation to the PMSEA improved and raised the skills of the ERT members in responding to emergencies. The COVID-19 may have subsided but still a concern with the emergence of sub-variants. Emergency preparedness in response to the implementation of COVID-19 health protocols is maintained. ***(Please refer to Appendix "K" – Photocopy of Certificate of Approval of 2022 Safety and Health Program)***

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0.00	# 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
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 – *(see link- 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. Company Policy on Child Labor is in place. *(see link http://benguetcorp.com/wp-content/uploads/2023/04/Child-Labor-Policy.pdf)*
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.

<u>Supply Chain Management</u>

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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The Company sources its equipment and supplies locally and abroad. The impact may occur in the following factors to increase productivity: ➢ Quality of the materials and supplies; cost element; ➢ availability of the product and services; and ➢ environmental quality – to reduce land, water and air pollution. 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.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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: 1. Responsible sourcing; 2. Process stewardship; and 3. Product stewardship.

	Considering the availability, quality and competitiveness of price, as much as possible, the company will source the material requirements of the operation locally or from the host communities, province/region before foreign suppliers are considered.

	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.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization Suspension, closure or stoppage of operation due to violation of laws and policies. High operating cost Delay in production	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. *(Please refer to Link on BC Purchasing Manual)*
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Opportunity for local suppliers to engage business with BC. 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	The Company always adheres to BC Purchasing Manual.

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.	
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.	

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)
As a continuing commitment and manifestation of the Company's compliance to the implementation of its Social Development and Management Programs, BC-BGO operation has extended various needs to its host and neighboring communities. Based on the development framework of the SDMP, the company had extended PPAs in the following forms:	Itogon, Benguet & Baguio City	IPs, women, migrant groups, elderly, youth	Yes	Right to livelihood; Right to education; Right to shelter; Right to health; Water resource and Infrastructure developments;	1. Continued to respect and honor the rights of the IPs to alleviate poverty and improve the quality of life around the mining area. 2. Shared 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.

1. Human Resource and Institutional Building; 2. Enterprise Development and Networking; 3. Assistance to Infrastructure Development and Support Services; 4. Access to Education and Educational Support Programs; 5. Access to Health Services, Health Facilities and Health Professionals; and 6. Protection and Respect of Socio-cultural Values. For the year 2022 reporting period, the SDMP implementation performance was 89.16% or PhP 4,981,010.57 of the PhP 5,763,807.57 total budget. The delay in the submission of project proposals from respective beneficiary barangays have contributed to the non-implementation of SDMP projects for the period 2022 with total amount of P 605,767.63 or 10.84%. Such balance will be carried over for implementation in CY 2023 Program.					3. Assisted 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 and Local Government (DILG) support Projects, Department of Agriculture (DA) Projects. Additionally, there are several 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. The Itogon Municipality and Barangays Virac and Poblacion LGUs rely heavily on Internal Revenue Allotment as their main source of revenue. 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 Annual Social Development and Management Program (SDMP) and the 2022 Environmental Protection and Enhancement Program (EPEP) of BC-BGO

Implementation of the balance from 2021 SDMP fund amounting to PhP 177,029.38 was fully implemented during this 2022 reporting year.					and ILP operations, these constraints were addressed and reinforced the LGU's development projects in the host and neighboring areas. *Refer to Appendix "L" – Photocopy of Certificate of Approval of Annual Social Development and Management Program (ASDMP)* *Refer to Appendix "B" – Photocopy of Certificate of Approval of Annual Environmental Protection and Enhancement Program 2022 (AEPEP)*

**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 –	The Company's mineral claim where it undertakes 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 already existed in the area prior to the enactment of R.A. 8371 and that there are no new projects requiring 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 existed long before the enactment of the Indigenous Peoples Rights Act (R.A. 8371) which require FPIC and eventual issuance of CP.		

What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	The company strictly complied with the established Environmental Management System (EMS). With the recertification of ISO 14001-2015, all

The potential risk can be attributed to non-compliance to the 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 above-mentioned laws may result to imposition of penalties and risk to health and safety of nearby communities, majority of which are indigenous peoples. Ambiguity in the policies and guidelines regarding PPAs' implementation may induce varied interpretations which may cause disagreement and eventual delay of PPAs' implementation.	programs / projects and activities were implemented in accordance with the terms of the certification. 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: A. <u>IFC Performance Standard #7: Indigenous Peoples</u> The standard sets out to:
	• 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. B. <u>IFC Performance Standard #8: Cultural Heritage</u> • Aims to protect culture heritage and ensure that its use (where appropriate) is equitably shared.
What are the Opportunity/ies Identified?	Management Approach
Identify the opportunity/ies related to material topic of the organization Compliance to regulations may result to greater confidence of stakeholders and investors on the ability of the company to fulfill its commitment as a responsible miner.	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 in a culturally appropriate manner as per community norms and conduct. Reviewed policies and guidelines together with the recipient- communities to avoid disarray among implementers and the recipients.

<u>Customer Management</u> <u>Customer Satisfaction</u>

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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
The company has both product and services. Its gold productions are sold and purchased by the Bangko Sentral ng Pilipinas (BSP) based on prevailing market price. The world market dictates the price of gold. As to the services, the company complied and extended all what is due to the communities. Their desired quantity of PPAs implemented might not have fully satisfied them but all were undertaken based on quality and resiliency standards.	Continued engagements with the Bangko Sentral ng Pilipinas as the buyer of our product and abide by its rules and regulations. Continued enhanced engagements with the clients/recipients of the services. Institutionalized participative approach in all stages in coming up with PPAs. For quality assurance, involved the communities from the planning stage up to implementation and monitoring.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization No identified risks as of this reporting. Sudden/abrupt reduction of the price of gold in the world market.	Maintained close monitoring of gold price while constantly engaging with the BSP.
What are the Opportunity/ies Identified?	**Management Approach**

Identify the opportunity/ies related to material topic of the organization Selling BC's gold production to BSP directly contributed to the Philippine economy as opposed to selling the product to foreign buyers. Maintained or improved the purity of gold sold to BSP.	Continue selling gold produced to Bangko Sentral ng Pilipinas (BSP) and silver to local market. Provided better service to BSP by selling gold concentrate.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0.00	#
No. of complaints addressed	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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* Safety of employees during transport and delivery of gold to Bangko Sentral ng Pilipinas (BSP) in Baguio City	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* No fixed schedule of transporting the commodity. Security alert must be imposed.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization There is potential possibility of hold-up and kidnap for ransom during delivery of gold to BSP in Baguio City.	Maintain confidentiality of information on gold production and details. No fixed schedule of transporting the commodity.

	Security alert must be imposed. Impose rotation of security escort during transport and delivery of product to Baguio City.
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Accessibility of market – location of BSP is in Baguio City which is about 15 kms. away from the mine site.	Improve intelligence network and regular coordination with Itogon PNP.

Marketing and labelling

Disclosure	Quantity	Units
*No. of substantiated complaints on marketing and labelling** No complaints received in 2022 from our only customer which is the BSP on quality of our products.	0.00	#
No. of complaints addressed. No complaints received/addressed in 2022 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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

There was no determined impact because there are no complaints received/addressed in 2022 from BC's only customer, BSP. Likewise, no complaint was received from ILP clients.	For the year under report, the Company did not receive any complaint 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.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization There were no determined risks because we deliver our product in accordance with the stablished guidelines of BSP.	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 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
Identify the opportunity/ies related to material topic of the organization 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**
*No. of substantiated complaints on customer privacy**	0.00	#
No. of complaints addressed	0.00	#
No. of customers, users and account holders whose information is used for secondary purposes	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
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* The gold products are sold only to Bangko Sentral ng Pilipinas. Benguet Corporation cater to a government institution as customer. Thus, the company strives for confidentiality and accountability in all its public disclosures.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* Observed the Data Privacy Policy of the company formulated in accordance w/ the Data Privacy Act of 2012 (R.A. 10173). This assures confidentiality of customers' information. Moreover, the Company adopted control measures to prevent the occurrence of data breach incidents. Proactively managed risks to ensure protection of data privacy at the start and throughout the lifecycle of any transaction. Appointment of Data Privacy Officer (DPO) for Baguio Operation.
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization 1. Loss of trust by either party (BC or customer) due to privacy breach. 2. Unauthorized processing which include but not limited to collection, recording, storage, updating or modification, retrieval, consolidation, use, erasure, or destruction of information/data gathered that may result in financial injury to both the company and the customer.	Security of the data collected from the Bangko Sentral ng Pilipinas is undertaken by limiting access to 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**

Identify the opportunity/ies related to material topic of the organization Build stronger relationship with the customer.	Give customer an online form or email address for communicating their 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, any substantiated complaints concerning breaches of customer privacy and losses of customer data for the reporting period.	0.00	# of data breaches

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* 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.	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* 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. Moreover, the Company adapts control measures to prevent the occurrence of data breach incidents.

The Company has implemented and continuously improved its internal control to minimize the risk of data breaches.	
What are the Risk/s Identified?	**Management Approach**
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. The accelerating threat of cyber-attack and technical challenges. Unstructured data and bulk of information processed over the period of the company's existence is difficult to manage for data protection officer and compliance teams. 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.	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 on the new guidelines to ensure that we have a consistent data protection framework. 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. Organizations must strive to achieve continuous compliance; risks continuously monitored and stakeholders continuously informed. Appointment of Data Privacy Officer (DPO) for Benguet District to effectively implement Data Privacy Policies. *Please refer to link on Data Privacy Policy* http://benguetcorp.com/wp-content/uploads/2018/05P7-Data-Privacy-Policy.pdf
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization Integration of File Service Data into Other Systems To establish and reinforce the knowledge about security and data protection, all employees handling personal data.	Secure ISO Certification on Quality Management Systems DPOs and personnel directly involved in handling the personal information underwent Training Seminars. .

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)	No Poverty 1. Contributed to the local and national economy. 2. Contributed to the Bangko Sentral ng Pilipinas gold reserve for economic development of the country. 3. 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.	Land degradation – uncontrolled and unregulated activity of small-scale miners will contribute to instability of the ground slope resulting in landslides. Peace and order disruption due to influx of migrant IPs from other Regions. Illegal squatting in company properties/claims.	BC shall endeavor to increase production while reducing the use of materials and processes using land, water and air contaminants. 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. Strict enforcement of camp rules and regulations.
	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 empowerment, livelihood and provided computer equipments.		
	Good Health and Well-Being: 1. Prevention of the 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 during the 1st semester of 2022.	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 during the 1st semester of 2022. Proper sanitation management coupled with information campaign on the disposal of solid waste, including proper disposal of used face mask and face shields.
	Quality Education: 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	Hostile or rivalry. Envious from nearby or outside mining communities.	Selection of candidates for scholarship will be recommended by the officials of the community.

	communities surrounding the operation. The Company continues to offer Scholarship Program for qualified and deserving indigent community members.		
	Clean Water and Sanitation: 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. 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,	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. Potential water contamination and water pollution through improper management of ecological solid waste.	With the dam raising issues resolved, the raising of the dam crest of Tailings Storage Facility (TSF) No. 2 was completed and mill tailings produced are continuously contained / impounded at the storage facility to prevent water pollution along the river downstream. 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. BC is ISO 14001-2015 Certified.
	Life on Land For the year 2022, 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. 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. 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 6.0 hectares was planted with forest tree species.		

	Responsible Consumption and Production: 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: 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.	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. High cost of fuel, oil and power generation cost affecting the revenue.	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
	Peace, Justice and Strong Institutions: The influx of migrant workers and	Peace and order disruption due to influx of migrant IPs from other Regions	The Company established a strong security force guided by established policies of the Company and in

	proliferation of illegal small-scale miners have affected peace and order inside camp.	Illegal squatting in company properties/claims	coordination with government law enforcement agencies to avert and prevent security threat in the area. Strict enforcement of camp rules and regulations.
	Decent Work and Economic Growth: 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.		
	Climate Action: BC and ILP operations are in collaboration with the host and neighboring villages to actively participate in the CO^2 sequestration by planting more trees in their surroundings. In 2022, the company has	Among the identified negative impact related to climate change are the following: a. Deforestation b. Landslide c. Forest fire / bush fire	Stronger, effective, and efficient coordination among heads of the operation and company executives gives a good account in addressing challenges in the operation. Regular preventive maintenance program of all equipments and

	maintained its reforestation program and planted additional 6.0 hectares of open brushlands inside its mineral claims. Overall, the company maintained a total of 800 hectares planted with various fruit bearing and forest tree species inside its mining properties. Air pollution is handled and minimized through regular maintenance of scrubbers and regular monitoring of air quality. 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 and BERKMAN SYSTEMS, INC.	d. Underground water depletion e. Air pollution	machineries to minimize downtime and increase operating efficiency.
	Partnership to Achieve the Goal: The Company is operating in partnership with Mines and Geosciences Bureau (MGB) accredited mining contractors that employ miners from the	The illegal exploitation of mineral resources by the unregulated small- scale miners' operators surrounding the mining properties of the Company entail significant business	To ensure proper compliance, the Company puts a great amount of effort and invests substantial amount of its resources into environmental protection

	indigenous peoples of the Cordillera Region. 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.	risks that may lead to environment degradation or 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.	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 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.

LIST OF APPENDICES:

APPENDIX NO.	TITLE
A	Environmental Management System Document No. EMSG-06 (Guidelines on Power Consumption
B	Certificate of Approval of Annual Environmental Protection and Enhancement Program (AEPEP)
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, F-1	Report Certification of Greentek Environmental Engineering Services on Source Emission Test Result
G, G-1, G-2	Ambient Air Quality and Noise Monitoring Report of Greentek Environmental Engineering Services
H	Environmental Management System Document No. EMSG-07-A (Guidelines on Hazardous Waste Management – Used Oil, Oil and Grease, Contaminated Items)
I	Photocopy of Environmental Compliance Certificate
J	Summary of Status of Regulatory Compliance Performance for C.Y. 2022
K	Photocopy of Certificate of Approval of 2022 Safety and Health Program
L	Photocopy of Certificate of Approval of Annual Social Development and Management Program (ASDMP)

Appendix "A"

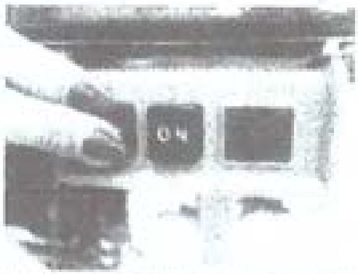
Document Title	EMS GUIDELINES		
Process:	Power Conservation		
Document Code	EMSG-06	Revision No.	00
Effective Date	September 15, 2015		
Page Number	Page 1 of 1		
Prepared by: SB Cacay	Reviewed by: ISO Core Team	Approved by: Al Buenavista, AVP/Resident Manager	

INDOORS/OFFICE

Use natural light whenever possible

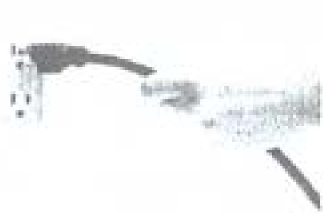
INDOORS/OFFICE

Turn off lights, machinery, computers, & appliances whenever possible



INDOORS/OFFICE

Unplug electrical appliances and chargers when not in use

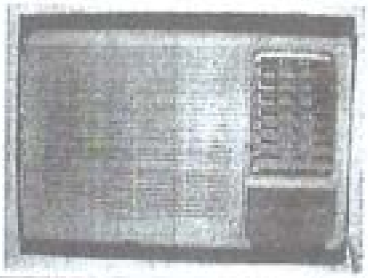


INDOORS/OFFICE

Avoid leaving computers on standby when leaving the office for the day

INDOORS/OFFICE

Use air-conditioning only when necessary

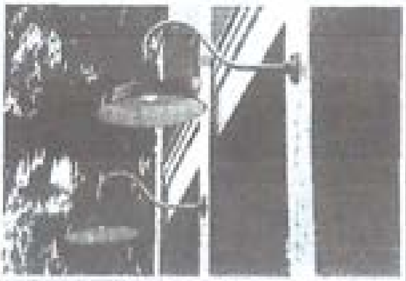


INDOORS/OFFICE

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

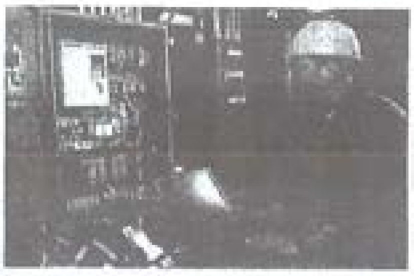


INDUSTRIAL AREA

Operate big tanks on hours with lower power rates

INDUSTRIAL AREA

Proper maintenance of equipment to maximize power efficiency



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Appendix "B"

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:
E-mail:

ANNUAL ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAM (AEPEP)

CERTIFICATE OF APPROVAL
No. 2022-04-CAR

BENGUET CORPORATION-ACUPAN CONTRACT MINING PROJECT
PC-ACMP-002-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-BCACMP) that evaluated and approved the company's 2022 Annual Environmental Protection and Enhancement Program (AEPEP), hereby grants this Certificate of Approval of said AEPEP to **BENGUET CORPORATION-ACUPAN CONTRACT MINING PROJECT** for its Patented Mining Claims-ACMP-002-CAR located at Barangay Virac, Itogon, Benguet after complying substantially with the requirements as mandated under DENR Administrative Order (D.A.O) No. 2010-21.

This Certificate is being 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 2022 AEPEP with a total budget of ***Php 16,724,010.10*** 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 implement the approved AEPEP effectively and efficiently 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 22nd day of December 2021 at MGB-CAR, Baguio City, Philippines.

FAY W. APIL
Regional Director
MGB-Cordillera Administrative Region

020922-CAR-40067
Certificate of Approval

"MINING SHALL BE PRO-PEOPLE AND PRO-ENVIRONMENT..."

Appendix "C"

	equipment may contaminate water tables and soil. 7.Occurrence of fire 8.Unwanted incident due to bump or ran over by running LHD equipment. Dust and smoke from loader may be expelled outside of the mine Solid waste may pollute soil and water Toxic waste contaminating water/soil Diesel spill during transport or refueling Leaks from the use of heavy equipment may contaminate water and soil. Occurrence of fire Oil leaks from heavy equipment such as diesel locomotive, loader, tractor, etc. during operation. This may contaminate water and soil.	DRCS-30 (Protocol for Possible Emergency Situations) • Emergency procedure for oil spill • Emergency procedure for fire • Fire extinguisher available Mine Ventilation (EMSG-04 (Dust Control) EMSG-07-H (Hazardous Waste Batteries) EMSG-03 (Diesel-Handling, Transport & Storage) • 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 DRCS-30 (Protocol for Possible Emergency Situations) • Emergency procedure for oil spill • Emergency procedure for fire • Fire extinguisher available Routine maintenance of loader and locomotives SOPs of Handling of Explosives SOPs of the Disposal of Empty Carton Boxes of Dynamite and the Excess Cuttings of Safety Fuse.	
	RISKS	**Control/Emergency Measures**	
	A. Underground openings might result to subsidence in the surface as a result of frequent blasting.	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	
	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.	B. Separate chutes / storages are designated for ore and waste materials of BC in underground.	
	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.	C. Company Safety Rules and Regulations Any manifestation of loose ground or collapsing ground must be provided with timber support the soonest possible time.	
	D. Spillages of diesel fuel may occur if proper protocols and guidelines of	D. Existing Protocols and Guidelines of Refueling	

	refueling are not implemented and this may result to destruction of environment, wastage of company resources and contamination of land and water E. Siltation of the river system due to irresponsible dumping of waste materials F. Premature explosion may result to death and damage of Company properties G. Issued explosives might be smuggled out from underground to surface that will be used for illegal activities.	• Proper orientation of Fuel tenders and LHD / Locomotive operators • Investigate all oil spillages and come up with action plans to prevent recurrence. E. Presence of dumping area for waste materials (mulok). Dumping of waste materials is exclusively at TSF-1, Batuang. F. SOP's in the Withdrawal and Handling of Explosives. • No Smoking Policy • Detonators such as blasting caps and dynamites must be kept in a separate bag. G. Policies and SOP's in the use of explosives. • Inventory of explosives in underground bodegas is regularly monitored by PNP. 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.	
Motorpool	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	1. DRCS-30 (Protocol for Possible Emergency Situations) • 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) • 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)	

	RISKS	Control/Emergency Measures	
	A. Spilled used oil and degreaser during repairs and maintenance of vehicles and equipment may lead to land and water pollution. B. Unimplemented PMS will reduce mechanical efficiency and might lead to higher fuel consumption. 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.	A. Implement guidelines on proper handling and ensure availability of secondary containment, spill kits and PPEs. B. Strict implementation of regular preventive maintenance service schedules C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	C. Subject for removal on the next update based on the effectiveness rating
MTME/Claims	1. Solid waste may pollute soil and water 2. Toxic waste may contaminate soil and water 3. Occurrence of fire	1. EMSG-09 (Solid Waste Management) 2. EMSG-07-N (Hazardous Waste Ink Cartridges) 3. DRCS-30 (Protocol for Possible Emergency Situations) • 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
MTS	1.Toxic waste may contaminate soil and water 2. Solid waste may pollute soil and water 3. Occurrence of fire	1. EMSG-07-B (Hazardous Waste Aerosol Cans) 2. EMSG-07-N (Hazardous Waste Ink Cartridges) 3. EMSG-09 (Solid Waste Management) 4. DRCS-30 (Protocol for Possible Emergency Situations) • Emergency procedure for fire • Fire extinguisher available	
	RISKS	**Control/Emergency Measures**	
	A. Incomplete information from outdated mapping and absence of survey of underground work areas may affect good judgement during mine operation B. Inadequate ventilation system may pose health hazard and death. 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.	A. Strictly implement Standard Operating Procedures. B. Provide sufficient ventilation system. C. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	C. Subject for removal on the next update based on the effectiveness rating

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Operations Planning and Control	1. Toxic waste may contaminate soil and water 2. Solid waste may pollute soil and water 3. Occurrence of fire	1. EMSG-07-N (Hazardous Waste Ink Cartridges) 2. EMSG-09 (Solid Waste Management) 3.DRCS-30 (Protocol for Possible Emergency Situations) • Emergency procedure for fire • Fire extinguisher available	
	RISKS	**Control/Emergency Measures**	
	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. 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.	A. Engage the company's consultant to conduct assessment of projects before implementation. B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	B. Subject for removal on the next update based on the effectiveness rating
Procurement	1. Oil 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) • Emergency procedure for oil spill • Spill kit and MSDS available (for oil spill) 2. Regular maintenance of service vehicles 3. (EMSG-04 Dust Control) • 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-09 (Solid Waste Management) 6. DRCS-30 (Protocol for Possible Emergency Situations) • Emergency procedure for fire • Fire extinguisher available	
	RISKS	**Control/Emergency Measures**	
	A. Materials and supplies obtained may be sub-standard and procured from illegitimate sources or suppliers may lead to generating more waste. 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.	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 B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	B. Subject for removal on the next update based on the effectiveness rating

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) • Emergency procedure for diesel/chemical spill 2. (EMSG-04 Dust Control) • 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) • 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) • 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) • 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	

	and sabotage may cause depletion of natural resources and land degradation. 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.	closely coordinate with management and law enforcement agencies, if necessary; management to strictly implement standard operating procedures B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	B. Subject for removal on the next update based on the effectiveness rating.
Special Projects	1. Tailings stored in the TSF could spill in case of dam failure or breached on the TSF related structure 2. Mill tailings could leak from breached pipe breach 3. Oil/chemical spill or leak during construction can cause soil and water contamination 4. Occurrence of fire 5. Excessive fumes, dust and smoke will degrade air quality 6. Toxic waste may contaminate soil and water 7. Solid waste may pollute soil and water 8. Contaminated water may be discharged into the river	1. DRCS-30 (Protocol for Possible Emergency Situations) • Emergency protocol for tailings tails pipe breach • Emergency protocol for tailings dam breach • Emergency protocol for tailings dam overflow/overtopping 2. EMSG-07-C (Hazardous Waste Mill Tailings) • Installation of stopper boards • Establishing caretakership contract for maintenance, regular monitoring and inspection of tailings dam facility. • Installation of piezometer to monitor dam strength 3. DRCS-30 (Protocol for Possible Emergency Situations) • Emergency procedure for oil spill • Spill kit and MSDS available (for oil spill) • Emergency procedure for fire • Fire extinguisher available 4. Regular maintenance of equipment and service vehicles 5. (EMSG-04 Dust Control) • Using fire truck to spray water on the road • Regular monitoring of ambient air quality 6. EMSG-07-L (Hazardous Waste Other Chemical Containers) 7. EMSG-07-N (Hazardous Waste Ink Cartridges) 8. EMSG-09 (Solid Waste Management) 9. EMSG-12 (Contaminated Water) 10. 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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	environmental hazards. B. Tailings stored in TSF could overflow if the allowed Free Board is not monitored. C. Failure to comply with related government regulations on TSF maintenance and operation may compromise the Company's mining operations. 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.	B. Conduct regular monitoring by MEPEO and third party (MMT). C. Ensure continuous compliance with related government regulations D. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	D. Subject for removal on the next update based on the effectiveness rating
Treasury	1. Toxic waste may contaminate soil and water 2. Solid waste may pollute soil and water 3. Occurrence of fire	1. EMSG-07-N (Hazardous Waste Ink Cartridges) 2. EMSG-09 (Solid Waste Management) 3. DRCS-30 (Protocol for Possible Emergency Situations) • Emergency procedure for fire • Fire extinguisher available	
	RISKS	**Control/Emergency Measures**	
	A. Loss of cash or gold deposits at Treasury due to robbery or burglary 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.	A. Ensure security measures are in place and functional B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	B. Subject for removal on the next update based on the effectiveness rating
Warehouse	1. Oil and chemical 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	1. DRCS-30 (Protocol for Possible Emergency Situations) • Emergency procedure for oil and chemical spill • Spill kit and MSDS available (for oil and chemical spill) • Emergency procedure for fire • Fire extinguisher available 2. Regular maintenance of forklift 3. (EMSG-04 Dust Control) • Using fire truck to spray water on the road • Regular monitoring of ambient air quality 4. EMSG-01 (Chemicals and Reagents – Handling and Storage) 5. EMSG-02 (Contaminated Containers) 6. EMSG-03 (Diesel – Handling, Transport and Storage) 7. EMSG-05 (Gas Cylinders and Tanks) 8. EMSG-07-D (Hazardous Waste Cyanide Containers) 9. EMSG-07-H (Hazardous Waste	

	5. Solid waste may pollute soil and water	Batteries) 10. EMSG-09 (Solid Waste Management)	
	RISKS	**Control/Emergency Measures**	
	A. Improper handling and storage of hazardous materials pose a high risk of land contamination and other environmental impacts 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.	A. Ensure availability of Material Safety Data Sheet (MSDS), spill kits, secondary containment, proper use of PPEs and training of personnel on chemical handling B. Departmental Pep Talk Meetings must be conducted regularly and discussion on the Company's Environmental Policy must be part of each meeting.	B. Subject for removal on the next update based on the effectiveness rating

DEPARTMENT	OPPORTUNITIES
Assay Laboratory	1. Higher accuracy rate of assay result will lead to: 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	1. Improved company image if environmental principles and standards are: 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	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	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	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	1. Cost saving measures through the reuse and recycling of paper 2. Reduced paper use through electronic communication
Electrical	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	1. Cost saving measures from efficient use of energy, paper and other resources
Geology and Exploration	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	1. Reduced training cost and time through hiring of right employees 2. Cost saving measures from efficient use of energy, paper and other

	resources
Internal Audit	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 gangi 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

	generate additional income 3. Cost saving measures from efficient use of energy, paper and other resources
Mine Operations	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	1. *Revenue* from use of recycled oil 2. Cost saving measures from efficient use of energy, paper and other resources
MTME	1. Cost saving measures from efficient use of energy, paper and other resources
MTS	1. Cost saving measures from efficient use of energy, paper and other resources
Operations Planning and Control	1. Cost saving measures from efficient use of energy, paper and other resources
Procurement	1. Cost saving measures from efficient use of energy, paper and other resources
Safety	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	1. Cost saving measures from efficient use of energy, paper and other resources
Special Projects	1. Cost saving measures from efficient use of energy, paper and other resources
Treasury	1. Cost saving measures from efficient use of energy, paper and other resources
Warehouse	1. Cost saving measures from efficient use of energy, paper and other resources

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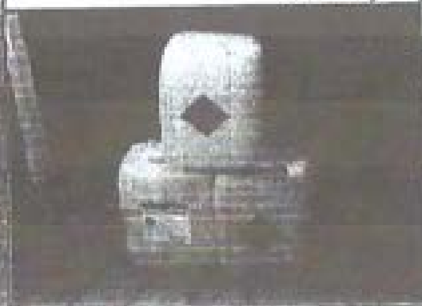
Appendix "D"

Document Title	EMS GUIDELINES			BenguetCorp	
Process	Diesel – 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 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

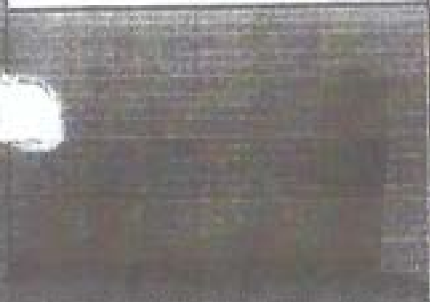
Short Term/Transport: Plastic Car Buoys



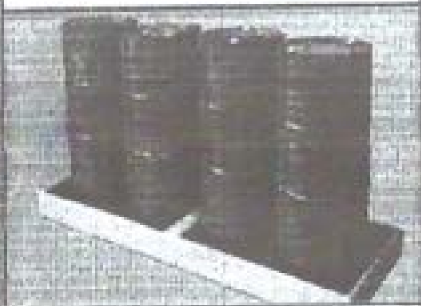
Short Term/Transport: Plastic/Steel Drums

STORAGE

Storage 6-12 months at an ambient temp higher than



Required secondary container

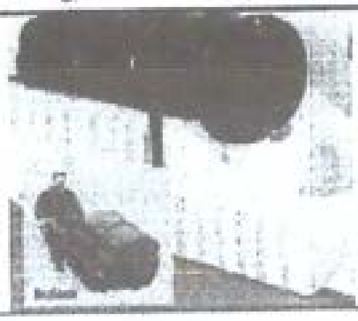


Proper GHS label on the containers

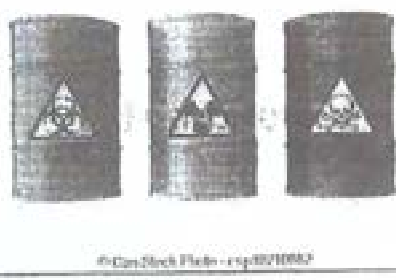
HANDLING

Use proper PPE

Secondary catchment when refilling/transferring container

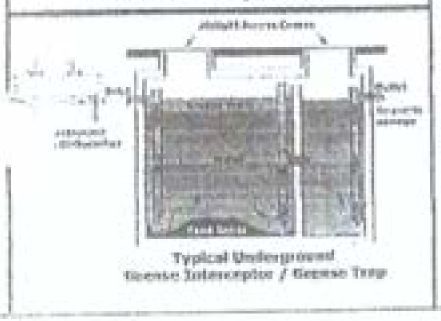


Oil-soaked materials are disposed separately



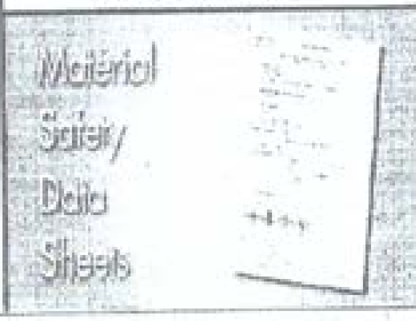
OIL RECOVERY

Oil-Water Separator



EMERGENCY

MSDS available



EMERGENCY

Spill Kit Nearby

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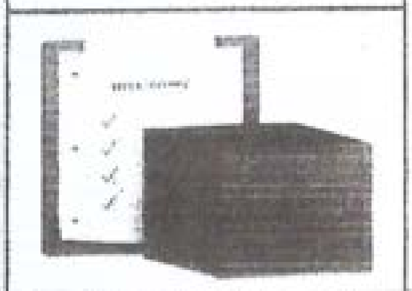
Document Title	EMS GUIDELINES			
Process	Diesel – Handling, Transport and Storage			
Document Code	EMSG-03	Revision No.	00	Effective Date: Sept. 15, 2015
...rtment	Motorpool, Mine Mechanical, Mill Mechanical			Page Number: Page 2 of 2
Prepared by: GE Atienza	Reviewed by: ISO Core Team			Approved by: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

OIL RECOVERY

Use of Oil-Settling Tanks

MONITORING

Monitoring and recording of consumption



REFUELING

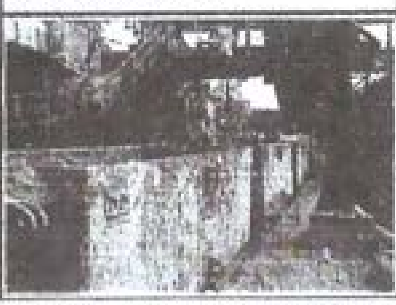
Only authorized personnel are allowed to refuel diesel containers

REFUELING

Designated underground refuelling stations will be assigned

HAULING

Use mine cars when transporting diesel underground

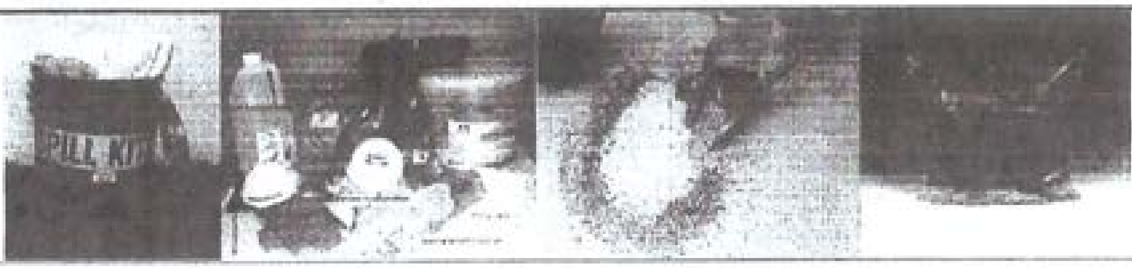


EMERGENCY

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



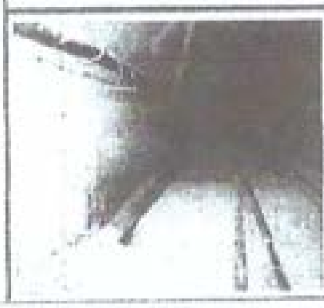
MASTER COPY

Appendix “E”

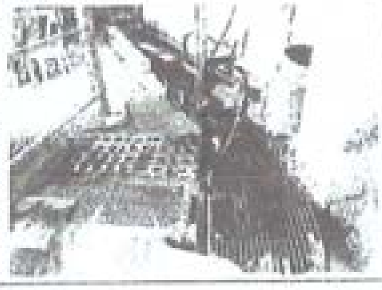
Document Title	EMS GUIDELINES				
Process	Contaminated Water				
Document Code	EMSG-12	Revision No.	00	Effective Date	September 15, 2015
Group	Mill, Mine, Mill and Mine Mechanical, Motor Pool, Environment			Page Number	Page 1 of 2
Prepared by: GE Atienza		Reviewed by: ISO Core Team		Approved by: AL Buenavista 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)



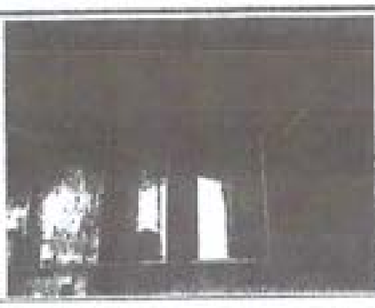
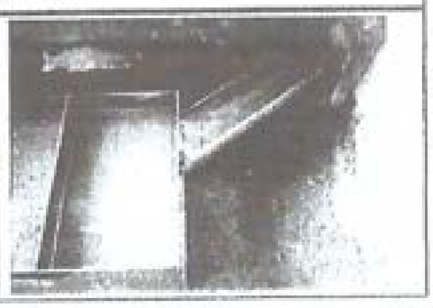




MOTOR POOL

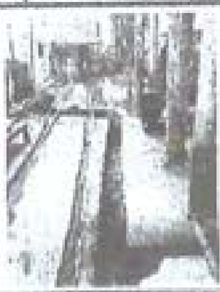
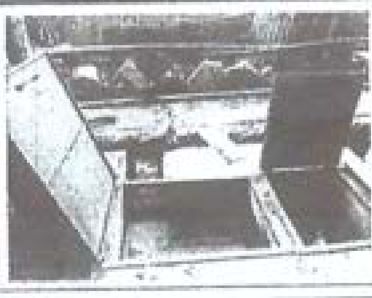
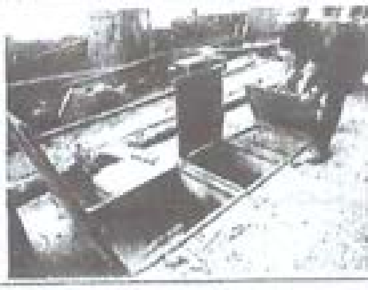
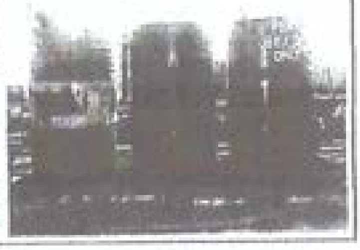
Oil-water separator built in motor pool workshop/garage that “de-contaminates” used water. Collected used oil from separator is stored in a hazard waste container to be disposed appropriately



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

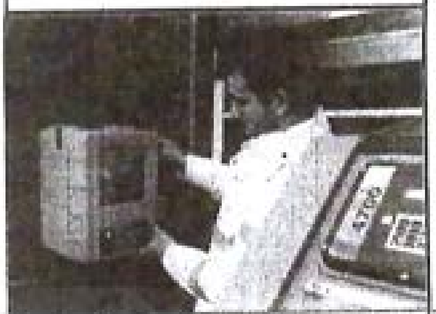
All discharge (pulp, tails, contaminated water) from the mill (from crushing, grinding to refining and smelting) goes into the Tails Treatment Facility. The solution is treated with SMBS before being pumped to Tails Storage Facility



MASTER

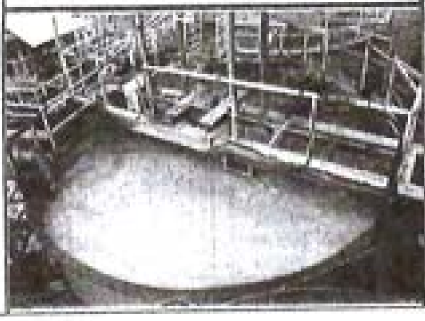
MONITORING

Effluent Monitoring



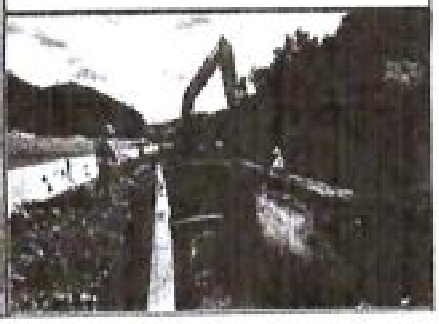
MONITORING

Monitor tanks to avoid overflow



MAINTENANCE

Regular cleanup of canal/drain



MAINTENANCE

Regular check of discharge valves pipes and connections

Appendix "F"

GREENTEK
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SERVICES

SOURCE EMISSION TEST REPORT

PARTICULATE MATTER (PM)
SULFUR OXIDES (SO_x)
NITROGEN OXIDES (NO_x)
CARBON MONOXIDE (CO)

Digestion Chamber 1 with Electric Hotplate
Digestion Chamber 2 with Electric Hotplate

Reference No.: GEES-SST-2204-050

Prepared for:

BENGUET CORPORATION – ACUPAN CONTRACT MINING PROJECT
(BC – ACMP ASSAY LABORATORY)
Balatoc, Virac, Itogon, Benguet

Sampling Date: April 6 and 7, 2022

Report Date: April 27, 2022

REPORT CERTIFICATION

SOURCE EMISSION TEST REPORT
Reference No. GEES-SST-2204-050

BENGUET CORPORATION ACUPAN CONTRACT MINING PROJECT
(BC – ACMP ASSAY LABORATORY)
Balatoc, Virac, Itogon, Benguet

Digestion Chamber 1 with Electric Hotplate
Digestion Chamber 2 with Electric Hotplate

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: APRIL 27, 2022

Maricon D. Nuñez
QA/QC Manager
SAT No. 2018-92

TABLE OF CONTENTS

List of Tables and Figures

List of Appendices

SECTION 1.0

INTRODUCTION

Benguet Corporation - Acupan Contract Mining Project (BC-ACMP Assay Laboratory) contracted Greentek Environmental Engineering Services to conduct stationary stack emission tests on their two (2) units Digestion Chamber with Electric Hotplate in its facility located in Balatoc, Virac, Itogon, Benguet. Emission testing consists of three runs for Particulate Matter (PM), Sulfur oxides (SO_x), Nitrogen oxides (NO_x) and Carbon monoxide (CO) were performed last April 6 and 7, 2022 as part of their environmental program and in determination of facility's compliance as compared to emission limits defined in the Philippine Clean Air Act of 1999 (PCAA) and Implementing Rules and Regulations (IRR). Volumetric flow testing was performed to allow calculation of mass emission rates for potential use in calculating emission factors. A list of participants in the project is included in Appendix F.

A summary and discussion of the test results are provided in Section 2. The source description, test procedures and quality assurance activities are described in the subsequent sections. All supporting field data, analytical reports, calibration records, project participants, test plan, and a copy of the facility permit are provided in the appendices.

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^{0}C and 760mmHg on a dry-basis (unless otherwise indicated).

The Greentek Monitoring Logsheets completed by the facility's representative indicates that the sources were installed on August 30, 2014, when the implementation of the IRR was already applied. The applicable standards applied to the two (2) units Digestion Chamber with Electric Hotplate under the CAA/IRR as new source, other stationary source located in an rural 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).

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
Digestion Chamber 1 with Electric Hotplate
N 16°21'33" E 120°39'31"
BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

Run Number Sampling Date Sampling Time	RUN 1 06-Apr-22 1045H-1201H	RUN 2 06-Apr-22 1255H-1411H	RUN 3 06-Apr-22 1501H-1620H	Average	CAA Limit mg / Ncm
Source Data					
Volumetric Flow Rate (dry std), Ncmm	30	29	30	**30**	
Volumetric Flow Rate (actual), Ncmm	34	34	33	**34**	
Moisture Content, %	2.9	2.6	3.4	**3.0**	
Stack Gas Temperature, °C	26	34	35	**32**	
Carbon dioxide Concentration, %	0.0	0.0	0.0	**0.0**	
Oxygen Concentration, %	21.0	21.0	21.0	**21.0**	
Process Rate Information					
tons of gold ores	149.95	149.95	149.95	**150**	
% of Load during test	NORMAL OPERATION	NORMAL OPERATION	NORMAL OPERATION	**NORMAL OPERATION**	
Hours of operation per year	8,298.3	8,298.3	8,298.3	**8,298.3**	
Particulate Matter (as PM) Emissions					
Concentration, mg/Ncm	4	3	3	**3**	**200**
Mass Emission Rate, kg/hr	0.0076	0.0052	0.0048	0.0059	
Annual Emission Rate, MT/yr*	0.0631	0.0429	0.0397	0.0486	
Sulfur oxides (as SOx) Emissions					
Concentration, mg/Ncm	2	2	2	**2**	**200**
Mass Emission Rate, kg/hr	0.00416	0.00405	0.00386	0.00402	
Annual Emission Rate, MT/yr*	0.03453	0.03359	0.03202	0.03338	
Nitrogen oxides (as NO_x) Emissions					
Concentration, mg/Ncm	20	21	19	**20**	**500**
Mass Emission Rate, kg/hr	0.036	0.036	0.034	0.035	
Annual Emission Rate, MT/yr*	0.298	0.297	0.280	0.292	
Carbon monoxide (as CO) Emissions					
Concentration, mg/Ncm	1.1	1.1	1.1	**1.1**	**500**
Mass Emission Rate, kg/hr	0.0020	0.0020	0.0021	0.0020	
Annual Emission Rate, MT/yr*	0.017	0.017	0.017	0.017	
DENR Classification	Other Stationary Source (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 (as PM) Emissions	*:*	*Within the standard of 200 mg/Ncm*
b. Sulfur oxides (as SO_X) Emissions	*:*	*Within the standard of 200 mg/Ncm*
c. Nitrogen oxides (as NO_X) Emissions	*:*	*Within the standard of 500 mg/Ncm*
c. Carbon monoxide (as CO) Emissions	*:*	*Within the standard of 500 mg/Ncm*

a. Particulate matter (PM)	*USEPA Method 5*	*Gravimetric*
b. Sulfur oxides (as SO_X)	*USEPA Method 6*	*Barium-Thorin Titration*
c. Nitrogen oxides (as NO_X)	*USEPA Method 7*	*Phenoldisulfonic Acid*
d. Carbon monoxide (CO)	*USEPA Method 10*	*Non-Dispersive Infrared (NDIR)*

TABLE 2-2

SUMMARY OF TEST RESULTS
Digestion Chamber 2 with Electric Hotplate
N 16°21'33" E 120°39'31"
BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT
Balatoc, Virac, Itogon, Benguet

Run Number Sampling Date Sampling Time	RUN 1 07-Apr-22 0952H-1331H	RUN 2 07-Apr-22 1401H-1518H	RUN 3 07-Apr-22 1542H-1658H	Average	CAA Limit mg / Ncm
Source Data					
Volumetric Flow Rate (dry std), Ncmm	28	27	27	**27**	
Volumetric Flow Rate (actual), Ncmm	32	33	33	**33**	
Moisture Content, %	3.1	3.4	3.2	**3.2**	
Stack Gas Temperature, °C	31	43	45	**40**	
Carbon dioxide Concentration, %	1.0	1.0	1.0	**1.0**	
Oxygen Concentration, %	20.0	20.0	20.0	**20.0**	
Process Rate Information					
tons of gold ores	258.74	258.74	258.74	**259**	
% of Load during test	NORMAL OPERATION	NORMAL OPERATION	NORMAL OPERATION	**NORMAL OPERATION**	
Hours of operation per year	7,567.90	7,567.90	7,567.90	**7,567.9**	
Particulate Matter (as PM) Emissions					
Concentration, mg/Ncm	2	4	3	**3**	**200**
Mass Emission Rate, kg/hr	0.0039	0.0072	0.0056	0.0056	
Annual Emission Rate, MT/yr*	0.0292	0.0542	0.0427	0.0421	
Sulfur oxides (as SOx) Emissions					
Concentration, mg/Ncm	2	2	2	**2**	**200**
Mass Emission Rate, kg/hr	0.00373	0.00400	0.00400	0.00391	
Annual Emission Rate, MT/yr*	0.02823	0.03024	0.03024	0.02957	
Nitrogen oxides (as NO_x) Emissions					
Concentration, mg/Ncm	19	18	17	**18**	**500**
Mass Emission Rate, kg/hr	0.032	0.029	0.027	0.030	
Annual Emission Rate, MT/yr*	0.245	0.218	0.207	0.224	
Carbon monoxide (as CO) Emissions					
Concentration, mg/Ncm	2.3	2.3	2.3	**2.3**	**500**
Mass Emission Rate, kg/hr	0.0038	0.0037	0.0038	0.0038	
Annual Emission Rate, MT/yr*	0.029	0.028	0.029	0.028	
DENR Classification	Other Stationary Source (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 (as PM) Emissions	:	*Within the standard of 200 mg/Ncm*
b. Sulfur oxides (as SO_X) Emissions	:	*Within the standard of 200 mg/Ncm*
c. Nitrogen oxides (as NO_X) Emissions	:	*Within the standard of 500 mg/Ncm*
c. Carbon monoxide (as CO) Emissions	:	*Within the standard of 500 mg/Ncm*

a. Particulate matter (PM)	*USEPA Method 5*	*Gravimetric*
b. Sulfur oxides (as SO_X)	*USEPA Method 6*	*Barium-Thorin Titration*
c. Nitrogen oxides (as NO_X)	*USEPA Method 7*	*Phenoldisulfonic Acid*
d. Carbon monoxide (CO)	*USEPA Method 10*	*Non-Dispersive Infrared (NDIR)*

Appendix "F-1"

GREENTEK
ENVIRONMENTAL
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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-2206-077

Prepared for:

BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT

Balatoc, Virac, Itogon, Benguet

Sampling Date: June 16, 2022

Report Date: July 14, 2022

REPORT CERTIFICATION

SOURCE EMISSION TEST REPORT
Reference No. GEES-SST-2206-077

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: JULY 14, 2022

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

TABLE OF CONTENTS

List of Tables

List of Appendices

SECTION 1.0

INTRODUCTION

Benguet Corporation - Acupan Contract Mining Project contracted Greentek Environmental Engineering Services to conduct stationary stack emission tests on its 5,013 CFM Verantis Acid Fume Scrubber System (No.2) in its facility located in Balatoc, Virac, Itogon, Benguet. Emission testing consists of three runs for Particulate Matter (PM), Sulfur oxides (SO_x), Nitrogen oxides (NO_x) and Carbon monoxide (CO) were performed last June 16, 2022 as part of their environmental program and in determination of facility's compliance as compared to emission limits defined in the Philippine Clean Air Act of 1999 (PCAA) and Implementing Rules and Regulations (IRR). Volumetric flow testing was performed to allow calculation of mass emission rates for potential use in calculating emission factors. A list of participants in the project is included in Appendix F.

A summary and discussion of the test results are provided in Section 2. The source description, test procedures and quality assurance activities are described in the subsequent sections. All supporting field data, analytical reports, calibration records, project participants, test plan, and a copy of the facility permit are provided in the appendices.

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^{0}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 (SOx) and Nitrogen oxides (NOx) 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 Sampling Date Sampling Time	RUN 1 16-Jun-22 1125H-1240H	RUN 2 16-Jun-22 1310H-1428H	RUN 3 14-Dec-21 1503H-1618H	Average	CAA Limit mg / Ncm
Source Data					
Volumetric Flow Rate (dry std), Ncmm	70	66	70	69	
Volumetric Flow Rate (actual), Ncmm	77	75	78	77	
Moisture Content, %	2.3	3.3	2.9	2.8	
Stack Gas Temperature, °C	18	24	22	21	
Carbon dioxide Concentration, %	2.0	2.0	2.0	2.0	
Oxygen Concentration, %	18.0	18.0	18.0	18.0	
Process Rate Information					
Ounces of gold	41.93	41.93	41.93	42	
% of Load during test	90%	90%	90%	90%	
Hours of operation per year	800	800	800	800	
Particulate Matter (PM) Emissions					
Concentration, mg/Ncm	6	8	6	7	150
Mass Emission Rate, kg/hr	0.02685	0.03165	0.02537	0.02796	
Annual Emission Rate, MT/yr*	0.02148	0.02532	0.02030	0.02237	
Sulfur oxides (SOx) Emissions					
Concentration, mg/Ncm	19	21	19	20	700
Mass Emission Rate, kg/hr	0.07811	0.08267	0.08013	0.08030	
Annual Emission Rate, MT/yr*	0.06249	0.06613	0.06410	0.06424	
Nitrogen oxides (as NO_x) Emissions					
Concentration, mg/Ncm	251	252	235	246	500
Mass Emission Rate, kg/hr	1.0559	0.9983	0.987	1.014	
Annual Emission Rate, MT/yr*	0.8447	0.7986	0.790	0.8109	
Carbon monoxide (CO) Emissions					
Concentration, mg/Ncm	0.6	0.6	0.6	0.6	500
Mass Emission Rate, kg/hr	0.00241	0.0023	0.0024	0.0024	
Annual Emission Rate, MT/yr*	0.002	0.002	0.002	0.002	
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 NO_x) Emissions	:	*Within the standard of 500 mg/Ncm*
c. Carbon monoxide (CO) Emissions	:	*Within the standard of 500 mg/Ncm*

Parameters:	***Sampling Method:***	***Analysis Method:***
a. Particulate matter (PM)	*USEPA Method 5*	*Gravimetric*
b. Sulfur oxides (as SO_x)	*USEPA Method 6*	*Barium-Thorin Titration*
c. Nitrogen oxides (as NOx)	*USEPA Method 7*	*Phenoldisulfonic Acid*
d. Carbon monoxide (CO)	*USEPA Method 10*	*Non-Dispersive Infrared (NDIR)*

Appendix "G"

GREENTEK
ENVIRONMENTAL
ENGINEERING
SERVICES

AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING REPORT

Reference No.: GEES-AQM-2206-036

Prepared for:

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

Sampling Date: June 16, 2022

Report Date: July 11, 2022

AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING REPORT CERTIFICATION

THREE (3) STATIONS AREA TEST

PARAMETERS
TOTAL SUSPENDED PARTICULATE (TSP)
SULFUR DIOXIDE (SO_2)
NITROGEN DIOXIDE (NO_2)
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. and Mr. Leo R. Toca. The analysis of samples were 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: JULY 11, 2022

TABLE OF CONTENTS

List of Tables

List of Annexes

AMBIENT AIR QUALITY MONITORING REPORT

COMPANY: **BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT**

ADDRESS: **Balatoc, Virac, Itogon, Benguet**

1.0 INTRODUCTION

Pursuant to Section 12 of Republic Act 8749, **Greentek Environmental Engineering Services** was contracted by **Benguet Corporation – Acupan Contract Mining Project** to conduct ambient air sampling for three (3) stations within the vicinity of their facility as requirement for the environmental permit and partly for regular environmental monitoring program. In June 16, 2022, ambient air sampling for Total Suspended Particulate (TSP), Sulfur Dioxide (SO_2), and Nitrogen Dioxide (NO_2) were performed.

Along with this, noise level measurement was also conducted during the sampling program and the results are presented in a separate report.

2.0 SAMPLING METHODOLOGY

The DENR standard ambient sampling equipment and analytical procedures were use in the sampling activity. These equipment and procedures are specified below:

Total Suspended Particulate Matter (TSP)

Reference Procedure:	USEPA, 40 CFR 50, Appendix B
Sampling Equipment:	High Volume Sampler (1-Hour Air Sampler)
Method of Analysis:	Gravimetric Method

Sulfur Dioxide (SO_2)

Reference Procedure:	USEPA, 40 CFR 50, Appendix A
Sampling Equipment:	Gas Bubbler Sampler (USEPA compliant)
Method of Analysis:	Pararosaniline Method

Nitrogen Dioxide (NO_2)

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

The SO_2 and NO_2 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 Administration Office **(Downwind)**	The sampling location was located near administration office. The plant facility was operational during sampling. There were eight (8) vehicles that passed by during sampling.
2	Near Assay Lab and Met Laboratory **(Upwind)**	The sampling location was located near assay lab and met lab. The plant facility was operational during sampling. There were seven (7) tricycles and eight (8) cars that passed by during sampling.
3	Along Keymen's Road **(Upwind)**	The sampling location was located along keymen's road. The plant facility was operational during sampling. There were seventeen (17) tricycle and sixteen (16) car 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 (μg / Nm³)	SO_2 (μg / Nm³)	NO_2 (μg/ Nm³)
1	Near Administration Office **(Downwind)**	16-June-2022 1115H-1215H	231.2	10.9	26.1
2	Near Assay and Met Laboratory **(Upwind)**	16-June-2022 1355H-1505H	75.5	10.7	32.5
3	Along Keymen's Road **(Upwind)**	16-June-2022 1542H-1642H	83.4	10.7	39.1
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 Administration Office **(Downwind)** N 16°21'38" E 120°39'36"	16-June-2022 1115H-1215H	27.22	32.8	56.3	0.9
2	Near Assay and Met Laboratory **(Upwind)** N 16°21'34" E 120°39'31"	16-June-2022 1355H-1505H	27.21	26.2	78.0	0.6
3	Along Keymen's Road **(Upwind)** N 16°21'36" E 120°39'32"	16-June-2022 1542H-1642H	27.10	27.0	75.9	0.5

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 June 16, 2022, 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 Southwest to Northeast. Thus, ***the results of sampling indicate that TSP, SO_2, and NO_2 concentrations are within the applicable CAA/IRR standard for 60 minutes sampling.***

NOISE LEVEL MONITORING REPORT

COMPANY: **BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT**

ADDRESS: **Balatoc, Virac, Itogon, Benguet**

1.0 INTRODUCTION

In June 16, 2022, daytime noise level monitoring was conducted within the premises of their facility located at the above address. Noise level measurement was performed in three (3) locations. The measurement was conducted as part of the facility's environmental monitoring program and permit requirements.

2.0 SAMPLING METHODOLOGY

A precision type, digital sound level meter was used in noise measurement. The said instrument is a LUTRON sound level meter Model SL-4033SD. The sound level meter meets IEC 61672 Class 1 standard.

The sound level meter was calibrated at Switchtek Measurement Systems with an acoustical calibrator (Lutron Sound Level). The pre-test calibration was performed before measurement for each period where the sound level meter is adjusted to read the 114dB signal provided by the calibrator. Post-test calibration was performed after measurement of all the stations during a given period. Post-test calibration simply verifies that the decibel reading of the sound level meter has not varied by more than 1dB from the initial 114dB setting.

Noise measurement was performed at about 3 minutes per station after the 1-hour ambient sampling activity. Noise sampler was handheld at about thirty degrees (30°) from the plane directly pointing to the facility.

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 Administration Office	The audible noise detected came from the plant facility and vehicles that passed by near the sampling point.
2	Near Assay and Met Laboratory	The audible noise detected came from the plant was operational during the time of measurement.
3	Along Keymen's Road	The audible noise detected came from the plant was operational 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)
Near Administration Office	1228H-1231H	51.5	Class C	70
Near Assay and Met Laboratory	1519H-1522H	59.8	Class C	70
Along Keymen's Road	1656H-1659H	59.3	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

Table 4: Environmental Quality Standards for Noise in General Areas

Category of the Area	Day Time (dBA)	Morning and Evening (dBA)	Night Time (dBA)
AA	50	45	40
A	55	50	45
B	65	60	55
C	70	65	60
D	75	70	65

Description per Category:

Class AA — A section or contiguous area which require quietness, such as area within 100 meters from school sites, nursery schools, hospital and special home for the aged.

Class A — A section or contiguous area which is primarily used for residential purposes.

Class B — A section or contiguous area which zoned or used as a commercial area.

Class C — A section primarily zoned or used as a light industrial area.

Class D — A section which is primarily reserved, zoned or used as a heavy industrial area.

5.0 DISCUSSION OF RESULTS

The DENR Environmental Quality Standards for Noise is based on Memorandum Circular No. 002 Series of 1980 of the National Pollution Control Commission. The noise was measured in "A" weighting network and "slow response" with different limits for various time of the day and area category. The location of Benguet Corporation – Acupan Contract Mining Project is contiguous area which is primarily zoned or used as a light industrial area (Class C) with DENR Daytime Noise Standard of 70dBA.

The results of noise level measurement show that ***the noise levels in stations 1, 2 and 3 are within the applicable DENR daytime limit of 70dBA.*** The audible noise detected came from operational plant facility during sampling.

Appendix "G-1"

GREENTEK

ENVIRONMENTAL
ENGINEERING
SERVICES

AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING REPORT

Reference No.: GEES-AQM-2210-066

Prepared for:

BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT

Balatoc, Virac, Itogon, Benguet

Sampling Date: October 7, 2022

Report Date: October 26, 2022

AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING REPORT CERTIFICATION

THREE (3) STATIONS AREA TEST

PARAMETERS

TOTAL SUSPENDED PARTICULATE (TSP)
SULFUR DIOXIDE (SO_2)
NITROGEN DIOXIDE (NO_2)
NOISE LEVEL MEASUREMENT

BENGUET CORPORATION
ACUPAN CONTRACT MINING PROJECT

Balatoc, Virac, Itogon, Benguet

The ambient air sampling and noise level monitoring reported herein were performed by Mr. Manny R. Cruz and Mr. Angelo V. Guevarra. The analysis of samples were 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: OCTOBER 26, 2022.........

TABLE OF CONTENTS

List of Tables

List of Annexes

AMBIENT AIR QUALITY MONITORING REPORT

COMPANY: **BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT**

ADDRESS: **Balatoc, Virac, Itogon, Benguet**

1.0 INTRODUCTION

Pursuant to Section 12 of Republic Act 8749, **Greentek Environmental Engineering Services** was contracted by **Benguet Corporation – Acupan Contract Mining Project** to conduct ambient air sampling for three (3) stations within the vicinity of their facility as requirement for the environmental permit and partly for regular environmental monitoring program. In October 7, 2022, ambient air sampling for Total Suspended Particulate (TSP), Sulfur Dioxide (SO_2), and Nitrogen Dioxide (NO_2) were performed.

Along with this, noise level measurement was also conducted during the sampling program and the results are presented in a separate report.

2.0 SAMPLING METHODOLOGY

The DENR standard ambient sampling equipment and analytical procedures were use in the sampling activity. These equipment and procedures are specified below:

Total Suspended Particulate Matter (TSP)

Reference Procedure:	USEPA, 40 CFR 50, Appendix B
Sampling Equipment:	High Volume Sampler (1-Hour Air Sampler)
Method of Analysis:	Gravimetric Method

Sulfur Dioxide (SO_2)

Reference Procedure:	USEPA, 40 CFR 50, Appendix A
Sampling Equipment:	Gas Bubbler Sampler (USEPA compliant)
Method of Analysis:	Pararosaniline Method

Nitrogen Dioxide (NO_2)

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

The SO_2 and NO_2 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 **(Upwind)**	The sampling location was located Beside Keymens Road area. The plant facility was operational during sampling. There were seven (7) jeeps, thirty-six (36) cars and thirty-six (36) motorcycles that passed by near the sampling point.
2	Near Assay Lab. **(Downwind)**	The sampling location was located Near Assay Lab. The plant facility and the 5012 CFM Verantis Acid Fume Scrubber no. 2 were operational during sampling. There were six (6) jeeps, eight (8) cars, eight (8) motorcycles that passed by near the sampling point.
3	Beside Camp Admin **(Downwind)**	The sampling location was located Beside Camp Admin. The plant facility was operational during sampling. There was two (2) cars 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 ($\mu g / Nm^3$)	SO_2 ($\mu g / Nm^3$)	NO_2 ($\mu g / Nm^3$)
1	Beside Keymens Road **(Upwind)**	07-Oct-2022 0919H-0922H	149.4	10.7	14.4
2	Near Assay Lab. **(Downwind)**	07-Oct-2022 1036H-1039H	152.9	10.8	15.6
3	Beside Camp Admin **(Downwind)**	07-Oct-2022 1148H-1151H	99.7	10.9	18.7
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 **(Upwind)** N 16°21'36" E 120°39'32"	07-Oct-2022 0814H-0914H	27.12	25.8	72.7	0.5
2	Near Assay Lab. **(Downwind)** N 16°21'34" E 120°39'30"	07-Oct-2022 0933H-1033H	27.20	30.1	53.4	0.8
3	Beside Camp Admin **(Downwind)** N 16°21'38" E 120°39'36"	07-Oct-2022 1045H-1145H	27.16	31.6	50.8	0.7

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 7, 2022, the weather in stations 1, 2 and 3 was sunny and prevailing light to moderate wind blowing from Southeast to Northwest. Thus, ***the results of sampling indicate that TSP, SO_2, and NO_2 concentrations are within the applicable CAA/IRR standard for 60 minutes sampling.***

NOISE LEVEL MONITORING REPORT

COMPANY: **BENGUET CORPORATION - ACUPAN CONTRACT MINING PROJECT**

ADDRESS: **Balatoc, Virac, Itogon, Benguet**

1.0 INTRODUCTION

In October 7, 2022, daytime noise level monitoring was conducted within the premises of their facility located at the above address. Noise level measurement was performed in three (3) locations. The measurement was conducted as part of the facility's environmental monitoring program and permit requirements.

2.0 SAMPLING METHODOLOGY

A precision type, digital sound level meter was used in noise measurement. The said instrument is a LUTRON sound level meter Model SL-4033SD. The sound level meter meets IEC 61672 Class 1 standard.

The sound level meter was calibrated at Switchtek Measurement Systems with an acoustical calibrator (Lutron Sound Level). The pre-test calibration was performed before measurement for each period where the sound level meter is adjusted to read the 114dB signal provided by the calibrator. Post-test calibration was performed after measurement of all the stations during a given period. Post-test calibration simply verifies that the decibel reading of the sound level meter has not varied by more than 1dB from the initial 114dB setting.

Noise measurement was performed at about 3 minutes per station after the 1-hour ambient sampling activity. Noise sampler was handheld at about thirty degrees (30°) from the plane directly pointing to the facility.

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	The audible noise detected came from the crushing and mixing activity at plant facility.
2	Near Assay Lab.	The audible noise detected came from the crushing, mixing activity and people talking nearby during the time of measurement.
3	Beside Camp Admin	The audible noise detected came from the vehicles that passed by and people talking nearby 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	0919H-0922H	60.9	Class C	70
Near Assay Lab.	1036H-1039H	55.9	Class C	70
Beside Camp Admin	1148H-1151H	53.0	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

Table 4: Environmental Quality Standards for Noise in General Areas

Category of the Area	Day Time (dBA)	Morning and Evening (dBA)	Night Time (dBA)
AA	50	45	40
A	55	50	45
B	65	60	55
C	70	65	60
D	75	70	65

Description per Category:

Class AA — A section or contiguous area which require quietness, such as area within 100 meters from school sites, nursery schools, hospital and special home for the aged.

Class A — A section or contiguous area which is primarily used for residential purposes.

Class B — A section or contiguous area which zoned or used as a commercial area.

Class C — A section primarily zoned or used as a light industrial area.

Class D — A section which is primarily reserved, zoned or used as a heavy industrial area.

5.0 DISCUSSION OF RESULTS

The DENR Environmental Quality Standards for Noise is based on Memorandum Circular No. 002 Series of 1980 of the National Pollution Control Commission. The noise was measured in "A" weighting network and "slow response" with different limits for various time of the day and area category. The location of Benguet Corporation – Acupan Contract Mining Project is contiguous area which is primarily zoned or used as a light industrial area (Class C) with DENR Daytime Noise Standard of 70dBA.

The results of noise level measurement show that ***the noise levels in stations 1, 2 and 3 are within the applicable DENR daytime limit of 70dBA.*** The audible noise detected during the time of measurement normally came from an operational machines and nearby vehicles that passed by near the sampling area. It is recommended to use personal protective equipment such as ear plugs for the station exceeded the noise level limit.

Appendix "G-2"

GREENTEK

ENVIRONMENTAL
ENGINEERING
SERVICES

AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING REPORT

Reference No.: GEES-AQM-2204-019

Prepared for:

BENGUET CORPORATION – ACUPAN CONTRACT MINING PROJECT
(BC – ACMP ASSAY LABORATORY)
Balatoc, Virac, Itogon, Benguet

Sampling Date: April 07, 2022

Report Date: May 02, 2022

AMBIENT AIR QUALITY AND NOISE LEVEL MONITORING
REPORT CERTIFICATION

THREE (3) STATIONS AREA TEST

PARAMETERS
TOTAL SUSPENDED PARTICULATE (TSP)
SULFUR DIOXIDE (SO_2)
NITROGEN DIOXIDE (NO_2)
NOISE LEVEL MEASUREMENT

BENGUET CORPORATION – ACUPAN CONTRACT MINING PROJECT
(BC – ACMP ASSAY LABORATORY)
Balatoc, Virac, Itogon, Benguet

The ambient air quality and noise level monitoring reported herein was performed by Mr. Angelo V. Guevarra and Mr. Manny R. Cruz. The analysis of samples was conducted under the direction and supervision of the accredited laboratories.

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

Signed: ....
Maricon D. Nuñez
QA/QC Manager

Date: ....MAY 2, 2022.....

TABLE OF CONTENTS

List of Tables

List of Annexes

AMBIENT AIR QUALITY MONITORING REPORT

COMPANY: **BENGUET CORPORATION – ACUPAN CONTRACT MINING PROJECT (BC-ACMP ASSAY LABORATORY)**

ADDRESS: **Balatoc, Virac, Itogon, Benguet**

1.0 INTRODUCTION

Pursuant to Section 12 of Republic Act 8749, **Greentek Environmental Engineering Services** was contracted by **Benguet Corporation – Acupan Contract Mining Project (BC-ACMP Assay Laboratory)** to conduct ambient air sampling for three (3) stations within the vicinity of their facility as requirement for the environmental permit and partly for regular environmental monitoring program. In April 04, 2022, ambient air sampling for Total Suspended Particulate (TSP), Sulfur dioxide (SO_2) and Nitrogen dioxide (NO_2) was performed.

Along with this, noise level measurement was also conducted during the sampling program and the results are presented in a separate report.

2.0 SAMPLING METHODOLOGY

The DENR standard ambient sampling equipment and analytical procedures were use in the sampling activity. These equipment and procedures are specified below:

Total Suspended Particulate Matter (TSP)

Reference Procedure:	USEPA, 40 CFR 50, Appendix B
Sampling Equipment:	High Volume Sampler (1-Hour Air Sampler)
Method of Analysis:	Gravimetric Method

Sulfur Dioxide (SO_2)

Reference Procedure:	USEPA, 40 CFR 50, Appendix A
Sampling Equipment:	Gas Bubbler Sampler (USEPA compliant)
Method of Analysis:	Pararosaniline Method

Nitrogen Dioxide (NO_2)

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

The SO_2 and NO_2 samples were preserved in an icebox, TSP filters were enclosed on a clean white paper protected with envelope. The TSP, SO_2 and NO_2 samples were immediately transported to respective laboratories.

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	Along Keymen's Road **(Upwind)**	The sampling location was situated along Keymen's Road the area was dry and had weak to moderate winds and plant facility was operational during sampling period. Stack emission of digestive chamber 2 was on-going near the sampling point. There were forty-five (45) cars and seven (7) motorcycles that passed by near the sampling point.
2	Near Assay and Met Lab **(Downwind)**	Stack emission of digestive chamber 2 was on-going near the sampling point. The plant facility was operational during sampling period. There were twenty-one (21) cars and fifteen (15) motorcycles that passed by near the sampling point.
3	Near Admin Office **(Downwind)**	The sampling location was situated near the Admin Office. The area was dry and had weak to moderate winds and the plant facility was operational during sampling period. Stack emission of digestive chamber 2 was on-going near the sampling point. There were three (3) cars 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

Station	Location	Date / Time Sampling	TSP ($\mu g / Nm^3$)	SO_2 ($\mu g / Nm^3$)	NO_2 ($\mu g / Nm^3$)
1	Along Keymen's Road **(Upwind)**	07-Apr-2022 1010H-1110H	141.5	12.3	10.7
2	Near Assay and Met Lab **(Downwind)**	07-Apr-2022 1126H-1226H	252.4	12.3	12.1
3	Near Admin Office **(Downwind)**	07-Apr-2022 1307H-1407H	271.4	13.6	12.5
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	Along Keymen's Road **(Upwind)** N 16°21'35.77" E 120°39'31.58"	07-Apr-2022 1010H-1110H	27.06	32.1	50.9	1.0
2	Near Assay and Met Lab **(Downwind)** N 16°21'33.6" E 120°39'30.7"	07-Apr-2022 1126H-1226H	27.14	32.5	52.8	0.8
3	Near Admin Office **(Downwind)** N 16°21'38" E 120°39'36"	07-Apr-2022 1307H-1407H	27.07	29.7	60.4	0.7

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 April 07, 2022, the weather from stations 1 to 3 was sunny to cloudy and has a prevailing light to moderate wind blowing from Northwest to Southeast. Thus, ***the results of sampling indicate that the TSP, SO_2, and NO_2 concentrations for stations 1 to 3 are within the applicable CAA/IRR standard for 60 minutes sampling.***

NOISE LEVEL MONITORING REPORT

COMPANY: **BENGUET CORPORATION – ACUPAN CONTRACT MINING PROJECT (BC-ACMP ASSAY LABORATORY)**

ADDRESS: **Balatoc, Virac, Itogon, Benguet**

1.0 INTRODUCTION

In April 07, 2022, daytime noise level monitoring was conducted within the premises of their facility located at the above address. Noise level measurement was performed in three (3) locations. The measurement was conducted as part of the facility's environmental monitoring program and permit requirements.

2.0 SAMPLING METHODOLOGY

A precision type, digital sound level meter was used in noise measurement. The said instrument is a LUTRON sound level meter Model SL-4033SD. The sound level meter meets IEC 61672 Class 1 standard.

The sound level meter was calibrated at Switchtek Measurement Systems with an acoustical calibrator (Lutron Sound Level). The pre-test calibration was performed before measurement for each period where the sound level meter is adjusted to read the 114dB signal provided by the calibrator. Post-test calibration was performed after measurement of all the stations during a given period. Post-test calibration simply verifies that the decibel reading of the sound level meter has not varied by more than 1dB from the initial 114dB setting.

Noise measurement was performed at about 3 minutes per station after the 1-hour ambient sampling activity. Noise sampler was handheld at about thirty degrees (30°) from the plane directly pointing to the facility.

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 (BC – ACMP Assay Laboratory). premises. There are three (3) sampling locations surrounding the facility.

Station	Noise Location	OBSERVATION / SOURCE OF NOISE DURING THE TIME OF MEASUREMENT
1	Along Keymen's Road	The audible noise detected came from the BC-ACMP Crushing activity and Birds near the sampling point.
2	Near Assay and Met Lab	The audible noise detected came from the crushing inside BC-ACMP, residential noises and vehicles that passed by near the sampling point.
3	Near Admin Office	The audible noise detected came from the birds, people talking and vehicles that passed by near the sampling point.

4.0 SUMMARY OF RESULTS

Table 3: Noise Monitoring Results

Location	Time	Median (dBA)	Category of the Area	DENR Standard (dBA)
Along Keymen's Road	1114H-1117H	69.8	Class C	70
Near Assay and Met Lab	1230H-1233H	59.2	Class C	70
Near Admin Office	1412H-1415H	55.3	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)

Table 4: Environmental Quality Standards for Noise in General Areas

Category of the Area	Day Time (dBA)	Morning and Evening (dBA)	Night Time (dBA)
AA	50	45	40
A	55	50	45
B	65	60	55
C	70	65	60
D	75	70	65

Description per Category:

Class AA	A section or contiguous area which require quietness, such as area within 100 meters from school sites, nursery schools, hospital and special home for the aged.
Class A	A section or contiguous area which is primarily used for residential purposes.
Class B	A section or contiguous area which zoned or used as a commercial area.
Class C	A section primarily zoned or used as a light industrial area.
Class D	A section which is primarily reserved, zoned or used as a heavy industrial area.

5.0 DISCUSSION OF RESULTS

The DENR Environmental Quality Standards for Noise is based on Memorandum Circular No. 002 Series of 1980 of the National Pollution Control Commission. The noise was measured in "A" weighting network and "slow response" with different limits for various time of the day and area category. The location of Benguet Corporation – Acupan Contract Mining Project (BC-ACMP Assay Laboratory). is primarily reserved, zoned or used as a light industrial area (Class C) with DENR Daytime Noise Standard of 70dBA.

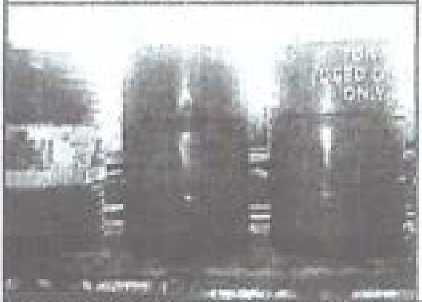
The results of noise level measurement show that ***the noise levels in stations 1 to 3 are within the applicable DENR daytime limit of 70dBA.*** The audible noise detected came from the BC – ACMP crushing activity and birds noises, residential noises and people talking and vehicles passed by.

Appendix "H"

Document Title	EMS GUIDELINES			
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 Alienza	Reviewed by: ISO Core Team		Approved by: AL Buenavista, AVP-OIC Resident Manager	

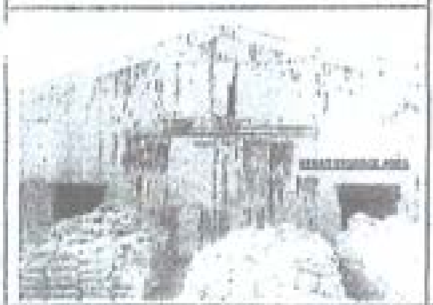
USED OIL — Each department will assign designated storage area for used oil

USED OIL — Use tightly sealed and properly labeled containers

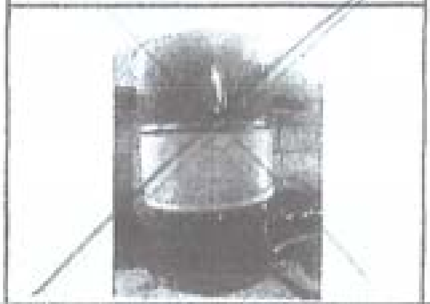


USED OIL — When full, notify ENVIRO Dept for proper inventory & documentation

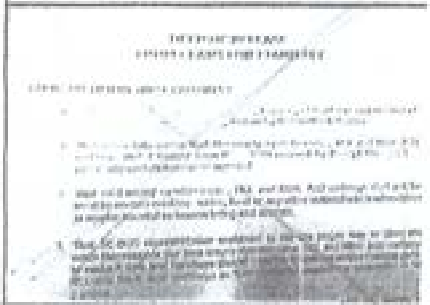
USED OIL — Collected containers will be stored in a centralized temporary storage



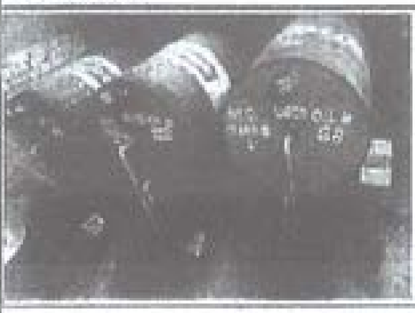
USED OIL — Accumulated used oil will be sold to interested parties



USED OIL — A signed waiver will be issued to by the buyer to the company



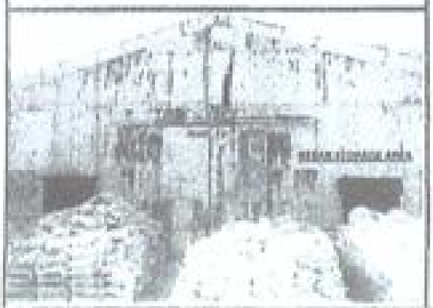
USED OIL — Used oil from mill mechanical will be re-used



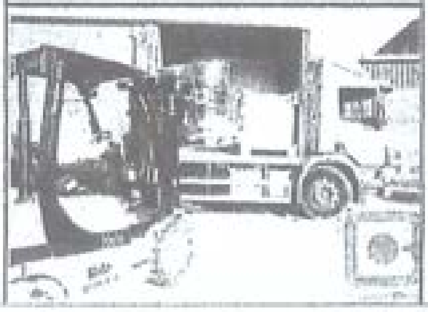
OIL-CONTAMINATED — All contaminated items will be disposed in hazardous trash bin

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 dispose in the hazardous trash bin

Appendix "I"

Republic of the Philippines
Department of Environment and Natural Resources
ENVIRONMENTAL MANAGEMENT BUREAU

Baguio City

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 abovecited 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;

DENR Cmpd., Gibraltar Rd.
Baguio City 2600
P.O. Box 1959

Telefax No. (074) 446-6440/ 443-4909
Tel. No. (074) 446-2881/442-2346

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 voluntary 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:

NESTOR M. DONAAL
Chief, EIA Division

APPROVED:

PAQUITO T. MORENO, JR.
Regional Director

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

NOTE: NOT VALID WITHOUT SEAL

Appendix "J"

BenguetCorp

REGISTRY OF COMPLIANCE OBLIGATIONS - BGO

Prepared by:		CJ Chapdian	Reviewed by:	BGO EMS	Approved by:	VB Bongalos Jr.
	Document Code:	DRCS-11	Revision No:	07	Effectivity Date:	January 16, 2022

In- charge: **MEPEO**

No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
1	General Environment **PD 1586 Establishing an Environment Impact Statement System including other Environmental Manangement related measures and for other purposes** **DAO 2003-30** Implementing Rules and Regulations (IRR) for the Philippine Environmental Impact Statement (EIS) System	Securing ECC	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*
3		*Training Course for Managing Head*			**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)**	Preparation and Submission of Self-Monitoring-Report (SMR)	DENR/ EMB		**COMPLIANT**	Submitted on January 15, 2022 10:05am thru Online
5				EMSG-09	**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		COMPLIANT	Submitted: Jan. 28, 2020 (REVISED) Solid waste management is included into the program
7					COMPLIANT	SMR 4th Qtr 2021 - Module 3
8	R.A. 9275 Philippine Clean Water Act of 2004; DAO 2005-10 Implementing Rules & Regulations of RA 9275	Section 14: Discharge Permit	DENR - EMB		PARTIALLY COMPLIANT	Expiry date: November 19, 2021, (Renewal is on process: submitted on Oct. 22, 2021)
9					COMPLIANT	Expiry date: July 20, 2022
10		Section 14.c: Self Monitoring Report	DENR - EMB		COMPLIANT	SMR 4th Qtr 2021 - Module 3
11	DAO 2016-08 Water Quality and General Effluent Standards Of 2016	Compliance on Effluent Standard	DENR - EMB		COMPLIANT	Latest sampling: October 20 2021
12					COMPLIANT	Date complied: December 6, 2020
13					COMPLIANT	[illegible] 2020 (included on the Quarterly PMT sampling & testing)
14					COMPLIANT	Date complied: December [illegible]

No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
15				[illegible]	COMPLIANT	Date Issued: May 22, 2021 Date Expires:January 22 2026
16				[illegible]	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	[illegible]	COMPLIANT	*Issued: February 13, 201 Expires on February 12, 2024*
18				[illegible]	COMPLIANT	*Issued: March 11, 2020 Expires on February 16, 2025*
19				[illegible]	COMPLIANT	*Issued: June 22, 2017 Expires on June 21, 2022*
20				[illegible]	COMPLIANT	Issued: May 22, 2016 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 Cyanide and Cyanide Compounds***	*Securing CCO Reg. Cert.*		[illegible] *PCN-CCO-CAR-CN-2020-20058*	COMPLIANT	*Online registration Issued on March 4, 2020*

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-2014-025Pb	**COMPLIANT**	
23	***DAO NO. 2013-24 Chemical Control Order for Lead and Lead Compounds***	*Securing CCO Reg. Cert.*	*DENR - EMB*	RCN: CCO-PCB-[illegible]	**COMPLIANT**	
24	***MEMORANDUM CIRCULAR NO. 2003 – 008 Series of 2003-Procedural and Reference Manual for DAO 2003-27***	*Quarterly SMR submission/s*	*DENR - EMB*		**COMPLIANT**	SMR 4th Qtr 2021- Module 2
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 11 2022 10:06 am thru Online-
27		*3. Comprehensive Emergency Continqy PlanS*			**COMPLIANT**	
28		4. Storage and Labeling requirements		[illegible] 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**	

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 Tranporters, 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 136-14 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 Transports, 50 Governing Rules and Regulations for Hazardous Waste Treatment Storage and Disposal (TSD) Facilities***	TSD Registration Certificate	DENR - EMB		**COMPLIANT**	Issue 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) Section 169. Environmental Protection and Enhancement Program	Establishment of Environmental Protection Program	MGB		**COMPLIANT**	

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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	Program		[illegible]	COMPLIANT	Submitted [illegible] (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	[illegible]	COMPLIANT	
37	Section 174. Environmental Monitoring Audit	Monitoring by MMT at least every quarter	MGB	[illegible]	COMPLIANT	Submitted Jul. 13, 2021
38	Section 189. Mine Waste and Tailings Fess Reserve Fund Section 190. Mine Waste and Tailings Fees Section 191. Payment of Mine Waste and Tailings Fees Due	Submisson of MWT report and MWT payment semi-annually	MGB		PARTIALLY COMPLIANT	Mine Waste & Tailings Report submitted on January 28 2022. Awaiting for the Validation and Order of Payment from MGB Central Office.
39	Section 270. Reporting Requirements	Monthly, Quarterly and Integrated Annual Reporting	MGB, EMB		COMPLIANT	Submitted Jan. 14, 2022
40					COMPLIANT	Report making is ongoing

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

No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
1	Section 142. Responsibilities of a Contractor/ Permittee/ Lessee/ Permit Holder and Service contractor	Establishment of Safety and Health Program	MGB	[illegible] Received: December 7, 2021	COMPLIANT	
		Monthly, Quarterly and				Submitted: December 17

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No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
2	Section 270. Reporting Requirements	Integrated Annual Reporting	MGB		COMPLIANT	2020
3	Section 3, Rule 12 With Safety and Health Office (SHO)	Established SHO, Table of Organization under direct	MGB		COMPLIANT	
4	DAO 2010-21, Section 146, Registration of Safety Engineer and Safety Inspector DAO 2000-98Section 2, Rule 0-11, With Safety Engineer/ Inspector	Registered Safety Engineer/Safety Inspector	MGB		COMPLIANT	
5	Section 5, Rule 21.2 or Rule 27 With Central Safety and Health Committee (CSHC)	Central Safety and Health Committee established, verified through minutes of meetings/attendance/logbook/photo documentation	MGB		COMPLIANT	Election On January 28, 2022
6	Section 5, Rule 21.2 Safety and Health Policy	Safety & Health Policy Satement signed by highest official on Site/President & strategically located on all work areas	MGB		COMPLIANT	
7	Rule 1209 Submission of Fatal to RO concerned within 15 days after the date of accident (if applicable)	Investigation Report	MGB		COMPLIANT	Latest PIC Meeting conducted on February 2 2022
8	Rule 30	CSHC monthly minutes of	MGB		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	meetings				
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 conductedRegularly (per	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	Safety and Health Rules and Regulations manual/handbook, preferably with translation in local dialect and distributed every employee	MGB		COMPLIANT	
11	Section 49, Rule 637 Preparation/ Presence of Emergency Response and Preparedness Program	Emergency Response and Preparedness Program	MGB	[illegible] (Emergency Response Program)	COMPLIANT	EMS manual
12	Section 49, Rule 637 c.) organization of crisis management group	Emergency Response Team	MGB	Emergency Response Team (ERT)	COMPLIANT	EMS mannual- ERT Table of Organization
13	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		COMPLIANT	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
15	Section 49, Rule 639 - 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	MGB		COMPLIANT	Drill, Hazmate spill Drill, ETC
In- charge: COMREL DEPARTMENT						
R.A. 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 28, 2022
3					COMPLIANT	
4	Section 136-C. Organization of Community Relations Office	Establishment of Community Relations Office	MGB		COMPLIANT	
	Chapter XIV (Development of Mining Communities, Sciences and Mining Technology) of DENR					

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"				COMPLIANT	Interim 2022 ASDMP submitted on Dec. 16, 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		COMPLIANT	Issued December 15, 2021
2	Section 270. Reporting Requirements	Records of Extraction	MGB		COMPLIANT	Submitted January 14, 2022
3					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	MGB PSME		COMPLIANT	
5	**PD No. 856, Code on Sanitation of the Philippines**	Annual LGU Sanitary inspection (Municipal	LGU		**COMPLIANT**	Expiration date: December 31, 2022

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No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
		Health Office)				
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*	PARTIALY COMPLIANT	
8	*Ordinance No. 06- [illegible]*		LGU		***COMPLIANT***	*Permit No.2022-06-0025-F* *Plate No.22-4900* *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 Section 128. General Provisions Section 129. mandatory Requirements for Accreditation of processors, traders, dealers and retailers in the trading of minerals/ minerals products and by-products	Accreditation of processors, traders, dealers and retailers in the trading of minerals/ mineral products	*MGB*		**COMPLIANT**	
2	Section 156. Rights to Possess and Use Explosives	*Explosives Permit*			**COMPLIANT**	
	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. Filling of Application for Amendment and Renewal of Purchaser's License	*License to Handle Explosives*			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	[illegible]		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, [illegible]

No.	Governing Laws, Rules and Regulations	Applicable Requirement	Interested Parties	Evidence of Compliance	Status of Compliance	Remarks
3	Section 164. Mine Supervision	At least one (1) licensed mining Engineer with at least five (5) years of experience in mining operations and/ or one (1) registered			COMPLIANT	Engr. Ernesto G. Manipon PRC License, Expired on: May [illegible] 2023
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 DAO 2000-81 Implementing Rules & Regulations of RA 8749**	[illegible] upon proof of compliance to the emission [illegible]	EMB/DOTC/LTO		COMPLIANT	
In- charge: **ISO CORE TEAM DEPARTMENT**						
1	**AO 2015-07 Mandating Contractors to secure ISO 14001 Certification**	Certification to ISO 14001	DENR-MGB		COMPLIANT	Audit scheduled on March 2022
	SUMMARY OF ENVIRONMENTAL COMPLIANCE OBLIGATIONS					
	Number of Compliant	76				
	Number of Non- Compliant	3				
	% Compliant	96%				

Appendix "K"

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 mgbcordillera@gmail.com

CERTIFICATE OF APPROVAL

SHP # 09 - 2022 - CAR

The Mines and Geosciences Bureau-CAR, having evaluated and assessed 2022 Safety and Health Program (SHP) in accordance with the provisions of Department of Environment and Natural Resources Administrative Order (DAO) No. 2010-21, the Revised Implementing Rules and Regulations of Republic Act (RA) No. 7942, otherwise known as the "Philippine Mining Act of 1995", hereby grants this Certificate of Approval to **BENGUET CORPORATION-ACUPAN CONTRACT MINING PROJECT (BC-ACMP), PATENT No. 002-CAR** located at Balatoc, Itogon, Benguet.

This Certificate is issued subject to the pertinent provisions of the abovementioned laws, rules and regulations, and to the following conditions:

1. This certificate is valid only for programs, projects and activities stipulated in the CY 2022 SHP;
2. The committed budget for the CY 2022 SHP is Eleven million seven hundred twenty-three thousand six hundred and four centavos (PhP11,723,600.04);
3. The implementation of identified programs, projects and activities shall subject to validation by the **MGB-CAR** and auditing of the **MGB Central Office (MGB-CO)**;
4. Benguet Corporation-Acupan Contract Mining Project (BC-ACMP), shall submit to MGB-CAR a quarterly accomplishment reports within 15 working days at the end of each quarter and an annual accomplishment report in thirty (30) days after the end of the calendar year;

f

5. The company shall notify the **MGB-CAR** of any amendment in the approved SHP. Provided that the amendments do not compromise the overall safety and health programs and conditions of the project; and

6. Additional conditions may be imposed to effectively implement the approved SHP should the result of the monitoring by **MGB-CAR** or audit by the **MGB-CO** warrants them.

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 20th day of January 2022 at the Mines and Geosciences Bureau-CAR, Baguio City

FAY W. APIL
Regional Director

Department of Environment and Natural Resources
Mines and Geosciences Bureau
Cordillera Administrative Region
012422-CAR-40625
Certificate of Approval

CONFORME:

ENGR. VALERIANO B. BONGALOS, JR.
VP/Resident Manager
Benguet Corporation-ACMP
Balatoc, Itogon, Benguet

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

Appendix "L"

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

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**

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

030322-CAR-41358
Certificate of Approval

BenguetCorp

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of BENGUET CORPORATION and its Subsidiaries (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022, 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 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.

The Board of Directors is responsible for overseeing the Group'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 Group 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 30, 2023.

ACKNOWLEDGMENT

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

SUBSCRIBED AND SWORN to before me this MAR 31 2023 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.

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 9568019 / 01.04.2023

Doc. No. 211;
Page No. 44;
Book No. I;
Series of 2023.

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	1	3	4	1

COMPANY NAME

BENGUET CORPORATION AND SUBSIDIARIES

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

7th Floor, Universal Re Building, 106 Paseo de Roxas, 1226 Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
BCCorpSec@benguetcorp.com	(02) 8812-1380	09166100630

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,896	First Wednesday in November	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Reynaldo P. Mendoza	rey_men777@yahoo.com	(02) 8775-1913	N/A

CONTACT PERSON's ADDRESS

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

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.

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 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, 2022, land classified as investment properties amounting to ₱2,991.98 million and land classified as property, plant and equipment amounting to ₱1,677.57 million represented 30% and 17% 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 11 while those relating to property, plant and equipment are included in Note 9 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 and property, plant and equipment. 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, 2022, the carrying value of the Group's deferred mine exploration costs amounted to ₱492.51 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 10 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's capitalization policy and tested whether the policy has been applied consistently. We obtained management's assessment on the recoverability of the deferred exploration costs and inquired into the status of each exploration project and their plans on operations. We obtained the summary of the status of each exploration project as of December 31, 2022, as certified by the Group's technical group head and compared it with the certifications provided by a regulatory agency. 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.

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Impairment Testing of Property, Plant and Equipment

As at December 31, 2022, the Group's net assets exceeded its market capitalization. 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. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to property, plant and equipment are included in Note 9 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. 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, 2022 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, 2022 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.

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- 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

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 2022 to 2026 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. 9566012, January 3, 2023, Makati City

March 30, 2023

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BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,002,750**	₱603,248
Trade and other receivables (Note 5)	**782,505**	514,960
Inventories (Note 6)	**180,572**	142,059
Financial assets at fair value through profit or loss (Note 7)	**1,114,611**	674,977
Other current assets (Note 8)	**352,430**	481,690
Total Current Assets	**3,432,868**	2,416,934
Noncurrent Assets		
Property, plant and equipment (Note 9)		
At revalued amount	**1,729,705**	1,703,403
At cost	**780,200**	848,388
Deferred mine exploration costs (Note 10)	**492,505**	455,397
Investment properties (Note 11)	**2,991,984**	2,910,663
Deferred tax assets - net (Note 30)	**9,918**	11,646
Other noncurrent assets (Note 12)	**471,896**	402,922
Total Noncurrent Assets	**6,476,208**	6,332,419
TOTAL ASSETS	**₱9,909,076**	₱8,749,353
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Note 13)	**₱337,035**	₱337,035
Trade and other payables (Note 14)	**555,712**	669,398
Lease liabilities - current (Note 15)	**6,309**	9,181
Liability for mine rehabilitation - current (Note 16)	**10,488**	6,573
Income tax payable	**105,859**	137,816
Total Current Liabilities	**1,015,403**	1,160,003
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 15)	**5,798**	11,913
Liability for mine rehabilitation - net of current portion (Note 16)	**48,568**	54,174
Pension liability (Note 29)	**56,015**	73,352
Deferred tax liabilities - net (Note 30)	**769,212**	748,578
Other noncurrent liabilities (Note 17)	**237,814**	291,800
Total Noncurrent Liabilities	**1,117,407**	1,179,817
Total Liabilities	**2,132,810**	2,339,820
Equity		
Capital stock (Note 18)	**624,015**	624,015
Capital surplus	**415,110**	409,929
Cost of share-based payment (Note 19)	**6,275**	9,198
Retained earnings	**5,353,428**	4,021,846
Other components of equity (Note 18)	**1,385,454**	1,352,561
	7,784,282	6,417,549
Treasury shares (Note 18)	**(8,016)**	(8,016)
Total Equity	**7,776,266**	6,409,533
TOTAL LIABILITIES AND EQUITY	**₱9,909,076**	₱8,749,353

See accompanying Notes to Consolidated Financial Statements.

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BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share)

	Years Ended December 31		
	2022	2021	2020
REVENUE (Note 20)	**₱4,025,195**	₱3,841,888	₱1,619,725
COSTS AND OPERATING EXPENSES			
Costs of mine products sold (Note 21)	**(970,388)**	(921,685)	(725,772)
Costs of services and other sales (Note 22)	**(80,158)**	(74,842)	(39,167)
Selling and general expenses (Note 23)	**(1,078,542)**	(992,281)	(408,390)
Excise taxes and royalty fees (Notes 20)	**(299,747)**	(284,282)	(101,026)
	(2,428,835)	(2,273,090)	(1,274,355)
INTEREST EXPENSE (Notes 13 and 15)	**(1,102)**	(3,888)	(3,130)
OTHER INCOME - net (Note 26)	**164,014**	229,091	141,028
INCOME BEFORE INCOME TAX	**1,759,272**	1,794,001	483,268
PROVISION FOR INCOME TAX (Note 30)	**428,225**	372,397	101,883
NET INCOME	**₱1,331,047**	₱1,421,604	₱381,385
BASIC EARNINGS PER SHARE (Note 31)	**₱2.14**	₱2.29	₱0.62
DILUTED EARNINGS PER SHARE (Note 31)	**₱2.12**	₱2.27	₱0.61

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱1,331,047**	₱1,421,604	₱381,385
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Item to be reclassified to profit or loss in subsequent periods:			
Translation adjustment on foreign subsidiaries	**5,192**	4,613	(1,997)
Items not to be reclassified to profit or loss in subsequent periods:			
Revaluation of land (Note 9)	**20,700**	178,584	–
Remeasurement gain (loss) on pension liability (Note 29)	**6,960**	1,083	(11,823)
Unrealized gain on equity instruments designated at fair value through other comprehensive income (Note 12)	**603**	15	193
Unrealized gain on intangible asset	**(27)**	–	–
	28,236	179,682	(11,630)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**33,428**	184,295	(13,627)
TOTAL COMPREHENSIVE INCOME	**₱1,364,475**	₱1,605,899	₱367,758

See accompanying Notes to Consolidated Financial Statements.

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BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Thousands)

				Other components of equity								
	Capital stock (Note 18)	Capital surplus	Cost of share-based payment (Note 19)	Revaluation increment on land and artworks (Note 18)	Cumulative translation adjustment on foreign subsidiaries (Note 18)	Remeasurement gain on pension liability (Notes 18 and 29)	Unrealized gain on financial assets at FVOCI (Notes 12 and 18)	Unrealized gain on intangible asset (Notes 12 and 18)	Total other comprehensive income	Retained earnings	Treasury shares (Note 19)	Total
Balances at January 1, 2020	**₱616,863**	**₱380,382**	**₱21,671**	**₱1,127,236**	**₱33,592**	**₱21,413**	**₱971**	**₱135**	**₱1,183,347**	**₱2,217,403**	**(₱8,016)**	**₱4,431,650**
Exercise of stock options (Notes 18 and 19)	352	2,239	(1,957)	–	–	–	–	–	–	–	–	634
Cancellation of stock options (Note 19)	–	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 expense (Notes 18, 19 and 24)	–	–	13,778	–	–	–	–	–	–	–	–	13,778
Exercise of stock options (Notes 18 and 19)	6,800	15,740	(12,726)	–	–	–	–	–	–	–	–	9,814
Cancellation of stock options (Note 19)	–	5,220	(5,220)	–	–	–	–	–	–	–	–	–
Transfer of fair value reserve on financial asset at FVOCI (Note 12)	–	–	–	–	–	–	(1,454)	–	(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**
Stock options expense (Notes 18 and 19)	–	–	2,258	–	–	–	–	–	–	–	–	2,258
Cancellation of stock options (Note 19)	–	5,181	(5,181)	–	–	–	–	–	–	–	–	–
Transfer of revaluation increment to retained earnings from the sale of land (Note 11)	–	–	–	(535)	–	–	–	–	(535)	535	–	–
Net income	–	–	–	–	–	–	–	–	–	1,331,047	–	1,331,047
Other comprehensive income (loss)	–	–	–	20,700	5,192	6,960	603	(27)	33,428	–	–	33,428
Total comprehensive income (loss)	–	–	–	20,700	5,192	6,960	603	(27)	33,428	1,331,047	–	1,364,475
Balances at December 31, 2022	**₱624,015**	**₱415,110**	**₱6,275**	**₱1,325,985**	**₱41,400**	**₱17,633**	**₱328**	**₱108**	**₱1,385,454**	**₱5,353,428**	**(₱8,016)**	**₱7,776,266**

See accompanying Notes to Consolidated Financial Statements.

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,759,272**	₱1,794,001	₱483,268
Adjustments for:			
Depreciation and depletion (Notes 9 and 25)	**81,214**	148,214	54,269
Movement in liability for mine rehabilitation (Notes 16 and 26)	**16,858**	(37,830)	5,290
Movements in pension liability	**(6,486)**	(8,239)	2,379
Interest income (Notes 4, 5, 12 and 26)	**(2,089)**	(3,293)	(819)
Stock options expense (Notes 19 and 24)	**2,258**	13,778	–
Accretion on the liability for mine rehabilitation (Notes 16 and 26)	**1,746**	2,453	3,376
Interest expense (Notes 13 and 15)	**1,102**	3,888	3,130
Provision for impairment loss on other noncurrent assets (Notes 12 and 26)	**938**	18,397	–
Loss (gain) on:			
Revaluation on investment properties (Notes 11 and 26)	**(85,332)**	(276,986)	(154,815)
Change in fair value of financial assets at fair value through profit or loss (FVPL) (Notes 7 and 26)	**(18,213)**	(2,389)	–
Disposal of property, plant and equipment (Note 9)	**11,238**	–	(35)
Unrealized foreign currency exchange	**5,522**	9,564	(13,015)
Sale of investment properties (Notes 11 and 26)	**(619)**	–	–
Write-off of deferred mine exploration costs (Notes 10 and 26)	–	16,511	–
Rent concession (Notes 15 and 26)	–	(585)	–
Operating income before working capital changes	**1,767,409**	1,677,484	383,028
Decrease (increase) in:			
Trade and other receivables	**(56,894)**	(39,692)	(184,285)
Inventories	**(38,467)**	(40,919)	31,440
Other current assets	**129,260**	(82,970)	(11,801)
Increase (decrease) in trade and other payables	**(113,686)**	59,399	38,484
Net cash flows generated from operations	**1,687,622**	1,573,302	256,866
Income taxes paid	**(445,168)**	(225,277)	(3,327)
Interest received	**2,089**	827	819
Interest paid	**(1,102)**	(1,596)	(1,488)
Net cash flows from operating activities	**1,243,441**	1,347,256	252,870
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of:			
Financial assets at FVPL (Note 7)	**59,311**	–	–
Investment properties (Note 11)	**4,630**	–	–
Property, plant and equipment (Note 9)	**157**	–	35
Additions to:			
Financial assets at FVPL (Note 7)	**(480,732)**	(660,089)	–
Property, plant and equipment (Note 9)	**(45,383)**	(40,860)	(27,307)
Deferred mine exploration costs (Note 10)	**(31,221)**	(11,693)	(10,811)
Payments of advances to supplier	**(257,889)**	–	–
Increase in other noncurrent assets	**(22,744)**	(11,199)	(16,087)
Net cash flows used in investing activities	**(773,871)**	(723,841)	(54,170)

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans payable (Note 13)	**₱–**	(₱182,323)	(₱1,370)
Principal portion of lease liability (Note 15)	**(8,366)**	(7,697)	(2,070)
Proceeds from:			
Employees' exercise of stock options (Note 19)	–	9,814	634
Decrease in other noncurrent liabilities	**(56,853)**	(99,612)	–
Net cash flows used in financing activities	**(65,219)**	(279,818)	(2,806)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**404,351**	343,597	195,894
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(4,849)**	(11,897)	(1,518)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**603,248**	271,548	77,172
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,002,750**	₱603,248	₱271,548

See accompanying Notes to Consolidated Financial Statements.

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 Parent 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 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:

	Prior to quasi-reorganization	*Effect of quasi-reorganization*	*After quasi-reorganization*
Capital surplus	₱1,153,579	(₱1,153,579)	₱–
Revaluation increment	1,561,048	(1,010,848)	550,200
Deficit	(2,164,427)	2,164,427	–

For purposes of dividend declaration, the retained earnings of the Parent Company shall be restricted to the extent of the deficit wiped out by the revaluation increment amounting to ₱1.01 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 ₱1,405.16 million and ₱1,319.83 million as at December 31, 2022 and 2021, respectively (see Note 11).

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 30, 2023, the Office of the President has not yet resolved the appeal.

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, 2022, the Parent Company continues to mine and operate.

On March 28 to 29, 2023, NQA Philippines, Inc. (NQA), an independent evaluation and certification body, conducted ISO 14001:2015 Recertification Audit for BGO. NQA is yet to issue the certification as at March 30, 2023.

Sta. Cruz Nickel Project (SCNP)
On July 8, 2016, BRMC received from the regional offices of the DENR, MGB, and Environmental Management Bureau (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 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 considering the case has become due to the DENR closure orders. 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. The denial of the petition was questioned in the Supreme Court then a Petition for Review by Certiorari.

In March 2022, the Supreme Court gave due course to the Certiorari by demanding the case to the Court of Appeals for continuation of the proceedings. The case was set for preliminary conference.

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 Coodinating 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 October 10, 2022, NQA issued to BRMC ISO 14001:2015 Recertification audit. The certification is valid until February 3, 2026. This certification makes BRMC fully compliant with DENR DAO 2015-07.

Irisan Lime Project (ILP)
The Parent Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 7,340 tons, 7,645 tons, and 7,072 tons of quicklime in 2022, 2021 and 2020, respectively. On March 22, 2022, the Mineral Processing Permit (MPP) for the ILP was renewed for a period of five years or until March 21, 2027.

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 with MGB Central Office and elevated the appeal to the DENR. On

October 5, 2021, the DENR granted the appeal and the APSA was reinstated back to the Parent Company.

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.

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 30, 2023, 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 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 Parent Company 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.

In 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's request for a tree inventory, which is preparatory to the application for a cutting permit. The decision was reversed in January 2012 after the issuance of a memorandum from the Executive Secretary, which exempted exploration and mining activities from the said EO. The Parent Company is in the process of completing the requirements to secure permits for the development of the project. A preliminary hydrology study was done at the nearby Hubo river's water source to assess if the volume capacity of the river system can support a hydro plant, which will complement the Coal Power Plant Study.
In 2012, the Parent Company also participated in the bidding under the Philippine Energy Contracting Round 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 approval of the Exploration Permit Application (EXPA).

Pantingan 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 starting in 2020.

Recent geological works in the Pantingan property have also led to the identification of two parcels composed of Block-1 and Block-3 areas located inside the mineral tenement hosting high quality mountain rock deposits with favorable potential for rock aggregates. The potential rock formations are composed of consolidated volcanic conglomerate and massive andesite units based on actual ground analysis.

The second phase drilling works on the Pantingan 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.

The third phase drilling works has started following MGB's approval of the Fourth Exploration Program (EP), which is equivalent to two (2) years period. Output of the work program will be a Pre-Feasibility Study. Preparation is also underway for the renewal of the MPSA application (of the property in 2024) such as geological report, topographic survey of tenement, environmental and social compliances, among other requirements.

On the aggregates, the Parent Company is prioritizing to obtain the permits for the additional 6 Quarry Permit Application (QPA) blocks which are nearer to the proposed hauling road. These include Environmental Compliance Certificate (ECC), Free Prior and Informed Consent (FPIC) from Indigenous People, Tree Cutting Permit and local government unit clearances.

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 Oreline Mining Corporation (OMC). A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of the permit. 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. It has since converted to EXPA.

The Parent Company has obtained the consent of OMC, the claimowner, 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 Semptember 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 30, 2023, management is still awaiting resolution of the issue.

As at December 31, 2022 and 2021, the cost and accumulated amortization of the water rights amounted to ₱4.59 million. ADOVC accrued and paid water permit fees amounting to ₱0.01 million and nil in 2022 and 2021, 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 30, 2023, 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 30, 2023, 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.

<u>Authorization for the Issuance of the Consolidated Financial Statements</u>
The consolidated financial statements of the Group as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were authorized for issuance by the Parent Company's BOD on March 30, 2023.

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 and Sustainability Reporting Standards Council (FSRSC).

Basis of Consolidation and Group Information

As at December 31, 2022 and 2021, 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 Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

<u>Changes in Accounting Policies</u>
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, 2022. The Group 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 an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- 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.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the 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*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

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, 2023
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- *Amendments to PFRS 16, Lease Liability in a Sale and Leaseback*

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 are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

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.

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.

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 the consolidated statement of income 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 include its investments in unit investment trust fund (UITF) (see Note 7).

- *Financial assets designated at FVOCI (equity instruments)*
  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 investments in quoted shares under this category (see Note 12).

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 in 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, 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 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 loan receivables, 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 the consolidated statement of income 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. CWTs are recognized to the extent of its recoverable amount.

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:

Category	Number of years
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.

<u>Investment Properties</u>
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.

<u>Impairment of Non-financial Assets</u>

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.

<u>Leases</u>
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.

The Group has elected to classify interest paid on lease liabilities as cash flows from operating activities.

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.

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

- Revaluation increment on land and artworks- net of deferred tax
- Cumulative translation adjustment on foreign subsidiaries - net of deferred tax
- Remeasurement gain on pension liability - net of deferred tax
- Unrealized gain on financial assets at 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.

<u>Contract Balances</u>
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, 2022 and 2021.

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.

<u>Interest Income</u>
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.

<u>Rental Income</u>
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.

<u>Cost and Expense Recognition</u>
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.

<u>Income Taxes</u>
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. It 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 liablities 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 33).

<u>Judgments</u>
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.

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.

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

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.

As at December 31, 2022 and 2021, deferred mine exploration costs amounted to ₱492.51 million and ₱455.40 million, respectively (see Note 10).

<u>Estimates and Assumptions</u>
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, Advances to Contractors under "Other Current Assets" and Loan Receivables under "Other Noncurrent Assets"
The Group uses the simplified approach in the assessment of the ECLfor its trade receivables and general approach model for its other receivables, advances to contractors under "Other current assets" and loan receivables under "Other noncurrent assets". 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.

The carrying amount of trade and other receivables, advances to contractors under "Other current assets" and loan receivables under "Other noncurrent assets"amounted to ₱782.51 million and ₱789.64 million as at December 31, 2022 and 2021, respectively (see Notes 5, 8 and 12).

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, 2022 and 2021, carrying values of mine and mining properties amounted to ₱646.06 million and ₱696.68 million, respectively (see Note 9). Depletion charges recognized amounted to ₱41.76 million, ₱73.60 million and ₱16.43 million in 2022, 2021 and 2020, respectively (see Notes 9 and 25).

As at December 31, 2022 and 2021, carrying values of liability for mine rehabilitation amounted to ₱59.06 million and ₱60.75 million, respectively (see Note 16).

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 2022, 2021 and 2020 on property, plant and equipment.

As at December 31, 2022 and 2021, property, plant and equipment (at cost) amounted to ₱780.20 million and ₱848.39 million, respectively (see Note 9).

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, 2022 and 2021, the carrying value of inventories amounted to ₱180.57 million and ₱142.06 million, respectively (see Note 6).

Assessing Impairment of Input VAT under Other Current Assets and Advances to Contractors and Suppliers and Input VAT under Noncurrent Assets
The Group provides allowance for impairment losses on input VAT under other current assets and advances to contractors and supplies 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.

The total carrying value of input VAT under other current assets and advances to contractors and suppliers and input VAT under noncurrent assets amounted to ₱612.52 million and ₱343.26 million as at December 31, 2022 and 2021, respectively (see Notes 8 and 12).

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, 2022 and 2021, the appraised value of land and artworks, and investment properties amounted to ₱4,721.69 million and ₱4,614.07 million, respectively (see Notes 9 and 11).

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, 2022 and 2021, the carrying amount of mine and mining properties amounted to ₱580.18 million and ₱611.31 million, respectively. Carrying amount of mine rehabilitation asset amounted to ₱41.96 million and ₱65.08 million as of December 31, 2022 and 2021, respectively (see Note 9).

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 ₱12.11 million and ₱21.09 million as at December 31, 2022 and 2021, respectively (see Note 15).

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

Liability for mine rehabilitation amounted to ₱59.06 million and ₱60.75 million as at December 31, 2022 and 2021, respectively (see Note 16).

Estimating Cost of Share-Based Payment
The Parent Company's Nonqualified Stock Option Plan grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The 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 19. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations.

Cost of share-based payment amounted to ₱6.28 million and ₱9.20 million as at December 31, 2022 and 2021, 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 29.

Net pension liability of the Group amounted to ₱56.02 million and ₱73.35 million as at December 31, 2022 and 2021 respectively (see Note 29).

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 ₱79.42 million and ₱100.74 million as at December 31, 2022 and 2021, respectively (see Note 30).

The Group did not recognize deferred tax assets totaling ₱400.58 million and ₱432.50 million as at December 31, 2022 and 2021, respectively, on the remaining unused NOLCO, MCIT and deductible temporary differences (see Note 30).

4. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**₱949,142**	₱552,236
Short-term deposits	**53,608**	51,012
	₱1,002,750	₱603,248

Interest income from cash and cash equivalents amounted to ₱1.35 million, ₱0.79 million and ₱0.66 million in 2022, 2021, and 2020, respectively (see Note 26).

5. Trade and Other Receivables

	2022	2021
Trade	**₱292,401**	₱221,867
Loan receivable	**261,087**	–
Nontrade	**186,833**	229,503
Advances to officers and employees	**117,554**	93,142
ESOIP (Note 27)	**58,416**	58,416
Receivables from lessees of bunkhouses	**3,855**	3,689
Others	**18,824**	21,704
	938,970	628,321
Less allowance for ECLs	**156,465**	113,361
	₱782,505	₱514,960

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.

Loan Receivable
On March 3, 2010, MMC granted an unsecured loan facility to a third party with an interest rate of 9% per annum. Outstanding receivable from this loan, including accrued interest, amounted to ₱211.32 million, net of allowance amounting to ₱49.76 million as at December 31, 2022 and 2021. In 2021, this loan was negotiated for a longer term with 1% annual interest income and due date is on December 31, 2023 and was reclassified to other noncurrent assets in 2021 (see Note 12). In 2022, the loan was reverted to other current assets. Interest earned for this loan amounted to nil, ₱2.46 million and nil in 2022, 2021 and 2020, respectively (see Note 26).

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.

Movements in allowance for ECL in 2022 and 2021 are as follows:

	2022							
	Trade Receivables	**Nontrade Receivables**	**Advances to officers and employees**	**ESOIP (Note 28)**	**Loans receivable**	**Receivables from lessees of bunkhouses**	**Others**	**Total**
Balances at beginning of year	**₱38,702**	**₱8,409**	**₱1,830**	**₱58,416**	**₱–**	**₱3,689**	**₱2,315**	**₱113,361**
Provisions (Note 26)	**64**	**–**	**–**	**–**	**–**	**166**	**–**	**230**
Recoveries (Note 26)	**(6,876)**	**–**	**–**	**–**	**–**	**–**	**(13)**	**(6,889)**
Reclassifications (Note 12)	**–**	**–**	**–**	**–**	**49,763**	**–**	**–**	**49,763**
Balances at end of year	**₱31,890**	**₱8,409**	**₱1,830**	**₱58,416**	**₱49,763**	**₱3,855**	**₱2,302**	**₱156,465**

	2021							
	Trade Receivables	Nontrade Receivables	Advances to officers and employees	ESOIP (Note 28)	Loans receivable	Receivables from lessees of bunkhouses	Others	Total
Balances at beginning of year	₱27,882	₱8,409	₱1,830	₱58,416	49,763	₱3,644	₱3,476	₱153,420
Provisions (Note 23)	11,447	–	–	–	–	45	–	11,492
Recoveries (Note 23)	(627)	–	–	–	–	–	(1,161)	(1,788)
Reclassifications (Note 12)	–	–	–	–	(49,763)	–	–	(49,763)
Balances at end of year	₱38,702	₱8,409	₱1,830	₱58,416	₱–	₱3,689	₱2,315	₱113,361

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

6. Inventories

	2022	2021
At Cost:		
Beneficiated nickel ore	**₱121,377**	₱117,467
Gold button	**3,565**	–
Quicklime and slakelime	**1,956**	1,446
Subdivision lots and housing units for sale	**1,897**	2,284
	128,795	121,197
At NRV:		
Materials and supplies	**208,391**	196,364
Provision for inventory obsolescence	**(156,614)**	(175,502)
	51,777	20,862
	₱180,572	₱142,059

As at December 31, 2022 and 2021, 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 2022. 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 ₱0.05 million, nil and ₱0.42 million in 2022, 2021 and 2020, respectively (see Note 25).

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 ₱152.00 million, ₱238.36 million and ₱209.54 million in 2022, 2021 and 2020, respectively.

The aggregate cost of beneficiated nickel ore inventory that increased cost of mine products sold amounted to ₱5.09 million and ₱35.39 million in 2022 and 2020, respectively and decreased cost of mine products sold amounted to ₱40.56 million in 2021 (see Note 21).

Movements of provision for inventory obsolescence on materials and supplies are as follows:

	2022	2021
Balances at beginning of year	**₱175,502**	₱175,502
Recoveries (Note 26)	**(18,888)**	–
Balances at end of year	**₱156,614**	₱175,502

The Group recognized gain on recovered materials and supplies amounting to ₱18.89 million in 2022 (see Note 26).

Materials and supplies charged to current operations amounted to ₱283.31 million, ₱210.83 million and ₱140.53 million in 2022, 2021 and 2020, respectively (see Notes 21, 22 and 23). There are no purchase commitments related to inventories or inventories pledged as security for liabilities as at December 31, 2022 and 2021.

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:

	2022	2021
Beginning balance	**₱674,977**	₱–
Additions	**480,732**	660,089
Disposals	**(59,311)**	–
Changes in fair value (Note 26)	**18,213**	2,389
Transfer from financial assets at FVOCI (Note 12)	–	12,499
Beginning balance	**₱1,114,611**	₱674,977

8. Other Current Assets

	2022	2021
Input VAT – net	**₱280,549**	₱293,363
Advances to contractors	–	102,610
Deferred input VAT	**58,318**	74,609
CWTs	**10,055**	46,124
Prepaid expenses	**5,521**	6,761
Others	**6,706**	6,195
	361,149	529,662
Less allowance for ECL on advances to contractors and impairment losses on input VAT	**8,719**	47,972
	₱352,430	₱481,690

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 26).

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 26).

In 2022, BRMC refunded a total amount of ₱136.38 million out of the total applied for VAT refund amounting to ₱111.92 million and ₱37.15 million for input VAT in 2021 and 2020. The BIR disallowed input VAT claims amounting to ₱12.69 million (see Note 26).

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. On May 6, 2022, the Company filed a Petition for Review with the CTA En Banc to appeal the denial of the Motion for Partial Reconsideration. As at March 30, 2023, AFC is still awaiting the Court of Tax Appeals' final decision.

Write-off of CWTs amounted to nil, ₱9.48 million and ₱0.01 million in 2022, 2021 and 2020, respectively (see Note 26).

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. These are refundable at the end of the lease term.

No movement in allowance for ECL on advances to contractors and impairment loss on input VAT in 2021. Movement in allowance for ECL on advances to contractors and impairment loss on input VAT in 2022 are as follows:

	2022		
	Advances to contractors	**Input VAT**	**Total**
Balances at beginning of year	**₱39,253**	**₱8,719**	**₱47,972**
Reversals (Note 5)	**(39,253)**	**–**	**(39,253)**
	₱–	**₱8,719**	**₱8,719**

9. **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:

	2022	2021
Land	**₱1,677,566**	₱1,651,264
Artworks	**52,139**	52,139
	₱1,729,705	₱1,703,403

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 2022 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 2022, the Group recognized revaluation increment on land amounting to ₱26.30 million. Correspondingly, amounts charged to the consolidated statement of comprehensive income amounted to ₱20.70 million, net of deferred tax liability of ₱5.60 million.

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.

	2022		
	Cost	**Revaluation increment**	**Total**
Balances at beginning of year	**₱68,398**	**₱1,582,865**	**₱1,651,263**
Change in fair value	**–**	**26,302**	**26,302**
Balances at end of year	**₱68,398**	**₱1,609,167**	**₱1,677,565**

	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

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 ₱52.14 million as at December 31, 2022 and 2021.

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, 2022 and 2021, 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:

	2022	2021
Beginning balance	**₱1,305,820**	₱1,127,236
Revaluation during the year	**20,700**	22,586
Transfer to retained earnings (Note 11)	**(535)**	–
Effect of change in tax rate	**–**	155,998
Ending balance	**₱1,325,985**	₱1,305,820

b. Property, Plant and Equipment - at cost

	2022							
	Land improvements	**Buildings**	**Machinery, tools and equipment**	**Mine and mining properties**	**Port facilities**	**CIP**	**Right-of-use assets**	**Total**
Cost:								
Beginning balance	**₱75,209**	**₱311,390**	**₱994,698**	**₱1,641,944**	**₱101,517**	**₱40,329**	**₱32,666**	**₱3,197,753**
Additions	**–**	**–**	**37,527**	**3,637**	**–**	**4,219**	**–**	**45,383**
Disposals and derecognition	**–**	**–**	**(7,860)**	**–**	**–**	**(11,395)**	**(1,576)**	**(20,831)**
Reclassification	**–**	**–**	**432**	**7,809**	**–**	**(8,241)**	**–**	**–**
Change in estimate of the liability for mine rehabilitation (Note 16)	**–**	**–**	**–**	**(20,295)**	**–**	**–**	**–**	**(20,295)**
Ending balance	**75,209**	**311,390**	**1,024,797**	**1,633,095**	**101,517**	**24,912**	**31,090**	**3,202,010**
Accumulated depreciation and depletion:								
Beginning balance	**75,209**	**307,607**	**973,170**	**945,269**	**35,856**	**–**	**12,254**	**2,349,365**
Depreciation and depletion (Note 25)	**–**	**3,150**	**23,284**	**41,762**	**4,235**	**–**	**8,829**	**81,260**
Disposals	**–**	**–**	**(7,860)**	**–**	**–**	**–**	**(955)**	**(8,815)**
Ending balance	**75,209**	**310,757**	**988,594**	**987,031**	**40,091**	**–**	**20,128**	**2,421,810**
Net book values	**₱–**	**₱633**	**₱36,203**	**₱646,064**	**₱61,426**	**₱24,912**	**₱10,962**	**₱780,200**

	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 16)	–	–	–	(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 25)	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

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 ₱0.16 million, nil and ₱0.04 million in 2022, 2021 and 2020, respectively, from the disposal of property, plant and equipment items resulted in net gain of ₱0.16 million, nil, and ₱0.04 million in 2022, 2021 and 2020, respectively (see Note 26).

The cost of fully depreciated property, plant and equipment still being used in the Group's operations amounted to ₱661.23 million and ₱464.39 million as at December 31, 2022 and 2021, respectively.

Movements in mine and mining properties in 2022 and 2021 are as follows:

	2022			
	Mine and mining properties	**Mine development cost**	**Mine rehabilitation asset**	**Total**
Cost:				
Balances at beginning of year	**₱1,513,745**	**₱20,288**	**₱107,911**	**₱1,641,944**
Addition	**–**	**3,637**	**–**	**3,637**
Reclassification	**7,809**	**–**	**–**	**7,809**
Change in estimate of the liability for mine rehabilitation (Note 16)	**–**	**–**	**(20,295)**	**(20,295)**
Balances at end of year	**1,521,554**	**23,925**	**87,616**	**1,633,095**
Accumulated depletion:				
Balances at beginning of year	**902,437**	**–**	**42,832**	**945,269**
Depletion (Note 25)	**38,936**	**–**	**2,826**	**41,762**
Balances at end of year	**941,373**	**–**	**45,658**	**987,031**
Net book values	**₱580,181**	**₱23,925**	**₱41,958**	**₱646,064**

	2021			
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	Total
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 16)	–	–	(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 25)	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

Movements in right-of-use of assets in 2022 and 2021 are as follows:

	2022			
	Office Space	**Clinic Space**	**Land**	**Total**
Cost:				
Balances at beginning of year	**₱20,424**	**₱5,310**	**₱6,932**	**₱32,666**
Termination	**–**	**–**	**(1,576)**	**(1,576)**
Balances at end of year	**20,424**	**5,310**	**5,356**	**31,090**
Accumulated depreciation:				
Balances at beginning of year	**6,621**	**3,048**	**2,585**	**12,254**
Depreciation (Note 15)	**7,451**	**876**	**502**	**8,830**
Termination	**–**	**–**	**(955)**	**(955)**
Balances at end of year	**14,072**	**3,924**	**2,132**	**20,129**
Net book values	**₱6,352**	**₱1,386**	**₱3,224**	**₱10,962**

	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 15)	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

10. Deferred Mine Exploration Costs

Movements in deferred mine exploration costs are as follows:

	2022	2021
Balances at beginning of year	**₱622,386**	₱623,795
Additions	**31,221**	11,693
Translation adjustment	**5,887**	3,409
Write-off (Note 26)	**–**	(16,511)
	659,494	622,386
Less allowance for impairment losses	**166,989**	166,989
Balances at end of year	**₱492,505**	₱455,397

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

In 2021, BRMC wrote off its deferred exploration costs amounting to ₱16.51 million since it no longer needs to continue the study due to the current demand and marketability of the low-grade ores, from which the study was intended.

No movement in allowance for impairment loss on deferred mine exploration costs in 2022, 2021 and 2020.

11. **Investment Properties**

	2022	2021
Balances at beginning of year	**₱2,910,663**	₱2,633,677
Revaluation (Note 26)	**85,332**	276,986
Disposal	**(4,011)**	–
Balances at end of year	**₱2,991,984**	₱2,910,663

Investment properties include parcels of land located in Itogon, Benguet and San Pedro, Laguna.

In April 2022, AFC sold its parcel of land located in Barangay San Antonio, San Pedro, Laguna with an area of 2,045 sqm for ₱2,500 per sqm. The corresponding revaluation increment on this land amounting to ₱0.54 million recognized under other comprehensive income was transferred to retained earnings upon sale. The proceeds from the sale amounted to ₱4.63 million resulting in a gain amounting to ₱0.62 million (see Note 26).

The Group engaged an independent appraiser to assess the fair market value of land under investment properties as at December 31, 2022 and 2021, respectively. The appraisal was performed by Cuervo Appraisers, Inc., an independent appraiser. 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:

	2022	2021
Balances at beginning of year	**₱1,319,832**	₱1,042,846
Revaluation (Note 26)	**85,332**	276,986
Balances at end of year	**₱1,405,164**	₱1,319,832

The Group recognized revaluation gain amounting to ₱85.33 million, ₱276.99 million and ₱154.82 million in 2022, 2021 and 2020, respectively, and were included as other income (see Note 26).

Direct operating expenses from these investment properties amounted to nil, ₱0.76 million and ₱0.76 million in 2022, 2021 and 2020, respectively.

12. **Other Noncurrent Assets**

	2022	2021
Advances to contractors and suppliers	**₱397,927**	₱140,038
Input VAT - net	**158,123**	141,940
Mine rehabilitation fund (MRF)	**72,156**	67,239
Prepaid rent	**2,281**	2,149
Financial assets at FVOCI	**1,709**	877
Intangible asset	**250**	250
Loan receivable (Note 5)	–	261,087
Others	**10,677**	9,394
	643,123	622,974
Less allowance for ECLs and impairment losses	**171,227**	220,052
	₱471,896	₱402,922

Advances to contractors and supplies pertain to advances and prepayments 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 ₱0.74 million, ₱0.05 million and ₱0.16 million in 2022, 2021 and 2020, respectively (see Note 26).

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 2022 and 2021 are as follows:

	2022	2021
Balances at beginning of year	**₱877**	₱13,361
Change in fair value	**603**	15
Additions	**229**	–
Reclassification (Note 7)	–	(12,499)
Balances at end of year	**₱1,709**	₱877

In 2021, the Company reclassified its financial assets measured at FVOCI to FVPL. The carrying value of these financial assets approximates its fair value at the date of reclassification.

The unrealized gain (loss) amounting to ₱0.33 million and ₱0.28 million representing the change in fair value of these financial assets as at December 31, 2022 and 2021 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 18):

	2022	2021	2020
Balances at beginning of year	**(₱275)**	₱1,164	₱971
Change in fair value	**603**	15	193
Transfer of fair value reserve to retained earnings	–	(1,454)	–
Balances at end of year	**₱328**	(₱275)	₱1,164

As at December 31, 2022 and 2021, 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.

Movements in allowance for ECL on loans receivable and impairment loss on advances to contractors and suppliers and input VAT in 2022 and 2021 are as follows:

	2022			
	Loan Receivable	**Advances to contractors and suppliers**	**Input VAT**	**Total**
Balances at beginning of year	**₱49,763**	**₱140,038**	**₱30,251**	**₱220,052**
Provision (Note 26)	**–**	**938**	**–**	**938**
Reclassifications (Note 5)	**(49,763)**	**–**	**–**	**(49,763)**
	₱–	**₱140,976**	**₱30,251**	**₱171,227**

	2021			
	Loan Receivable	Advances to contractors and suppliers	Input VAT	Total
Balances at beginning of year	₱–	₱151,892	₱–	₱151,892
Provision (Note 26)	–	–	30,251	30,251
Recoveries (Note 26)	–	(11,854)	–	(11,854)
Reclassifications (Note 5)	49,763	–	–	49,763
	₱49,763	₱140,038	₱30,251	₱220,052

13. Loans Payable

	2022	2021
Unsecured loan	**₱85,063**	₱85,063
Accrued interest and penalties	**251,972**	251,972
	₱337,035	₱337,035

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.

The Parent Company has a loan being renegotiated and is undergoing restructuring. Nominal interest rates vary from floating rate of 91-day Philippine PhP T-bill rate for peso loans and 3-month Sterling Overnight Indexed Average (SONIA) foreign loans, plus margin of 2.5%. Remaining balance related to these loans amounted to ₱85.06 million as at December 31, 2022 and 2021.

Total principal payments for these loans amounted to nil, ₱182.32 million, ₱1.37 million in 2022, 2021 and 2020, respectively.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2022 and 2021. Total interest expense related to loans payable amounted to nil, ₱2.29 million and ₱2.59 million in 2022, 2021 and 2020, respectively.

14. **Trade and Other Payables**

	2022	2021
Trade	**₱332,612**	₱343,727
Nontrade	**59,029**	92,301
Contract liabilities	**47,234**	141,220
Output VAT - net	**41,527**	10,277
Accrued expenses:		
Taxes and licenses	**9,883**	9,883
Payroll	**4,077**	5,568
Professional fees and contracted services	**730**	849
Power and utilities	**32,165**	18,975
Others	**26,797**	14,723
Excise taxes and royalties	**1,643**	4,012
Others	**15**	27,863
	₱555,712	₱669,398

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 (see Note 17).

Movements in contract liabilities are shown below:

	2022	2021
Balances at beginning of year	**₱351,884**	₱406,618
Additions during the year	**46,834**	140,821
Effect of foreign exchange	**(5,599)**	11,139
Revenue recognized	**(189,207)**	(206,694)
	203,912	351,884
Less noncurrent portion (Note 17)	**156,678**	210,664
Current portion	**₱47,234**	₱141,220

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.

15. **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 lease term of these lease contracts are ranging from 2 years to 25 years. The renewal of these lease are subject to the mutual agreement of the parties. Lease payments are fixed.

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:

	2022	2021	2020
Depreciation expense of right-of-use assets included in property, plant and equipment (Note 9)	**₱8,829**	₱8,631	₱3,646
Expenses related to short-term leases included in selling and general expenses (Note 23)	**54,646**	66,423	43,717
Expenses related to short-term leases included in cost of services (Note 22)	**4,293**	3,544	1,655
Interest expense on lease liabilities	**1,102**	1,596	537
Gain on rent concession (Note 26)	**–**	(585)	–
Total amount recognized in the consolidated statement of income	**₱60,870**	₱79,609	₱49,555

The rollforward analysis of lease liabilities follows:

	2022	2021
Balances at beginning of year	**₱21,094**	₱6,154
Interest expense	**1,102**	1,596
Termination	**(621)**	–
Additions	**–**	23,222
Gain on rent concession (Note 26)	**–**	(585)
Payments of:		
Interest portion	**(1,102)**	(1,596)
Principal portion	**(8,366)**	(7,697)
Balances at the end of the year	**12,107**	21,094
Less noncurrent portion	**5,798**	11,913
Current portion	**₱6,309**	₱9,181

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Lease payments due in:		
Less than one year	**₱5,190**	₱8,634
Between one to five years	**4,833**	9,106
More than five years	**1,978**	3,391
Future minimum lease payments	**₱12,001**	₱21,131

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 ₱0.88 million, ₱0.73 million and ₱0.76 million in 2022, 2021 and 2020, respectively (Note 20).

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2022 and 2021 are as follows:

	2022	2021
1 year	**₱259**	₱1,597
more than 1 year to 2 years	–	738
more than 2 years to 3 years	–	759
	₱259	₱3,094

16. Liability for Mine Rehabilitation

Movements in this account are as follows:

	2022	2021
Balances at beginning of year	**₱60,747**	₱105,606
Actual rehabilitation costs	–	(30,958)
Change in estimate:		
Recognized as adjustment to the mine rehabilitation asset (Note 9)	**(20,295)**	(9,482)
Recognized in consolidated statement of income (Note 26)	**16,858**	(6,872)
Accretion (Note 26)	**1,746**	2,453
	59,056	60,747
Less noncurrent portion	**48,568**	54,174
Current portion	**₱10,488**	₱6,573

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.

In 2022, 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 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 Minahang Bayan. The Company implemented various activities such as continuous propagation of various seedlings in nurseries and maintenance of its established reforestation areas.

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 (4.34% in 2022 and 2.87% in 2021) and changes in discount rates (4.07% in 2022 and 1.57% 2021).

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.

17. Other Noncurrent Liabilities

	2022	2021
Contract liabilities (Note 14)	**₱156,678**	₱210,664
Equity of claimowners in contract operations	**49,136**	49,136
Deposits for future stock subscription	**32,000**	32,000
	₱237,814	₱291,800

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, 2022 and 2021, the remaining balance of the advances amounted to US$2.47 million (₱156.68 million) and US$3.55 million (₱199.63 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, 2022 and 2021, the remaining advances amounted to nil 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 30, 2023.

As at December 31, 2022 and 2021, deposit for future stock subscriptions received by BLI from Almega Management and Investment, Inc., a third party, amounted to ₱32.00 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 30, 2023, BLI has yet to submit its application for increase in authorized capital stock with the Philippine SEC.

18. **Equity**

Capital stock as at December 31, 2022 and 2021 follows:

	2022		2021	
	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**	375,307,052	375,307
Common Class "B"	**247,963,396**	**247,963**	247,963,396	247,963
Total shares issued and subscribed	**623,487,509**	**₱624,015**	623,487,509	₱624,015
Treasury Shares				
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**	374,996,258	368,149
Common Class "B"	**247,926,121**	**247,105**	247,926,121	247,105
Total outstanding shares	**623,139,440**	**₱615,999**	623,139,440	₱615,999

No movement in the Parent Company's authorized and treasury shares in 2022 and 2021. The movement in the Group's issued shares in 2022 and 2021 are as follows

	2022		
	Balance at beginning of year	**Issuance of shares for stock options exercised** (Note 19)	**Balance at end of year**
Convertible Preferred Class "A"	**217,061**	–	**217,061**
Common Class "A"	**375,307,052**	–	**375,307,052**
Common Class "B"	**247,963,396**	–	**247,963,396**
	623,487,509	–	**623,487,509**

	2021		
	Balance at beginning of year	Issuance of shares for stock options exercised (Note 19)	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

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 ₱12.48 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 30, 2023, 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	50,000,000	3.00	150,000
	Preferred shares	6,000,000	5.00	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	30,000,000	3.00	90,000
	Common class B	20,000,000	3.00	60,000
	Convertible preferred shares	19,652,912	3.43	67,500
July 27, 1989	Increase in number of common shares			
	Common class A	120,000,000	3.00	360,000
	Common class B	80,000,000	3.00	240,000
	Convertible preferred shares	19,652,912	3.43	67,500
September 28, 2015	Increase in number of common shares			
	Common class A	143,460,000	3.00	430,874
	Common class B	95,640,000	3.00	287,135
	Convertible preferred shares	19,652,912	3.43	67,500
July 29, 2016	Increase in number of common shares and reduction in par value			
	Common class A	430,380,000	1.00	430,874
	Common class B	286,920,000	1.00	287,135
	Convertible preferred shares	19,652,912	3.43	67,500
As at December 31, 2022	**Common class A**	**430,380,000**	**₱1.00**	**₱430,874**
	Common class B	**286,920,000**	**1.00**	**286,920**
	Convertible preferred shares	**19,652,912**	**3.43**	**67,500**

As at December 31, 2022 and 2021, the Parent Company has 16,896 and 16,901 stockholders, respectively.

Other Components of Equity

	2022	2021
Revaluation increment on land and artworks	**₱1,325,985**	₱1,305,820
Cumulative translation adjustments of foreign subsidiaries	**41,400**	36,208
Remeasurement gain on pension liability (Note 29)	**17,633**	10,673
Unrealized gain (loss) on financial assets at FVOCI (Note 12)	**328**	(275)
Unrealized gain on intangible asset	**108**	135
	₱1,385,454	₱1,352,561

As at December 31, 2022 and 2021, the Parent Company has 348,069 shares held in treasury amounting to ₱8.02 million at ₱23 per share.

19. **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, 2022	Additions	Cancelled/ Expired in 2022	Exercised in 2022	Exercisable share options as at December 31, 2022
Class A	- September 2012 Grant	**306,000**	**–**	**(306,000)**	**–**	**–**
	- May 2014 Grant	**648,000**	**–**	**–**	**–**	**648,000**
	- March 2017 Grant	**893,675**	**–**	**(417,450)**	**–**	**476,225**
	- March 2021 Grant	**–**	**540,654**	**–**	**–**	**540,654**
Class B	- September 2012 Grant	**204,000**	**–**	**(204,000)**	**–**	**–**
	- May 2014 Grant	**432,000**	**–**	**–**	**–**	**432,000**
	- March 2017 Grant	**653,827**	**–**	**(278,300)**	**–**	**375,527**
	- March 2021 Grant	**–**	**360,430**	**–**	**–**	**360,430**
Total		**3,137,502**	**901,084**	**(1,205,750)**	**–**	**2,832,836**

		Exercisable share options as at January 1, 2021	Additions	Cancelled/ 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

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	- 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	- 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 2022 and 2021 amounted to ₱1.78 and ₱1.59, respectively. Total number of shares available for future option grants is 37,251,394 shares and 38,784,114 shares as at December 31, 2022 and 2021, 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:

		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		

Stock option expense relating to the Plan recognized amounted to ₱2.26 million, ₱13.78 million and nil in 2022, 2021 and 2020, respectively (see Note 24).

A summary of the number of shares under the Plan is shown below:

	2022	2021
Outstanding at beginning of year	**6,141,114**	3,055,844
Additions	–	11,417,987
Cancellation/Expiration	**(1,207,750)**	(1,532,720)
Exercised during the year	–	(6,799,997)
Outstanding at end of year	**4,933,364**	6,141,114
Exercisable at end of year	**2,832,836**	3,137,502

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 ₱6.28 million and ₱9.20 million as at December 31, 2022 and 2021, respectively.

20. **Revenue**

	2022	2021	2020
Revenue from contracts with customers:			
Sale of mine products	**₱3,967,002**	₱3,787,403	₱1,585,826
Sale of goods and services	**55,470**	53,756	33,137
Sale of land	**1,844**	–	–
Total revenue from contracts with customers	**4,024,316**	3,841,159	1,618,963
Rental income (Note 15)	**879**	729	762
	₱4,025,195	₱3,841,888	₱1,619,725

Sale of mine products includes sales of nickel, gold, silver and lime, which are subject to 4% excise tax based on gross revenues in 2022, 2021 and 2020.

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 ₱299.75 million, ₱284.28 million and ₱101.03 million in 2022, 2021 and 2020, respectively.

Set out below is the disaggregation of the Group's revenue from contracts with customers in 2022, 2021 and 2020:

	2022		
Segments	**Mining**	**Health Services**	**Total**
Type of product:			
Nickel	**₱2,952,272**	**₱–**	**₱2,952,272**
Gold	**911,594**	**–**	**911,594**
Lime	**99,976**	**–**	**99,976**
Silver	**3,160**	**–**	**3,160**
Health services	**–**	**55,470**	**55,470**
Land	**1,844**	**–**	**1844**
Total revenue from contracts with customers	**₱3,968,846**	**₱55,470**	**₱4,024,316**
Location of customer:			
Within the Philippines	**₱1,016,574**	**₱55,470**	**₱1,072,044**
Outside the Philippines	**2,952,272**	**–**	**2,952,272**
Total revenue from contracts with customers	**₱3,968,846**	**₱55,470**	**₱4,024,316**
Timing of revenue recognition:			
Transferred at a point in time	**₱3,968,846**	**₱–**	**₱3,968,846**
Transferred overtime	**–**	**55,470**	**55,470**
Total revenue from contracts with customers	**₱3,968,846**	**₱55,470**	**₱4,024,316**

	2021		
Segments	Mining	Health Services	Total
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

	2020		
Segments	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
Total revenue from contracts with customers	₱1,585,826	₱33,137	₱1,618,963

21. Costs of Mine Products Sold

	2022	2021	2020
Outside services	**₱302,738**	₱293,183	₱227,949
Materials and supplies (Note 6)	**219,320**	154,524	121,788
Power, rent and utilities	**107,092**	62,700	40,903
Contractor fees	**101,447**	175,094	166,308
Contractor labor	**23,241**	13,791	499
Personnel expenses (Note 24)	**86,100**	99,398	68,827
Depreciation and depletion (Note 25)	**54,440**	97,372	33,619
Repairs and maintenance	**32,370**	25,673	22,605
Taxes and licenses	**28,315**	30,186	26
Smelting, refining and marketing	**7,154**	7,651	6,604
Travel and transportation	**200**	172	229
Others	**2,882**	2,500	1,027
	965,299	962,244	690,384
Net change in beneficiated nickel ore (Note 6)	**5,089**	(40,559)	35,388
	₱970,388	₱921,685	₱725,772

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.

22. Cost of Services and Other Sales

	2022	2021	2020
Personnel expenses (Note 24)	**₱19,604**	₱26,092	₱14,269
Materials and supplies (Note 6)	**19,259**	17,622	7,937
Retainers and consultancy fees	**15,458**	13,898	8,031
Outside services	**9,648**	4,517	1,227
Depreciation and depletion (Note 25)	**8,534**	6,381	3,469
Rent (Note 15)	**4,293**	3,544	1,655
Professional fees	**1,595**	1,258	1,226
Travel and transportation	**977**	429	502
Taxes and licenses	**159**	139	144
Repairs and maintenance	**136**	251	152
Others	**495**	711	555
	₱80,158	₱74,842	₱39,167

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

23. Selling and General Expenses

	2022	2021	2020
Outside services	**₱572,927**	₱523,733	₱101,390
Personnel expenses (Note 24)	**136,625**	156,244	95,664
Rent (Note 15)	**54,646**	66,423	43,717
Depreciation and depletion (Note 25)	**18,240**	44,461	17,181
Materials and supplies (Note 6)	**44,729**	38,684	10,804
Community development programs	**53,193**	29,480	30,493
Professional fees	**35,218**	13,239	9,909
Taxes and licenses	**26,391**	27,272	32,806
Representation	**19,818**	8,238	11,347
Repairs and maintenance	**17,173**	6,362	14,217
Communication, light and power	**15,075**	8,369	6,750
Wharfage fees	**10,770**	11,068	4,923
Transportation and travel	**5,592**	2,961	3,089
Freight and handling	**3,959**	3,631	1,959
Insurance	**4,173**	1,551	1,046
Subscription and membership fees	**2,907**	2,784	3,100
Contract labor	**63**	–	3,333
Provision for impairment losses on receivables - net (Note 5)	–	9,704	–
Others	**57,043**	31,157	16,662
	₱1,078,542	₱992,281	₱408,390

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

24. Personnel Expenses

	2022	2021	2020
Salaries and wages	**₱184,810**	₱209,608	₱133,592
Pension expense (Note 29)	**14,247**	13,280	10,179
Benefits and allowances	**41,014**	45,068	34,989
Stock option expense (Note 19)	**2,258**	13,778	–
	₱242,329	₱281,734	₱178,760

Total personnel expenses were distributed as follows:

	2022	2021	2020
Cost of mine products sold (Note 21)	**₱86,100**	₱99,398	₱68,827
Cost of services and other sales (Note 22)	**19,604**	26,092	14,269
Selling and general expenses (Note 23)	**136,625**	156,244	95,664
	₱242,329	₱281,734	₱178,760

25. Depreciation and Depletion

Total depreciation and depletion are composed of the following (see Notes 6 and 9):

	2022	2021	2020
Depreciation	**₱39,498**	₱74,613	₱38,262
Depletion	**41,762**	73,601	16,430
	₱81,260	₱148,214	₱54,692

Depreciation and depletion are broken down as follows:

	2022	2021	2020
Cost of mine products sold (Note 21)	**₱54,440**	₱97,372	₱33,619
Cost of services and other sales (Note 22)	**8,534**	6,381	3,469
Selling and general expenses (Note 23)	**18,240**	44,461	17,181
Gold button inventory (Note 6)	**46**	–	423
	₱81,260	₱148,214	₱54,692

26. Other Income - net

	2022	2021	2020
Gains (losses) on:			
Revaluation of investment properties (Note 11)	**₱85,332**	₱276,986	₱154,815
Foreign currency exchange	**39,676**	(9,564)	13,015
Disallowed input VAT (Note 8)	**(12,687)**	(7,380)	(5,195)
Disposal of property, plant and equipment (Note 9)	**157**	–	35
Sale of investment properties (Note 11)	**619**	–	–
Rent concession (Note 15)	**–**	585	–
Deficiency tax	**–**	–	(19,596)
Recovery of impairment on loss on advances to contractors (Note 8)	**39,253**	–	–
Recovery of provision for inventory obsolescence (Note 6)	**18,888**	–	–
Change in fair value of financial assets at FVPL (Note 7)	**18,213**	2,389	–
Change in estimate of liability for mine rehabilitation (Note 16)	**(16,858)**	6,872	(5,290)
Loss on derecognition of CIP (Note 9)	**(11,395)**	–	–
Recovery of allowance for ECLs - net (Note 5)	**6,659**	–	–
Interest income (Notes 4, 5 and 12)	**2,089**	3,293	819
Accretion on the liability for mine rehabilitation (Note 16)	**(1,746)**	(2,453)	(3,376)
Provision for impairment on other noncurrent assets - net (Note 12)	**(938)**	(18,397)	–
Write-off of deferred mine exploration costs (Note 10)	**–**	(16,511)	–
Write-off of CWTs (Note 8)	**–**	(9,483)	(5)
Others - net	**(3,248)**	2,754	5,806
	₱164,014	₱229,091	₱141,028

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 assessment.

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

27. 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, 2022 and 2021 and was provided an allowance for the same amount (see Note 5).

28. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

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.

	2022	2021	2020
Short-term benefits	**₱24,102**	₱19,025	₱12,389
Post-employment benefits	**13,520**	5,323	3,479
	₱37,622	₱24,348	₱15,868

Short-term benefits include salaries and stock compensation expense. Post-employment benefits include net pension expense.

29. 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:

	2022	2021	2020
Current service cost	**₱10,597**	₱10,275	₱7,108
Net interest cost	**3,650**	3,005	3071
Pension expense	**₱14,247**	₱13,280	₱10,179

Pension liability as at December 31, 2022 and 2021 are as follows:

	2022	2021
Present value of defined benefit obligation	**₱102,004**	₱99,035
Fair value of plan assets	**(45,989)**	(25,683)
Pension liability	**₱56,015**	₱73,352

Movements of remeasurement gain on pension liability recognized in OCI:

	2022	2021
Balances at beginning of year	**₱10,673**	₱9,590
Gain on remeasurement of pension liability	**9,571**	240
Tax effect	**(2,393)**	(60)
Effect of change in tax rate and others	**(218)**	903
Remeasurement loss on pension liability - net of tax	**6,960**	1,083
Balances at end of year	**₱17,633**	₱10,673

Changes in the present value of defined benefits obligation are as follow:

	2022	2021
Balances at beginning of year	**₱99,035**	₱87,381
Interest cost	**4,929**	3,210
Current service cost	**10,597**	10,275
Actuarial gains	**(10,544)**	(312)
Benefits paid	**(2,012)**	(1,519)
Balances at end of year	**₱102,005**	₱99,035

Breakdown of actuarial gains (losses) on defined benefits obligation are as follows:

	2022	2021
Change in financial assumptions	**₱13,180**	₱10,188
Experience adjustments	**(2,636)**	(9,876)
	₱10,544	₱312

Fair value of plan assets of the Parent Company follows:

	2022	2021
Balances at beginning of year	**₱25,683**	₱5,550
Contribution	**20,000**	20,000
Remeasurement gain	**(973)**	(72)
Asset return in net interest cost	**1,279**	205
Balances at end of year	**₱45,989**	₱25,683

The Parent Company's plan assets are being managed by a trustee bank. The retirement fund includes cash in bank only as at December 31, 2022 and 2021. 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 ₱25.17 million to the defined benefits retirement plan in 2023.

wn below is the maturity analysis of the undiscounted benefit payments as at December 31, 2022 and 2021:

Plan Year	**2022**	2021
Less than 1 year	**₱51,702**	₱43,212
More than 1 year to 5 years	**39,298**	42,005
More than 5 years to 10 years	**16,788**	14,510
More than 10 years to 15 years	**45,820**	40,942
More than 15 years to 20 years	**129,017**	91,678
More than 20 years	**652,774**	632,349
	₱935,399	₱864,696

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.

	2022	2021
Discount rate	**6.96% to 7.08%**	4.88% to 4.98%
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, 2022
	Increase (decrease)	**Present value of the defined benefit obligation**
Discount rates	**8.06% to 7.96% (+1.00%)**	**₱97,261**
	7.08% to 6.96% (actual)	**102,006**
	6.08% to 5.96% (-1.00%)	**107,665**
Salary increase rate	**6.00% to 12.00% (+1.00%)**	**₱107,613**
	5.00% to 11.00% (actual)	**102,006**
	4.00% to 10.00% (-1.00%)	**97,360**

		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)	99,035
	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)	99,035
	4.00% to 10.00% (-1.00%)	93,142

30. **Income Taxes**

The provision for current and deferred tax in 2022, 2021 and 2020 include the following:

	2022	2021	2020
Provision for current taxes:			
RCIT	**₱413,073**	₱364,195	₱23,147
MCIT	**138**	128	5,968
Effect of change in tax rate	–	(3,236)	–
	413,211	361,087	29,115
Provision for deferred taxes	**15,014**	11,310	72,768
Total	**₱428,225**	₱372,397	₱101,883

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

	Deferred tax assets – net		Deferred tax liabilities - net	
	2022	2021	**2022**	2021
Deferred tax assets on:				
Allowance for impairment losses on:				
Inventories	**₱2,942**	₱–	**₱39,153**	₱43,875
Trade and other receivables	**3,854**	3,679	**16,180**	16,122
Other current assets	**–**	–	–	9,813
Unrealized foreign exchange loss	**106**	3,284	**55**	662
Excess of liability for mine rehabilitation over mine rehabilitation asset	**2,881**	4,818	**–**	–
Excess of lease liabilities over ROU asset	**69**	4	**173**	145
Amortization of past service cost	**–**	–	**1,383**	–
Pension liability	**749**	699	**13,255**	17,639
	10,601	12,484	**70,199**	88,256
Deferred tax liabilities on:				
Unrealized foreign exchange gain	**683**	660	**37**	–
Cumulative translation adjustment of foreign subsidiaries	**–**	–	**13,800**	12,069
Excess of rental income over receipts	**–**	–	**–**	14
Excess of mine rehabilitation asset over liability for mine rehabilitation	**–**	–	**836**	5,721
Revaluation increment on property, plant and equipment	**–**	178	**818,952**	806,834
Revaluation increment on artworks	**–**	–	**5,786**	12,196
	683	838	**839,411**	836,834
Net deferred tax assets (liabilities)	**₱9,918**	₱11,646	**(₱769,212)**	(₱748,578)

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:

	2022	2021	2020
Allowance for inventory loss, impairment loss and others	**₱354,280**	₱353,936	₱479,647
NOLCO	**31,500**	60,498	115,655
Share-based payment	**6,275**	9,198	13,689
Accrued expenses	**8,002**	8,003	8,002
Excess of lease liabilities over ROU asset	**174**	387	463
Straight-line amortization of accrued rent	**–**	250	–
MCIT	**345**	226	15,007
Liability for mine rehabilitation	**–**	–	65,236
Asset retirement obligation	**–**	–	24,564
	₱400,576	₱432,498	₱722,263

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, 2022, the Group has incurred NOLCO before taxable year 2019 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 Expired	NOLCO Applied Current year	NOLCO Unapplied
2019	2019-2021	₱37,347	(₱37,347)	₱–	₱–

As of December 31, 2022, 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	Amount	NOLCO Expired	NOLCO Applied Current year	NOLCO Unapplied
2020	2021-2025	₱18,636	₱–	₱–	₱18,636
2021	2022-2026	4,515	–	–	4,515
		₱23,151	₱–	₱–	₱23,151

As of December 31, 2022, the Group has incurred NOLCO after 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 Expired	NOLCO Applied Current year	NOLCO Unapplied
2022	2023-2025	₱8,349	₱–	₱–	₱8,349

As of December 31, 2022, 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
2019	2020-2022	₱19	₱–	(₱19)	₱–	₱–
2020	2021-2023	79	–	–	–	79
2021	2022-2024	128	–	–	–	128
2022	2023-2025	138	–	–	–	138
		₱364	₱–	(₱)	₱–	₱345

Movements of NOLCO are as follow:

	2022	2021	2020
Balances at beginning of year	**₱60,498**	₱115,655	₱452,765
Expirations	**(37,347)**	(18,974)	(34,260)
Additions	**8,349**	6,279	16,872
Application	**–**	(42,462)	(319,722)
Balances at end of year	**₱31,500**	₱60,498	₱115,655

Movements of MCIT are as follow:

	2022	2021	2020
Balances at beginning of year	**₱226**	₱15,007	₱18,049
Additions	**138**	128	5,980
Expirations	**(19)**	(142)	(164)
Effect of change in tax rate	**–**	(1,475)	–
Application	**–**	(13,292)	(8,858)
Balances at end of year	**₱345**	₱226	₱15,007

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:

	2022	2021	2020
Tax computed at statutory rate	**₱439,818**	₱448,500	₱144,980
Add (deduct) effects of:			
Nondeductible expenses	**18,153**	94,654	32,645
Nontaxable income	**(21,333)**	(69,247)	(57,535)
Changes in unrecognized deferred tax assets	**(17,247)**	(62,746)	(59,976)
Expiration of NOLCO	**9,337**	4,744	10,278
Interest income subject to final tax	**(522)**	(823)	(246)
Expiration of MCIT	**19**	142	164
Effect of change in tax rate	**–**	(18,919)	–
Application of MCIT	**–**	(13,292)	(8,858)
Application of NOLCO	**–**	(10,616)	–
Write-off of inventory allowance	**–**	–	40,431
	₱428,225	₱372,397	₱101,883

31. Basic/Diluted EPS

Basic EPS is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of common shares on issue during the year, excluding any ordinary shares purchased by the Parent Company and held as treasury shares.

In computing for the 2022 and 2021 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.

	2022	2021	2020
Net income	**₱1,331,047**	₱1,421,604	₱381,385
Current dividends on preference shares	**(60)**	(60)	(60)
Adjusted net income	**₱1,330,987**	₱1,421,544	₱381,325

Number of shares for computation of EPS as a result of stock split:

	2022	2021	2020
Basic EPS			
Weighted average common shares issued	**623,270,448**	620,919,986	616,687,512
Less: treasury shares	**348,069**	348,069	348,069
Weighted average common shares outstanding	**622,922,379**	620,571,917	616,339,443
Diluted EPS			
Weighted average common shares issued	**623,270,448**	620,919,986	616,687,512
Less: treasury shares	**348,069**	348,069	348,069
	622,922,379	620,571,917	616,339,443
Convertible preferred shares	**2,059,366**	2,059,366	2,059,366
Stock options	**2,832,836**	3,137,502	3,055,844
Weighted average common shares outstanding	**627,814,581**	625,768,785	621,454,653
Basic EPS	**₱2.14**	₱2.29	₱0.62
Diluted EPS	**₱2.12**	₱2.27	₱0.61

32. 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, 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.

	2022						
	Mining	**Health services**	**Logistics**	**Others**	**Total**	**Eliminations**	**Consolidated**
Revenue							
External customers	**₱3,967,002**	**₱55,470**	**₱–**	**₱2,723**	**₱4,025,195**	**₱–**	**₱4,025,195**
Interest income	**1,631**	**3**	**2**	**453**	**2,089**	**–**	**2,089**
Inter-segment	**–**	**–**	**165,882**	**–**	**165,882**	**(165,882)**	**–**
Other income	**840,489**	**22**	**2,304**	**18,573**	**861,388**	**(640,740)**	**220,648**
	4,809,122	**55,495**	**168,188**	**21,749**	**5,054,554**	**(806,622)**	**4,247,932**
Cost and Expenses							
Interest expense	**1,102**	**–**	**–**	**–**	**1,102**	**–**	**1,102**
Direct costs	**952,312**	**40,254**	**31,032**	**386**	**1,023,984**	**(36,412)**	**987,572**
Selling and general expenses	**1,284,869**	**5,761**	**21,968**	**13,289**	**1,325,887**	**(265,581)**	**1,060,306**
Accretion expense	**1,746**	**–**	**–**	**–**	**1,746**	**–**	**1,746**
Impairment losses		**–**	**–**	**196**	**196**	**–**	**196**
Depreciation, depletion and amortization (Note 25)	**134,589**	**1,268**	**10,117**	**1,953**	**147,927**	**(66,667)**	**81,260**
Excise taxes and royalty fees (Note 20)	**299,747**	**–**	**–**	**–**	**299,747**	**–**	**299,747**
Other expenses	**44,938**	**24**	**10,714**	**1,042**	**56,718**	**13**	
Income (loss) before tax	**2,089,909**	**8,188**	**94,357**	**4,883**	**2,197,247**	**(437,975)**	**1,759,272**
Provision for income tax	**397,985**	**138**	**29,008**	**1,094**	**428,225**	**–**	**428,225**
Net income (loss)	**₱1,688,657**	**₱8,099**	**₱65,102**	**₱4,648**	**₱1,765,157**	**(₱377,535)**	**1,387,612**
Operating assets	**₱12,333,482**	**₱37,461**	**₱490,483**	**₱1,409,636**	**₱14,270,962**	**(₱4,371,804)**	**₱9,899,158**
Operating liabilities	**(₱2,270,773)**	**(₱67,395)**	**(₱316,063)**	**(₱878,517)**	**(₱3,532,748)**	**₱2,169,150**	**(₱1,363,398)**
Other disclosure:							
Capital expenditure	**₱41,652**	**₱2,752**	**₱27,999**	**₱4,201**	**₱76,604**	**₱–**	**₱76,604**

	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 25)	204,749	694	7,923	1,515	214,881	(66,667)	148,214
Excise taxes and royalty fees (Note 20)	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 25)	105,746	3,503	4,355	7,332	120,936	(66,667)	54,269
Excise taxes and royalty fees (Note 20)	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

Notes to operating segments:

a. Inter-segment revenue, cost and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'eliminations' column.

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

c. Further information of the Group's revenue about products and services as well as geographical areas are presented in Note 20.

d. 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, 2022, 2021 and 2020 are presented below:

	2022	2021	2020
Customer 1	**₱911,594**	₱942,427	₱700,800
Customer 2	**2,920,734**	2,731,975	812,952
	₱3,832,328	₱3,674,402	₱1,513,752

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments pertain to unsecured 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.

<u>Liquidity Risk</u>
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 availment 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 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, 2022 and 2021, cash and cash equivalents may be withdrawn anytime while quoted FVOCI may be converted to cash by selling them during the normal trading hours in any business day.

The tables below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2022 and 2021, 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

	2022				
	On demand	**0-90 days**	**91-365 days**	**More than one year**	**Total**
Financial assets					
Cash and cash equivalents					
Cash on hand and in banks	**₱949,142**	**₱–**	**₱–**	**₱–**	**₱949,142**
Short-term deposits	–	**53,608**	–	–	**53,608**
Trade and other receivables		**521,418**	**261,087**	–	**782,505**
FVPL	**1,114,611**	–	–	–	**1,114,611**
FVOCI	–	–	–	**1,709**	**1,709**
	2,063,753	**575,026**	**261,087**	**1,709**	**2,901,575**
Financial liabilities					
Loans payable	**337,035**	–	–	–	**₱337,035**
Trade and other payables					
Trade	–	**332,612**	–	–	**332,612**
Nontrade*	**4,038**	–	–	–	**4,038**
Accrued expenses	–	**730**	**58,962**	–	**59,692**
Lease liabilities	–	**1,298**	**3,892**	**6,811**	**`12,001**
Other noncurrent liabilities					
Equity of claimowner incontract operations	–	–	–	**49,136**	**49,136**
	341,073	**334,640**	**62,854**	**55,947**	**794,514**
Net financial assets (liabilities)	**₱1,722,680**	**(₱240,386)**	**₱198,233**	**(₱54,238)**	**₱2,107,061**

**Excluding statutory payables*

	2021				
	On demand	0-90 days	91-365 days	More than one year	Total
Financial assets					
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			183,120		183,120
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
	1,227,213	51,102	183,120	266,839	1,728,184
Financial liabilities					
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	6,349	12,497	21,005
Equity of claimowner incontract operations	–	–	–	49,136	49,136
	364,934	345,886	40,047	61,633	812,500
Net financial assets (liabilities)	₱862,279	(₱294,874)	₱143,073	(₱205,206)	₱915,684

**Excluding statutory payables*

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 and advances under other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognized third parties, there is no requirement for collateral. The table below shows the maximum exposure to credit risk for the 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.

	2022	2021
Cash and cash equivalents		
Cash in banks	**₱946,854**	₱551,465
Short-term deposits	**53,608**	51,012
Trade and other receivables	**782,505**	113,361
Advances to contractors under "other current assets"	**–**	63,357
Loan receivables under "other noncurrent assets"	**–**	211,324
	₱1,782,967	₱990,519

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.

Other receivables, advances to contractors under "other current assets" and loan receivable under "other noncurrent assets"
The Group provided an allowance for ECLs for these financial assets amounted to ₱124.58 million and ₱163.68 million in 2022 and 2021.

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:

<u>As at December 31, 2022</u>

		Past due			**Specific**	
	Current	**30 days**	**60 days**	**>90 days**	**Identification**	**Total**
Expected credit loss rate	**2%**	**5%**	**9%**	**13%**	**100%**	
Estimated total gross carrying amount at default	**₱88,996**	₱2,592	**₱5,904**	**₱190,086**	**₱4,823**	**₱292,401**
	₱1,780	**₱130**	**₱531**	**₱24,626**	**₱4,823**	**₱31,890**

<u>As at December 31, 2021</u>

		Past due			Specific	
	Current	30 days	60 days	>90 days	Identification	Total
Expected credit loss rate	3%	5%	10%	22%	100%	
Estimated total gross carrying amount at default	₱67,528	₱1,967	₱4,480	₱143,069	₱4,823	₱221,867
	₱2,026	₱98	₱448	₱31,307	₱4,823	₱38,702

<u>Market Risks</u>
Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations with floating interest rates.

As at December 31, 2022 and 2021, 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.

2022	**Change in interest rates (in basis points)**	**Sensitivity of pretax Income**
	+100	**(₱3,370)**
	-100	**3,370**

2021	Change in interest rates (in basis points)	Sensitivity of pretax Income
	+100	(₱3,370)
	-100	3,370

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, 2022 and 2021 follow:

	2022		2021	
	US$	**Peso equivalent**	US$	Peso equivalent
Financial Assets				
Cash in banks	**10,586**	**₱590,858**	$5,476	₱279,221
Trade receivables under "trade and other receivables"	**527**	**29,415**	527	26,872
Total monetary assets	**11,113**	**₱620,273**	$6,003	₱306,093

As at December 31, 2022 and 2021, the exchange rates of the Philippine peso to the US$ based on the Bankers Association of the Philippines are ₱55.82 and ₱50.99, 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, 2022 and 2021 is as follows:

2022	**Change in foreign exchange rate**	**Income before income tax effect**
	Strengthens by-1.80%	**₱11,140**
	Weaken by -4.80%	**(29,775)**

2021	Change in foreign exchange rate	Income before income tax effect
	Strengthens by-0.60%	₱1,852
	Weaken by -2.56%	(7,826)

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, 2022 and 2021, except equity-linked investments.

2022	**Average change in market indices (in percentage)**	**Sensitivity to equity**
	86.33%	**₱1**
	(86.33%)	**(1)**

2021	Average change in market indices (in percentage)	Sensitivity to equity
	13.33%	₱5
	(13.33%)	(5)

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 2022, 2021 and 2020. The Group monitors capital using the parent company financial statements. As at December 31, 2022 and 2021, the Group has met its capital management objectives.

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

	2022	2021
Capital stock	**₱624,015**	₱624,015
Capital surplus	**415,110**	409,929
Retained earnings	**5,353,428**	4,021,846
Cost of share-based payment	**6,275**	9,198
Other components of equity	**1,385,454**	1,352,561
Treasury shares	**(8,016)**	(8,016)
	₱7,776,266	₱6,409,533

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, 2022 and 2021 are as follows:

	2022	2021
Total liabilities (a)	**₱2,132,810**	₱2,339,820
Total equity (b)	**7,776,266**	6,409,533
Debt-to-equity ratio (a/b)	**0.27:1**	0.37:1

34. Changes in Liabilities arising from Financing Activities

Movements on the reconciliation of liabilities arising from financing activities are as follows:

	January 1, 2022	Cash flows	Forex movement	Reclassification	Others	December 31,2022
Loans payable	**₱337,035**	**₱–**	**₱–**	**₱–**	**–**	**₱337,035**
Lease liabilities-current	**9,181**	**(8,366)**		**6,115**	**(621)**	**6,309**
Lease liability-net of current portion	**11,913**	**–**		**(6,115)**	**–**	**5,798**
Other noncurrent liabilities	**291,800**	**(56,853)**	**2,867**	**–**	**–**	**237,814**
	₱649,929	**(65,219)**	**₱2,867**	**₱–**	**(₱621)**	**₱586,956**

	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

Others include interest expense, accretion expense, and changes in estimate of liability for mine rehabilitation (see Notes 13, 15 and 16).

35. 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, 2022 and 2021:

	Carrying amounts		Fair values	
	2022	2021	**2022**	2021
Financial Assets:				
FVPL	**₱1,114,611**	₱674,977	**₱1,114,611**	₱674,977
FVOCI	**1,709**	877	**1,709**	877
Loan receivable	**211,324**	211,324	**211,324**	211,324
Financial Liabilities:				
Lease liabilities	**₱12,107**	21,094	**₱14,094**	20,042
Loans payable	**337,035**	337,035	**337,035**	337,035

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 receivables from lessees of bunkhouses under Trade and Other Receivables, Loan receivable and Advances under Other Current Assets, nontrade under Other Noncurrent Asset and trade and accrued expenses under Trade and Other Payables
The fair values of these instruments approximate their carrying amounts as of reporting date due to the short-term nature.

Equity of claimowner in contract operations under Other Noncurrent Liabilities
The the estimated fair value of equity of claimowner is based on the discounted value of future cash flows using the interest rate of 1% per annum.

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 FVPL
The fair value of investments is 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 for the remaining lease term.

Fair Value Hierarchy
Set out below is the fair value hierarchy of the Group's assets measured at fair value.

	2022		
	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	**₱–**	**₱–**	**₱1,677,565**
Artworks at revalued amounts	**–**	**–**	**52,139**
Investment properties	**–**	**–**	**2,991,984**
Financial assets at FVPL	**1,114,611**	**–**	**–**
Financial assets at FVOCI	**1,709**	**–**	**1,709**
Lease liabilities	**–**	**–**	**14,094**
Intangible asset under "Other noncurrent assets"	**–**	**250**	**–**

	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	₱–	₱–	₱1,651,264
Artworks at revalued amounts	–	–	52,139
Investment properties	–	–	2,910,663
Financial assets at FVPL	674,977	–	–
Financial assets at FVOCI	877	–	–
Lease liabilities	–	–	20,042
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 by ₱219.68 million (₱212.30 million) and ₱1,110 million (₱1,075 million) as at December 31, 2022 and 2021, respectively.

A 5% increase (decrease) in leeway discount in determining the price of each artwork would increase (decrease) the fair value of artworks by nil (nil) as at December 31, 2022 and 2021.

As at December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021. There were no transfers between levels in 2022 and 2021.

36. **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.

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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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 30, 2023. 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

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 2022 to 2026 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. 9566012, January 3, 2023, Makati City

March 30, 2023

SGV
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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, 2022 and 2021 and for each of the three years in the period ended Decemeber 31, 2022, and have issued our report thereon dated March 30, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated 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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Peter John R. Ventura

Peter John R. Ventura
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BIR Accreditation No. 08-001998-140-2021, November 10, 2021, valid until November 9, 2024
PTR No. 9566012, January 3, 2023, Makati City

March 30, 2023

BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2022

Ratio	Formula	2022	2021
Profitability Ratios:			
Return on assets	Net Income divided by total average assets	**14.27%**	17.63%

Net income	₱1,331,047
Divided by: Total average asset	9,329,215
Return on assets	14.27%

Ratio	Formula	2022	2021
Return on equity	Net income divided by total shareholder's equity	**17.12%**	22.18%

Net income	₱1,331,047
Divided by: Total shareholder's equity	7,776,266
Return on equity	17.12%

Ratio	Formula	2022	2021
Gross profit margin	Gross profit after excise tax divided by total revenue	**66.45%**	66.66%

Total revenue	₱4,025,195
Less: Cost of mine products sold	970,388
Cost of services and other sales	80,158
Excise tax and royalties' fees	299,747
	1,350,293
Gross profit	2,674,902
Divided by: Total revenue	4,025,195
Gross profit margin	66.45%

Ratio	Formula	2022	2021
Operating profit margin	Operating income divided by total revenue	**39.66%**	40.83%

Total revenue	₱4,025,195
Less: Operating costs and expenses	2,428,835
Operating income	1,596,360
Divided by: Total revenue	4,025,195
Operating profit margin	39.66%

Ratio	Formula	2022	2021
Net profit margin	Net profit divided by total revenue	**33.07%**	37.00%

Net income	₱1,331,047
Divided by: Total revenue	4,025,195
Net profit margin	33.07%

Ratio	Formula	2022	2021
Liquidity and Solvency Ratios:			
Current ratio	Total current assets divided by total current liabilities	**3.38:1**	2.08:1

Total current assets	₱3,432,868
Divided by: Total current liabilities	1,015,403
Current ratio	3.38

Ratio	Formula	**2022**	2021
Quick ratio	Quick assets divided by total current liabilities	**1.76:1**	0.96:1

Total current assets	₱3,432,868
Less: Inventories	180,572
Other current assets	1,467,041
	1,647,613
Quick assets	1,785,255
Divided by: Total current liabilities	1,015,403
Quick ratio	1.76

Solvency ratio	Total assets divided by total liabilities	**4.65:1**	3.74:1

Total assets	₱9,909,076
Divided by: Total liabilities	2,132,810
Solvency ratio	4.65

Financial Leverage Ratios:

Asset to equity ratio	Total assets divided by total equity	**1.27:1**	1.37:1

Total assets	₱9,909,076
Divided by: Total equity	7,776,266
Asset to equity ratio	1.27

Debt ratio	Total liabilities divided by total assets	**0.22:1**	0.27:1

Total liabilities	₱2,132,810
Divided by: Total assets	9,909,076
Debt ratio	0.22

Debt to equity ratio	Total liabilities divided by total equity	**0.27:1**	0.37:1

Total liabilities	₱2,132,810
Divided by: Total equity	7,776,266
Debt to equity ratio	0.27

Interest coverage ratio	Earnings before interest and taxes divided by total interest expense	**1,597.44:1**	462.42:1

Income before income tax and interest	₱1,760,374
Divided by: Total interest expense	1,102
Interest coverage ratio	1,597.44

BENGUET CORPORATION AND SUBSIDIARIES

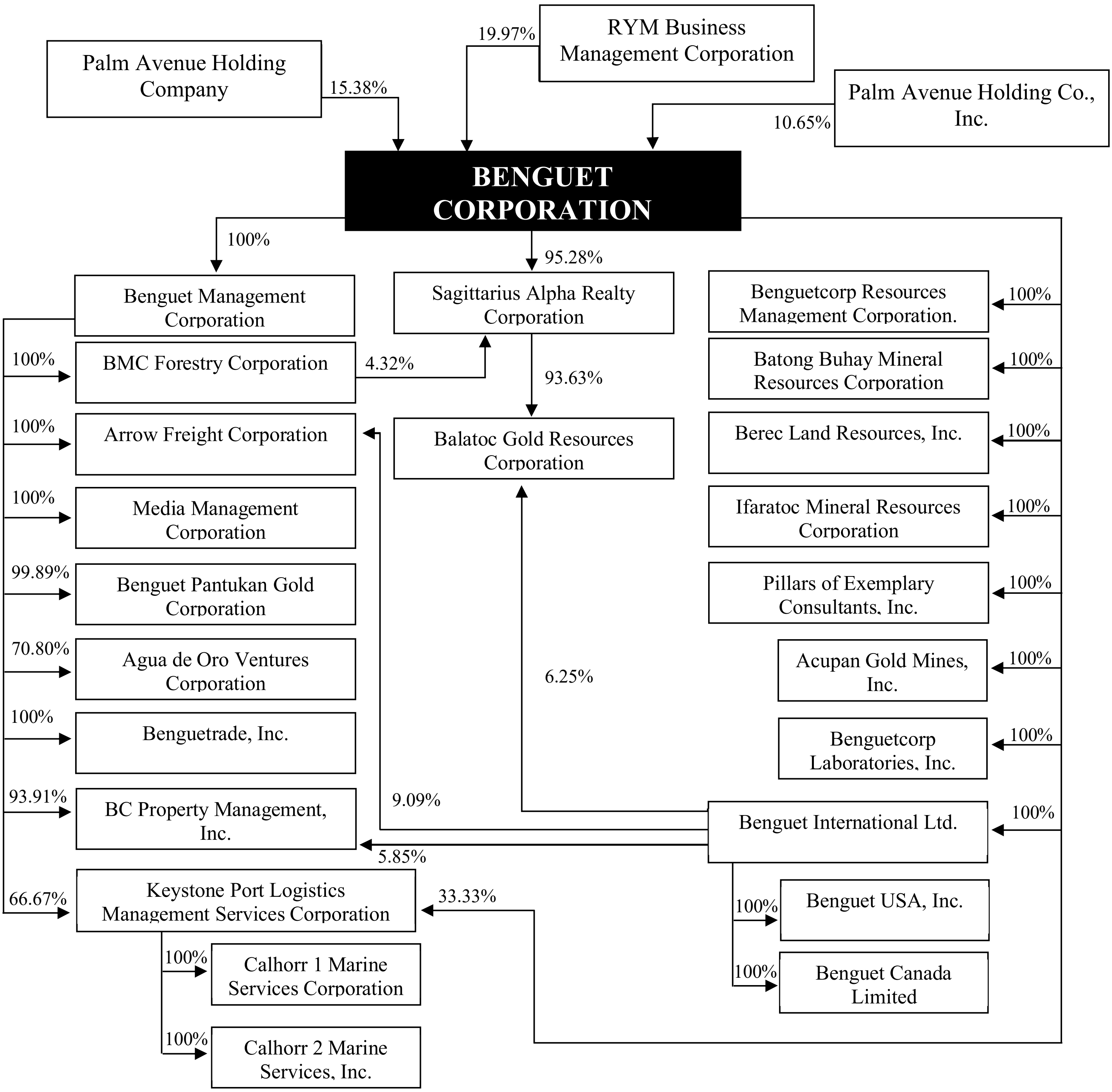
INDEX TO THE SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As at December 31, 2022
(Amount in Thousands)

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

Unappropriated Retained Earnings, beginning	**₱2,970,098**
Effect of quasi-reorganization on revaluation increment	(1,010,848)
Accumulated fair value gains of investment properties	(1,405,070)
Adjustment for recognized deferred tax asset	(88,526)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	**465,654**
Add: Net income actually earned/ realized during the period	
Net income during the period closed to Retained Earnings	642,025
Less: Non-actual/unrealized income net of tax	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	
Fair value adjustment of Investment Property resulting to gain	85,331
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRSs	6,495
Subtotal	91,826
Add: Non-actual losses	
Net decrease in recognized deferred tax asset	15,713
Subtotal	15,713
Net income actually incurred during the period	**565,912**
Less:	
Treasury shares	(8,016)
	(8,016)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	**₱1,023,550**

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, 2022



SCHEDULE A

BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS
DECEMBER 31, 2022
(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 amotized cost			
A. Cash in banks			
BDO Unibank, Inc.		₱842,632	₱526
Malayan Savings Bank		63,928	40
Metropolitan Bank & Trust Company		28,043	18
Union Bank of the Philippines		69	–
China Banking Corporation		182	–
Philippine National Bank		5,776	4
Equitable PCI Bank		219	–
United Coconut Planters Bank		450	
Landbank of the Philippines		3,506	2
Others		2,049	1
B. Short Term Deposits			
Malayan Savings Bank		51,362	32
Metropolitan Bank & Trust Company		49	0.19
C. Trade and Other receivables			
Trade		260,511	–
Receivables from lessees of bunkhouses		3,855	–
D. Advances to contractors under “other current assets”		(47,971)	–
E. Loan Receivable under “other noncurrent assets”		261,087	0.04
F. Financial assets at fair value through profit or loss (FVPL)			
Unit Investment Trust Fund		1,113,464	–
G. Financial assets at fair value through Other Comprehensive Income (FVOCI)			
PLDT, Inc.		521	–
Sherwood Hills Development, Incorporated			–
TVI Pacific, Inc.		404	–
		₱2,590,136	₱623.23

SCHEDULE B

BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022
(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 *SVP - Accounting & Treasurer*	₱452	₱–	₱60	₱–	₱392	₱–	₱392
Reynaldo P. Mendoza *EVP & Asst. Corporate Secretary*	1,272	7	–	–	1,279	–	1,279
Cynthia Lazaro *Sec. Mgr - Insurance (Treasury)*	554	14	46	–	522	–	522
Sheena Irish Barra *Division Manager – Accounting & Budget*	233	120	50	–	303	–	303
Camilo Bernaldo *Section Mgr - Gov't Liaison (Legal)*	–	92	48	–	44	–	44
Eden Barcelona *Section Manager-Stockholders Relation Office*	111	–	–	–	111	–	111
Pamela Gendrano *AVP - Compliance, COMREL & Environmental*	13	56	10	–	59	–	59
Lourdes O. Calub *Department Manager (Finance)*	20	–	–	–	20	–	20
Maricel Ulep *Group Asst for SVP-Finance & SVP Nickel Op'n*	119	–	–	–	119	-	119
Daisy A. Mejia *Department Manager - HR*	6	10	–	–	16	–	16

SCHEDULE C

BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022
(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.	(₱266,125)	₱–	₱–	₱–	(₱266,125)	₱–	(₱266,125)
Balatoc Gold Resources Corporation	78,565	–	–	–	78,565	–	78,565
Benguetrade, Inc.	(32,153)	–	–	–	(32,153)	–	(32,153)
Benguetcorp Laboratories, Inc.	45,851	–	–	–	45,851	–	45,851
Berec Land Resources, Inc.	(35,164)	–	–	–	(35,164)	–	(35,164)
BC Property Management, Inc.	30,543	–	–	–	30,543	–	30,543
Ifaratoc Mineral Resources Corporation	30,102	–	–	–	30,102	–	30,102
Benguet-Pantukan Gold Corporation	29,694	–	–	–	29,694	–	29,694
BMC Forestry Corporation	(27,326)	–	–	–	(27,326)	–	(27,326)
Media Management Corporation	12,183	88,000	–	–	100,183	–	100,183
Arrow Freight Corporation	(4,779)	–	–	–	(4,779)	–	(4,779)
Benguet Management Corporation	100,317	–	–	–	100,317	–	100,317
Agua de Oro Ventures Corporation	12,697	–	–	–	12,697	–	12,697
Keystone Port Logistics Management Services Corporation	18,807	–	–	–	18,807	–	18,807
BenguetCorp International Limited	7,949	107	–	–	8,056	–	8,056
Sagittarius Alpha Realty Corporation	(97,870)	–	–	–	(97,870)	–	(97,870)
Batong Buhay Mineral Resources Corporation	(1)	14,593	–	–	14,592	–	14,592
Acupan Gold Mines, Inc.	(3)	–	(1,933)	–	1,930	–	1,930
Pillars of Exemplary Consultants, Inc.	814	–	–	–	814	–	814
	(₱95,899)	₱102,700	(₱1,933)	₱–	₱8,734	₱–	₱8,734

SCHEDULE D

BENGUET CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2022
(Amounts in Thousands)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under the caption 'Current Portion of long-term borrowings' in related balance sheet	Amount shown under the caption 'Long-term borrowings - net of current portion' in related balance sheet
Unsecured loans, including interest	₱326,031	₱326,031	₱–
	₱326,031	₱326,031	₱–

SCHEDULE E

BENGUET CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2022

Name of related party	Balance at beginning of period	Balance at end of period
	NOT APPLICABLE	

SCHEDULE F

BENGUET CORPORATION AND SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

SCHEDULE G

BENGUET CORPORATION AND SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2022

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, 2022, shares issued and outstanding totaled 623,139,440 held by 16,991 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	375,307,052	–	–	881,330	374,114,928
Class B	286,920,000	247,963,396	–	–	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, 2022 and 2021, 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. FERNADEZ
President

MAX D. ARCEÑO
Senior Vice President-Finance & Treasurer

Signed this March 30, 2023.

ACKNOWLEDGMENT

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

SUBSCRIBED AND SWORN to before me this MAR 3 0 2023 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. 03-2056688, all issued by the Office of the Social Security System, Philippines.

Doc. No. 212 ;
Page No. 44 ;
Book No. I ;
Series of 2023.

MAY 02 2023

SHEILA C. LENT-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 9568019 / 01.04.2023

FS FOR FILING WITH SEC

AFTER THE BIR HAS DULY STAMPED "RECEIVED."

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	1	3	4	1

COMPANY NAME

BENGUET CORPORATION

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

7th Floor, Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
BCCorpSec@benguetcorp.com	(02) 8812-1380	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,896	First Wednesday in November	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Reynaldo P. Mendoza	rey_men777@yahoo.com	(02) 8775-1913	N/A

CONTACT PERSON's ADDRESS

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

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.*

BUREAU OF INTERNAL REVENUE

MAY 02 2023

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Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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, 2022 and 2021, 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, 2022 and 2021, 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 2022 to 2026 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. 9566012, January 3, 2023, Makati City

March 30, 2023

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BENGUET CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Number of Shares)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Note 4)	**₱157,478**	₱58,833
Trade and other receivables (Note 5)	**293,012**	450,019
Inventories (Note 6)	**56,012**	21,033
Amounts owed by related parties (Note 24)	**375,273**	269,049
Financial assets at fair value through profit or loss (FVPL; Note 7)	**798**	60,108
Other current assets (Note 8)	**184,981**	259,614
Total Current Assets	**1,067,554**	1,118,656
Noncurrent Assets		
Investments in subsidiaries (Note 9)	**2,076,463**	2,076,463
Property, plant, and equipment (Note 10):		
At revalued amount – land	**1,514,327**	1,488,025
At cost	**424,294**	464,181
Investment properties (Note 33)	**2,979,827**	2,894,496
Deferred mine exploration costs (Note 11)	**421,792**	394,666
Other noncurrent assets (Note 12)	**296,165**	33,220
Total Noncurrent Assets	**7,712,868**	7,351,051
TOTAL ASSETS	**₱8,780,422**	₱8,469,707
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Note 13)	**₱325,096**	₱336,121
Trade and other payables (Note 14)	**190,326**	162,775
Amounts owed to related parties (Note 24)	**445,297**	822,695
Liability for mine rehabilitation – current (Note 16)	**10,487**	6,572
Lease liabilities - current (Note 32)	**1,288**	2,685
Total Current Liabilities	**972,494**	1,330,848
Noncurrent Liabilities		
Pension liability (Note 26)	**53,021**	70,554
Liability for mine rehabilitation - net of current portion (Note 16)	**27,225**	30,869
Lease liabilities - net of current portion (Note 32)	**3,426**	4,016
Deferred tax liabilities - net (Note 27)	**702,885**	683,137
Other noncurrent liability (Note 15)	**49,136**	49,136
Total Noncurrent Liabilities	**835,693**	837,712
Total Liabilities	**1,808,187**	2,168,560
Equity		
Capital stock (Note 17)	**624,015**	624,015
Capital surplus (Note 17)	**415,110**	409,929
Cost of share-based payment (Notes 17 and 18)	**6,275**	9,198
Other components of equity:		
Revaluation increment on land (Note 10)	**1,305,895**	1,286,168
Unrealized gain on transfer of mining rights (Note 1)	**1,000,000**	1,000,000
Remeasurement gain on pension liability (Note 26)	**17,055**	10,025
Unrealized loss on financial assets at FVOCI (Note 12)	**(222)**	(270)
Retained earnings	**3,612,123**	2,970,098
	6,980,251	6,309,163
Less cost of 116,023 shares held in treasury	**(8,016)**	(8,016)
Total Equity	**6,972,235**	6,301,147
TOTAL LIABILITIES AND EQUITY	**₱8,780,422**	₱8,469,707

See accompanying Notes to Parent Company Financial Statements.

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

	Years Ended December 31	
	2022	2021
REVENUE (Note 19)	**₱1,014,731**	₱1,020,926
OPERATING COSTS AND EXPENSES		
Cost of mine products sold (Note 20)	**799,500**	701,131
Selling, general and administrative (Note 21)	**270,749**	252,851
Taxes on sale of mine products (Note 19)	**36,881**	38,404
	1,107,130	992,386
INTEREST EXPENSE (Notes 13 and 32)	**389**	2,737
OTHER INCOME - net (Note 23)	**764,699**	460,240
INCOME BEFORE INCOME TAX	**671,911**	486,043
PROVISION FOR INCOME TAX (Note 27)	**29,886**	38,146
NET INCOME	**₱642,025**	₱447,897
BASIC EARNINGS PER SHARE (Note 28)	**₱1.03**	₱0.72
DILUTED EARNINGS PER SHARE (Note 28)	**₱1.02**	₱0.72

See accompanying Notes to Parent Company Financial Statements.

BENGUET CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31	
	2022	2021
NET INCOME	**₱642,025**	₱447,897
OTHER COMPREHENSIVE INCOME - NET OF TAX		
Items not to be reclassified to profit or loss in subsequent periods:		
Revaluation of land (Note 10)	**19,727**	174,215
Remeasurement gain on pension liability (Note 26)	**7,030**	353
Unrealized gain on financial assets at FVOCI (Note 12)	**48**	157
TOTAL OTHER COMPREHENSIVE INCOME	**26,805**	174,725
TOTAL COMPREHENSIVE INCOME	**₱668,830**	₱622,622

See accompanying Notes to Parent Company Financial Statements.

BENGUET CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in Thousands)

	Capital stock (Note 17)	Capital surplus (Note 17)	Cost of share-based payment (Notes 17 and 18)	Other components of equity: Unrealized loss on financial assets at FVOCI (Note 12)	Other components of equity: Unrealized gain from transfer of mining right (Note 1)	Other components of equity: Revaluation increment on land (Note 10)	Other components of equity: Remeasurement gain on pension liability (Note 26)	Total other comprehensive income	Retained earnings	Treasury stock (Note 17)	Total
Balances at January 1, 2021	**₱617,215**	**₱388,969**	**₱13,366**	**(₱427)**	**₱1,000,000**	**₱1,111,953**	**₱9,672**	**₱2,121,198**	**₱2,522,201**	**(₱8,016)**	**₱5,654,933**
Stock options expense (Notes 18 and 22)	–	–	13,778	–	–	–	–	–	–	–	13,778
Employees' exercise of stock options (Note 17)	6,800	15,740	(12,726)	–	–	–	–	–	–	–	9,814
Stock options expired (Note 17)	–	5,220	(5,220)	–	–	–	–	–	–	–	–
Net income	–	–	–	–	–	–	–	–	447,897	–	447,897
Other comprehensive income (Notes 12 and 26)	–	–	–	157	–	174,215	353	174,725	–	–	174,725
Total comprehensive income	–	–	–	157	–	174,215	353	174,725	447,897	–	622,622
Balances at December 31, 2021	**624,015**	**409,929**	**9,198**	**(270)**	**1,000,000**	**1,286,168**	**10,025**	**2,295,923**	**2,970,098**	**(8,016)**	**6,301,147**
Stock options vested (Notes 18 and 22)	–	–	2,258	–	–	–	–	–	–	–	2,258
Stock options expired (Note 17)	–	5,181	(5,181)	–	–	–	–	–	–	–	–
Net income	–	–	–	–	–	–	–	–	642,025	–	642,025
Other comprehensive income (Notes 12 and 26)	–	–	–	48	–	19,727	7,030	26,805	–	–	26,805
Total comprehensive income	–	–	–	48	–	19,727	7,030	26,805	642,025	–	668,830
Balances at December 31, 2022	**₱624,015**	**₱415,110**	**₱6,275**	**(₱222)**	**₱1,000,000**	**₱1,305,895**	**₱17,055**	**₱2,322,728**	**₱3,612,123**	**(₱8,016)**	**₱6,972,235**

See accompanying Notes to Parent Company Financial Statements.

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BENGUET CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31	
	2022	2021
OPERATING ACTIVITIES		
Income before tax	₱671,911	₱486,043
Adjustments for:		
Dividend income (Note 9 and 23)	(500,000)	–
Revaluation gain on investment properties (Notes 23 and 32)	(85,331)	(276,986)
Depreciation and depletion (Notes 20 and 21)	34,547	77,210
Change in estimate on liability for mine rehabilitation (Notes 16 and 23)	16,858	(6,872)
Unrealized gain on financial assets at FVPL (Note 7)	(978)	(92)
Movements in pension liability (Note 26)	(8,159)	(8,644)
Net foreign exchange gains	(2,513)	(2,647)
Stock options expense (Notes 17 and 22)	2,258	13,778
Interest expense (Notes 13 and 32)	389	2,737
Accretion expense (Notes 16 and 23)	661	1,920
Interest income (Notes 4, 12 and 23)	281	41
Mine rehabilitation costs (Note 18)	–	(30,959)
Operating income before working capital changes	129,924	255,529
Decrease (increase) in:		
Trade and other receivables	157,007	(15,560)
Inventories	(34,933)	13,385
Other current assets	55,576	(12,071)
Increase (decrease) in trade and other payables	27,551	(16,350)
Net cash used in operations	335,125	224,933
Interest received	(281)	(41)
Net cash from operating activities	334,844	224,892
INVESTING ACTIVITIES		
Dividends received (Note 9)	500,000	–
Additions to:		
Property, plant and equipment (Note 10)	(11,954)	(22,495)
Deferred mine exploration costs (Note 11)	(27,126)	(11,360)
Increase in amounts owed by related parties	(106,224)	(479,428)
Payments of advances to supplier	(245,946)	–
Decrease in other noncurrent assets	(16,951)	(5,007)
Net cash used in investing activities	91,799	(518,290)
FINANCING ACTIVITIES		
Decrease in amounts owed to related parties	(377,398)	443,368
Proceeds from:		
Disposal of financial assets at FVPL (Note 7)	60,288	–
Exercise of stock option (Note 17)	–	9,814
Placement of financial assets at FVPL (Note 7)	–	(60,016)
Settlement of loans (Note 13)	(11,025)	(78,471)
Payment of principal portion of lease liabilities (Notes 32)	(2,376)	(2,019)
Net cash flows from (used in) financing activities	(330,511)	312,676
NET INCREASE IN CASH	96,132	19,278
EFFECT OF EXCHANGE RATE CHANGES ON CASH	2,513	(34)
CASH AT BEGINNING OF YEAR	58,833	39,589
CASH AT END OF YEAR (Note 4)	₱157,478	₱58,833

See accompanying Notes to Financial Statements.

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(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 ₱1,405.07 million and ₱1,319.74 million as at December 31, 2022 and 2021, 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, 2022, the Parent Company continues to mine and operate.

On March 28 to 29, 2023, NQA Philippines, Inc. (NQA), an independent evaluation and certification body, conducted ISO 14001:2015 Recertification Audit for BGO. NQA is yet to issue the certification as at March 30, 2023.

Irisan Lime Project (ILP)
The Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 7,340 tons and 7,645 tons of quicklime in 2022 and 2021, respectively. On March 22, 2022, the Mineral Processing Permit (MPP) for the ILP was renewed for a period of five years or until March 21, 2027.

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 (APSA) No. 009-Cordillera Administrative Region (CAR) was denied on February 8, 2011. Subsequently, the Company filed an appeal on April 15, 2011 with MGB Central Office and elevated the appeal to the DENR. On October 5, 2021, the DENR granted the appeal and the APSA was reinstated back to the Parent Company.

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 Environmental Management Bureau (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.

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 30, 2023, the Company is still engaged in discussion with CMI over the liquidation of MCO's assets (see Note 14).

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, 2022, 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, 2022, 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 approval of the Exploration Permit Application (EXPA).

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 are composed 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 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.

The third phase drilling works has started following MGB's approval of the Fourth Exploration Program (EP), which is equivalent to two (2) years period. It is currently soliciting drilling proposals from various contractors. Output of the work program will be a Pre-Feasibility Study. Preparation is also underway for the renewal of the MPSA application (of the property in 2024) such as geological report, topographic survey of tenement, environmental and social compliances, among other requirements.

On the aggregates, the Company is prioritizing to obtain the permits for the additional 6 Quarry Permit Application (QPA) blocks which are nearer to the proposed hauling road. These include Environmental Compliance Certificate (ECC), Free Prior and Informed Consent (FPIC) from Indigenous People, Tree Cutting Permit and local government unit clearances.

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 Oreline Mining Corporation (OMC). A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of the APSA No. 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 Company has obtained the consent of OMC, the claimowner, 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. Duration of Minahang Bayan is until the Company is ready to start large scale mining.

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 at March 30, 2023, the said project has not yet materialized.

<u>Recovery of Deferred Exploration Costs</u>
The Company's ability to realize its deferred exploration costs with carrying value amounting to ₱421,792 and ₱394,666 as at December 31, 2022 and 2021, respectively (see Note 11), 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.

<u>Authorization for the Issuance of the Parent Company Financial Statements</u>
The accompanying basic parent company financial statements as at and for the years ended December 31, 2022 and 2021 were authorized for issuance by the BOD on March 30, 2023.

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, 2022. 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.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- 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.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- *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*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

<u>Standards and Interpretation Issued but not yet Effective</u>
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, 2023
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

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.

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.

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, amounts owed by related parties, advances to contractors under "other current assets" and refundable deposits under "Other noncurrent assets" (see Note 4, 5, 8, 12 and 24).

- *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)*
  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 investment in quoted shares under this category (see Note 12).

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 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 refundable 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.

<u>Financial Liabilities</u>
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.

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

<u>Fair Value Measurement</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the 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.

<u>Inventories</u>
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.

<u>Other Current Assets</u>
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.

<u>Investments in Subsidiaries</u>
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.

<u>Property, Plant and Equipment</u>
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:

Category	Number of years
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 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 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:

Right-of-use asset	Number of years
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 of 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.

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.

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.

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.

Other Components of Equity
The 'Other components of equity' caption in the consolidated statement of financial position consists of:
- Revaluation increment on land - net of deferred tax
- Remeasurement gain on pension liability - net of deferred tax
- Unrealized loss on financial assets at FVOCI
- Unrealized gain from transfer of mining right

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 Company is principally engaged in the business of producing gold and limes. 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 Company expects to be entitled in exchange for those goods or services.

The Company 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. 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.

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 "Other income-net" in the 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 Company. These are generally recognized when incurred.

Excise Taxes
Excise taxes and royalty fees pertain to the taxes paid or accrued by the Company 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 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 29.

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

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'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.

As at December 31, 2022 and 2021, deferred mine exploration costs amounted to ₱421.79 million and ₱394.67 million, respectively (see Note 11).

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, Amounts owed by related parties, Advances to Contractors under "Other Current Assets" and Refundable Deposits under "Other Noncurrent Assets"

The Company uses the simplified approach in the assessment of the ECL of its trade receivables and general approach for its other receivables, amounts owed by related parties, advances to contractors under other current assets and refundable deposits under "other noncurrent assets". 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.

The carrying amount of trade receivables, amounts owed by related parties, advances to contractors under "Other current assets" and refundable deposits under "Other Noncurrent assets" amounted to ₱677.51 million and ₱791.54 million, net of allowance for ECL of ₱175.87 million and ₱214.89 million, as at December 31, 2022 and 2021, respectively (see Note 5).

Assessing Impairment of Advances to supplier and contractors under "Other Noncurrent Assets"
The Company provides allowance for impairment losses on advances to contractors under other current assets, 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 2022 and 2021 (see Notes 8 and 12).

The total gross value of advances to supplier and contractos under "Other noncurrent assets" amounted to ₱151.98 million and ₱140.04 million as at December 31, 2022 and 2021, respectively.

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.

No provision for impairment losses on investments in subsidiaries was recognized in 2022 and 2021 (see Note 9). The carrying amount of investments in subsidiaries amounted to ₱2,076.46 million, net of allowance for impairment losses of ₱3.63 million as at December 31, 2022 and 2021 (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.

As at December 31, 2022 and 2021, carrying values of mine and mining properties amounted to ₱394.20 million and ₱424.12 million, respectively (see Note 10). Depletion charges recognized amounted to ₱16.31 million and ₱19.04 million in 2022 and 2021, respectively (see Note 10).

As at December 31, 2022 and 2021, carrying values of liability for mine rehabilitation amounted to ₱10.49 million and ₱6.57 million, respectively (see Note 16).

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 2022 and 2021.

As at December 31, 2022 and 2021, property, plant and equipment at cost amounted to ₱424.29 million and ₱464.18 million, respectively (see Note 10).

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, 2022 and 2021, the fair value of the Company's land under property, plant and equipment, and investment properties amounted to ₱4,494.15 million and ₱4,382.52 million, respectively (see Notes 10 and 32).

Estimating Allowance for Inventory Obsolescence
The Company maintains an 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, 2022 and 2021, the carrying value of inventories amounted to ₱56.01 million and ₱21.03 million, respectively (see Note 6).

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, 2022 and 2021, the carrying amount of mine and mining properties amounted to ₱329.22 million and ₱343.50 million, respectively. Carrying amount of mine rehabilitation asset amounted to ₱41.06 million and ₱60.22 million as of December 31, 2022 and 2021, respectively (see Note 10).

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 ₱4.71 million and ₱6.70 million as at December 31, 2022 and 2021, respectively (see Note 32).

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 ₱37.71 million and ₱37.44 million as at December 31, 2022 and 2021, respectively (see Note 16).

Estimating Cost of Share-Based Payment
The 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 Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations. Cost of share-based payment amounted to ₱6.28 million and ₱9.20 million as at December 31, 2022 and 2021, 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 ₱53.02 million and ₱70.55 million as at December 31, 2022 and 2021, respectively (see Note 26).

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

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

Further details about the assumptions used are provided in Note 26.

Assessing Realizability of Deferred 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 ₱70.20 million and ₱88.26 million as at December 31, 2022 and 2021, respectively (see Note 27).

The Company did not recognize deferred tax assets totaling ₱336.78 million and ₱339.96 million as at December 31, 2022 and 2021, respectively, on the deductible temporary differences (see Note 27).

4. **Cash**

	2022	2021
Cash on hand	**₱444**	₱539
Cash in banks	**157,034**	58,294
	₱157,478	₱58,833

Interest income pertaining to cash in banks totaled to ₱0.28 million and ₱0.04 million in 2022 and 2021, respectively (see Note 23).

5. **Trade and Other Receivables**

	2022	2021
Trade receivables		
External	**₱19,445**	₱16,212
Related parties (Note 24)	**14,230**	111,818
Nontrade	**175,809**	264,042
Advances to officers and employees	**82,177**	56,708
Employee stock ownership incentive plan (ESOIP; Note 25)	**58,415**	58,415
Receivables from lessees of bunkhouses	**3,855**	3,689
Others	**3,800**	3,623
	357,731	514,507
Less allowance for ECL and impairment losses	**64,719**	64,488
	₱293,012	₱450,019

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:

	2022			
	Trade receivables	**Receivables from lessees of bunkhouses**	**ESOIP**	**Total**
Balances at the beginning of year and end of year	**₱2,383**	**₱3,689**	**₱58,416**	**₱64,488**
Provisions (Note 23)	**65**	**166**	–	**231**
Balances at the end of the year	**₱2,448**	**₱3,855**	**₱58,416**	**₱64,719**

	2021			
	Trade receivables	Receivables from lessees of bunkhouses	ESOIP	Total
Balances at the beginning of year and end of year	₱1,821	₱	₱58,416	₱60,237
Provisions (Note 23)	1,189	3,689	–	4,878
Recoveries (Note 23)	(627)		–	(627)
Balances at the end of the year	₱2,383	₱3,689	₱58,416	₱64,488

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

6. Inventories

	2022	2021
At cost:		
Quicklime and slaked lime	**₱1,955**	₱1,447
Gold button	**3,566**	–
	5,521	1,447
At NRV:		
Materials and supplies	**207,104**	195,088
Less allowance for impairment losses on materials and supplies	**(156,613)**	(175,502)
	50,491	19,586
	₱56,012	₱21,033

The gold button inventory represents gold and silver by-product produced by the Company in 2022 and 2021. These mineral products were immediately sold the following year. The gold buttons include depreciation and depletion related to the production of gold amounting to ₱0.05 million and nil in 2022 and 2021, respectively (see Note 10).

Movements of allowance for impairment losses on inventories are as follows:

	2022	2021
Balance at beginning of the year	**₱175,502**	₱175,502
Reversal	**(18,889)**	–
Balance at end of the year	**₱156,613**	₱175,502

Materials and supplies charged to current operations amounted to ₱204.63 million and ₱155.58 million and in 2022 and 2021, respectively (see Notes 20 and 21).

The Company has no inventories pledged as security for liabilities nor any purchase commitments related to inventories as at December 31, 2022 and 2021.

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 2022 and 2021 are as follows:

	2022	2021
Beginning balance	**₱60,108**	₱–
Additions	–	60,016
Disposals	**(60,288)**	–
Changes in fair value	**978**	92
	₱798	₱60

8. Other Current Assets

	2022	2021
Input VAT - net	**₱105,047**	₱109,930
CWTs	**66,750**	73,979
Prepaid expenses	**2,760**	2,594
Advances to contractors	–	102,609
Others	**10,424**	9,755
	184,981	298,867
Less allowance for impairment losses	–	39,253
	₱184,981	₱259,614

Movement in allowance for impairment losses on advances to contractors in 2022 and 2021 are as follows:

	2022	2021
Balance at beginning of the year	**₱39,253**	₱39,253
Write-off	**(39,253)**	–
Balance at end of the year	**₱–**	₱39,253

9. Investments in Subsidiaries

The details of investments in subsidiaries as at December 31, 2022 and 2021 are as follows:

	2022	2021
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, 2022 and 2021, BIL, BBMRC, AGMI, which were established to operate mining prospects, are still pre-operating.

On March 29, 2022, BRMC declared cash dividends amounting to ₱500 million. This cash dividends were paid on eight (8) equal installments amounting to ₱62,500,000 starting May 2022 to December 2022.

On March 28, 2023, the BRMC declared cash dividends amounting to ₱500 million. This cash dividends will be paid in eight (8) equal installments amounting to ₱62,500,000 starting May 2023 to December 2023.

No movement in allowance for impairment losses on investments in subsidiaries in 2022 and 2021.

10. **Property, Plant and Equipment**

a. Land - at revalued amount

Revalued amount of land as at December 31, 2022 and 2021 amounted to ₱1,514.33 million and ₱1,488.03 million, 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 ₱1,305.90 million and ₱1,286.17 million as at December 31, 2022 and 2021, and is not available for distribution to stockholders until the related assets are sold.

In 2022, the Company engaged Cuervo Appraisers Inc., an independent firm of appraisers, to determine the fair value of the land as at December 31, 2022. 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 ₱26.30 million in 2022.

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
2021	174,215
2022	19,727
Ending balance as at December 31, 2022	₱1,305,895

b. Property, Plant and Equipment - at cost

	2022						
	Land improvements	**Buildings**	**Machinery, tools and equipment**	**Mine and mining Properties**	**CIP**	**Right-of-use assets**	**Total**
Cost:							
Beginning balance	**₱78,441**	**₱279,040**	**₱743,340**	**₱1,165,364**	**₱–**	**₱8,946**	**₱2,275,131**
Additions	–	–	**8,315**	**3,639**	–	–	**11,954**
Disposal	–	–	**(3,816)**	–	–	–	**(3,816)**
Change in estimate of the liability for mine rehabilitation (Note 16)	–	–	–	**(17,248)**	–	–	**(17,248)**
Balances at end of year	**78,441**	**279,040**	**747,839**	**1,151,755**	–	**8,946**	**2,266,021**
Accumulated depreciation and depletion:							
Beginning balance	**74,721**	**272,279**	**719,879**	**741,244**	–	**2,827**	**1,810,950**
Depreciation and depletion (Notes 6, 20 and 21)	**443**	**2,549**	**13,197**	**16,307**	–	**2,097**	**34,593**
Disposal	–	–	**(3,816)**	–	–	–	**(3,816)**
Balances at end of year	**75,164**	**274,828**	**729,260**	**757,551**	–	**4,924**	**1,841,727**
Net book values	**₱3,277**	**₱4,212**	**₱18,579**	**₱394,204**	**₱–**	**₱4,022**	**₱424,294**

	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 16)	–	–	–	(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, 20 and 21)	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

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 ₱319.83 million and ₱284.77 million as at December 31, 2022 and 2021, respectively.

Components of mine and mining properties are as follows:

	2022			
	Mine and mining properties	**Mine development cost**	**Mine rehabilitation asset**	**Total**
Cost:				
Balances at beginning of year	**₱1,050,030**	**₱20,290**	**₱95,044**	**₱1,165,364**
Additions	**–**	**3,639**	**–**	**3,639**
Change in estimate (Note 16)	**–**	**–**	**(17,248)**	**(17,248)**
Balances at end of year	**1,050,030**	**23,929**	**77,796**	**1,151,755**
Accumulated depletion:				
Balances at beginning of year	**706,423**	**–**	**34,821**	**741,244**
Depletion	**14,389**	**–**	**1,918**	**16,307**
Balances at end of year	**720,812**	**–**	**36,739**	**757,551**
Net book values	**₱329,218**	**₱23,929**	**₱41,057**	**₱394,204**

	2021			
	Mine and mining properties	Mine development cost	Mine rehabilitation 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 16)	–	–	(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	15,985	–	3,057	19,042
Balances at end of year	706,423	–	34,821	741,244
Net book values	₱343,501	₱20,290	₱60,223	₱424,120

Components of right-of-use-assets are as follows:

	2022			
	Office Space	**Machinery, tools and equipment**	**Land**	**Total**
Cost:				
Balances at beginning and end of year	**₱3,589**	**₱–**	**₱5,357**	**₱8,946**
Accumulated depreciation:				
Balances at beginning of year	**₱1,196**	**₱–**	**₱1,631**	**₱2,827**
Depreciation (Note 32)	**1,596**	**–**	**501**	**2,097**
Balances at end of year	**2,792**	**–**	**2,132**	**4,924**
Net book values	**₱797**	**₱–**	**₱3,225**	**₱4,022**

	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 32)	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

Depreciation and depletion charges were distributed as follows:

	2022	2021
Cost of mine products sold (Note 20)	**₱28,424**	₱42,745
Selling, general and administrative expenses (Note 21)	**6,123**	34,465
Depreciation expense included in gold buttons inventory (Note 6)	**46**	–
	₱34,593	₱77,210

11. **Deferred Mine Exploration Costs**

Movements in deferred mine exploration costs are as follows:

	2022	2021
Balances at beginning of year	**₱561,650**	₱550,290
Additions	**27,126**	11,360
	588,776	561,650
Less allowance for impairment losses	**166,984**	166,984
Balances at end of year	**₱421,792**	₱394,666

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 2022 and 2021.

12. **Other Noncurrent Assets**

	2022	2021
Advances to supplier and contractors	**₱151,978**	₱140,037
Mine rehabilitation funds (MRF)	**40,383**	35,483
Advances to supplier	**245,946**	–
Refundable deposits	**9,229**	9,119
Financial assets at FVOCI	**521**	473
	448,057	185,112
Less allowance for impairment losses	**151,892**	151,892
	₱296,165	₱33,220

Advances to contractors and supplies pertain to advances and prepayments for exploration and other related activities and projects that are expected to be settled beyond 12 months from the end of the reporting period.

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 ₱0.01 million and ₱0.01 million in 2022 and 2021, respectively (see Note 23).

Advances to suppliers pertains to the advance payment made to purchase an aircraft.

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 2022 and 2021.

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:

	2022	2021
Balance at beginning of year	**₱473**	₱316
Unrealized valuation gain	**48**	157
Balance at end of year	**₱521**	₱473

Movements in the unrealized loss on financial assets at FVOCI are as follows:

	2022	2021
Balance at beginning of year	**(₱270)**	(₱427)
Unrealized valuation gain	**48**	157
Balance at end of year	**(₱222)**	(₱270)

13. **Loans Payable**

	2022	2021
Accrued interest and penalties	**₱240,033**	₱240,033
Unsecured bank loans	**85,063**	85,063
Others	**–**	11,025
	₱325,096	₱336,121

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 Sterling Overnight Indexed Average (SONIA) 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, 2022 and 2021.

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. This was paid in full in 2022.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2022 and 2021.

Interest expense from these loans amounted to nil and ₱2,292 in 2022 and 2021, respectively. Total principal payments for these loans amounted to ₱11.03 million and ₱79.96 million in 2022 and 2021, respectively.

14. **Trade and Other Payables**

	2022	2021
Trade payables		
External	**₱6,287**	₱25,679
Related parties (Note 24)	**50,697**	51,354
Nontrade	**83,959**	60,809
Accrued expenses	**38,850**	7,544
Payables to officers and employees	**4,077**	5,562
Others	**6,456**	11,827
	₱190,326	₱162,775

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.

15. **Other Noncurrent Liability**

Other noncurrent liability pertains to the Company's outstanding liability to CMI, for which discussions are still on-going. The said liability amounted to ₱49.14 million as at December 31, 2022 and 2021 (see Note 1).

16. **Liability for Mine Rehabilitation**

	2022	2021
Balances at beginning of year	**₱37,441**	₱78,532
Actual rehabilitation costs	**-**	(30,959)
Effect of change in estimate:		
Recognized in profit or loss (Note 23)	**16,858**	(6,872)
Recognized as adjustment to the mine rehabilitation asset (Note 10)	**(17,248)**	(5,180)
Accretion (Note 23)	**661**	1,920
	37,712	37,441
Less noncurrent portion	**27,225**	30,869
Current portion	**₱10,487**	₱6,572

As at December 31, 2022, 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.

In 2022, 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 was reduced from P=43 million to P=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 Minahang Bayan. The Company implemented various activities such as continuous propagation of various seedlings in nurseries and maintenance of its established reforestation areas.

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 (4.34% in 2022 and 2.87% in 2021) and changes in discount rates (4.07% for 2022 and 1.57% for 2021).

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.

17. Capital Stock

Capital stock as at December 31, 2022 and 2021 follows:

	2022		2021	
	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**	375,307,052	375,307
Common Class "B"	**247,963,396**	**247,963**	247,963,396	247,963
Total shares issued and subscribed	**623,487,509**	**₱624,015**	623,487,509	₱624,015
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**	374,996,258	368,149
Common Class "B"	**247,926,121**	**247,105**	247,926,121	247,105
Total outstanding shares	**623,139,440**	**₱615,999**	623,139,440	₱615,999

No movement in the Parent Company's authorized and treasury shares in 2022 and 2021. The movement in the Group's issued shares in 2022 and 2021 are as follows

	2022		
	Balance at beginning of year	**Issuance of shares for stock options exercised (Note 19)**	**Balance at end of year**
Convertible Preferred Class "A"	**217,061**	**–**	**217,061**
Common Class "A"	**375,307,052**	**–**	**375,307,052**
Common Class "B"	**247,963,396**	**–**	**247,963,396**
	623,487,509	**–**	**623,487,509**

	2021		
	Balance at beginning of year	Issuance of shares for stock options exercised (Note 19)	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

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 ₱12.48 per 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 30, 2023, the Company has not yet filed its application for the increase in authorized capital stock with the Philippine SEC.

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	50,000,000	3.00	150,000
	Preferred shares	6,000,000	5.00	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	30,000,000	3.00	90,000
	Common class B	20,000,000	3.00	60,000
	Convertible preferred shares	19,652,912	₱3.43	₱67,500
July 27, 1989	Increase in number of common shares			
	Common class A	120,000,000	3.00	360,000
	Common class B	80,000,000	3.00	240,000
	Convertible preferred shares	19,652,912	3.43	67,500
September 28, 2015	Increase in number of common shares			
	Common class A	143,460,000	3.00	430,874
	Common class B	95,640,000	3.00	287,135
	Convertible preferred shares	19,652,912	3.43	67,500
July 29, 2016	Increase in number of common shares and reduction in par value			
	Common class A	430,380,000	1.00	430,874
	Common class B	286,920,000	1.00	287,135
	Convertible preferred shares	19,652,912	3.43	67,500
As at December 31, 2022	**Common class A**	**430,380,000**	**₱1.00**	**₱430,874**
	Common class B	**286,920,000**	**1.00**	**286,135**
	Convertible preferred shares	**19,652,912**	**3.43**	**67,500**

As at December 31, 2022 and 2021, the Company has 16,896 and 16,901 stockholders, respectively.

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

	2022	2021
Balances at beginning of year	**₱9,198**	₱13,366
Stock options expense	**2,258**	13,778
Stock options expired	**(5,181)**	(5,220)
Stock options exercised	**–**	(12,726)
Balances at end of year	**₱6,275**	₱9,198

Movements in capital surplus are as follows:

	2022	2021
Balances at beginning of year	**₱409,929**	₱388,969
Expiration of stock options	**5,181**	5,220
Exercise of stock options	**–**	15,740
Balances at end of year	**₱415,110**	₱409,929

18. **Stock Option Plan**

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

On March 23, 2012, the BOD and the stockholders approved the proposed amendments to the existing Amended Stock Option Plan and to extend the termination date of the existing Plan for five years or until May 31, 2018. The amendments include an increase in the maximum award per employee from 200,000 shares over the life of the plan to 500,000 shares per grant 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 August 24, 2022, 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 eight (8) years or until May 31, 2031.

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, 2022	**Additions**	**Expired in 2022**	**Exercised in 2022**	**Exercisable share options as at December 31, 2022**
Class A	- September 2012 Grant	**306,000**	**–**	**(306,000)**	**–**	**–**
	- May 2014 Grant	**648,000**	**–**	**–**	**–**	**648,000**
	- March 2017 Grant	**893,675**	**–**	**(417,450)**	**–**	**476,225**
	- March 2021 Grant	**–**	**540,654**	**–**	**–**	**540,654**
Class B	- September 2012 Grant	**204,000**	**–**	**(204,000)**	**–**	**–**
	- May 2014 Grant	**432,000**	**–**	**–**	**–**	**432,000**
	- March 2017 Grant	**653,827**	**–**	**(278,300)**	**–**	**375,527**
	- March 2021 Grant	**–**	**360,430**	**–**	**–**	**360,430**
Total		**3,137,502**	**901,084**	**(1,205,750)**	**–**	**2,832,836**

		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
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
Total		3,055,844	8,414,375	(1,532,720)	(6,799,997)	3,137,502

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 2022 and 2021 amounted to ₱1.78 and ₱1.59, respectively. Total number of shares available for future option grants is 39,989,864 shares and 38,784,114 shares as at December 31, 2022 and 2021, respectively.

Stock option expense relating to the Plan recognized amounted to ₱2.26 million and ₱13.78 million in 2022 and 2021, respectively.

A summary of the number of shares under the Plan is shown below:

	2022	2021
Outstanding at beginning of year	**6,141,114**	3,055,844
Additions	**–**	11,417,987
Expiration	**(1,205,750)**	(1,532,720)
Exercised during the year	**–**	(6,799,997)
Outstanding at end of year	**4,935,364**	6,141,114
Exercisable at end of year	**2,832,836**	3,137,502

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
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 ₱6.28 million and ₱9.20 million as at December 31, 2022 and 2021, respectively (see Note 17).

19. 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.

	2022	2021
Revenue from contracts with customers		
Sale of gold	**₱911,595**	₱942,427
Sale of lime	**99,976**	75,149
Sale of silver	**3,160**	3,350
Total revenue from contracts with customers	**₱1,014,731**	₱1,020,926

Set out below is the disaggregation of the Company’s revenue from contracts with customers in 2022 and 2021:

	2022	2021
Type of customer:		
Government	**₱911,595**	₱942,427
Private corporations	**103,136**	78,499
Total revenue from contracts with customers	**₱1,014,731**	₱1,020,926

In 2022 and 2021, the Company recognized excise taxes on sale of mine products amounting to ₱36.88 million and ₱38.40 million, respectively.

20. Cost of Mine Products Sold

	2022	2021
Outside services	**₱357,590**	₱348,046
Materials and supplies (Note 6)	**195,478**	147,827
Power and utilities	**106,816**	62,376
Personnel expenses (Note 22)	**68,779**	64,181
Repairs and maintenance	**32,370**	25,673
Depreciation and depletion (Note 10)	**28,424**	42,745
Smelting, refining and marketing	**7,154**	7,651
Freight and handling	**151**	163
Taxes and licenses	**10**	22
Others	**2,728**	2,447
	₱799,500	₱701,131

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.

21. Selling, General and Administrative Expenses

	2022	2021
Personnel expenses (Note 22)	**₱123,026**	₱121,356
Legal and audit expense	**28,197**	8,868
Outside services	**13,072**	15,290
Security expenses	**11,606**	12,396
Power consumption	**10,557**	5,244
Environmental protection and enhancement program expense	**9,339**	1,456
Materials and supplies (Note 6)	**9,153**	7,750
Depreciation and depletion (Note 10)	**6,123**	34,465
Social development and management program	**5,088**	4,992
Taxes, fees and licenses	**4,921**	12,643
Repairs and maintenance	**4,056**	3,759
Freight and handling	**3,556**	3,350
Insurance expense	**3,229**	1,391
Rent and utilities	**3,148**	3,770
Subscription and membership	**2,907**	2,784
Travel and transportation	**2,826**	2,119
Others	**29,945**	11,218
	₱270,749	₱252,851

In 2022 and 2021, rent and utilities include expenses relating to short-term leases amounting to ₱0.49 million and ₱1.34 million, respectively (see Note 32).

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.

22. **Personnel Expenses**

	2022	2021
Salaries and wages	**₱147,429**	₱131,179
Benefits and allowances	**28,264**	27,705
Stock option expense	**2,258**	13,778
Net pension expense (Note 26)	**13,853**	12,875
	₱191,805	₱185,537

The above amounts were distributed as follows:

	2022	2021
Selling, general and administrative expenses (Note 21)	**₱123,026**	₱121,356
Cost of mine products sold (Note 20)	**68,779**	64,181
	₱191,805	₱185,537

23. **Other Income - net**

	2022	2021
Dividend income (Note 24)	**₱500,000**	₱–
Marketing fee (Note 24)	**186,533**	172,675
Revaluation gain on investment properties (Note 33)	**85,331**	276,986
Gain on reversal of allowance for impairment losses on inventories (Note 6)	**18,889**	–
Change in estimate of liability for mine rehabilitation (Note 16)	**(16,858)**	6,872
Unrealized gain on financial assets at FVPL (Note 7)	**6,495**	92
Accretion expense (Note 16)	**(661)**	(1,920)
Rent income (Note 32)	**371**	1,478
Interest income (Notes 4 and 12)	**281**	41
Provision for ECL on trade and other receivables – net (Note 5)	**(231)**	(4,251)
Foreign currency exchange loss - net	**(223)**	(2,647)
Others - net	**(15,228)**	10,914
	₱764,699	₱460,240

Others include contractor identification processing, permits for peddlers, various miscellaneous income and incidental expenses that are individually insignificant.

24. **Related Party Disclosures**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, the Company has dealings with its related parties as follows:

a. 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. BMRC shall pay a marketing fee of US$3.00 per ton of nickel ore shipped, VAT exclusive. The Company earned ₱186.53 million and ₱172.68 million marketing fees in 2022 and 2021, respectively (see Note 23). Outstanding trade receivable from this transaction amounted to ₱14.23 million and ₱111.82 million as at December 31, 2022 and 2021, respectively.

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 ₱2.68 million and ₱0.74 million and 2022 and 2021, respectively.

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 2022 and 2021 amounted to ₱2.13 million and ₱2.79 million, respectively. The Company earned trucking service revenue amounting ₱2.68 million and ₱2.98 million in 2022 and 2021, 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
Trade payables to related parties (Note 14)					
BTI	**2022**	**₱–**	**₱48,564**	Payable on demand;	Unsecured;
	2021	₱–	₱48,564	noninterest-bearing	no guarantees
AFC	**2022**	**(657)**	**2,133**	Payable on demand;	Unsecured;
	2021	230	2,790	noninterest-bearing	no guarantees
Total	**2022**	**(₱657)**	**₱50,697**		
	2021	₱230	₱51,354		

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
Amounts owed by related parties (Note 5)					
BGRC	**2022**	**₱50**	**₱78,565**	Payable on demand;	Unsecured
	2021	₱70	₱78,515	noninterest-bearing	no guarantees; impaired
BMC	**2022**	**4,156**	**100,317**	Payable on demand;	Unsecured
	2021	26,018	96,161	noninterest-bearing	no guarantees; impaired
BLI	**2022**	**(1,293)**	**45,851**	Payable on demand;	Unsecured
	2021	3,266	47,144	noninterest-bearing	no guarantees; impaired
BCPMI	**2022**	**197**	**30,543**	Payable on demand;	Unsecured
	2021	(91)	30,346	noninterest-bearing	no guarantees; impaired
IMRC	**2022**	**70**	**30,102**	Payable on demand;	Unsecured
	2021	112	30,032	noninterest-bearing	no guarantees; impaired
BPGC	**2022**	**39**	**29,694**	Payable on demand;	Unsecured
	2021	15	29,655	noninterest-bearing	no guarantees; impaired
KPLMSC	**2022**	**(2,673)**	**18,807**	Payable on demand;	Unsecured
	2021	2,635	21,480	noninterest-bearing	no guarantees; no impairment
Agua De Oro Ventures Corporation	**2022**	**338**	**12,697**	Payable on demand;	Unsecured
(ADOVC)	2021	–	12,359	noninterest-bearing	no guarantees; impaired
Media Management Corporation	**2022**	**88,000**	**100,183**	Payable on demand;	Unsecured
(MMC)	2021	–	12,183	noninterest-bearing	no guarantees; impaired
BTI	**2022**	**4,654**	**16,412**	Payable on demand;	Unsecured
	2021	7,094	11,758	noninterest-bearing	no guarantees; impaired
BIL	**2022**	**3,377**	**7,842**	Payable on demand;	Unsecured
	2021	–	4,465	noninterest-bearing	no guarantees; impaired
BBMRC	**2022**	**11,974**	**14,592**	Payable on demand;	Unsecured
	2021	126	2,618	noninterest-bearing	no guarantees; impaired
AFC	**2022**	**(2,699)**	**–**	Payable on demand;	Unsecured
	2022	328	2,699	noninterest-bearing	no guarantees; impaired
PECI	**2022**	**33**	**814**	Payable on demand;	Unsecured
	2021	34	781	noninterest-bearing	no guarantees; no impairment
	2022	**106,224**	**486,419**		
	2021	39,607	380,195		
Less allowance for impairment	**2022**	–	**111,146**		
losses	2021	–	111,146		
Total	**2022**	**₱106,224**	**₱375,273**		
	2021	₱39,607	₱269,049		

In 2022 and 2021, the Company recognized allowance for ECL amounting to ₱111.15 million, covering amounts which management believes may no longer be recovered (see Note 5).

Category	Year	Movements	Outstanding balance	Terms	Conditions
Amounts owed to related parties (Note 14)					
BRMC	**2022**	**(₱436,424)**	**₱280,355**	Payable on demand;	Unsecured
	2021	₱101,709	₱716,779	noninterest-bearing	no guarantees; no impairment
BLRI	**2022**	**(52)**	**35,164**	Payable on demand;	Unsecured
	2021	154,864	35,216	noninterest-bearing	no guarantees; no impairment
SARC	**2022**	**55,012**	**97,870**	Payable on demand;	Unsecured
	2021	9,015	42,858	noninterest-bearing	no guarantees; no impairment
BMC Forestry Corporation (BFC)	**2022**	**1,457**	**27,326**	Payable on demand;	Unsecured
	2021	467	25,869	noninterest-bearing	no guarantees; no impairment
AGMI	**2022**	**(37)**	**1,936**	Payable on demand;	Unsecured
	2021	(90)	1,973	noninterest-bearing	no guarantees; no impairment
AFC	**2022**	**2,646**	**2,646**	Payable on demand;	Unsecured
	2021	–	–	noninterest-bearing	no guarantees; no impairment
Total	**2022**	**(₱377,398)**	**₱445,297**		
	2021	₱265,985	₱822,695		

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.

	2022	2021
Short-term benefits	**₱24,102**	₱19,025
Post-employment benefits	**13,520**	5,323
	₱37,622	₱24,348

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.

25. **ESOIP**

The ESOIP, as approved by the stockholders in 1986, allows employees of the Company to buy up to 6,000,000 shares of the Common Class A shares of the Company at either of two prices. If the shares are acquired by the Company from a seller or are treasury shares, these can be bought at acquisition cost. If the shares are sourced from the authorized but unissued shares of the Company, these can be bought at the average closing price quoted in the PSE on the last day that such shares were traded prior to the start of the purchase period. Payment for the shares purchased shall be advanced by the Company on behalf of the employees and repaid through salary deduction without interest. The shares acquired by employees under the ESOIP may be subjected to a holding period from the date of purchase.

In January 1990, the BOD approved the Employees Stock Purchase Plan, which allows the employees of the Company (but excluding directors of the Company) to buy, basically under similar terms and conditions as that of the ESOIP, 2,000,000 shares of the Common Class A shares of the Company.

The balance of the employees' stock ownership pursuant to the said plans shown as part of the trade and other receivables in the parent company statements of financial position amounted to ₱58.42 million as at December 31, 2022 and 2021 and was provided an allowance for the same amount (see Note 5).

26. **Pension Benefits Plan**

The Company maintains a qualified, noncontributory pension plan covering substantially all of its regular employees.

The following tables summarize the components of net pension expense in the parent company statements of income and fund status, and the amounts recognized in the parent company statements of financial position.

Net pension expense

	2022	2021
Current service cost	**₱10,340**	₱9,969
Net interest cost	**3,513**	2,906
Net pension expense (Note 22)	**₱13,853**	₱12,875

Pension liability as at December 31, 2022 and 2021

	2022	2021
Present value of obligation	**₱99,011**	₱96,237
Fair value of plan assets	**(45,990)**	(25,683)
Pension liability	**₱53,021**	₱70,554

Reconciliation of other comprehensive income

	2022	2021
Balances at beginning of year	**₱10,025**	₱9,672
Gain (loss) on remeasurement of pension liability	**9,374**	(449)
Tax effect	**(2,344)**	112
Effect of change in tax rate	**–**	690
Remeasurement gain on pension liability - net of tax	**7,030**	353
Balances at end of year	**₱17,055**	₱10,025

Changes in the present value of defined benefit obligation

	2022	2021
Balances at beginning of year	**₱96,237**	₱84,299
Current service cost	**10,340**	9,969
Interest cost	**4,792**	3,111
Remeasurement losses (gains)	**(10,346)**	377
Benefits paid	**(2,012)**	(1,519)
Balances at end of year	**₱99,011**	₱96,237

Breakdown of remeasurement loss (gain) on defined benefit obligation

	2022	2021
Change in financial assumptions	**(₱12,880)**	(₱9,821)
Experience adjustments	**2,534**	10,198
Remeasurement losses (gains)	**(₱10,346)**	₱377

Changes in the fair value of plan assets

	2022	2021
Balances at beginning of year	**₱25,683**	₱5,550
Asset return in net interest cost	**1,279**	205
Contribution	**20,000**	20,000
Remeasurement loss	**(972)**	(72)
Balances at end of year	**₱45,990**	₱25,683

The Company's plan assets are being managed by a trustee bank. The retirement fund includes cash in bank only as at December 31, 2022 and 2021. The Company has no transactions with its retirement fund. The retirement fund has no investments in shares of stocks of the Company.

In 2022 and 2021, the Company directly paid ₱2.01 million and ₱1.52 million, respectively, to the beneficiaries of the pension benefits plan.

The Company is expected to contribute ₱25.17 million to the defined benefits retirement plan in 2023.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2022:

Plan year	Expected benefit payments
Less than 1 year	₱50,061
More than 1 year to 5 years	39,298
More than 5 years to 10 years	16,363
More than 10 years to 15 years	42,283
More than 15 years to 20 years	121,973
More than 20 years	652,774

The principal assumptions used in determining the pension benefits obligation of the Company's plan is shown below.

	2022	2021
Discount rate	**7.08%**	4.98%
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:

		December 31, 2022
	Increase (decrease)	**Present value of the defined benefit obligation**
Discount rates	**8.08% (+1.00%)**	**₱94,387**
	7.08% actual	**99,011**
	6.08% (-1.00%)	**104,536**
Salary increase rate	**6.00% (+1.00%)**	**₱104,476**
	5.00% actual	**99,011**
	4.00% (-1.00%)	**94,498**

		December 31, 2021
	Increase (decrease)	Present value of the defined benefit obligation
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

The Company's weighted average duration of the defined benefit obligation is 19 years as at December 31, 2022. The Company's computation is based on per employee considering other contingencies to normal retirement and weighted by the benefit due.

27. **Income Taxes**

The provision for current and deferred tax in 2022 and 2021 follows:

	2022	2021
Provision for current taxes		
RCIT	**₱19,057**	₱23,333
Effect of change in tax rate	**–**	(1,475)
Provision for deferred taxes	**10,829**	16,288
	₱29,886	₱38,146

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:

	2022	2021
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
Share-based payment	**6,275**	9,198
Accrued expenses	**8,002**	8,002
Straight-line amortization of accrued rent	**–**	250
	₱336,783	₱339,956

The components of the Company's net deferred tax liabilities are as follows:

	2022	2021
Deferred tax liabilities:		
Revaluation increment on land in OCI	**₱772,248**	₱765,672
Excess of liability for mine rehabilitation over mine rehabilitation asset	**836**	5,721
	773,084	771,393
Deferred tax assets:		
Allowance for impairment losses on:		
Inventories	**39,153**	43,875
Trade and other receivables	**16,180**	16,122
Other current assets	**–**	9,813
Amortization of past service cost	**1,383**	–
Pension liability	**13,255**	17,639
Unrealized foreign exchange loss	**55**	662
Excess of lease liabilities over ROU asset	**173**	145
	70,199	88,256
Deferred tax liabilities – net	**₱702,885**	₱683,137

The deferred taxes presented above are from the following temporary differences:

	2022	2021
Deferred tax liabilities:		
Revaluation increment on land in OCI	**₱3,088,991**	₱3,062,689
Excess of liability for mine rehabilitation and mine rehabilitation asset	**3,345**	22,886
	3,092,336	3,085,575
Deferred tax assets:		
Allowance for impairment losses on:		
Inventories	**156,612**	175,502
Trade and other receivables	**64,720**	64,489
Other current assets	**–**	39,253
Amortization of past service cost	**5,531**	–
Unrealized foreign exchange loss	**222**	2,647
Excess of lease liabilities over ROU asset	**691**	581
Pension liability	**53,021**	70,554
	280,797	353,026
Net deferred tax liabilities	**₱2,811,539**	₱2,732,549

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:

	2022	2021
Tax at statutory rate	**₱167,978**	₱121,511
Add (deduct) tax effects of:		
Nontaxable income	**(146,333)**	(69,247)
Effect of change in tax rate	**–**	15,552
Changes in unrecognized deferred tax assets	**(792)**	(17,239)
Application of MCIT	**–**	(13,292)
Adjustments	**9,243**	–
Nondeductible expenses	**105**	894
Interest income subject to final tax	**(315)**	(33)
Provision for income tax	**₱29,886**	₱38,146

28. **EPS**

Basic EPS is calculated by dividing the net profit by the weighted average number of common shares on issue during the year, excluding any ordinary shares purchased by the Company and held as treasury shares.

In computing for the 2022 and 2021 diluted EPS, the Company considered the effect of stock options outstanding since these are dilutive.

	2022	2021
Net income	**₱642,025**	₱447,897
Current dividends on preference shares	**(60)**	(60)
Adjusted net income	**₱641,965**	₱447,837

Number of shares for computation of EPS:

	2022	2021
Basic EPS		
Weighted average common shares issued	**623,270,448**	620,919,986
Less treasury shares	**348,069**	348,069
Weighted average common shares outstanding	**622,922,379**	620,571,917
Diluted EPS		
Weighted average common shares issued	**623,270,448**	620,919,986
Less treasury shares	**348,069**	348,069
	622,922,379	620,571,917
Convertible preferred shares	**2,059,366**	2,059,366
Stock options	**2,832,836**	3,137,502
Weighted average common shares outstanding	**627,814,581**	625,768,785
Basic EPS	**₱1.03**	₱0.72
Diluted EPS	**₱1.02**	₱0.72

29. Financial Risk Management Objectives and Policies

The Company's principal financial instruments pertain to unsecured 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, 2022 and 2021, 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, 2022 and 2021:

	2022			
	On demand	**Within 90 days**	**Over 90 days**	**Total**
Financial assets				
Cash on hand and in banks	**₱157,478**	**₱–**	**₱–**	**₱157,478**
Trade and other receivables:	**27,100**	**96,407**	**169,505**	**293,012**
Amounts owed by related parties	**375,273**	**–**	**–**	**375,273**
FVOCI	**521**	**–**	**–**	**521**
FVPL	**798**	**–**	**–**	**798**
Refundable deposits under "other noncurrent assets"	**–**	**–**	**9,229**	**9,229**
	₱561,170	**₱96,407**	**₱178,734**	**₱836,311**
Financial liabilities				
Loans payable	**₱325,095**	**₱–**	**₱–**	**₱325,095**
Trade and other payables:				
Trade	**50,697**	**6,287**	**–**	**56,984**
Accrued expenses	**–**	**38,850**	**–**	**38,850**
Payables to officers and employees	**–**	**4,077**	**–**	**4,077**
Other payables	**–**	**6,456**	**–**	**6,456**
Amounts owed to related parties	**445,297**	**–**	**–**	**445,297**
Lease liability	**–**	**574**	**5,276**	**5,850**
Other noncurrent liability	**–**	**–**	**49,136**	**49,136**
	₱821,089	**₱56**	**₱54,412**	**₱931,745**
Net financial liabilities	**(₱259,919)**	**₱40,163**	**₱124,322**	**(₱95,434)**

	2021			
	On demand	Within 90 days	Over 90 days	Total
Financial assets				
Cash on hand and in banks	₱58,833	₱–	₱–	₱58,833
Trade and other receivables	23,524	168,526	257,969	450,019
Amounts owed by related parties	269,049	–	–	269,049
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
	₱411,987	₱172,150	₱330,444	₱914,581
Financial liabilities				
Loans payable	₱325,096	₱–	₱11,025	₱336,121
Trade and other payables:				
Trade	51,354	25,679	–	77,033
Accrued expenses	–	7,544	–	7,544
Payables to officers and employees	–	5,562	–	5,562
Other payables	–	11,827	–	11,827
Amounts owed to related parties	822,695	–	–	822,695
Lease liability	–	1,054	7,173	8,227
Other noncurrent liability	–	–	49,136	49,136
	₱1,199,145	₱51,666	₱67,334	₱1,318,145
Net financial liabilities	(787,158)	₱120,484	₱263,110	(₱403,564)

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.

	2022	2021
Cash in banks	**₱157,034**	₱58,294
Trade and other receivables	**293,012**	450,019
Amounts owed by related parties		
Advances to contractors under "other current assets"	–	63,356
Financial assets at FVOCI	**521**	473
Financial assets at FVPL	**798**	60,108
Refundable deposits under "noncurrent assets"	**9,229**	9,119
	₱577,882	₱589,670

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 under "noncurrent assets"
The Company provided an allowance for ECLs for these financial assets amounting to ₱115.00 million and ₱154.01 million in 2022 and 2021.

Simplified Approach

Trade and other 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, 2022

		Past due			Specific	
	Current	**30 days**	**60 days**	**>90 days**	**Identification**	**Total**
Expected credit loss rate	**0%**	**0%**	**0%**	**4%**	**100%**	
Estimated total gross carrying amount at default	**₱17,630**	**₱–**	**₱–**	**₱14,230**	**₱1,815**	**₱33,675**
	₱–	**₱–**	**₱–**	**₱633**	**₱1,815**	**₱2,448**

As at December 31, 2021

		Past due			Specific	
	Current	30 days	60 days	>90 days	Identification	Total
Expected credit loss rate	0%	0%	2%	4%	100%	
Estimated total gross carrying amount at default	₱109,972	₱347	₱1,017	₱14,879	₱1,815	₱128,030
	₱–	₱–	₱25	₱543	₱1,815	₱2,383

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, 2022 and 2021, 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:

2022	**Change in interest rates (in basis points)**	**Sensitivity of pretax income**
	+100	**₱3,251**
	-100	**(3,251)**

2021	Change in interest rates (in basis points)	Sensitivity of pretax income
	+100	₱3,251
	-100	(3,251)

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, 2022 and 2021 follow:

	2022		2021	
	US$	**Peso equivalent**	US$	Peso equivalent
Asset				
Cash in banks	**US$7**	**₱390**	US$5	₱238
Liability				
Other loans	–	–	(216)	(11,025)
Net asset (liability) position	**US$7**	**₱390**	(US$211)	(₱10,787)

As at December 31, 2022 and 2021, the exchange rates of the Philippine peso to the US$ based on Philippine Dealing System exchange rates at closing date are ₱55.75 and ₱50.99, 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, 2022 and 2021 is as follows:

	Peso	Sensitivity of pretax income
2022	Strengthens by 1.02	**₱7**
	Weakens by 1.14	**(8)**
2021	Strengthens by 0.27	₱57
	Weakens by 1.02	(216)

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 2022 and 2021.

30. Capital Management

The Company maintains a capital base to cover risks inherent in the business. The primary objective of the Company's capital management is to ensure that the Company has available funds in order to continuously operate and support its exploration activities.

The Company manages its capital structure and makes adjustments, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may obtain additional advances from stockholders or issue new shares.

No changes were made in the objectives, policies or processes in 2022 and 2021.

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

	2022	2021
Capital stock	**₱624,015**	₱624,015
Capital surplus	**415,110**	409,929
Cost of share-based payment	**6,275**	9,198
Other components of equity	**2,322,728**	2,295,923
Retained earnings	**3,612,123**	2,970,098
Treasury shares	**(8,016)**	(8,016)
	₱6,972,235	₱6,301,147

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, 2022 and 2021 follows:

	2022	2021
Total liabilities (a)	**₱1,808,187**	₱2,168,560
Total equity (b)	**6,972,235**	6,301,147
Debt-to-equity ratio (a/b)	**0.26:1**	0.34:1

31. **Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Set out below is a comparison by category and class of carrying amounts and estimated fair values of the Company's significant financial assets and liabilities as at December 31, 2022 and 2021:

	Carrying Amount		**Fair Values**	
	2022	2021	**2022**	2021
Financial assets				
FVOCI	**₱521**	₱473	**₱521**	₱473
FVPL	**798**	60,108	**798**	60,108
Financial liabilities				
Loans payable	**325,096**	336,121	**325,096**	336,121
Lease liabilities	**4,714**	6,701	**4,770**	7,175

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 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, 2022 and 2021, the Company has quoted financial assets at FVOCI amounting to ₱521 and ₱473, 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.

Lease Liabilities.
Management has determined that the estimated fair value of lease liabilities is based on the discounted value of future cash flows using the interest rate per annum for the remaining lease period.

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.

	2022		
	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	**₱–**	**₱–**	**₱1,514,327**
Investment properties	**–**	**–**	**2,979,827**
Financial assets at FVOCI	**521**	**–**	**–**
	₱521	**₱–**	**₱4,494,154**

	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

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 ₱219.68 million (₱212.30 million) and ₱1,110 million (₱1,075 million) as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021. There were no transfers between levels in 2022 and 2021.

32. Lease Commitments

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:

	2022	2021
Depreciation expense of right-of-use assets included in property and equipment (Note 10)	**₱2,097**	₱2,001
Interest expense on lease liabilities	**389**	445
Expenses relating to short-term leases included in selling, general and administrative costs (Note 21)	**490**	1,337
Income from subleasing right-of-use assets (Note 23)	**(371)**	(1,478)
Total amount recognized in parent company statements of income	**₱2,605**	₱2,305

The carrying amount of PFRS 16 lease liabilities as at December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balances	**₱6,701**	₱4,686
Additions	–	3,589
Interest	**389**	445
Lease payments	**(2,376)**	(2,019)
	4,714	6,701
Less: lease liabilities - current portion	**1,288**	2,685
Lease liabilities - net of current portion	**₱3,426**	₱4,016

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:

	2022	2021
1 year	**₱1,597**	₱2,376
more than 1 years to 2 years	**738**	1,597
more than 2 years to 3 years	**759**	738
more than 3 years to 4 years	**779**	759
more than 5 years	**1,977**	2,757

Company as a lessor
The Company rented its office space that have a lease term of one year. The lease agreements are renewable upon mutual agreement between the Company and its lessee. 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 ₱0.37 million, ₱1.48 million in 2022 and 2021, respectively (see Note 23).

33. **Investment Properties**

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, 2022 and 2021, 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 ₱85.33 million and ₱276.99 million in 2022 and 2021, respectively (see Note 23). As at December 31, 2022 and 2021, the Company's retained earnings shall be restricted for dividend declaration to the extent of the accumulated revaluation gains amounting to ₱1,405.07 million and ₱1,319.74 million, respectively.

Direct operating expenses from these investment properties amounted to nil, ₱0.76 million in 2022 and 2021, respectively.

Movements in accumulated fair valuation gains of investment properties are as follows:

	2022	2021
Balances at beginning of year	**₱2,894,496**	₱2,617,510
Revaluation (Note 23)	**85,331**	276,986
Balances at end of year	**₱2,979,827**	₱2,894,496

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, 2022	**Cash flows**	**Others**	**December 31, 2022**
Loans payable	**₱336,121**	**(₱11,025)**	**₱–**	**₱325,096**
Amounts owed to related parties	**822,695**	**(377,398)**	**–**	**445,297**
Lease liabilities - current	**2,685**	**(2,376)**	**4,405**	**4,714**
Lease liabilities – net of current portion	**4,016**	**–**	**(2,728)**	**1,288**
	₱1,165,517	**(₱390,799)**	**₱1,677**	**₱776,395**

	January 1, 2021	Cash flows	Foreign exchange movement	Noncash additions	Others	December 31, 2021
Loans payable	₱414,980	(₱78,471)	(₱2,680)	₱–	₱2,292	₱336,121
Amounts owed to related parties	711,506	443,368	–	–	(332,179)	822,695
Lease liabilities - current	698	(2,019)	–	445	3,561	2,685
Lease liabilities – net of current portion	3,988	–	–	3,589	(3,561)	4,016
	₱1,131,172	₱362,878	(₱2,680)	4,034	(₱329,887)	₱1,165,517

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.