

**BENGUET CORPORATION**

**MINUTES**

**OF THE ANNUAL STOCKHOLDERS' MEETING**

**11 November 2020**

The annual stockholders' meeting of Benguet Corporation (the "Company") was held virtually or through electronic means at the BC Board room, 7<sup>th</sup> Floor, Universal-Re Building, 106 Paseo de Roxas, Makati City on Wednesday, 11 November 2020.

**I. Call to Order**

The meeting was called to order at 3:05 in the afternoon. The Chairman, Mr. Bernardo M. Villegas, welcomed all the stockholders to the 2020 regular Annual Stockholders' Meeting (ASM), and mentioned that for the first time in the Company's history since 1903, the ASM will be conducted online and through recorded video-streaming to minimize the risk posed by the COVID-19 pandemic and to comply with the mandate of the Inter-Agency Task Force (IATF) on Emerging Infectious Diseases' of avoiding physical mass gatherings.

Mr. Villegas also mentioned that the stockholders' participation and voting procedures for the ASM are embodied in the Definitive Information Statement as Annex "C", duly approved by the SEC, which is accessible to all stockholders through the Company's website and meeting portal. The stockholders were advised to register online to accord them the opportunity to participate in the ASM and that only questions and concerns submitted online prior to the given deadline of November 10 will be addressed during the ASM and that those given during the ASM will be addressed through email after the ASM and will be included in the minutes, accordingly.

The incumbent members of the Board of Directors of the Company who were present, were thereafter introduced, including those attending online, as follows:

<b>Attending in person:</b>	
JESSE HERMOGENES T. ANDRES	Director; Chairman of Executive Committee, Salary and Stock Option Committee
REGINALD S. VELASCO	Independent Director; Chairman of the Board Risk Oversight Committee
JOSE RAULITO E. PARAS	Director
LESTER C. YEE	Director
KWOK YAM IAN CHAN	Director
<b>Attending online:</b>	
ANTHONY M. TE	Director
ANDREW PATRICK R. CASIÑO	Director
RHODORA L. DAPULA	Independent Director, Chairman of Audit Committee
LUIS JUAN L. VIRATA	Director

Also introduced were the following officers:

REYNALDO P. MENDOZA	OIC/Senior Vice President-Legal and Asst. Corporate Secretary
LINA G. FERNANDEZ	OIC/Senior Vice President-Finance & Comptroller/ Corporate Governance

	Compliance Officer
MAX D. ARCEÑO	Vice President-Finance & Treasurer
VALERIANO B. BONGALOS, JR.	Vice President/Resident Manager for Benguet District Operations
PAMELA M. GENDRANO	Asst. Vice President-Environmental Compliance and Chief Risk Officer
HERMOGENE H. REAL	Corporate Secretary

Mr. Villegas likewise acknowledged the presence of the Company's external auditors, Sycip Gorres Velayo & Company represented by Messrs. Wilson Tan, Jaime F. Del Rosario and Peter John R. Ventura, and the Company's transfer agent, Stock Transfer and Service, Inc. representative, Mr. Richard D. Regala, Jr.

## **II. Proof of Notice of the Meeting and Certification of Quorum**

The Corporate Secretary, Atty. Hermogene H. Real, was asked to submit proof of the notice of meeting. The Corporate Secretary certified that, pursuant to the alternative mode for distributing the notice of meeting in connection with the holding of the Annual Stockholders' Meeting for 2020, notices of the meeting were sent to all stockholders of record as of September 21, 2020 in four (4) ways to reach as many stockholders as possible.

First, through publication in print and online format of the Notice of the ASM, including the agenda, for two (2) consecutive days on October 9 and 10, 2020 in Manila Standard Today and on October 12 and 13, 2020 in People's Journal, both in print and online editions, as evidenced by the Affidavits of Publications executed by the respective representatives of said publishers. Second, by disclosure of Information Statement with the Philippine Stock Exchange on September 28 and October 2, 2020. Third, by posting on the Company's website. Finally, through email for those who have successfully registered online, consistent with applicable SEC Rules and the Company's internal guidelines on participation by electronic means of communication or in absentia.

The Corporate Secretary certified that there was a quorum for the transaction of any business that may be properly brought before the body, with attendance of shareholders represented remotely or in absentia covering a total of 404,144,955 shares of stock representing at least 65.41% of the outstanding shares. [Appended to the original of the Minutes is the report dated November 11, 2020 of SGV & Co., the Company's external auditors, showing the results of tabulation of the number of shares present at the meeting.<sup>1</sup> ]

There being a quorum present, the Chairman declared that the meeting was ready to proceed with the transaction of business.

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<sup>1</sup>Annex "B" - Quorum Tabulation

III. **Approval of the Minutes of the Last Regular Annual Stockholders' Meeting held on November 7, 2019**

The Chairman mentioned that the minutes of the last regular Annual Stockholders' Meeting held on November 7, 2019 were made available in the Company's website.<sup>2</sup> Stockholders owning 404,144,955 shares representing at least 65.41% of the outstanding shares of stock have voted in favor of the following resolution:

*“RESOLVED, as it is hereby resolved, that the Minutes of the Stockholders' Meeting held on November 7, 2019 be, as they are hereby, approved as presented.”*

IV. **Approval of Management Report and the 2019 Audited Financial Statements**

The Chairman announced that the next order of business was the review of the Company's operations for the year 2019. He stated that management has prepared brief video presentation of the Company's operational highlights and financial results, the audited financial statements for the year ended December 31, 2019, and interim period financial report, as follows:

“Dear Fellow Stockholders:

We are glad to report that your Company ended 2019 with consolidated income of ₱115.7 million, surpassing the challenges of 2019, a testament to its resiliency.

**Consolidated Results**

Consolidated net income for 2019, after extra-ordinary income of ₱355.8 million from the revaluation and sale of investment properties, amounted to ₱115.7 million or ₱0.19 per share.

**Mining**

Gold operations produced 8,069 ounces during the year. Your Company benefitted from the higher price of gold which enabled the Acupan Gold Project (AGP) to mitigate the lower production to yield net earnings of ₱29.9 million this year. The average price of gold was at US\$1,384.64 per ounce, US\$109.97 per ounce higher than US\$1,274.67 per ounce in 2018.

Nickel operations under Benguetcorp Nickel Mines Inc. (BNMI) remained suspended. Despite the suspension, BNMI continued to contribute in the Company's revenue. For 2019, BNMI generated ₱64.6 million revenue from export of 55,000 tons grading 1.5% of nickel ore sold at an effective average price of US\$22.50/ton. The reduced shipment volume and lower nickel price resulted to ₱191.2 million loss.

Earnings from your Irisan Lime Project (ILP) peaked at ₱34.2 million from last year's income of ₱24.0 million. Sales volume for the year were at 9,671 tons.

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<sup>2</sup>Annex "C" – Minutes of the Annual Stockholders Meeting held on November 7, 2019

Benguet Management Corporation (BMC), a wholly owned subsidiary of your Company, and its subsidiaries, reported a consolidated net income of ₱58.4 million. BMC was able to sell its former Citrus property covered with lahar sand in San Marcelino, Zambales at a gain of ₱68.59 million.

BenguetCorp Laboratories Inc. (BCLI) reported a net loss of ₱18.0 million, lower as compared to the net loss of ₱34.9 million in 2018. BCLI was awarded a three-year contract for the clinic management and medical services of Texas Instrument in Baguio City and in Clark, Pampanga.

### **Exploration, Research and Development**

Your Company updated the Balatoc Tailings Project (BTP) information memorandum and negotiated with potential financial consultant on engagement terms to source and secure capital and project finance.

Your Company conducted preliminary drilling at the southern-half section of the MPSA tenement of Pantingan Gold Prospect to further test the vertical extension of the mineralized structures mapped previously in the claim area. As of second quarter 2020, a total down-dip extent of 340.60 meters for the final 2 boreholes were drilled bringing depth to a total meterage of 1,012.40 meters since the drilling operation was implemented in January 2020. Rock samples were sent to Intertek Laboratory for multi-element analysis and the drill results are expected in the second half this year.

On the Pantingan aggregates project, geological evaluation through mapping and sampling works were conducted on the 150-hectare blocks identified as highly prospective domains for mountain rock deposits and coarse rock aggregates situated northeast of the MPSA claim area. The larger block named PAB-1 was chosen by management to come-up with a bigger and wider resource materials for rock aggregates. Immediately north of PAB-1 are four-(4) of the applied Quarry Permit Areas (QPA) having a total area of 20 hectares. The blocks of PAB-1 and QPAs' are the main target domains being fully studied since May 2020 to locate prospective materials for rock aggregates. Head-sized and chip rock samples were strategically collected for megascopic analysis and physical laboratory tests to know its engineering properties. Exploration Permit Application covering 1,200 hectares for another rock aggregate evaluation outside the MPSA (north of the MPSA), was submitted and formally accepted by MGB.

### **Land Development**

Your Company has decided to resume evaluation of its real estate properties in the Benguet District. Two of the country's leading real estate specialists have approached your Company and offered to do a due diligence study on the proposed land development projects. Preliminary discussions are ongoing and your Company is looking forward to partnership which should pave the way for the development of these landholdings.

### **Environmental Protection**

Your Company's nickel and gold mining operations continue to be ISO 14001:2015 certified. Guided by the standards of the ISO, your Company continues to implement its Environmental Protection and Enhancement Program (AEPEP), not only to meet compliance requirements but also to address community environmental issues, protection and sustainability for its mining operations. Your Company also continues to implement environmental rehabilitation programs, the national greening program of

the Department of Environment and Natural Resources (DENR), including Temporary Revegetation Program (TRP) of the DENR. Since 2009 to date, your Company's Nickel operations has planted about 2,062,793 seedlings of various plant/tree species inside its tenement at 95% survival rate. On the other hand, the Gold operations has planted year-to-date about 1,285,478 seedlings of various plant/tree species all over its tenements at 82% survival rate. With your Company's commitment to the protection and enhancement of environment, the Gold operations has spent ₱5.2 million in 2019, bringing its expenditures to-date to ₱68.3 million since 2015, while the Nickel operations has spent ₱10.8 million in 2019, bringing its expenditures to-date to ₱239.8 million since 2010.

### **Community Services**

Your Company's gold and nickel operations continues to fulfill its social responsibility through the implementation of various Social Development and Management Programs (SDMP). Scholarship program continues to benefit 82 college students and 289 high school students in host and neighboring communities. It consistently promotes public awareness and education on mining activities and technology through print and radio campaigns on the social development programs of the Company, installation of signages of infrastructure projects, and production of Company's and Barangay's newsletters, among others. In the fulfillment of its social development programs, your Company's Gold operations spent ₱8.9 million in 2019, bringing its expenditures to-date to ₱39.4 million since 2005, and the Nickel operations has spent ₱2.6 million in 2019, bringing its expenditures to-date to ₱46.5 million since 2013.

### **Good Corporate Governance**

Your Company is committed to improve its current code of corporate governance practices and to develop an efficient and effective evaluation system and processes that governs the performance of the Board of Directors and management. For the year in review, your Company formalized the Board Risk Oversight Committee Charter and the new policies on Related Party Transaction; Anti-Fraud, Corruption and Whistleblowing; Enterprise Risk Management Framework; and Self-Assessment Forms for Board, AuditCom and Board Risk Oversight Committee (BROC). Your Company submitted the annual reports on Integrated Annual Corporate Governance Report (I-ACGR) and Sustainability Report in compliance with the mandates of SEC and PSE, respectively.

### **Outlook**

Your Company remains optimistic about its prospects in 2020 despite the pandemic onset. It is counting on the improving metal prices of gold and nickel and the lifting of BNMI mining suspension to end the decade with better profitability. Your Company will work for higher gold production of the Acupan gold operations with the continued development, and rehabilitation of underground mine resources and for the resumption of mining activities in its Zambales nickel operation.

Your Company will continue to develop its real estate projects in the Benguet Province. Finally, your Company will revisit its water rights holdings for possible Bulk Water Supply Project.

### **Acknowledgement**

We thank the Company's capable management team, its dedicated employees and the judicious Board of Directors for their commitment. We are especially grateful for the trust and confidence of our shareholders who have given us their unwavering support and patience as we

overcome challenge after challenge in our path to profitability and sustainability. Working together, your Company is ready to hurdle tomorrow's risks and opportunities.

Thank you."

After the video presentation, the Corporate Secretary reported that Stockholders owning 404,144,955 shares representing at least 65.41% of the outstanding capital stock, have voted in favor of the following resolution:

*"RESOLVED, as it is hereby resolved, that the Management Report together with the Audited Financial Statements for the year ended December 31, 2019, be, as they are hereby, approved as presented."*

**V. Re-appointment of Sycip Gorres Velayo and Company (SGV) as the Company's independent external auditors**

The Chairman then requested the Audit Committee Chair to present its recommendation. The Audit Committee through its Chair, Atty. Rhodora Dapula, recommended the re-appointment of the firm Sycip Gorres Velayo and Company (SGV) as the Company's external auditor for the year ending December 31, 2020.

The Corporate Secretary reported that Stockholders owning at least 404,144,955 shares representing at least 65.41% of the outstanding capital stock, have voted in favor of the resolution appointing SGV as external auditor for the year ending December 31, 2020, to wit:

*RESOLVED, as it is hereby resolved, that Sycip Gorres Velayo and Company (SGV & Co.) be re-appointed as the Company's external auditors for the years 2020-2021 or until their successor has been duly appointed by the stockholders."*

**VI. Confirmation and ratification of all acts, resolutions, contracts, investments and proceedings made and entered into by Management and/or the Board of Directors since November 5, 2019 until November 11, 2020 annual stockholders' meeting**

The Chairman referred the stockholders/body to the summary of all acts of the Management and Board of Directors of the Company contained in Item 15, III on pages 25-28 of Information Statement. A resolution for the confirmation and ratification of all acts, resolutions, contracts, investments and proceedings made and entered into by the Management and/or the Board of Directors for the period from November 5, 2019 to November 11, 2020 was shown on the screen. After which, the Corporate Secretary reported that stockholders owning at least

404,144,955 shares representing at least 65.41% of the outstanding capital stock, have voted in favor of the resolution, to wit:

*“RESOLVED, as it is hereby resolved, that all acts, resolutions, contracts, investments and proceedings made by Management and/or the Board of Directors since November 5, 2019 until the date of 2020 Annual Stockholders’ Meeting, be as they are hereby confirmed, ratified and approved.”*

**VII. Election of eleven (11) directors (including independent directors) for the ensuing year**

The Chairman then proceeded to the next item in the Agenda. He asked the Corporate Secretary if she has the list of nominees to the Board of Directors. The Corporate Secretary replied in the affirmative, and that, as of September 28, 2020, the deadline for nominations, the Company received a total of eight (8) nominations for Regular Directors, and three (3) nominations for Independent Directors. Full details of the background and qualifications of the nominees have been disclosed in the Company’s Definitive Information Statement.

The Corporate Secretary stated that as disclosed in the Company’s Definitive Information Statement, the election of directors is still enjoined under the Temporary Restraining Order (TRO) issued by the Philippine Supreme Court as of October 1, 2020, the date of the statement. She informed the stockholders that as of the date and time of the meeting, no order lifting the TRO has been received by the Company, hence, no election of directors could be held.

Thus, the present set of incumbent directors and independent directors of the Company shall continue to remain in office on holdover capacity until their successors are elected and qualified, namely:

For Regular and Independent Directors representing Common Class A and Convertible Preferred Class A Stocks:

1. Jose Raulito E. Paras
2. Maria Remedios Paz R. Pompidou
3. Luis Juan L. Virata
4. Rhodora L. Dapula – as Independent Director
5. Reginald S. Velasco – as Independent Director
6. Anthony M. Te
7. Andrew Patrick R. Casiño

For Regular and Independent Director representing Common Class B Stocks:

1. Bernardo M. Villegas – as Independent Director
2. Jesse Hermogenes T. Andres
3. Kwok Yam Ian Chan
4. Lester C. Yee

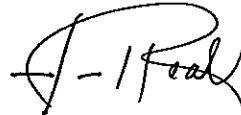
**VIII. OTHER MATTERS**

**A. Conversion Premium for Convertible Preferred "A" shares**

The Chairman informed the shareholders that for the year 2020, the conversion premium for converting Convertible Preferred "A" shares into Common Class "A" shares is P7.16 per share. Holders of Convertible Preferred Class A at their option may convert such shares into Common Class A stock with par value of P1.00 per share upon payment of the conversion premium.

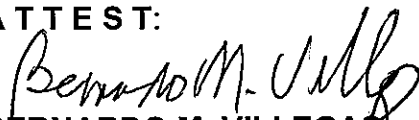
**IX. ADJOURNMENT**

Since there are no other matters in the agenda and neither were there no questions/comments received from stockholders by email or through the meeting portal prior to the meeting nor during the meeting, the meeting was declared adjourned at 3:30 p.m.



**HERMOGENE H. REAL**  
Corporate Secretary

**ATTEST:**



**BERNARDO M. VILLEGAS**  
Chairman