

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: MARCH 31, 2024
2. Commission identification number: 11341 3. BIR Tax Identification No.: 000-051-037-000

BENGUET CORPORATION

4. Exact name of issuer as specified in its charter

PHILIPPINES

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7F UNIVERSAL RE-BUILDING, 106 PASEO DE ROXAS, MAKATI CITY 1226

7. Address of issuer's principal office Postal Code

(632) 8812-1380

8. Issuer's telephone number, including area code

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

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

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Convertible Preferred Class A	217,061 shares
Common Class A Stock	375,120,008 shares*
Common Class B Stock	248,064,121 shares*

*Net of Treasury Shares

Total consolidated outstanding principal loans payable as of March 31, 2024 - P 85.06 Million

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

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The Issuer's Convertible Preferred Class A share, Common Class A share and Common Class B share are listed in the Philippine Stock Exchange (PSE).

Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

PLEASE REFER TO ANNEX "A" on pages 20 to 40 which are incorporated and form part of this report (SEC Form 17-Q), as follows:

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

A. 2024 FIRST QUARTER VERSUS 2023 FIRST QUARTER

FINANCIAL PERFORMANCE

CONSOLIDATED RESULTS OF OPERATION

The Company's performance for the first quarter of 2024 was affected by the decline in prices of nickel ore and low gold production in the Acupan Gold Project in Itogon Province. Consolidated net income for the first quarter of 2024 amounted to P52.7 million, lower than the net income of P408.6 million for the same period in 2023. The increase/decrease in net income was the net effect of the following:

Revenues

The Company registered consolidated revenues of P470.1 million for the first quarter of 2024, 63% lower compared to P1.3 billion for the same quarter in 2023. The decline is attributed to lower sales of nickel ore and gold production. BRMC sold 3 boatloads of nickel ore with an aggregate volume of 164,340 tons valued at P284.7 million, In contrast, BRMC sold 9 boatloads with an aggregate tonnage of 424,015 valued at P1.1 billion for the same period last year. The Acupan Gold Project (AGP) on the other hand, contributed 32% of the total revenue. AGP sold 1,303.39 ounces of gold at an average price of US\$2,084.64 per ounce against 1,617.31 ounces of gold at an average price of US\$1,892.94 per ounce in the first quarter of 2023.

Operating and other revenues

Cost and operating expenses in the first quarter this year amounted to P422.9 million lower compared to P702.0 million for the same quarter in 2023. The increase/decrease was the net effect of the following:

Cost of mine products sold reduced by 8% during the quarter. The reduction is mainly due to lower production of gold thereby reducing the mining and milling costs.

Cost of merchandise sold, and services decreased from P27.4 million to P19.5 million. The decrease was due to lower volume of nickel ore sold during the quarter.

Selling and general expenses decreased by 51% during the quarter. The decreased is mainly due to lower volume of nickel ore exported to china.

Decrease in taxes on revenue is mainly due to lower nickel revenues.

Other income for the quarter amounted to P22.7 million, The other income was due to foreign exchange gain of P14.9 million.

FINANCIAL CONDITION

2024 FIRST QUARTER VERSUS YEAR ENDED 31 DECEMBER 2023

Assets

The Company ended the first quarter of 2024 with consolidated total assets of P10.36 billion, slightly higher than P10.34 billion in 2023. The increase is the net effect of the following:

Cash and cash equivalent decreased by 12% or P680.9 million primarily from the cash used in operating activities.

Receivables decreased from P746.7 million to P730.2 million, mainly from collection of receivables from nickel customers.

Inventories for the quarter amounted to P286.1 million, higher than P248.0 million last year mainly from the continuous production of nickel ore.

Increase in financial assets at fair value through profit or loss (FVPL) pertains to additional placement in Unit Investment Trust Fund (UITF) and gain from existing UITF placements.

Increase in other current assets and other noncurrent assets pertain to input taxes on various purchases.

Deferred mine exploration costs slightly increased from P520.4 million to P524.6 million, the increase is mainly due to the drilling expenses incurred in the Pantingan Gold Prospect in Bataan.

Liabilities

Total consolidated liabilities as of March 31, 2024 stood at P1.94 billion, slightly lower compared to P1.97 billion as of December 31, 2023. The increase/decrease was due to the following:

Trade and other payables decreased by 11% to P453.1 million from P507.8 million. The decrease pertains to the payment to various suppliers and contractors.

Increase in income tax payable pertains mainly to the corporate income tax liability of Benguetcorp Resources Management Corporation and Arrow Freight and Construction Corporation.

Equity

Retained earnings slight increase is mainly from the net income generated this quarter.

Stockholder equity increased from P8.37 billion in 2023 to P8.42 billion as of March 31, 2024. The increase came from the net income generated during the quarter.

Consolidated Cash Flow

The cash used by operating activities for the first quarter this year amounted to P57.0 million compared with P502.2 million provided by operating activities for the same period last year. The decrease was mainly due to lower sales of nickel ore.

During the quarter, the Company invested P15.6 million in UITF, spend P4.25 million in the exploration of its Pantingan Gold and Aggregate Prospect in Bataan and invested P15.3 million in various assets for its Acupan Gold Project and Sta. Cruz Nickel Operation.

Net cash used during the quarter amounted to P1.04 million.

OPERATIONAL REVIEW

Acupan Gold Project (AGP)

AGP continued to experience challenges in looking for new areas that will yield higher grade and volume of gold for the first quarter this year. Thus, to mitigate further losses, AGP implemented the restructuring of operation effective March 1, 2024.

AGP reported lower revenue for the first quarter of 2024 amounting to P151.72 million versus P168.47 million for the same quarter in 2023. The decrease is on account of lower sales volume of gold during the quarter. Gold sold for the quarter of 1,303.39 ounces is 19% lower against 1,617.31 ounces for the same quarter in 2023. The decline in volume was partly offset by the increase in price of gold. Average gold price rose to US\$2,084.64 from US\$1,892.94 per ounce in the first quarter of 2023. Pre-tax income for the quarter amounted to P3.37 million, 75.4% lower than the pre-tax income of P13.7 million for the same quarter in 2023.

AGP milled 5,114 tons with average mill grade of 9.14 grams per ton for the first quarter this year, lower compared to 8,141 tons with average mill grade of 7.13 grams per ton for the same period in 2023.

AGP is continuously reviewing its development and production plan with the objective of finding new areas that will yield higher volume and better grade of gold. Likewise, AGP is also reviewing its current security and safety program. The objective is to further improve mine security to prevent the intrusion of illegal miners/squatters and accident in the area.

Sta. Cruz Nickel Project (SCNP)

The Sta. Cruz Nickel Operations in Zambales under its wholly owned subsidiary Benguetcorp Resources Management Corporation (BRMC), reported revenue of P284.75 million this quarter, lower than P1.05 billion for the same period in 2023. The decrease is attributed to lower volume and lower price of nickel ore sold during the quarter.

During this quarter, BRMC sold 3 boatloads of nickel ore aggregating 164,340 tons of 1.4% as against 9 boatloads of 477,214 tons ranging from 1.2% to 1.3% nickel ore. The boatloads were sold at an average price of US\$30.89/ton this quarter versus US\$40.00/ton for the same quarter in 2023. This resulted to a lower net income this quarter of P33.64 million, 295% lower than net income of P296.56 million for the same period in 2023.

Irisan Lime Project (ILP)

The Company's ILP generated ₱24.2 million revenue for the first quarter this year, lower compared to ₱25.4 million for the same quarter in 2023. The decrease is on account of lower volume of lime sold during the quarter. This resulted to lower pre-tax income of ₱5.3 million against the pre-tax income of ₱6.5 million for the same period in 2023.

Benguet Antamok Gold Operation (BAGO)

The Benguet Antamok Gold Operations (BAGO) is actively implementing its environmental protection and enhancement programs under the Care and Maintenance Program (CMP). Currently, BAGO is in Phase 1 of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP), which has been reviewed and commented on by the MGB-CAR and the Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC).

For the quarter in review, ₱0.16 million was utilized for the activities such as nursery enhancement, seedling propagation, reforestation, greening activities, water quality monitoring, watershed protection, and the maintenance of environmental structures like the Liang Dam emergency spillways and penstocks. Phase 1 activities are progressing within the framework of the Annual Care and Maintenance Programs, with total expenditures reaching ₱16.76 million since 2017 out of the total FMRDP budget of ₱40.03 million.

The FMRDP has recently been approved by the MGB-CLRFC, and will be instrumental in ensuring the implementation of rehabilitation activities geared towards the sustainability of previously operated mine.

EXPLORATION RESEARCH AND DEVELOPMENT

Pantingan Property – Gold Prospect

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 of encouraging results from earlier drilling data. The same will provide necessary justifications in applying for Mineral Production Sharing Agreement (MPSA) renewal this year (which is due to expire in March 2025). On going works for the renewal include conduct of topographic survey and environmental impact study. Current drilling activities performed are the opening and maintenance of more access roads and drill pads, hole-to-hole transfer and mobilization of the drill-rigs, coring operation, hauling of core-boxes, quick structural logging of cores, cutting of cores into halves and sampling.

Aggregates Prospect

On the aggregates prospect, the Company continue its permitting activities including permit for road-right-of-way in the 30-hectares Quarry Permit Area (QPA) outside the MPSA. Permits of 6 QPAs areas are expected to be completed at year-end. The large-scale quarry in PAB-1 and 2 still needs drilling for Declaration of Mining Project Feasibility (DMPF). In the QPA area, the MGB has issued area clearance while the NCIP has issued Certificate of Non-Overlap (CNO). Obtaining LGU consent, tree inventory for Tree Cutting Permit and ECC process by the Company is a work-in-progress.

Zamboanga Gold Prospect

The property is about 150 kilometers from Zamboanga City and is covered with Exploration Permit No. EP-012-2023-IX. The Company has an operating agreement with Orelina Mining Corporation to explore and operate the property comprising of 399.0288 hectares.

Pursuant to the MGB approval work program submitted in the approved EP, the Company has started the exploration activities.

Surigao Coal Project

The Company is holding a coal property in Surigao del Sur through a 1981 Royalty Agreement with Diversified Mining Company. The property consists of 12-coal blocks with a 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 resource consisting of seven-(7) coal seams of lignitic to sub-bituminous coal quality (steam grade). With the lapse of the original COC, the Company has application for a new Coal Operating Contract (COC) which is under

evaluation by the Department of Energy (DOE) following the submission of Certificate of No Mining Ban from the provincial LGU. Market prospects for local coal with low BTU remains to be a concern, considering DoE's preference for clean energy and global shift to net-zero emissions.

SUBSIDIARIES AND AFFILIATES

i. LOGISTICS

Arrow Freight and Construction Corporation (AFCC)

AFCC, the logistics provider of the Company, generated revenue of ₱21.7 million for the first quarter of 2023, 52% lower than the ₱44.9 million for the same period last year. The revenue this quarter was derived from management fees amounting to ₱11.6 million for providing and handling BRMC needed earthmoving equipment and dump trucks for its various mining activities, ₱5.4 million from equipment rental for road maintenance and environmental works, ₱2.3 million from ore hauling using its own dump trucks, ₱2.3 million from ore loading and ₱0.9 million from freight services. This resulted to net income of ₱9.1 million this quarter, lower against the net income of ₱23.0 million for the same quarter last year.

AFCC construction team will oversee and manage the dredging of the port in Candelaria.

Keystone Port Logistics and Management Services Corporation (KPLMSC)

KPLMSC, the port and barging services provider of the Company, reported revenue of ₱12.5 million for the first quarter this year, lower compared to ₱35.4 million for the same period last year. During the quarter, KPLMSC handled 164,340 tons of nickel ore exported to China versus 477,214 tons for the same period last year.

This resulted to net income of ₱2.5 million this quarter, lower against the net income of ₱19.3 million for the same period in 2023.

KPLMSC plan to dredge portion of the port next quarter to improve the efficiency of barging activity during shipment.

ii. REAL ESTATE

BMC Forestry Corporation (BFC)

BFC, manages the lime kiln operation of Irisan Lime Project and various real estate projects. BFC continue to develop and sell subdivision lots in its real estate project in Rosario, La Union, called Woodspark Subdivision. BFC reported net income of ₱0.2 million this quarter, as compared to the net income of ₱1.5 million for the same period last year. BFC continues to sell the remaining three (3) lots with an aggregate area of 1,043 square meters valued at ₱5.29 million. BFC plans to expand its footprint in the development of another project either in La Union, Tarlac or Pangasinan. Hence negotiation for purchase of available land is ongoing.

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 are 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 work in progress

iii. HEALTHCARE

BCLI generated pre-tax income of ₱0.54 million for the first quarter of 2024, lower than the pre-tax income of ₱2.5 million for the same quarter last year. Gross revenue reported for the quarter amounted to ₱10.11 million, 27% lower than the ₱13.9 million for the same period in 2023.

BCL's long outstanding corporate client, MOOG, with service contract ending on April 30, 2023 was automatically renewed for the same period of 2 years or until April 30, 2025.

iv. 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.

B. 2023 FIRST QUARTER VERSUS 2022 FIRST QUARTER

FINANCIAL PERFORMANCE

CONSOLIDATED RESULTS OF OPERATION

The Company sustained its positive performance in the first quarter of 2023. Consolidated net income generated amounted to ₱408.6 million in 2023, slightly lower than the net income of ₱420.7 million for the same period in 2022. The increase/decrease in net income was the net effect of the following:

Revenues

The Company registered consolidated revenues of ₱1.259 billion for the first quarter of 2023, compared to ₱1.256 billion for the same quarter in 2022. Revenues were mainly attributed to sales of nickel and gold. BRMC sold 9 boatloads of nickel ore with an aggregate volume of 477,214 tons valued at ₱1.05 billion compared to 8 boatloads with an aggregate volume of 424,015 tons valued at ₱972.8 million for the same period in 2022. Gold contributed 13%. The Acupan Gold Project (AGP) sold 1,617.31 ounces of gold at an average price of US\$1,892.94 per ounce against 2,606.66 ounces of gold at an average price of US\$1,871.68 per ounce in the first quarter of 2022.

Operating and other revenues

Cost and operating expenses in the first quarter of 2023 amounted to ₱702.0 million slightly higher compared to ₱700.3 million for the same quarter in 2022. The increase/decrease was the net effect of the following:

Cost of mine products sold dropped by 23% during the first quarter of 2023. The decrease was mainly due to lower gold production thereby reducing the mining and milling costs.

Cost of merchandise sold, and services increased from ₱19.5 million to ₱27.4 million. The increase is due to higher volume of nickel ore handled by Logistics Subsidiaries.

Selling and general expenses increased by 16% during the first quarter of 2023. The increase is mainly due to higher volume of nickel ore exported to China.

Increase in taxes on revenue is mainly due to higher nickel revenues.

Other expense for the first quarter of 2023 amounted to ₱42.7 million as against other expense of ₱4.9 million for the same period in the year 2022. This is mainly the effect of peso to dollar appreciation from ₱55.755 in December 2022 as against ₱54.36 this first quarter of 2023.

FINANCIAL CONDITION

2023 FIRST QUARTER VERSUS YEAR ENDED 31 DECEMBER 2022

Assets

The Company ended the first quarter of 2023 with consolidated total assets of ₱10.36 billion, higher than ₱9.91 billion in 2022. The increase is the net effect of the following:

Cash and cash equivalent increased by 43% or P420.2 million primarily from cash receipts of operating activities.

Receivables decreased from P782.5 million to P747.6 million, mainly due to collection of receivables from nickel customers.

Inventories for the first quarter of 2023 amounted to P179.3 million, slightly lower than P180.6 million last year mainly from the continuous production of nickel ore.

Increase in financial assets at fair value through profit or loss (FVPL) pertains to additional placement in Unit Investment Trust Fund (UITF) and gain from existing UITF placements.

Increase in other current assets and other noncurrent assets pertain to input taxes on various purchases.

Deferred mine exploration costs slightly increased from P492.2 million to P494.9 million. The increase is mainly due to drilling expenses incurred in the Pantingan Gold Prospect in Bataan.

Liabilities

Total consolidated liabilities as of March 31, 2023 stood at P2.18 billion, slightly higher compared to P2.13 billion as of December 31, 2022. The increase was due to the following:

Trade and other payables decreased by 3% to P538.6 million from P555.7 million. The decrease pertains to the payment to various suppliers and contractors.

Increase in income tax payable pertains mainly to the corporate income tax liability of Benguetcorp Resources Management Corporation and Arrow Freight and Construction Corporation.

Decrease in other noncurrent liabilities by 16% from P237.8 million in 2022 to P198.7 million during the first quarter of 2023, is mainly due to payments of nickel ore advances from nickel offtaker.

Equity

Retained earnings increased by 8% mainly from the net income generated during the first quarter of 2023.

Stockholders Equity increased to P8.18 billion from P7.78 billion in 2022 mainly from the net income during the first quarter of 2023.

Consolidated Cash Flow

The cash provided by operating activities for the first quarter of 2023 amounted to P502.2 million compared with P696.1 million for the same period in 2022. The decrease was mainly from the payments of trade liabilities, increase in input taxes and other asset offsetted by the collection of receivables.

During the first quarter of 2023, the Company invested P11.6 million in UITF, P12.3 million for property, plant and equipment for the expansion of its Acupan Gold Project and spent P2.4 million in the continuing exploration of its Pantingan gold and aggregate prospect in Bataan.

Net cash used during the first quarter of 2023 amounted to P40.3 million. Cash was used to pay liabilities to the nickel offtaker.

OPERATIONAL REVIEW

Acupan Gold Project (AGP)

AGP reported pre-tax income of P13.7 million for the first quarter of 2023, 55% lower than the P30.5 million pre-tax income reported for the same period in 2022. This is largely accounted for by the lower volume of gold sold which totaled 1,617.31 ounces, 38% lower than the 2,606.66 ounces of gold sold for the same period in 2022. Net revenues accordingly decreased to P168.5 million for the first quarter of 2023 from P249.4 million reported for the same period in 2022. Average gold price for the first quarter of 2023 of

\$1,892.94 per ounce was higher than average gold price per ounce of \$1,871.68 for the same period in 2022.

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 mining contractors, one contract was terminated and one new contractor signed-up during the first quarter of 2023.

AGP has been ISO 14001:2015 recertified for environmental management system 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)

SCNP under its wholly owned subsidiary, Benguetcorp Resources Management Corporation (BRMC), reported revenue of ₱1.1 billion during the first quarter of 2023, higher than ₱972.8 million for the same period in 2022. The increase is attributed to higher volume of nickel ore sold and favorable foreign exchange rate.

During the first quarter of 2023, BRMC sold 9 boatloads of nickel ore in China aggregating 477,214 tons ranging from 1.2% to 1.3% as against 8 boatloads or 424,015 tons ranging from 1.2% to 1.3% for the same period in 2022. Nickel ore was sold at an average price of US\$40.33/ton this first quarter of 2023 versus US\$43.75/ton for the same quarter in 2022. Average foreign exchange rate is at ₱54.60/US\$1.00 during the first quarter of 2023 against ₱51.53/US\$1.00 for the same quarter in 2022. This resulted to net income of ₱296.6 million, lower than net income of ₱310.7 million for the same period in 2022. Lower net income in 2023, despite higher revenue is mainly due from increasing costs brought about by fuel prices.

On March 28, 2023, BRMC declared cash dividends amounting to ₱500.00 million or ₱0.40 per share to stockholders of record as of December 31, 2022 out of its available retained earnings. The cash dividends are payable in eight (8) equal installments amounting to ₱62.5 million starting May 2023 to December 2023.

SCNP is ISO 14001:2015 certified by NQA. Next audit for ISO recertification is scheduled on November 1, 2023. The scope of recertification is Mining of Nickel Ore.

Irisan Lime Project (ILP)

The Company's ILP generated ₱25.4 million revenue for the first quarter of 2023 higher compared to ₱21.4 million for the same period in 2022. Lime sold for the first quarter of 2023 decreased to 1,621 tons from 1,826 tons for the same quarter in 2022. Lime was sold at average price of ₱15,697/ton, higher versus ₱11,712.00/ton for the same period in 2022. This resulted to higher pre-tax income of ₱6.5 million this first quarter of 2023 as compared to ₱3.4 million for the same period in 2023.

Benguet Antamok Gold Operation (BAGO)

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 previous and ongoing works done as well as 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. For the first quarter of 2023, the Company spent a total of ₱3.1 million for BAGO-Care and Maintenance Program (CMP), bringing its expenditures to-date to ₱30.1 million since 2015.

EXPLORATION RESEARCH AND DEVELOPMENT

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

The Pantingan Property containing a total area of 1,410.25 hectares is situated in the Municipalities of Bagac, Mariveles and Limay, Bataan Province and is denominated as 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 renewal of the Mineral Production Sharing Agreement (MPSA) (which is due to expire in March 2025). Other preparation for the MPSA renewal includes conduct of relocation/topographic survey and environmental impact study. For the quarter in review, the Company completed three (3) additional drillholes which brings to a total meterage of 1,872.8 meters.

On the aggregates prospect, the Company focused on the permitting of the six (6) quarry sites with a total area of 29.934 hectares which are located in the mountainous terrains Bagac, Bataan and is expected to be completed this year. These additional six (6) QPA blocks are nearest to proposed hauling road. Activities being undertaken include 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.

On the Zamboanga Gold Prospect, the Company has completed all the requirements for the approval of the 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 the Indigenous People, the National Commission on Indigenous People (NCIP) is expected to issue Certificate of Precondition (FPIC). Once the EPA is approved, the Company will start exploration activities including drilling in San Fernandino vein. The Company has an operating agreement with Orelina Mining Corporation to explore and operate the property situated about 150 kilometers from Zamboanga City. It straddles the common boundary of R. T. Lim, Zamboanga Sibugay and Siocon, Zamboanga del Norte.

On the Surigao Coal Project, the Company's application for a new Coal Operating Contract (COC) is under evaluation by the Department of Energy (DOE). 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). 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.

SUBSIDIARIES AND AFFILIATES

LOGISTICS

- i. **Arrow Freight and Construction Corporation (AFCC)**, the logistics provider of the Company generated revenue of P44.9 million for the first quarter of 2023, 33% higher than the P33.9 million for the same period in 2022. The revenue this first quarter of 2023 was derived from management fees amounting to P25.9 million for handling the need of BRMC for earthmoving equipment and dump trucks for its various mining activities, P11.4 million from ore hauling using its own dump trucks, P7.2 million from Ore loading and P0.4 million for freight services. This resulted to net income of P23.0 million this first quarter of 2023, higher against the net income of P19.8 million for the same quarter last year.

AFCC plans to acquire additional dump trucks and earth moving and construction equipment to expand its logistic and freight services in Zambales, Bulacan and Bataan and start its own construction business.

On March 29, 2023, AFCC declared cash dividends amounting to P40.0 million or P9.15 per share to the stockholders of record as of December 31, 2022 out of its available retained earnings. The cash dividends are payable in four (4) equal installments amounting to P10.0 million starting May 2023 to August 2023.

- ii. **Keystone Port Logistics Management & Services Corporation (KPLMSC)**, the port and barging management services provider of the Company, reported revenue of P35.4 million for the first quarter of 2023, higher compared to P29.7 million for the same period in 2022.

This resulted to net income of ₱19.3 million this first quarter of 2023, higher against the net income of ₱15.7 million for the same period in 2022.

On March 29, 2023, KPLMSC declared cash dividends amounting to ₱55.0 million or ₱7.33 per share to the stockholders of record as of December 31, 2022 out of its available retained earnings. The cash dividends are payable in two equal installments amounting to ₱27.5 million starting May 2023 to June 2023.

Repair of the south side of the port is 79.44% complete and expected to be 100% completed before the end of the year. KPLMSC plan to fully utilize the port to maximize its usage as soon as the repair is completed.

REAL ESTATE

- i. **BMC Forestry Corporation (BFC)** manages the lime kiln operation of Irisan Lime Project and various real estate projects. BFC continues to develop and sell subdivision lots in its real estate project in Rosario, La Union, The Woodspark Subdivision. BFC reported net income of ₱1.6 million this first quarter of 2023 as compared to the net income of ₱0.3 million for the same period in 2022. This is mainly due to the income derived from management fee and collection of amortizations from previously sold lots. BFC continues to sell the 3 remaining lots with an aggregate area of 1,043 square meters valued at ₱5.29 million. BFC plans to expand its footprint in La Union for another development of Woodspark Subdivision, hence negotiation for the purchase of nearby land is ongoing.
- ii. **Kelly Ecozone Project (KEP)** related development activities 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 are sustained programs. Coordination with the Executive of the Baguio City Economic Zone (BCEZ) and collaboration with the newly installed Itogon LGU for the phased development and project social acceptability is likewise a continuing activity.

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

HEALTHCARE

Benguetcorp Laboratories, Inc. (BCLI) generated pre-tax income for the first quarter of 2023 amounting to ₱2.5 million, 39% higher versus the pre-tax income of ₱1.8 million for the same period in 2022. Gross revenue registered for the first quarter of 2023 amounted to ₱13.9 million exceeding the previous year's ₱12.7 million by 9%. The improving situation in the City allowed increase in walk-in sales, with patient count totaling 12,092 in 2023 compared to 10,994 patients in 2022. Other contributors include revenues from 2D Echo services, pre-employment of MOOG and extension of contract with Texas Instruments. This resulted to a net income of ₱2.5 million for the first quarter of 2023, higher compared to net income of ₱1.4 million for the same period in 2022.

BCLI's contract with Texas Instruments (TI) for Baguio and Clark, Pampanga hubs that expired in December 2022 was extended until March 31, 2023. After the expiry of the extension, the clinic management service contract was no longer renewed. However, BCLI was tapped by TI's new service provider, Lorma Medical Center, Inc. to handle the provision of the Pre-employment Medical Service and Special Tests and procedures to its employees and referrals.

Its long-outstanding corporate client, MOOG, with service contract due on April 30, 2023 was automatically renewed for the same period of 2 years or until April 30, 2025.

BENGUETCORP INTERNATIONAL LIMITED

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 prospects 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.

C. ENVIRONMENTAL PROTECTION AND COMMUNITY RELATIONS

The Company continues to implement the respective environmental protection and enhancement programs for the first quarter of this year for its nickel, gold and lime operations. These programs and activities include massive reforestation in support of the Government's National Greening Program and Mining Forest Program, enhancement of land resources which includes the progressive rehabilitation and maintenance of various environmental structures such as Tailings Storage Facility and its appurtenances, drainage tunnels, strict implementation of hazardous and solid waste management and water and noise quality monitoring. These efforts are regularly monitored and validated by the Multipartite Monitoring Team (MMT) and Mine Rehabilitation Fund Committee (MRFC). The Company spent a total of P9.1 million for the first quarter of 2024 to implement such activities.

The Company continued to partner with its host communities and neighboring barangays in the implementation of its Social Development and Management Programs (SDMP). Such programs include educational support, assistance to Child Development Center, provision of medicines and medical outreach program, provision of agricultural supplies and equipment, assistance in infrastructure development and continuing support for various activities concerning Information Education Communication (IEC) and Development of Mining Technology and Geosciences (DMTG). Total expenditures during the first quarter of 2024, to implement these activities stood at P1.7 million.

D. KEY PERFORMANCE INDICATORS

The Company's management intends to analyze future results of operations through the following:

1. 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 this quarter ending March 31, 2024, the Company's current ratio is 4.37:1 versus 3.53:1 for the same period in 2023, 2.22:1 in 2022 and 1.49:1 in 2021.

2. Metal price

The Company's revenue is largely dependent on the world market prices for gold and nickel. The favorable metal prices will also have a favorable impact on the Company's revenues. The price of gold used by the Bangko Sentral ng Pilipinas in pricing our gold sales is based on world spot market prices provided by the London Metal Exchange. The price of gold is the key indicator in determining the Company's revenue level. The average market prices for gold sold were at US\$2,084.64 per ounce during the first quarter of 2024, as compared to average price of US\$ 1,892.94 per ounce, US\$1,871.68 per ounce and US\$1,801.13 per ounce for the same respective periods in 2023, 2022 and 2021. Nickel ore was sold at average price of US\$30.89/ton this quarter against US\$40.00/ton for the same period in 2023, US\$43.75/ton in 2022 and US\$49.31/ton in 2021.

3. Tons Mill and Ore Grade

Tons milled and ore grade are key determinant of sales volume. The higher tons milled and ore grade are directly proportional to revenue level. For this quarter, tons milled were 5,114 tons of ore with average grade of 9.14 grams per ton gold, as compared to 8,141 tons of ore with average grade of 7.13 grams per ton gold for the same period in 2023, 13,183 tons of ore with average grade of 6.15 grams per ton gold in 2022 and 14,603 tons of ore with average grade of 5.08 grams per ton gold in 2021. Gold sold were 1,313.39 ounces this quarter versus 1,617.31 ounces, 2,606.66 ounces and 2,387 ounces for the same respective periods in 2023, 2022 and 2021. Nickel ores produced depend on customer specification or market demand which price is also dependent on the nickel content classified as high grade and low grade nickel ore. Nickel ore sold this quarter was 164,340 tons nickel ore at 1.4% Ni grade versus 477,214 tons nickel ore ranging from 1.2% to 1.3% Ni grade, 424,015 tons nickel ore ranging from 1.2% to 1.3% Ni grade and 435,475 tons nickel ore ranging from 1.2% to 1.4% Ni grade for the same respective periods in 2023, 2022 and 2021.

4. Foreign Exchange Rate

The Company's sales proceeds are mainly in U.S. dollars. A higher Philippine peso to U.S. dollar exchange rate means higher peso sales but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of March 31, 2024, the peso to dollar exchange rate was at P56.24, as compared to P54.36, P51.74 and P48.53 for the same respective periods in 2023, 2022

and 2021. The volatility of the foreign currency exchange rates will continue to affect the Company's operations in the foreseeable future.

5. Earnings Per Share

The Company's 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 reported Company earnings per share this quarter is P.____ compared to earnings per share of P0.66, P0.67 and P0.84 for the same respective periods in 2023, 2022 and 2021.

6. The key performance indicator used for the Company's subsidiaries is Net Income, which is discussed in the Subsidiaries and Affiliate Portion of the Operational Review of this report.

E. KNOWN TRENDS, EVENTS OR UNCERTAINTIES

The Company does not foresee any cash flow or liquidity problems over the next twelve (12) months. BRMC continues to market saleable nickel ores, ILP continues to have steady market for quicklime products, while AGP is expected to improve gold production and provide positive financial results despite escalating price of commodities and exorbitant power charges that affect its operating cost. The Company and its subsidiaries continue to claim available tax refunds from the Bureau of Internal Revenue.

Within the next twelve months, the Company anticipates changes in the number of employees due to hiring of Project/Seasonal workers for the Pantingan project, BRMC, AFCC, KPLMSC and BCLI.

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, drastic change in fuel prices and the present economic condition affected by the global health issues, war and military conflicts.

There are no known events that will trigger direct or contingent financial obligations that is material to the Company, including any default or acceleration of an obligation that have not been booked although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business which are not presently determinable. Accordingly, efforts to reduce debt levels are continuing. The Parent Company's outstanding principal debt subject to the 1992 Restructuring Agreement was reduced to P85.06 million. The Company remains committed to a final and comprehensive settlement of all old debts or to arrange a suitable restructuring of the remaining obligations.

There are no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons that the Company is aware of during the quarter.

The Company continues to fund the capital requirements of its Acupan mine expansion program and exploration and development of Pantingan Gold Project. The sales of gold, nickel ore and quicklime are the sources of funds for capital expenditures, or from borrowing under the available credit facilities. The increase in the sale of gold and shipment of nickel will have a favorable impact on the Company's net sales and income.

During the quarter in review, except for what has been noted in the preceding paragraph, there were no material events or uncertainties known to management that had material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

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

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-c which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.

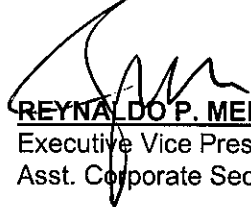
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer.....**BENQUET CORPORATION**.....


By:

Signature and Title:


REYNALDO P. MENDOZA
Executive Vice President and
Asst. Corporate Secretary

Date: May 20, 2024

Signature and Title:


MAX. D. ARCEÑO
Senior Vice President – Finance & Treasurer

Date: May 20, 2024

BENGUET CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONDENSED CONSOLIDATED****STATEMENTS OF FINANCIAL POSITION****AS OF MARCH 31, 2024 AND DECEMBER 31, 2023****(Amounts in Thousands)**

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱680,892	₱774,192
Trade and other receivables	730,240	746,726
Inventories	286,144	247,959
Financial assets at fair value through profit or loss (FVPL)	1,352,283	1,328,780
Other current assets	725,488	660,569
Total Current Assets	3,775,047	3,758,226
Noncurrent Assets		
Property, plant and equipment	2,551,895	2,566,549
Deferred mine exploration costs	524,620	520,367
Investment property	2,997,953	2,997,953
Deferred tax assets - net	2,940	5,571
Other noncurrent assets	504,213	488,952
Total Noncurrent Assets	6,581,621	6,579,392
TOTAL ASSETS	₱10,356,668	₱10,337,618
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	₱339,238	₱339,238
Trade and other payables	453,148	507,801
Lease liabilities – current	3,922	4,238
Liability for mine rehabilitation – current	17,783	17,783
Income tax payable	49,444	33,340
Total Current Liabilities	863,535	902,400
Noncurrent Liabilities		
Lease liabilities – net of current portion	4,093	4,093
Liability for mine rehabilitation – net of current portion	44,347	44,347
Pension liability	56,519	58,194
Deferred income tax liabilities - net	781,111	775,867
Other noncurrent liabilities	186,674	185,732
Total Noncurrent Liabilities	1,072,744	1,068,233
Total Liabilities	1,936,279	1,970,633
Equity		
Capital stock	624,277	624,277
Capital surplus	415,547	415,547
Cost of share-based payment	8,104	8,104
Other components of equity	1,420,212	1,419,502
Retained earnings	5,960,265	5,907,571
	8,428,405	8,375,001
Cost of 116,023 shares held in treasury, ₱69 per share	(8,016)	(8,016)
Total Equity	8,420,389	8,366,985
TOTAL LIABILITIES AND EQUITY	₱10,356,668	₱10,337,618

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(With Comparative Figures for the three months ended March 31, 2023)
(Amounts in Thousands)

	THREE MONTHS ENDED	
	MARCH 31	
	2024	2023
REVENUES	₱470,075	₱1,259,127
COSTS AND OPERATING EXPENSES		
Costs of mine products sold	190,895	206,897
Costs of merchandise sold and services	19,529	27,361
Selling and general	180,698	367,086
Taxes on revenue	31,755	100,663
	422,877	702,007
INCOME (LOSS) FROM OPERATIONS	25,498	557,120
INTEREST EXPENSE	–	289
OTHER INCOME (EXPENSES)		
Interest income	2,469	733
Foreign exchange gains (losses) – net	14,901	(14,012)
Miscellaneous – net	5,348	533
	22,718	(12,746)
INCOME BEFORE INCOME TAX	69,916	544,085
PROVISION FOR INCOME TAX	17,222	135,483
NET INCOME	₱52,694	₱408,602
BASIC EARNINGS PER SHARE	₱0.08	₱0.66
DILUTED EARNINGS PER SHARE	₱0.08	₱0.65

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(With Comparative Figures for the three months ended March 31, 2023)
(Amounts in Thousands)

	THREE MONTHS ENDED	
	MARCH 31	
	2024	2023
NET INCOME	₱52,694	₱408,602
OTHER COMPREHENSIVE INCOME		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Translation adjustment on foreign subsidiaries	710	(1,211)
OTHER COMPREHENSIVE INCOME	710	(1,211)
TOTAL COMPREHENSIVE INCOME	₱53,404	₱407,391

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(With Comparative Figures for the three months ended March 31, 2023)
(Amounts in Thousands)

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
CAPITAL STOCK	₱624,277	₱624,211	₱624,277
CAPITAL SURPLUS	415,547	415,189	415,547
REVALUATION INCREMENT	1,362,051	1,325,985	1,362,051
CUMULATIVE TRANSLATION ADJUSTMENT			
Balance at beginning of period	41,064	41,400	41,400
Translation adjustment	710	(1,210)	(336)
Balance at end of period	41,774	40,190	41,064
COST OF SHARE-BASED PAYMENT			
Balance at beginning of period	8,104	6,275	6,275
Stock options expense	-	-	2,260
Exercise of stock options	-	-	(431)
Balance at end of period	8,104	6,275	8,104
UNREALIZED GAIN ON FINANCIAL ASSETS AT FVOCI			
Balance at beginning of period	371	328	328
Other comprehensive income (loss)	-	-	43
Balance at end of period	371	328	371
REMEASUREMENT LOSS ON PENSION LIABILITY	15,908	17,633	15,908
UNREALIZED GAIN ON INTANGIBLE ASSET	108	108	108
RETAINED EARNINGS			
Balance at beginning of period	5,907,571	5,353,428	5,353,428
Net income (loss) for the period	52,694	408,602	554,143
Balance at end of period	5,960,265	5,762,030	5,907,571
TREASURY SHARES	(8,016)	(8,016)	(8,016)
TOTAL EQUITY	₱8,420,389	₱8,183,933	₱8,366,985

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(With Comparative Figures for the three months ended March 31, 2023)
(Amounts in Thousands)

	THREE MONTHS ENDED	
	MARCH 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱69,916	₱544,085
Adjustments for:		
Depreciation, depletion and amortization	14,760	21,550
Unrealized foreign exchange gains (losses) - net	710	(1,613)
Decrease (increase) in:		
Trade and other receivables	16,486	34,891
Inventories	(38,185)	1,290
Prepaid expenses and other current assets	(66,037)	(80,961)
Decrease (increase) in trade and other payables	(54,653)	(17,077)
Net cash flows from operating activities	(57,003)	502,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in:		
Property, plant and equipment	(106)	(12,277)
Financial asset at fair value through profit and loss (FVPL)	(15,628)	(11,645)
Deferred exploration costs	(4,253)	(2,419)
Other assets	(15,261)	(15,277)
Net cash flows used in investing activities	(35,248)	(41,618)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	-	275
Payment of pension liability	(1,675)	-
Payment of lease liability	(316)	(1,467)
Decrease (increase) in other noncurrent liabilities	942	(39,131)
Net cash flows used in financing activities	(1,049)	(40,323)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(93,300)	420,224
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	774,192	1,002,750
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱680,892	₱1,422,974

BENGUET CORPORATION AND SUBSIDIARIES**EARNINGS PER SHARE COMPUTATION****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023****(Amounts in Thousands, Except for the Number of Shares)**

	March 31	
	2024	2023
Net income	₱52,694	₱408,602

Number of shares for computation of:

	March 31	
	2024	2023
<u>Basic earnings per share</u>		
Weighted average common shares issued	623,532,198	623,303,073
Less treasury stock	348,069	348,069
Weighted average common shares outstanding	623,184,129	622,955,004
<u>Diluted earnings per share</u>		
Weighted average common shares issued	623,532,198	623,303,073
Less treasury stock	348,069	348,069
	623,184,129	622,955,004
Conversion of preferred stock	2,059,366	2,059,366
Stock options	3,472,170	2,637,086
	628,715,665	627,651,456
Basic earnings per share	₱0.08	₱0.66
Diluted earnings per share	₱0.08	₱0.65

BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	March 31	
	2024	2023
Profitability Ratio		
Return on asset	0.01:1	0.04:1
Return on equity	0.01:1	0.05:1
Gross profit margin	0.48:1	0.81:1
Operating profit margin	0.05:1	0.44:1
Net profit margin	0.11:1	0.32:1
Liquidity and Solvency Ratio		
Current ratio	4.37:1	3.53:1
Quick ratio	3.20:1	1.98:1
Solvency ratio	5.35:1	4.76:1
Financial Leverage Ratio		
Asset to equity ratio	1.23:1	1.27:1
Debt ratio	0.19:1	0.21:1
Debt to equity ratio	0.23:1	0.27:1
Interest coverage ratio	0.00:1	1,881.65:1

BENGUET CORPORATION AND SUBSIDIARIES**AGING OF RECEIVABLES**

AS OF MARCH 31, 2024

(Amounts in Thousands)

TYPE OF RECEIVABLES	LESS THAN 30 DAYS	30 TO 60 DAYS	LESS THAN ONE YEAR	ONE TO TWO YEARS	THREE TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
Trade receivables	₱13,779	₱15,245	₱29,547	₱602	₱65,182	₱34,215	₱158,570
Allowance for doubtful accounts	—	—	—	—	—	(31,317)	(31,317)
Trade receivables – net	13,779	15,245	29,547	602	65,182	2,898	127,253
Nontrade receivables:							
Officers and employees	14,575	36,475	13,597	15,859	18,965	105,216	204,687
Others	1,698	22,548	2,584	254,851	4,893	237,611	524,185
Total	16,273	59,023	16,181	270,710	23,858	342,827	728,872
Allowance for doubtful accounts	—	—	—	—	—	(125,885)	(125,885)
Nontrade receivables - net	16,273	59,023	16,181	270,710	23,858	216,942	602,987
Trade and other receivables - net	₱30,052	₱74,268	₱45,728	₱271,312	₱89,040	₱219,840	₱730,240

BENGUET CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2024

1. Corporate Information

Benguet Corporation (the Ultimate Parent Company) was incorporated on August 12, 1903 was listed in the Philippine Stock Exchange (PSE) on January 4, 1950. On June 18, 1956 and June 19, 2006, the Philippines Securities and Exchange Commission (SEC) approved the extension of the Parent Company's corporate life for another 50 years.

The Parent Company is currently engaged in gold, nickel, and other metallic and nonmetallic mineral production, exploration, research and development and natural resource projects. The nature of business of the Parent Company's subsidiaries are summarized in Note 2 to the consolidated financial statements.

The Parent Company's registered office address is 7th Floor Universal Re Building, 106 Paseo de Roxas, 1226 Makati City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements 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 unaudited interim condensed consolidated financial statements are presented in Philippine peso, the Company's functional currency under Philippine Financial Reporting Standards (PFRS) and as adopted by the Philippine SEC. All amounts are rounded to the nearest thousands (₱000), except when otherwise indicated.

Statement of Compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements of Benguet Corporation (the Company) and its subsidiaries (the Group) do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2023.

Changes in Accounting Standards and Interpretation

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

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.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

- *Financial assets at amortized cost (debt instruments)*
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, loan receivable, receivables from lessees of bunkhouses and short-term investments under "other current assets".

- *Financial assets at FVPL*

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.

- *Financial assets designated at FVOCI*

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's financial assets at FVOCI include investments in quoted shares.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses publicly available ratings from (i.e. Standard and Poor's (S&P), Moody's and Fitch) to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, advances to contractors and deposits, the Group calculates ECLs at initial recognition by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECLs.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement - Financial liabilities at amortized 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 recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The Group's financial liabilities include loans payable, trade payables and accrued expenses under "trade and other payables", lease liabilities and equity of claim owners on contract operations under "other noncurrent 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.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made following judgments, which have the most significant effect on the amounts recognized in the unaudited interim condensed consolidated financial statements.

Determining Functional Currency

The Parent Company, based on the relevant economic substance of the underlying circumstances, has determined the functional currency of each entity, except for foreign subsidiaries, under the Group to be the Philippine peso. It is the currency of the primary economic environment in which the Group primarily operates.

Assessing Provisions and Contingencies

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

Distinction between Investment Property and Owner-Occupied Property

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, not for sale in the ordinary course of business, but is held primarily to earn rental income or capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Principal versus Agent Considerations

The Group enters into contracts with customers wherein the Group charges the customers for the services rendered. The Group determined that it does not control the goods or services before they are transferred to customers, and it does not have the ability to direct the use of the services or obtain benefits from the services. The following factors indicate that the Group does not control the services before they are being transferred to customers. Therefore, the Group determined that it is an agent in these contracts.

- The Group is not primarily responsible for fulfilling the promise to provide the professional services.
- The Group has no discretion in establishing the price for the services provided. The Group's

consideration in these contracts is only based on the difference between the Group and the customer.

The Group determined that it is an agent with respect to the professional fees of its tenant doctors. Meanwhile, the Group concluded that it is the principal in all its other revenue streams.

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.

Estimates and Assumptions

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

Provision for Expected Credit Losses on Trade and Other Receivables

The Group uses the simplified approach in the assessment of the ECL for its trade receivables and general approach model for its other receivables excluding advances to officers and employees. An assessment of the ECL relating to this financial asset 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, excluding advances to officers and employees, amounted to ₱583.97 million and ₱601.91 million as at March 31, 2024 and December 31, 2023, respectively.

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 March 31, 2024 and December 31, 2023, carrying values of mine and mining properties amounted to ₱609.11 million and ₱651.56 million, respectively. As at March 31, 2024, and December 31, 2023, carrying values of liability for mine rehabilitation amounted to ₱62.13 million.

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.

As at March 31, 2024 and December 31, 2023, property, plant and equipment (at cost) amounted to ₱775.28 million and ₱789.94 million, respectively.

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 March 31, 2024 and December 31, 2023, the carrying value of inventories amounted to ₱286.14 million and ₱247.96 million, respectively

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 ₱488.59 million and ₱450.58 million as at March 31, 2024 and December 31, 2023, respectively.

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 March 31, 2024 and December 31, 2023, the appraised value of land and artworks, and investment properties amounted to ₱4,774.57 million.

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 March 31, 2024 and December 31, 2023, the carrying amount of mine and mining properties amounted to ₱609.11 million and ₱615.86 million, respectively. Carrying amount of mine rehabilitation asset amounted to ₱35.70 million as at March 31, 2024 and December 31, 2023.

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 ₱8.02 million and ₱8.33 million as at March 31, 2024 and December 31, 2023, respectively.

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 ₱62.13 million as at March 31, 2024 and December 31, 2023, respectively.

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.

Net pension liability of the Group amounted to ₱56.52 million and ₱58.19 million as at March 31, 2024 and December 31, 2023, respectively.

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 ₱105.07 million as at March 31, 2024 and December 31, 2023.

4. Financial Risk Management Objectives and Policies

The Group has various other financial instruments such as cash and cash equivalents, trade receivables, receivable from lessees of bunkhouses, and loan receivable under “other noncurrent assets”, trade and accrued expenses under trade and other payables and lease liabilities, which arise directly from its operations. Other financial assets include financial assets at FVPL and FVOCI.

The significant risks arising from the Group’s financial instruments are liquidity risk, credit risk and interest rate risk. The BOD reviews and agrees policies for managing each of these risks and these are summarized below.

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and 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 March 31, 2024 and December 31, 2023, 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 March 31, 2024 and December 31, 2023, 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.

	March 31, 2024				Total
	On demand	0-90 days	91-365 days	More than one year	
Financial assets					
Cash and cash equivalents					
Cash on hand and in banks	₱392,337	₱–	₱–	₱–	₱392,337
Short-term deposits	–	288,555	–	–	288,555
Trade and other receivables*	30,254	60,044	284,816	208,858	583,972
FVPL	1,352,283	–	–	–	1,352,283
Short-term deposits under “other current assets”	–	456,369	–	–	456,369
FVOCI	–	–	–	1,110	1,110
	1,774,874	804,968	284,816	209,968	3,074,626
Financial liabilities					
Loans payable	339,238	–	–	–	339,238
Trade and other payables					
Trade	–	345,408	–	–	345,408
Nontrade**	4,485	–	–	–	4,485
Accrued expenses	–	33,157	–	–	33,157
Lease liabilities	314	1,045	2,563	4,093	8,015
Other noncurrent liabilities					
Equity of claimowner incontract operations	–	–	–	49,136	49,136
	344,037	379,610	2,563	53,229	779,439
Net financial assets (liabilities)	₱1,430,837	₱425,358	₱282,253	₱156,739	₱2,295,187

*Excluding advances to officers and employees

**Excluding statutory payables

	December 31, 2023				
	On demand	0-90 days	91-365 days	More than one year	Total
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	₱630,810	₱-	₱-	₱-	₱630,810
Short-term deposits	-	143,382	-	-	143,382
Trade and other receivables*	108,233	284,816	208,858	-	601,907
FVPL	1,328,780	-	-	-	1,328,780
Short-term deposits under "other current assets"	-	-	407,533	-	407,533
FVOCI	-	-	-	1,110	1,110
	2,067,823	428,198	616,391	1,110	3,113,522
<i>Financial liabilities</i>					
Loans payable	339,238	-	-	-	339,238
Trade and other payables					
Trade	-	345,933	-	-	345,933
Nontrade**	4,958	-	-	-	4,958
Accrued expenses	-	11,060	13,082	-	24,142
Lease liabilities	-	929	2,788	6,719	10,436
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	344,196	357,922	15,870	55,855	773,843
Net financial assets (liabilities)	₱1,723,627	₱70,276	₱600,521	(₱54,745)	₱2,339,679

*Excluding advances to officers and employees

**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.

	March 31, 2024	December 31, 2023
Cash and cash equivalents		
Cash in banks	₱392,337	₱630,028
Short-term deposits	288,555	143,382
Trade and other receivables, except advances to officers and employees	583,972	601,907
Short-term investments under "other current assets"	456,369	407,533
	₱1,721,233	₱1,782,250

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 and loans receivable

The Group provided an allowance for ECLs for these financial assets amounted to ₱122.56 million as at March 31, 2024 and December 31, 2023.

Simplified Approach

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of trade receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group establishes credit limits at the level of the individual borrower, corporate relationship and industry sector. It also provides for credit terms with the consideration for possible application of intercompany accounts between affiliated companies. Also, the Group transacts only with related parties and recognized third parties, hence, there is no requirement for collateral.

Below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of March 31, 2024 and December 31, 2023:

March 31, 2024 and December 31, 2024

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	2%	7%	6%	23%	100%	
Estimated total gross carrying amount at default	₱43,234	₱20,723	₱1,290	₱113,350	₱4,823	₱183,429
	₱1,042	₱1,419	₱74	₱25,638	₱4,823	₱32,996

Market Risks

Interest Rate Risk

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

As at March 31, 2024 and December 31, 2023, 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 SONIA foreign loans, plus a margin of 3.5% for unsecured loans. The Group has no material exposure to interest rate risk as at March 31, 2024 and December 31, 2023.

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 March 31, 2024 and December 31, 2023 follow:

	March 31, 2024		December 31, 2023	
	US\$	Peso equivalent	US\$	Peso equivalent
<u>Financial Assets</u>				
Cash in banks	3,053	₱171,701	5,581	₱309,020
Trade receivables under “trade and other receivables”	260	14,622	238	13,178
Short-term investments	6,000	337,440	6,000	332,220
Interest receivables	34	1,912	34	1,883
Total monetary assets	9,347	₱353,974	11,853	₱656,301

As at March 31, 2024 and December 31, 2023, the exchange rates of the Philippine peso to the US\$ based on the Bankers Association of the Philippines are ₱56.24 and ₱55.37, 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 March 31, 2024 and December 31, 2023 is as follows:

March 31, 2024	Change in foreign exchange rate	Income before income tax effect
	Strengthens by- 1.14%	₱5,993
	Weaken by -1.65%	(8,674)

December 31, 2023	Change in foreign exchange rate	Income before income tax effect
	Strengthens by-	
	1.14%	₱7,842
	Weaken by	
	-1.65%	(10,829)

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.

Since the amount of financial assets at FVOCI subject to equity price risk is not significant relative to the consolidated financial statements, management deemed that it is not necessary to disclose equity price risk sensitivity analysis

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 2024 and 2023. The Group monitors capital using the parent company financial statements. As at March 31, 2024 and December 31, 2023, the Group has met its capital management objectives. The following table summarizes the total capital considered by the Group:

	March 31, 2024	December 31, 2023
Capital stock	₱624,277	₱624,277
Capital surplus	415,547	415,547
Retained earnings	5,960,265	5,907,571
Cost of share-based payment	8,104	8,104
Other components of equity	1,420,212	1,419,502
Treasury shares	(8,016)	(8,016)
	₱8,420,389	₱8,366,985

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 March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Total liabilities (a)	₱1,936,279	₱1,970,633
Total equity (b)	8,420,389	8,366,985
Debt-to-equity ratio (a/b)	0.23:1	0.24:1

5. Seasonality and Cyclicity of Interim Operation

There are no significant seasonality or cyclicity in its business operation that would have material effect on the Groups's financial condition or results of operations.

6. Events After End of Reporting Period

There are no significant event after end of reporting period.

ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY
(FOR THE FIRST QUARTER ENDED MARCH 31, 2024)

- i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2023 financial statements. Additional disclosures on the significant changes of accounts and subsequent events are presented in the Management Discussion and Analysis.
- ii.) During the First Quarter of 2024, there were no seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, and no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows.
- iii.) Issuances, Repurchases, Repayments of Debt and Equity Securities – During the First Quarter of 2024, there were no securities sold by the Company which were not registered under the Securities Regulation Code (SRC) including the sales of reacquired securities, new issues, securities issued in exchange of property, services or other securities and new securities resulting from the modification of outstanding securities.
- iv.) Dividends – Pursuant to the restrictions provided for in the Company's loan agreement with creditor banks, no cash dividends were declared during the First Quarter 2024.
- v.) Segment Information - The Company is principally engaged in mining. Its operating revenues as of March 31, 2024 mainly consist of sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱151.7 million and nickel ores amounting to ₱284.8 million.
- vi.) Subsequent Material Events - There were no material events subsequent to the end of the quarter that have been reflected in
- vii.) the financial statements for the period.
- viii.) There were no changes in the composition of the Company, business combinations, acquisition or disposal of subsidiaries and long-term investments and no substantial changes in contingent liabilities and contingent assets from 2023.