



BenguetCorp

SEC Reg. No. 11341

October 8, 2021

SECURITIES AND EXCHANGE COMMISSION

G/F Secretariat Building, PICC Complex
Roxas Boulevard, Manila 1307

Attention: **Mr. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director, Markets & Securities Regulation Department

Gentlemen:

We submit herewith the Definitive Information Statement (SEC Form 20-IS) of Benguet Corporation in connection with its Annual Stockholders' Meeting to be held virtually via online/remote communication on November 10, 2021. Incorporated therein are the following:

1. Disclosure requirements pursuant to Section 49 of Revised Corporation Code of the Philippines which can be found in pages 35-38 of the Definitive Information Statement under the title "Disclosure Requirements pursuant to Section 49 of Revised Corporation Code of the Philippines".
2. Item 4. Voting Securities and Principal Holders.
As to each class entitled to vote, state the number of shares outstanding and the number of votes to which each class is entitled. *(Disclose equity ownership of foreigner (if any) on a per class basis)*

As of August 31, 2021, the equity ownership of foreign stockholders of the Company is 86,826,163 Common Class B shares or 13.93% of the Company's total outstanding shares. This is incorporated in the Definitive Information Statement on page 3 under the title "Class of Voting Shares"

3. Item 4.d.2. Security Ownership of Management. *(Indicate class of shares-common or preferred)*

Information on security ownership of Management per class of shares is incorporated in the Definitive Information Statement on pages 5-6 under the title "Security Ownership of Management".

4. Item 6. Compensation of Directors and Executive Officers
Include total compensation of each director – submit annual report of the total compensation of each director as required under Section 29 of the Revised Corporation Code.

Total of ₱1.2 million was paid to the directors in Year 2020. The table of compensation of each director is incorporated in the Definitive Information Statement, page 20 under the title "Summary of Compensation Table".

5. Certain Relationships and Related Transactions

Indicated are the elements of the transactions that are necessary for understanding of the transactions, i.e., business purpose of the arrangement; identification of the related parties transaction business with the Company and nature of the relationship; how transaction prices were determined by parties; if disclosures represent that transactions have been evaluated for fairness, a description of how the evaluation was made; and any on going contractual or other commitments as a result of the arrangement. The foregoing are discussed in the Definitive Information Statement, pages 17-18 under the title "Certain Relationship and Related Transactions".

6. Item 7. Independent Public Accountants.

The aggregate audit fees inclusive of VAT and out-of-pocket expenses billed by Sycip Gorres and Velayo (SGV), the Company's independent public accountant, are P5.5 million for 2020 and P5.5million for 2019. This is incorporated in the Definitive Information Statement, page 25 under the title "External Audit Fees".

In 2020 and 2019, no professional fees for tax advisory services were paid to the external auditor. This is provided in the Definitive Information Statement, page 25 under the title "Tax fees".

The Company's Audit Committee is composed of four (4) directors, chaired by an Independent Director, Atty. Rhodora L. Dapula, and the members are the following: Independent Director, Mr. Bernardo M. Villegas and Directors Atty. Andrew Patrick R. Casino, and Mr. Lester C. Yee who resigned effective March 18, 2021. The foregoing is incorporated in the Definitive Information statement, page 25 under the title "Audit Committee's Approval Policies and Procedures".

7. Management Report and Interim Report (2021 Second Quarter Report. *Causes for any material changes from period to period of FS which shall include vertical and horizontal analyses of any material item (5%).*

Analysis on the material changes is provided in the Management Report specifically on Management's Discussion and Analysis of Financial Position, and Results and Plan of Operation (Annex "A") and Interim Report as of June 30, 2021(Annex "B").

8. Management Report - Item VI. Market price and dividends of the Company's common equity and related stockholder matters. *Provide detailed dividend history.*

The dividend rights and restrictions of the Company's Convertible Preferred Class A, Common Class A and Common Class B stocks are provided contained in the Company's Amended Articles of Incorporation. Also provided are the declared cash dividends of the

Company from 1958 to 1990. These information are incorporated in the Management Report, pages 13-15 under the title "Dividends".

We trust that you will find everything in order.

Thank you.

Very truly yours,

BENGUET CORPORATION

By:

A handwritten signature in black ink, appearing to read "Hermogene H. Real", written over the printed name.

HERMOGENE H. REAL

Corporate Secretary

A handwritten signature in blue ink, appearing to read "emb", written below the printed name.



/emb

CERTIFICATION

I, HERMOGENE H. REAL, the Corporate Secretary of BENGUET CORPORATION, a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC Registration Number 11341 and with principal office at 7th Floor, Universal Re Building, 106 Paseo de Roxas, 1226 Makati City, Philippines, on oath state:

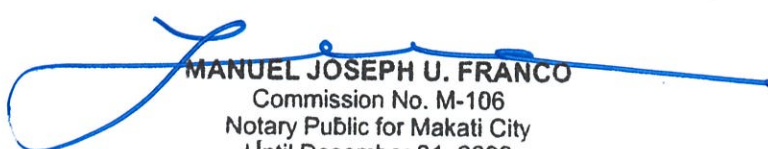
1. That I have caused this Definitive Information Statement (SEC Form 20-IS) to be prepared on behalf of BENGUET CORPORATION;
2. That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
3. That BENGUET CORPORATION will comply with the requirement set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
4. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
5. That the e-mail account designed by the Company pursuant to SEC Memorandum Circular No. 28 s. 2020 shall be used by the Company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this 08 OCT 2021 day of October, 2021 at Makati City.


HERMOGENE H. REAL
Corporate Secretary


SUBSCRIBED AND SWORN to before me this 08 OCT 2021 day of October, 2021 at Makati City, Philippines, affiant exhibited to me her competent evidence of identity with details: SSS ID No.03-3235876-3 issued at Quezon City, Philippines.

Doc. No. 168 ;
Page No. 35 ;
Book No. 01 ;
Series of 2021.


MANUEL JOSEPH U. FRANCO
Commission No. M-106
Notary Public for Makati City
Until December 31, 2022
7F Universal Re Building
106 Paseo de Roxas, Makati City
Roll No. 74383
PTR No. 8535035- January 5, 2021
IBP No. 151530- January 4, 2021



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

October 8, 2021

The Annual Stockholders' Meeting (ASM) of Benguet Corporation (herein "BenguetCorp" or "the Company") will be held on Wednesday, November 10, 2021, 3:00 p.m. at the Company's Board Room, 7th Floor Universal Re Building, 106 Paseo de Roxas, 1226 Makati City, Philippines.

The Company will not hold a physical meeting and will conduct the ASM virtually or via online/remote communications for the following purposes:

1. To elect eleven (11) shareholders to serve as Directors (including Independent Directors) for the ensuing year, in case the Temporary Restraining Order (TRO) of the Philippine Supreme Court is lifted on or before the stated Annual Stockholders' Meeting on November 10, 2021 or within 90 days thereafter;
2. Approval of Minutes of the Annual Stockholders' Meeting held on November 11, 2020;
3. Approval of Management Report and Audited Financial Statements for 2020;
4. Approval of the retention of Mr. Bernardo M. Villegas as Independent Director;
5. Approval of the re-appointment of Sycip Gorres Velayo and Company (SGV) as the Company's independent external auditor;
6. Approval of grant of stock option awards to directors, officers, employees and consultants of the Company and its subsidiaries;
7. Ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or the Board of Directors since November 11, 2020 until the date of 2021 Annual Stockholders' Meeting; and
8. To transact such other business as may properly be brought before the meeting or any adjournment thereof, including possibly voting to adjourn the meeting up to ninety (90) days until the aforesaid TRO is lifted. Management knows of no other proposals to be presented during the meeting.

The rationale and explanation of each Agenda item requiring stockholders approval are presented in Annex "A" of this Notice. The Information Statements (SEC Form 20-IS) accompanying this Notice contains more details regarding the rationale and explanation for each of such Agenda items.

The Board of Directors has fixed the close of business on September 17, 2021 as the record date for the determination of the holders of the Company's stock entitled to notice of, and to vote at the said meeting. The transfer books will not be closed.

Stockholders intending to participate in the meeting via remote communication and exercise their right to vote in absentia should first register and be authorized. Stockholders should notify the Company on or before November 3, 2021 by email to ASMregister@benguetcorp.com attaching a scanned copy of a valid government-issued identification card (ID) for registration and verification purposes. Indirect stockholders should include in their email their broker's certification of shareholding. Stockholders who cannot attend by remote communication can still be represented and vote at the meeting by submitting a proxy. A copy of the proxy form containing instruction on each item on the Agenda that requires stockholders vote is

downloadable in the Company's website www.benguetcorp.com.

Votes will be cast through ballots or proxies. Stockholders are given on or before 3:00 p.m. of November 9, 2021 to submit a scanned copy of the ballot/proxy via email to bccorpsec@benguetcorp.com or physical copies to the Office of the Corporate Secretary/Stockholders Relations at the Company's principal office. Validation of proxies will be on November 9, 2021 at 3:00 p.m. at the Company's Board Room. Proxies will be validated and tabulated by a special committee composed of the Corporate Secretary, the Stockholders Relations Office of the Company, and the Company's stock transfer agent, Stock Transfer Service Inc. (STSI) The tabulation of all votes shall be done by the same committee and further reviewed by the Company's independent external auditor, Sycip Gorres Velayo & Co. (SGV), when necessary.

The Information Statement (SEC Form 20-IS) with the Management Report and Annual Report 2020 (SEC Form 17-A) with the Audited Financial Statements for the year ended December 31, 2020, the Company's 2021 Second Quarter Report (SEC Form 17Q) and other pertinent documents will be available for download at the Company's website www.benguetcorp.com and may be accessed in the online system of PSE Edge Portal <https://edge.pse.com.ph>.



HERMOGENE H. REAL
Corporate Secretary

A G E N D A

2021 VIRTUAL ANNUAL STOCKHOLDERS' MEETING OF BENGUET CORPORATION
November 10, 2021 at 3:00 p.m., Benguet Corporation's Board Room
7th Floor Universal Re-Building, 106 Paseo de Roxas
1226 Makati City, Philippines

EXPLANATION AND RATIONALE

- I. Call to Order
The Presiding Officer will formally open the 2021 Virtual Annual Stockholders' Meeting (ASM) via online / remote communication.
- II. Proof of Notice of the Meeting
The Corporate Secretary will certify that in accordance with SEC Notice dated April 20, 2020, notice of the meeting was duly published in the business section of two (2) newspapers of general circulation, **in print and online format** for two (2) consecutive days no later than twenty-one (21) days prior to the scheduled ASM. The notice was also posted in the Company website www.benguetcorp.com.
- III. Determination of Quorum
The Corporate Secretary will certify the existence of a quorum. The stockholders present, through remote communication, proxy, or voting in absentia, representing at least a majority of the outstanding voting capital stock of the Company, shall constitute a quorum for the transaction of business.
- IV. Approval of the Minutes of the Annual Stockholders' Meeting held on November 11, 2020
The minutes of the meeting may be accessed through the Company's website www.benguetcorp.com. The **brief summary of the minutes** is presented in Item 15 of the Information Statement.

Stockholders will vote for the adoption of a resolution approving the Minutes of the November 11, 2020 Annual Stockholders' Meeting. Below is the proposed resolution:

"RESOLVED, as it is hereby resolved, that the Minutes of the Stockholders' Meeting held on November 11, 2020 be, as they are hereby, approved as presented."

A vote of the stockholders representing at least a majority of the outstanding voting capital stock of the Company is required for the approval of the Minutes of the Meeting.

- V. Approval of Management Report and the Audited Financial Statements for 2020
Presentation of the Company's operational highlights and financial results and the audited financial statements for the year ended 31 December 2020 (2020 AFS) audited by the Company's independent external auditors, Sycip Gorres Velayo & Company (SGV). The Information Statement containing the Management Report, the 2020 AFS, and other pertinent documents shall be made available to security holders by downloading copy from the Company website www.benguetcorp.com or may be accessed online in the PSE Edge Portal <https://edge.pse.com.ph> as soon as practicable after the approval of the Definitive Information Statement by the SEC but not later than October 10, 2021. The 2020 Annual Report (SEC Form 17-A) as filed with the SEC and PSE is also posted and downloadable in the Company website and in the PSE Edge Portal.

After the presentation of report, there will be an open forum. The stockholders may raise questions and comments concerning the report through remote communication. Questions and comments received from the stockholders via email prior to or during the meeting will be answered by the Company. Any additional questions or questions received but not entertained during the open forum due to time constraints will be responded by the Company through the specified email address provided by the stockholder.

Stockholders will vote for the adoption of a resolution approving the Management Report and the Audited Financial Statements for the year ended December 31, 2020. Below is the proposed resolution:

"RESOLVED, as it is hereby resolved, that the Management Report together with the Audited Financial Statements for the year ended December 31, 2020 be, as they are hereby, approved as presented."

A vote of the stockholders representing at least a majority of the outstanding voting capital stock of the Company is required for the approval of management report and the audited financial statements for 2020.

- VI. Approval for the retention of Mr. Bernardo M. Villegas as Independent Director after having served the maximum 9 years term limit for Independent Directors with 2012 as reckoning year.
The Board of Directors of the Company during its meeting held on August 24, 2021 approved the retention of Mr. Bernardo M. Villegas as Independent Director despite having served the maximum term limit of 9 years with 2012 as reckoning year. The Company considers him as an asset for having contributed meaningfully to the success of the Company because of his business experience and acumen resulting from his wide exposure as an economist and educator.

A vote of the stockholders representing at least a majority of the outstanding voting capital stock of the Company is required for the retention of Mr. Villegas as Independent Director.

- VII. Approval for the re-appointment of Sycip Gorres Velayo & Co. (SGV) as the Independent external auditor of the Company
During the meeting of the Company's Board of Directors (the "Board") held on August 24, 2021, the Board approved the re-appointment of Sycip Gorres Velayo & Company (SGV & Co.) as the independent external auditors of the Company. Information on the Independent Public Accountants may be found in Item 7 of the Information Statement.

Stockholders will vote for the adoption of a resolution approving the re-appointment of SGV & Co., as the independent external auditors of the Company. Below is the proposed resolution:

"RESOLVED, as it is hereby resolved, that Sycip Gorres Velayo and Company (SGV & Co.) be re-appointed as the Company's external auditors for the years 2021-2022 or until their successor has been duly appointed by the stockholders."

A vote of the stockholders representing at least a majority of the outstanding voting capital stock of the Company is required for the re-appointment of SGV & Co.

- VIII. Approval of grant of stock option awards to directors, officers, employees and consultants of the Company and its subsidiaries
The Board of Directors of the Company approved the granting of new stock option at Php2.19 per share for Common Class A and Php2.05 per share for Common Class B share to qualified officers, directors, employees and consultants of the Company and its Subsidiaries who have rendered at

least two (2) years of services as of March 15, 2021. Please refer to item 9 of this Information Statement on the discussions and other information.

Stockholders will vote for the adoption of a resolution approving the grant of stock option awards to directors, officer, employees and consultants of the Company and its subsidiaries. Below is the proposed resolution:

"RESOLVED, as it is hereby resolved, that the Board resolutions adopted during the regular Board of Directors meeting of March 18, 2021 on the approval of the grant of new stock option awards at Php2.19 per share for Common Class A share and Php2.05 for Common Class B share to qualified directors, officers, employees and consultants of the Company and its subsidiaries who have rendered at least two (2) years of service as of March 15, 2021, be as they are hereby confirmed, ratified and approved."

A vote of the stockholders representing two-thirds (2/3) of the outstanding voting capital stock of the Company is required for approval of the above stated stock option grant.

- IX. Confirmation and Ratification of all acts, resolutions, contracts, investments and proceedings made and entered into by Management and/or the Board of Directors since November 11, 2020 until the date of 2021 Annual Stockholders' Meeting.

The actions for approval are those taken by Management and/or the Board of Directors since November 11, 2020 until the date of 2021 Annual Stockholders' Meeting, which included the approval for holding of virtual ASM on November 10, 2021 and authorizing stockholders to participate through remote communication and to exercise their right to vote in absentia or through proxy. The list of all acts, resolutions, contracts, investments and proceedings made and entered into by Management and/or the Board of Directors may be found in Item 15 of the Information Statement.

Stockholders will vote for the adoption of a resolution approving all acts, resolution, contracts, investments and proceedings made by Management and/or the Board of Directors. Below is the proposed resolution:

"RESOLVED, as it is hereby resolved, that all acts, resolutions, contracts, investments and proceedings made and entered into by Management and/or the Board of Directors since November 11, 2020 until the date of 2021 Annual Stockholders Meeting, be as they are hereby confirmed, ratified and approved."

A vote of the stockholders representing at least a majority of the outstanding voting capital stock of the Company is required for the confirmation, ratification and approval of all acts, resolutions, contracts, investments and proceedings made and entered into by Management and/or the Board of Directors since November 11, 2020 until the date of 2021 Annual Stockholders Meeting.

- X. Election of eleven (11) directors (including Independent Directors) for the ensuing year - (subject to the lifting of the Temporary Restraining Order issued by the Supreme Court)
- a) Four (4) directors to represent the Common Class "B" Stock; and
 - b) Seven (7) directors to represent the Common Class "A" and Convertible Preferred Class "A" Stock

The Nomination Committee determined that all the Nominees for election (including the independent directors) possessed all the qualifications and none of the disqualifications for nomination and election pursuant to the provisions of the Code of Corporate Governance for Publicly-Listed Companies, as the same was adopted in the Company's 2017 Revised Manual on Corporate Governance. The Nominees are all incumbent directors of the Company. Their respective personal profiles, including directorships in other listed companies may be found in Item 5 of the Information Statement.

In the nomination of Independent Directors, Mr. Bernardo M. Villegas was nominated by stockholder, Ms. Shirley S.Cueva; Mr. Reginald S. Velasco was nominated by stockholder, Rebecca R.Rapisura; and Atty. Rhodora L. Dapula was nominated by stockholder, Ms. Miriam Nacario-San Pedro. They have no relationship with the Nominees for independent director.

If the Temporary Restraining Order (TRO) issued by the Supreme Court is not lifted on or before the scheduled or adjourned Annual Stockholders' Meeting, there will be no election of directors to be held. The incumbent directors will continue to remain in office on holdover capacity until their successors are elected and qualified. The voting procedures are provided in Item 19 of the Information Statement.

XI. Other Business

Conversion Premium for Convertible Preferred "A" Shares

Holders of Convertible Preferred Class A share at their option may convert such shares into Common Class A share with par value of P1.00 per share upon payment of the conversion premium. For the year 2021, the conversion premium for converting Convertible Preferred Class A share into Common Class A share is ₱7.76 per share. The discussion on this matter is presented in Item 4 of the Information Statement.

Prior to the adjournment, the meeting will be open to such other business as may properly be brought before the meeting, including possibly voting to adjourn the meeting up to ninety (90) days until the aforesaid TRO is lifted. The stockholders may raise other matters or issues that may be properly taken up at the meeting by sending their questions and/or comments prior to or during the meeting to bccorpsec@benquetcorp.com.

XII. Adjournment

Upon determination that there are no other matters to be considered, the meeting will be adjourned on motion duly made and seconded.

**BALLOT/PROXY FOR HOLDER(S) OF COMMON CLASS A AND
 CONVERTIBLE PREFERRED CLASS A SHARES OF BENGUET CORPORATION**

Please mark as applicable

Total Shares Held: _____

Vote by ballot: The undersigned holder(s) of Common Class A and Convertible Preferred Class A shares of BENGUET CORPORATION (the "Company") cast his/her ballot on the agenda items for the annual meeting of stockholders (ASM) of the Company scheduled on Wednesday, November 10, 2021, 3:00 p.m. via online/remote communications.

Vote for proxy: The undersigned holder(s) of Common Class A and Convertible Preferred Class A shares of the Company do(es) hereby appoint **Mr. BERNARDO M. VILLEGAS, Chairman of the Board and/or Atty. HERMOGENE H. REAL, Corporate Secretary** and each or any of them, as attorney(s)-in-fact, with the power of substitution, to vote as proxy of the undersigned at the ASM of the Company scheduled on Wednesday, November 10, 2021, 3:00 p.m. via online/remote communications, and at any and all other adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors

FOR all nominees listed below (**except as marked to the contrary below**).

- ANDREW PATRICK R. CASIÑO
- JOSE RAULITO E. PARAS
- MARIA REMEDIOS R. POMPIDOU
- ANTHONY M. TE
- LUIS JUAN L. VIRATA
- RHODORA L. DAPULA - (INDEPENDENT DIRECTOR)
- REGINALD S. VELASCO - (INDEPENDENT DIRECTOR)

Withhold Authority to vote for all nominees listed above

Instruction: To withhold authority to vote for any individual, mark the "FOR" box above and mark the box corresponding to the particular nominee with regard to whom authority is withheld

Instruction: Mark under the corresponding column for Vote for "Approval", "Against" or "Abstain"

	Vote for Approval	Vote Against	Abstain
2. Minutes of the Annual Stockholders' Meeting held on November 11, 2020.	[]	[]	[]
3. Management Report and Audited Financial Statements for 2020	[]	[]	[]
4. Retention of Mr. Bernardo M. Villegas as Independent Director	[]	[]	[]
5. Re-appointment of Sycip Gorres Velayo and Company (SGV) as the independent external auditor of the Company.	[]	[]	[]
6. Granting of stock option awards to directors, officers, employees and consultants of the Company and its subsidiaries.	[]	[]	[]
7. Ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or the Board of Directors since November 11, 2020 until the date of 2021 Annual Stockholders' Meeting	[]	[]	[]
8. At their discretion, the Proxies are authorized to vote upon such other matters as may properly come before the meeting and which are not known to management at a reasonable time, including to adjourn the meeting for up to ninety (90) days from November 10, 2021 if the election of directors is enjoined at the meeting date.	[]	[]	[]

To be valid, this ballot/proxy must be signed and received by the Office of the Corporate Secretary/Stockholders Relations Office no later than 3:00 p.m., November 9, 2021. Validation of proxies will be on November 9, 2021 at 3:00 p.m. at the Company's Board Room. In the event a stockholder decides to attend the meeting, he may, if he wishes, revoke his proxy and vote his shares in person.

Please sign your name(s) exactly as printed in this proxy, if shares are held in joint account, each joint owner should sign.

 Printed Name/Signature of Stockholder(s)

 Date Signed

This ballot/proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made in a proxy, such proxy will be voted "FOR" the election of all nominees and "FOR" the approval of the matters stated in item 2, 3, 4, 5, 6, and 7 above and "FOR" such other matters as may properly come before the meeting and which are not known to management at a reasonable time, including to adjourn the meeting for up to ninety (90) days from November 10, 2021 if the election of directors is enjoined at the meeting date. The grant of authority in the election of directors is subject to the lifting of TRO. In case no election of directors is held on the date of the Annual Stockholders' Meeting on November 10, 2021, the proxy will still be valid for ninety (90) days from said date, or up to February 8, 2022 and can still be exercised in the event the TRO is lifted after the November 10, 2021 Stockholders' Meeting and an election is ordered within the said ninety (90) day-period, the proxy will still be valid and can be exercised. Information required in a proxy form may be found in Part II of the information statement.

THE PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF BENGUET CORPORATION

**BALLOT/PROXY FOR HOLDER(S) OF COMMON CLASS B SHARES
OF BENGUET CORPORATION**

Please mark as applicable

Total Shares Held: _____

- [] **Vote by ballot:** The undersigned holder(s) of Common Class B shares of BENGUET CORPORATION (the “Company”) cast his/her ballot on the agenda items for the annual meeting of stockholders (ASM) of the Company scheduled on Wednesday, November 10, 2021, 3:00 p.m. via online/remote communications.
- [] **Vote for proxy:** The undersigned holder(s) of Common Class B shares of the Company do(es) hereby appoint **Mr. BERNARDO M. VILLEGAS, Chairman of the Board and/or Atty. HERMOGENE H. REAL, Corporate Secretary** and each or any of them, as attorney(s)-in-fact, with the power of substitution, to vote as proxy of the undersigned at the ASM of the Company scheduled on Wednesday, November 10, 2021, 3:00 p.m. via online/remote communications, any and all other adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors

- [] **FOR** all nominees listed below (**except as marked to the contrary below**).

- [] JESSE HERMOGENES T. ANDRES
- [] KWOK YAM IAN CHAN
- [] LINA G. FERNANDEZ
- [] BERNARDO M. VILLEGAS – (Independent Director)

- [] **Withhold Authority** to vote for all nominees listed above

Instruction: *To withhold authority to vote for any individual, mark the “FOR” box above and mark the box corresponding to the particular nominee with regard to whom authority is withheld*

Instruction: *Mark under the corresponding column for Vote for “Approval”, “Against” or “Abstain”*

	Vote for Approval	Vote Against	Abstain
2. Minutes of the Annual Stockholders’ Meeting held on November 11, 2020.	[]	[]	[]
3. Management Report and Audited Financial Statements for 2020.	[]	[]	[]
4. Retention of Mr. Bernardo M. Villegas as Independent Director.	[]	[]	[]
5. Re-appointment of Sycip Gorres Velayo and Company (SGV) as the independent external auditor of the Company.	[]	[]	[]
6. Granting of stock option awards to directors, officers, staff employees, and consultants of the Company and its subsidiaries.	[]	[]	[]
7. Ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or the Board of Directors since November 11, 2020 until the date of 2021 Annual Stockholders’ Meeting.	[]	[]	[]
8. At their discretion, the Proxies are authorized to vote upon such other matters as may properly come before the meeting and which are not known to management at a reasonable time, including to adjourn the meeting for up to ninety (90) days from November 10, 2021 if the election of directors is enjoined at the meeting date.	[]	[]	[]

To be valid, this ballot/proxy must be signed and received by the Office of the Corporate Secretary/Stockholders Relations Office no later than 3:00 p.m., November 9, 2021. Validation of proxies will be on November 9, 2021 at 3:00 p.m. at the Company’s Board Room. In the event a stockholder decides to attend the meeting, he may, if he wishes, revoke his proxy and vote his shares in person.

Please sign your name(s) exactly as printed in this proxy, if shares are held in joint account, each joint owner should sign.

Printed Name/Signature of Stockholder(s)

Date Signed

This ballot/proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made in a proxy, such proxy will be voted **“FOR”** the election of all nominees and **“FOR”** the approval of the matters stated in item 2, 3, 4, 5, 6 and 7 above and **“FOR”** such other matters as may properly come before the meeting and which are not known to management at a reasonable time, including to adjourn the meeting for up to ninety (90) days from November 10, 2021 if the election of directors is enjoined at the meeting date. The grant of authority in the election of directors is subject to the lifting of TRO. In case no election of directors is held on the date of the Annual Stockholders’ Meeting on November 10, 2021, the proxy will still be valid for ninety (90) days from said date, or up to February 8, 2022 and can still be exercised in the event the TRO is lifted after the November 10, 2021 Stockholders’ Meeting and an election is ordered within the said ninety (90) day-period, the proxy will still be valid and can be exercised. Information required in a proxy form may be found in Part II of the information statement.

THE PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF BENGUET CORPORATION

1 1 3 4 1

SEC Registration Number

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

(Group's Full Name)

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

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

Mr. Reynaldo P. Mendoza

(Contact Person)

8812-1380 /7751-9137

(Group Telephone Number)

1 2 3 1

Month Day
(Calendar Year)

2 0 - I S

(Form Type)

Month Day

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its Charter: BENGUET CORPORATION

3. METRO MANILA, PHILIPPINES
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: 11341

5. BIR Tax Identification Code: 000-051-037

6. 7th FLOOR UNIVERSAL RE-BUILDING, 106 PASEO DE ROXAS, MAKATI CITY 1226
Address of principal office Postal Code

7. Registrant's telephone number, including area code: (632) 7751-9137 / 8812-1220

8. November 10, 2021, 3 o'clock p.m., at the Board Room of Benguet Corporation, 7th Floor Universal Re Building, 106 Paseo de Roxas, 1226 Makati City, Philippines
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: As soon as practicable after the approval of the Definitive Information Statement by the Commission but not later than October 10, 2021 (by uploading an electronic copy in the Company website www.benguetcorp.com and may be accessed in the online system of PSE Edge Portal <https://edge.pse.com.ph>)

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: Management of Benguet Corporation
Address : Universal Re-Building, 106 Paseo de Roxas, Makati City, Philippines
Telephone No.: (632) 8812-1380 / 7751-9137

11. Securities registered pursuant to Sections 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding & Amount of Debt Outstanding</u>
Convertible Preferred Class A share	217,061
Common Class A share	374,996,258*
Common Class B share	247,926,121*
(*) – Net of Treasury Shares	
Total consolidated outstanding principal loans as of June 30, 2021- ₱85.06 Million	

12. Are any or all of registrant's securities listed on a Stock Exchange? Yes No
If so, disclose the name of such Stock Exchange and class of securities listed therein:

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

PART I. INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Annual Meeting of the Stockholders (ASM) of Benguet Corporation (herein "BenguetCorp" or "the Company") will be held on Wednesday, November 10, 2021 at 3:00 o'clock p.m. at the Company's Board Room. The ASM will be conducted virtually via livestreaming. The Company's mailing address is 7th Floor Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City, Philippines.

In accordance with SEC Notice issued on April 20, 2020, the Information Statement containing management report and other pertinent documents shall be made available to security holders by uploading an electronic copy from the Company website www.benguetcorp.com or may be accessed in the online system of PSE Edge Portal <https://edge.pse.com.ph>, as practicable after the approval of the Definitive Information Statement by the Securities and Exchange Commission (SEC) but not later than October 10, 2021. The notice of the meeting shall be published in the business section of two (2) newspaper of general circulation, in print and online format, for two (2) consecutive days not later than twenty-one (21) days prior to the scheduled ASM.

Item 2. Dissenters' Right of Appraisal

Although the following actions are not among the matters to be taken up during the Annual Stockholders' Meeting, the stockholders are herein apprised of their appraisal rights pursuant to Title X of the Revised Corporation Code of the Philippines. A stockholder shall have the right to dissent and demand payment of fair value of the share in case he voted against the following proposed corporate actions: (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other dispositions of all or substantially all of the corporate property and assets; and (c) in case of merger or consolidation.

The appraisal right may be exercised by the dissenting stockholder by making a written demand for payment of the fair value of his shares on the company within thirty (30) days after the date on which the vote was taken and within ten (10) days after demanding payment of his shares, he shall submit the certificate of stocks representing his shares to the company for notation thereon that such shares are dissenting shares. If the proposed corporate action is implemented and if there is agreement as to the fair value of the shares, the Company shall pay the fair value of the shares to such stockholder upon surrender and transfer of the certificate of stocks. The fair value of the share shall be determined as to be the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate actions. Provided, that no payment shall be made to any dissenting stockholder, unless the Company has unrestricted retained earnings in its books to cover such payment. If within a period of sixty (60) days from the date the corporate action was approved, the withdrawing stockholder of the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the dissenting stockholder, another by the company and the third by the two previously chosen. The findings of the majority of the appraisers will be final and the award shall be paid by the company within thirty (30) days after the award notification is made. Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his share to the company. From the time of demand for payment of the fair value of the stockholder shares, all rights accruing to such shares, including voting and dividend rights, shall be suspended.

However, since the matter to be taken up during the stockholders' meeting do not include any of the corporate actions wherein stockholders' appraisal right may be available and exercised, there is no call for the same.

Item 3. Interest of Certain Persons in Matters To Be Acted Upon

Other than the nominees for election as directors, no director, nominee, associate of the nominees or officer of the Company at any time since the beginning of the last fiscal year, had any substantial interest, directly or indirectly, by security holdings or otherwise, in any of the matters to be acted upon in the stockholders'

meeting, other than election to office. No director has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. Class of Voting Shares

The Company has three classes of stock, two of which (the Common Class A and the Convertible Preferred Class A) can be owned only by Philippine citizens because the Company is engaged in the mining business. Under Philippine law, at least sixty percent (60%) of the outstanding capital stock of a corporation engaged in mining must be owned by Philippine citizens. The other class of the Company's stock is its Common Class B which may be owned by anyone regardless of nationality or citizenship.

As of August 31, 2021, there are 217,061 shares outstanding of the Company's Convertible Preferred Class A stock, 374,996,258 shares outstanding of its Common Class A stock and 247,926,121 shares outstanding of its Common Class B stock. The equity ownership of foreign stockholders of the Company is 86,826,163 class "B" shares or 13.93% of its total outstanding shares. Each share of stock outstanding is entitled to one vote. Holders of the Company's Convertible Preferred Class A stock and Common Class A stock are entitled to nominate and elect seven (7) out of the eleven (11) members of the Board of Directors. Holders of the Company's Common Class B shares are entitled to nominate and elect four (4) out of the eleven (11) members of the Board of Directors.

Conversion Premium of Convertible Preferred Class A Shares – After the 25% stock dividend which was paid on July 20, 1990, the holders of Convertible Preferred Class A may, at their option, convert such shares into 9.4875 shares of Common Class A stock with Par Value of ₱1.00 per share of the Company and upon payment of a conversion premium which shall be an amount equal to the earnings per share of common stock (Common Class A and Common Class B) averaged over the immediately preceding 5-year period, multiplied by a factor of 6; provided, however, that the sum of the par value of the Convertible Preferred Class A shares being converted and the conversion premium so determined shall in no case be less than the book value per share of the common stock (Common Class A and Common Class B) outstanding. The conversion premium is ₱7.76 a share in 2021.

b. Record Date and Share Ownership

Only holders of the Company's stock of record at the close of business on September 17, 2021, are entitled to notice of, and to vote at the Annual Stockholders' Meeting to be held on November 10, 2021.

c. Cumulative Voting Rights

In the election of directors, stockholders may vote only for those directors nominated for the class of shares owned by them, either in person or by proxy. Any stockholder may cumulate his shares since cumulative voting is authorized under the Philippine Corporation Code and will be used in the election of directors at the meeting. On this basis, each holder of Convertible Preferred Class A and Common Class A stocks may vote the number of shares registered in his name for each of the seven (7) directors to be elected by said classes of stock, or he may multiply the number of shares registered in his name by seven (7) and cast the total of such votes for one (1) director or he may distribute his votes calculated as above described among some or all of the seven (7) directors to be elected by the said classes of stockholders, as he elects. Each holder of Common Class B may do the same thing in respect of the four (4) directors to be elected by Common Class B shareholders (but multiplying by four (4) rather than by seven (7)). The proxies propose to use their discretion in cumulating votes.

d. Security Ownership of Certain Record and Beneficial Owners and Management

1) Security Ownership of Certain Record and Beneficial Owners: - The following table sets forth certain information about persons (or "groups" of persons) known by the Company to be directly or indirectly the record and/or beneficial owner of more than five percent (5%) of any class of the Company's outstanding capital stocks as of August 31, 2021:

Title of Class	Name, Address of Record Owner And Relationship with Issuer	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	Number of Shares Held	Percent Per Class
Class A Common	PCD Nominee Corp. (Filipino), 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.	(see note ¹)	Filipino	180,135,244	48.00%
	Palm Ave. Holding Company, Inc. 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note ²)	Filipino	65,624,727	17.49%
	Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation, Metro Manila, Phil. Sequestered by the Republic of the Phil. Presidential Commission on Good Government under Executive Order Nos. 1 & 2 c/o PCGG, IRC Bldg., #82 EDSA, Mandaluyong City.(Stockholder)	(see note ²)	Filipino	63,920,490	17.03%
	Palm Avenue Holdings Company and/or Palm Avenue Realty Corporation, Metro Manila, Philippines. Sequestered by the Republic of the Philippines thru PCGG under E.O. Nos. 1 & 2 and reverted to Palm Avenue as sequestered shares per Supreme Court Entry of Judgment dated March 15, 1993 in G.R. No. 90667 entitled Republic of the Philippines vs. Sandiganbayan, Palm Avenue Realty Development Corp. and Palm Avenue Holdings Company c/o PCGG, IRC Bldg., #82 EDSA Mandaluyong City. (Stockholder)	(see note ²)	Filipino	30,834,375	8.22%
Class A Convertible Preferred	PCD Nominee Corp. (Filipino), 29 th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.	(see note ¹)	Filipino	65,290	30.08%
	Fairmount Real Estate c/o PCGG 6 th Floor, PhilComcen Bldg., Ortigas Avenue cor. San Miguel Avenue,	(see note ³)	Filipino	59,262	27.30%

¹ PCD Nominee Corporation (“PCDNC”) is a wholly-owned subsidiary of Philippine Central Depository, Inc. (“PCD”). The beneficial owners of such shares registered under the name of PCDNC are PCD’s participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares, instead the participants have the power to decide how the PCD shares of Benguet Corporation are to be voted. PCD, the central depository or lodging house where all securities brokers lodge scripless certificates, is not in any way related to the issuer.

² The Company is not aware of who is/are the direct or indirect beneficial owner/s of the stocks issued to Palm Avenue Holdings Company, Inc. and Palm Avenue Realty and Development Corporation (the “Palm Companies”). In the November 11, 2020 Annual Stockholders’ Meeting of the Company, the Palm Companies issued a proxy in favor of its legal counsels, Attys. Otilia Dimayuga-Molo/Andrea Rigonan-Dela Cueva, to vote in all matters to be taken up in the stockholders’ meeting.

³ The Company is not aware of who are the beneficial owner/s of the stocks issued to Fairmount Real Estate which stocks were sequestered by the Presidential Commission on Good Government (PCGG). In the past stockholders’ meetings of the Company, the stocks of Fairmount Real Estate were not voted by any persons or proxies.

	Pasig City (Stockholder)				
Class B Common	PCD Nominee Corp. (Filipino), 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.	(see note ¹)	Filipino	109,167,232	44.03%
	Palm Avenue Realty & Development Corporation, 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note ²)	Filipino	43,680,000	17.62%
	PCD Nominee Corp. (Non-Filipino), 29 th Floor, BDO Equitable Tower, 8751 Paseo de Rocas, Makati City.	(see note ¹)	American	34,652,928	13.97%
	CEDE & Co. (Non Filipino), P.O. Box 20, Bowling Green Station, New York NY 10274	(see note ⁴)	American	29,674,860	11.97%

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

The following are participants under the account of PCD Nominee Corporation who own more than five percent (5%) of the Company's voting securities as of August 31, 2021:

Title of Class	Name, Address of Participant And Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent Per Class
Class A Common	RYM Business Management Corporation, Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	(see note ⁵)	Filipino	62,930,820	16.78%
Class B Common		(see note ⁵)	Filipino	60,108,441	24.24%

2) Security Ownership of Management – As of August 31, 2021 below are information as to each class of securities of the Company beneficially owned by directors and officers. The Company is not aware of any indirect beneficial ownership of its directors and officers.

Title of Class	Name of Beneficial Owner	Citizenship	Amount and nature of beneficial ownership	Percent Per Class
Class A Common	Maria Remedios R. Pompidou	Filipino	15	0.000%
Class A Common	Rhodora L. Dapula	Filipino	1	0.000%
Class A Common	Jose Raulito E. Paras	Filipino	1	0.000%

⁴ Cede & Co is the registered owner of the shares in the books of the Company's transfer agent. Cede & Co operates as a subsidiary of Depository Trust Company (DTC) a New York City-based central securities depository, the securities holding bank for most stock brokerages, shares of stock that are held in brokerage accounts. During stockholders' meeting, DTC provides an Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assign Cede & Co. consenting on voting rights to Cede's participants to whom account securities are credited on the record date. To the best knowledge of the Company, there are no participants under the Cede & Co account who own more than 5% of the Company's voting securities. Cede & Co. and DTC, the securities holding bank for most stock brokerages in U.S., is not in any way related to the Company.

⁵ The Company is not aware of who is/are the direct or indirect beneficial owner/s of the stocks issued to RYM Business Management Corporation. In the November 11, 2020 Annual Stockholders' Meeting of the Company, the RYM Business Management Corporation issued a proxy in favor of its legal counsel, Atty. Remegio C. Dayandayan, Jr., and/or its Corporate Secretary, Minda P. De Paz, to vote in all matters to be taken up in the stockholders' meeting.

Class A Common	Reginald S. Velasco	Filipino	1	0.000%
Class A Common Class B Common	Anthony M. Te	Filipino	115,503	0.031%
			77,000	0.031%
Class A Common Class B Common	Luis Juan L. Virata	Filipino	234,003	0.062%
			69,600	0.028%
Class A Common Class B Common	Andrew Patrick R. Casiño	Filipino	3	0.000%
			3	0.000%
Class B Common	Jesse H.T. Andres	Filipino	1	0.000%
Class B Common	Bernardo M. Villegas	Filipino	3	0.000%
Class B Common	Kwok Yam Ian Chan	Filipino	1	0.000%
Class A Common Class B Common	Lina G. Fernandez	Filipino	152,166	0.040%
			66,000	0.027%
Class A Common	Reynaldo P. Mendoza	Filipino	126,866	0.034%
Class A Common Class B Common	Max D. Arceño	Filipino	128,583	0.034%
			84,700	0.034%
Class A Common Class B Common	Pamela M.Gendrano	Filipino	10,638	0.003%
			23,000	0.009%
Class A Common Class B Common	Hermogene H. Real	Filipino	240,600	0.064%
			125,300	0.051%

As a Group

Class A Convertible Preferred	Filipino	59,262 shares ⁶	27.302%
Class A Common	Filipino	224,318,792 shares ⁷	59.819%
Class B Common	Filipino	104,234,049 shares ⁸	42.042%

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

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

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

- 3) Voting Trust Holders/Changes in Control - There are no voting trust holders of 5% or more of the Company' stock. There are no arrangements that may result in a change of control of the Company.

Status of the Temporary Restraining Order (TRO)

As of the date of this statement, the election of directors is still enjoined under the Temporary Restraining Order (TRO) issued by the Philippine Supreme Court. Unless such TRO is set aside to allow an election, no election can be held. The incidents leading to the above-mentioned TRO are as follows: - In the second quarter of 1986, 16.2 million Common Class A shares at Par Value of ₱3.00/share of Benguet Corporation registered in the name of Palm Avenue Holdings Corporation and Palm Avenue Realty Corporation were sequestered by the Presidential Commission on Good Government (PCGG), on the ground that the beneficial owner of the shares allegedly being Benjamin Romualdez, the brother-in-law of former President Ferdinand Marcos. The PCGG has voted these Class A shares during the annual stockholders' meeting from 1986 up to 1991. In the annual stockholders' meeting held in May of 1992, the Palm Avenue Companies nominated and voted for Benjamin Philip G. Romualdez and Ferdinand Martin G. Romualdez pursuant to a resolution of the Sandiganbayan (anti-graft court) dated May 25, 1992 allowing the Palm Avenue Companies as registered owners of sequestered shares to exercise voting rights of shares subject of litigation regarding the legal ownership over said shares. Just before the start of the 1993 stockholders' meeting, a Temporary Restraining Order (TRO) issued by the Philippine Supreme Court in connection with a pending PCGG case enjoined the Company from conducting the election of directors scheduled on said date or on any later date until further orders of the Court. The 1993 meeting, however, continued as to any other matters in the agenda. Since then the TRO has not been lifted. Thus, the Board deferred the holding of the 1994 Annual Stockholders' meeting scheduled on May 31, 1994. From 1995 to 2003 and 2005 to 2016 & 2018 to 2020, the Annual Stockholders' Meetings were held but no elections of directors were conducted. A consolidated judgment of the Supreme Court on January 23, 1995 nullified and set aside the above-mentioned Sandiganbayan resolution of May 25, 1992 allowing the Palm Avenue Companies to vote the sequestered shares, but it maintained the effectivity of the TRO which the Supreme Court previously issued subject to the power of the Sandiganbayan (the anti-graft court) to modify or terminate the TRO. If the TRO is lifted by the Sandiganbayan (anti-graft court) or the Supreme Court, then the elections of the directors will be held consistent with the Supreme Court consolidated judgment of January 23, 1995.

On September 1, 1986, the registered owner of the sequestered shares and Benguet Management Corporation (BMC), a 100%-owned subsidiary of the Company, agreed on the purchase by BMC of 9.5 million of the sequestered shares. Three million of these 9.5 million shares were purchased by employees of the Benguet Group of Companies under the Employees Stock Ownership Incentive Plan (ESOIP) approved by shareholders at their July 3, 1986 special meeting. The balance of 6.5 million shares purchased were then held in trust by Far East Bank & Trust Company (FEBTC) under a trust account established by BMC as trustor for the benefit of the Republic of the Philippines, represented by the PCGG for subsequent disposition to the public at some future date. This remaining 6.5 million shares later became 8,222,500 after the 10% and 15% stock dividends declared in 1988 and 1989, then became 16,445,000 after the 100% stock dividend paid in October, 1989. The validity of the Contract of Sale was upheld by the Supreme Court of the Republic of the Philippines in Benguet's favor.

Upon instructions of PCGG, BMC sold 8.2 million shares of the above-mentioned remaining shares at a public auction but excluding the right to receive the 100% stock dividend which the Company paid on October 10, 1989 to shareholders of record as of August 26, 1989. The sale at public auction was held on September 27, 1989, with Rizal Commercial Banking Corporation ITF various accounts as the highest bidder for the 6.18 million shares. The remaining 2 million shares were sold to FEBTC as trustee for the Employees Stock Ownership Incentive Plan (ESOIP), being one of the winning bidders. In a Supreme Court Resolution dated June 23, 1992, the remaining unsold 100% stock dividend of 8.2 million shares (now 10,278,125 shares after the 25% stock dividend paid on July 20, 1990), which were then registered in the name of Republic of the Philippines were declared to be still part of the Palm Avenue Companies shares under sequestration and likewise subject to litigation as the other sequestered stocks. The Presidential Commission on Good Government also sequestered Fairmount

Real Estate, Inc. and Independent Realty Corp. on April 14, 1986 & March 6, 1986, respectively, being companies that are alleged to be beneficially owned by former President Marcos. Among the sequestered assets of these companies are shareholdings in Benguet Corporation.

Item 5. Directors and Executive Officers

- I. One of the stated purposes of the Annual Stockholders' Meeting is the election of directors. If the Temporary Restraining Order (TRO) issued by the Supreme Court is lifted at any time prior to November 10, 2021 Annual Stockholder's Meeting, the election of Directors will be held. In the November 11, 2020 Annual Stockholders' Meeting, there was no election of directors held because the 1993 TRO issued by the Supreme Court enjoining the election of directors remained in force. Thus, the incumbent directors of the Company continue to remain in office on holdover capacity until their successors are elected and qualified.

Board Attendance - Year 2020

Board	Name	Date of Election/ Appointment	No. of Meetings Held During the Year	No. of Meetings Attended	% Attended
Chairman / Independent	Bernardo M. Villegas*	Nov 07, 2019	6	6	100%
Member	Maria Remedios R. Pompidou	Oct 25, 2000	6	5	83%
Member	Luis Juan L. Virata	Aug 08, 1995	6	5	83%
Member	Jose Raulito E. Paras	Aug 16, 2018	6	6	100%
Independent	Rhodora L. Dapula	Aug 16, 2018	6	6	100%
Independent	Reginald S. Velasco	Aug 16, 2018	6	6	100%
Member	Jesse Hermogenes T. Andres	Aug.16, 2018	6	6	100%
Member	Andrew Patrick R. Casiño	June 04, 2020	6	5**	100%
Member	Lester C. Yee***	Sept 09, 2020	6	4***	100%
Member	Kwok Yam Ian Chan	Sep 25, 2020	6	3****	100%
Member	Anthony M.Te	Sep 25, 2020	6	3****	100%
Member	Lina G. Fernandez*****	Mar 18, 2021	-	-	-

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

(**) *Five (5) board meetings were held after Mr. Casiño's appointment as Director on June 4, 2020.*

(***) *Four (4) board meetings were held during Mr. Yee's tenure as Director. Mr. Yee was appointed as Director on September 9, 2020, and he resigned as member of the Board of Directors effective March 18, 2021.*

(****) *Three (3) board meetings were held after Mr. Chan and Mr. Te's appointment as Directors on September 25, 2020*

(*****) *Ms. Fernandez was appointed on March 18, 2021.*

Attendance to Board Committees – Year 2020

Name	Audit Committee (AC)		Board Risk Oversight Committee (BROC)		Nomination Committee (NC)	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Bernardo M. Villegas	3	3	2	2	3	3
Rhodora L. Dapula	3	3	n/a	n/a	3	3
Jennelyn F. Go*	3	1	n/a	n/a	n/a	n/a
Andrew Patrick R. Casino**	3	1	n/a	n/a	n/a	n/a
Lester C. Yee***	3	1	n/a	n/a	n/a	n/a
Edgar Dennis A. Padernal****	n/a	n/a	n/a	n/a	2	2
Reginald S. Velasco	n/a	n/a	2	2	n/a	n/a
Romeo L. Go****	n/a	n/a	2	1	n/a	n/a
Jose Raulito E. Paras*****	n/a	n/a	2	1	n/a	n/a

**Ms. Jennelyn F. Go – resigned effective July 20, 2020*

** *One (1) Audit Committee meeting was held after Mr. Casino's appointment as member of Audit Committee*

****One (1) Audit Committee meeting was held after Mr. Yee's appointment as member of Audit Committee. He resigned member of Board of Directors effective March 18, 2021.*

*****Mr. Edgar Dennis A. Padernal and Mr. Romeo L. Go – resigned effective September 23, 2020.*

*****One (1) BROC meeting was held after Mr. Paras' appointment as member of BROC.

Training and Continuing education attended:

Name of Directors/Officers	Date of Training	Program	Name of Training Institution
Bernardo M. Villegas	2020 (with a total of 6hours)	Issues regarding Governance and Economics	Institute of Corporate Directors
Maria Remedios R. Pompidou	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Luis Juan L. Virata	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Jose Raulito E. Paras	October 28, 2020	Corporate Governance Updates and Economic Briefing	Center for Global Best Practices
Rhodora L. Dapula	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Reginald S. Velasco	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Jesse Hermogenes T. Andres	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Andrew Patrick R. Casino	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Kwok Yam Ian Chan	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Anthony M. Te	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Lester C. Yee*	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Lina G. Fernandez	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Reynaldo P. Mendoza	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.

Max D. Arceno	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Valeriano B. Bongalos, Jr.	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Pamela M. Gendrano	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.
Hermogene H. Real	November 13, 2020	2020 Annual Corporate Governance: Stay Updated in the New Normal	Center for Training and Development, Inc.

**Resigned effective March 18, 2021*

NOMINEES FOR ELECTION AT ANNUAL STOCKHOLDERS' MEETING NOVEMBER 10, 2021

The Nomination Committee determined that all the Nominees possess all the qualifications and none of the disqualifications for nomination and election to the Company's Board of Directors pursuant to the provisions of the Code of Corporate Governance for Publicly-,Listed Companies, as the same adopted in the Company's 2017 Revised Manual on Corporate Governance. The Nomination Committee is chaired by an Independent Director, Mr. Bernardo M. Villegas and the members are: Atty. Jesse Hermogenes T. Andres and Mr. Anthony M. Te, both regular Directors and Mr. Reginald S. Velasco, an Independent Director.

In the nomination of Independent Directors, nominees Mr. Bernardo M. Villegas was nominated by Ms. Shirley S. Cueva; Mr. Reginald S. Velasco was nominated by Ms. Rebecca R. Rapisura; and Atty. Rhodora L. Dapula was nominated by Ms. Miriam Nacario-San Pedro. They are stockholders of the Company and they have no relationship with the nominees for independent director. The nominees have accepted their nominations in writing. The Nominations Committee reviewed the nominees' business relationship and activities to ensure that they possessed all the qualifications and none of the disqualifications for independent directors prescribed in Rule 38 of 2015 SRC Rules, the Code of Corporate Governance for Public Listed Companies and the rules on the term limit of independent directors in accordance with SEC Memorandum Circular No. 4, Series of 2017. The sworn certificate of qualifications of the Company's Independent Directors are attached as Annexes "E" for Mr. Villegas, "F" for Mr. Velasco, and "G" for Atty. Dapula.

Retention of Mr. Bernardo M. Villegas as Independent Director After Having Served the Maximum of Nine (9) years Term Limit

In the case of Mr. Villegas who served the maximum cumulative term of nine (9) years as an Independent Director with 2012 as reckoning year, the Company considers him as an asset for having contributed meaningfully to its success because of his business experience and acumen resulting from his wide exposure as an economist and educator.

Submitted for approval by the stockholders is the retention of Mr. Bernardo M. Villegas as independent director.

A vote of the stockholders representing majority of the outstanding capital stock of the Company is required for the retention of Mr. Bernardo M. Villegas as Independent Director.

Management recommends a vote **FOR** the retention of Mr. Bernardo M. Villegas as Independent Director.

The following are the nominees for election at the Annual Stockholders' Meeting. The nominees are all incumbent Directors of the Company. Their respective present positions and period served are as follows:

A. Representing Holders of Class "A" & Convertible Preferred Class "A" Stocks:

Name	Position	Period Served
Maria Remedios R. Pompidou	Director	Since October 25, 2000
Luis Juan L. Virata	Director	Since August 18, 1995
Jose Raulito E. Paras	Director	Since August 16, 2018
Andrew Patrick R. Casiño	Director	Since June 4, 2020
Anthony M. Te	Director	Since September 25, 2020
Rhodora L. Dapula	Independent Director	Since August 16, 2018
Reginald S. Velasco	Independent Director	Since August 16, 2018

B. Representing Holders of Common Class "B" stock:

Name	Position	Period Served
Jesse Hermogenes T. Andres	Director	Since August 16, 2018
Kwok Yam Ian Chan	Director	Since September 25, 2020
Bernardo M. Villegas	Chairman of the Board/ Independent Director	Chairman of the Board since November 7, 2019 and has been designated Independent Director since 2002, although he was already a Director of the Company since June 25, 1998 prior to the issuance of SEC MC No. 16 dated November 29, 2002.
Lina G. Fernandez	Director	Since March 18, 2021

None of the Directors and Nominees are government employees.

No Director and Nominee has resigned or declined to stand for re-election to the Company's Board of Directors due to disagreement on any matter.

The corresponding age, citizenship, brief descriptions of business experiences for the past five (5) years including directorships in listed companies, and the positions currently held by the incumbent Directors who are Nominees for election at the Annual Stockholders' Meeting are set forth below:

Representing Holders of Common Class A & Convertible Preferred Class A Stocks of the Company:

JOSE RAULITO E. PARAS, 48 years old, Filipino, Director, Member of the Board Risk Oversight Committee and Related Party Transactions Committee

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

MARIA REMEDIOS R. POMPIDOU, 54 years old, Filipino, Director

Ms. Pompidou first became a Director of the Company by appointment on October 25, 2000. She is currently the Chairman of BenguetCorp Laboratories, Inc., a wholly owned subsidiary of the Company (2013 to present); Trustee of Doña Remedios Trinidad Romualdez Medical Foundation Inc., Dr. V. Orestes Romualdez (DVOR) Educational Foundation Inc., and RTR Foundation for Scientific Research

and Development Inc.; and Director of Sequoia Business Management Corporation, Perea Realty and Development Corporation and Red Palmtree Realty and Development Corporation.

LUIS JUAN L. VIRATA, 66 years old, Filipino, Director, Member of the Related Party Transactions Committee

Mr. Virata, first became a Director of the Company by appointment on August 8, 1995. He is currently Director of *listed company*, Nickel Asia Corporation. He is Chairman and Chief Executive Officer of CLSA Exchange Capital, Inc., an investment banking joint venture formed in 2001 between CLSA Emerging Markets of Hong Kong and Exchange Capital of Manila. Exchange Capital was founded in 1987, formerly with Jardine Fleming of Hong Kong. He is also the President of Exchange Properties Resources Corporation; a major Shareholder of Nickel Asia Corporation; Chairman of Cavite Holdings Inc.; and Director and major Shareholder of Amber Kinetics, Inc., a battery storage company in California. His other activities include being a Member of the Huntsman Foundation of Wharton School of the University of Pennsylvania, and Founder, Trustee of Asia Society Philippine Foundation and the Metropolitan Museum of Manila. Other previous positions he held include Director and interim President of Philippine Airlines. Mr. Virata received an MBA degree from the Wharton School of the University of Pennsylvania, USA in 1979 and a BA/MA in Economics from Trinity College, Cambridge University, UK in 1976.

RHODORA L. DAPULA, 43 years old, Filipino, Independent Director, Chairman of the Audit Committee, Member of the Corporate Governance Committee

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

REGINALD S. VELASCO, 70 years old, Filipino, Vice Chairman of the Board/ Independent Director, Chairman of Board Risk Oversight Committee, Member of Corporate Governance Committee, Salary and Stock Option Committee, Nomination Committee and Related Party Transactions Committee

Mr. Velasco first became an Independent Director of the Company by appointment on August 16, 2018. He is the Secretary General of National Unity Party since 2013. He graduated MA Political Science and candidate for Doctor of Philosophy in Political Science at the University of the Philippines. He also took special study in Investment Negotiation Course at the Georgetown University Washington, D.C. USA. Formerly, he was Director of U.S. Section-Office of American Affairs (1991-1992) and Office of ASEAN Affairs of the Department of Foreign Affairs (Manila) in 1992-1993. His other professional experience includes, Appointment as Lecturer at the University of the Philippines (Manila) in 1973-1974 & 1981-1982 and Lyceum of the Philippines (Manila) in 1973-1974; Chief – International Division, Policy Coordination Staff of the National Economic and Development Authority (Manila) in 1978-1982; Second Secretary & Consul & Chief of Economic Section of the Philippine Embassy Washington, D.C. USA in 1989-1991; Vice President for Project Financing, Venture Industries Management (Makati City) and Development Corporation (1993-1994); and Public and Media Relations Consultant, Micron Public Affairs, Inc. (Makati City) in 1994-1995.

ANTHONY M. TE, 51 years old, Filipino, Director, Member of Executive Committee, Salary and Stock Option Committee and Nomination Committee

Mr. Te first became a Director of the Company by appointment on September 25, 2020. He is currently a Director of *listed company*, Marcventures Holdings, Inc.; Director of Marcventures Mining and Development Corporation; Chairman of the Board of Asian Appraisal Company, Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corporation and AE Protiena Industries Corporation. He serves a Chairman and Chief Finance Officer of Mactel Corporation, and as Director and Treasurer of Manila Standard Today Management, Inc. Mr. Te is a licensed soliciting official for Non-Life Insurance with the Philippine Insurance Commission. He previously sat as Director in the following companies: AG Finance, Inc., Balabac Resources & Holdings Company Inc.,

Commonwealth Savings & Loans Bank, EBECOM Holdings, Inc., Equitable PCI BANK, MRC Allied Industries, Inc., Oriental Petroleum & Minerals Corporation, PAL Holdings, Inc., PGA Cars, Inc., and Phoenix Energy Corporation. Mr. Te graduated from De La Salle University with a degree of Bachelor of Arts in Business Management.

ANDREW PATRICK R. CASIÑO, 53 years old, Filipino, Director, Member of Audit Committee

Atty. Casiño first became a Director of the Company by appointment on June 4, 2020. He is a litigation lawyer with 25-year work experience as practicing lawyer in New York State in the fields of: - Criminal matters (domestic violence, DWI, orders of protection, misdemeanors), Commercial litigation, Philippine law matters (counselling and review of legal documents), Real estate (sale and purchase), Family and domestic matters (custody, child support, orders of protection, spousal support), Probate of last will and testaments, Petitions for administration of estates, Family based immigration, Employment based Immigration, US naturalization, Deportation proceedings, Petitions for political asylum, Loan contracts, Employment contracts, Commercial & Residential leases, Settlement agreements, Loan disputes, Trademarks and copyrights, Divorce and legal separation. Presently, he is collaborator on all legal matters in the United States of Philippine based law firms, Florello R. Jose and Associates and Law Firm of Ocampo Manalo. He graduated from the University of the Philippines with a degree of Bachelor of Science in Economics in 1987 and Bachelor of Laws in 1991. He obtained his Masters of Laws in Intellectual Property from the Franklin Pierce Law School, University of New Hampshire in 1999. Mr. Casiño passed the Philippine Bar Examinations in 1991 and New York State Bar Examinations in 1996.

Representing Holders of Common Class B Stock of the Company:

BERNARDO M. VILLEGAS, 81 years old, Filipino, Chairman of the Board, Independent Director; Chairman of the Nomination Committee, Corporate Governance Committee and Related Party Transaction Committee; Member of the Executive Committee, Board Risk Oversight Committee, Audit Committee and Salary & Stock Option Committee

Mr. Villegas has been the Chairman of the Board since November 7, 2019. He first became a Director of the Company by appointment on June 25, 1998. He was designated Independent Director of the Company since 2002 up to present, although he has been a Director prior to the issuance of SEC Circular No. 16 dated November 29, 2002. He is currently a Director of *listed company*, Filipino Fund, Inc. He holds, among others, the following positions: Independent Director of Benguetcorp Nickel Mines, Inc. (2012 to present), a wholly owned subsidiary of the Company; Director and Consultant of Transnational Diversified, Inc. (1998 to present); Director, PHINMA Properties (2011 to present); Director, Dualtech Foundation (1998 to present) and Columnist, Manila Bulletin (1964 to present). Formerly, he was Director of Alaska Milk Corporation (1995-2019); Director, Makati Business Club (1981-2010); Director, Phinma Foundation (1995-2001); Director, Pilipinas Shell Foundation (1995-2001); Senior Vice President, University of Asia and the Pacific (2004-2006); Chairman, Center for Research and Communication (1995); President, Philippine Economic Society (1972-1974); Chairman, Department of Economics-De La Salle University Manila (1964-1969), Committee on the National Economy & Patrimony (1986); Director, Economic Research Bureau and Graduate School of Business-De La Salle University Manila (1967-1968); Project Director, Philippine Economic History under the National Historical Commission (1969-1972); Member, Preparatory Commission for Constitutional Reforms and Constitutional Commission (1999); Consultant, Productivity Development Center-National Economic Council and Program Implementation Agency (1968-1969).

JESSE HERMOGENES T. ANDRES, 55 years old, Filipino, Director, Chairman of the Executive Committee and Salary & Stock Option Committee; Member of Nomination Committee

Atty. Andres first became a Director of the Company by appointment on August 16, 2018. He is currently Independent Director of *listed company*, BDO Leasing and Finance, Inc. and independent director of BDO Network Bank (non-publicly listed company) from 2018 up to the present. He is a litigation lawyer and since July 1, 2011, he has been the Managing Partner at Andres Padernal & Paras Law Offices. From 1996 to 2003, he was a Partner at PECABAR Law Offices, where he became Co-Head of its Litigation Department in 2001. He was also Chief of Staff (Undersecretary) of the Office of the Vice-

President of the Philippines (2004-2010). In September 2004, he was appointed member of the Board of Trustees of the Government Service Insurance System (GSIS) where he also served as the Chairman of the Corporate Governance Committee for six (6) years. He was also Chairman of the Board of GSIS Family Bank from June 2007 to October 2010. Atty. Andres holds a Bachelor of Arts Degree in Economics from the School of Economics, University of the Philippines (U.P.) and a Bachelor of Laws degree from the U.P. College of Law. He has attended various international seminars on Alternative Dispute Resolution Methods, Corporate Governance and Risk Management.

KWOK YAM IAN CHAN, 34 years old, British, Director, Member of Executive Committee

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

LINA G. FERNANDEZ, 57 years old, Filipino, Director

Atty. Fernandez first became a Director of the Company by appointment on March 18, 2021 to replace Mr. Lester C. Yee. She was elected as President of the Company since March 18, 2021. Before her election/appointment, Atty. Fernandez served as one of the designated Officers-In-Charge of the Company (October 2018-Mar 2021), and concurrently Senior Vice President for Finance and Comptroller since March 2018-March 2021. Atty. Fernandez previously served the Company as its Senior Vice President for Finance and Nickel Marketing Officer (November 2015-March 2018); Vice President for Corporate Planning; Chief of Staff (August 2006-November 2016); Risk Management Officer (March 2011-March 2018) and Compliance Officer for Corporate Governance (December 2016-March 2018). She also holds several positions and directorship in the following subsidiaries of the Company: she is President of Benguetcorp Nickel Mines, Inc. (March 2021-present); Director of Benguetcorp Nickel Mines, Inc.(2014-present); Chairman of Arrow Freight Corporation, Balatoc Gold Resources Corporation, Batong Buhay Mineral Resources Corporation, BC Property Management, Inc., Benguet Pantukan Gold Corporation, Berec Land Resources, Inc., Keystone Port Logistics and Management Services Corporation; Director of Benguetcorp Laboratories, Inc.; Acting Chairman and President of Benguet Management Corporation and BMC Forestry Corporation; Director and Vice President of Acupan Gold Mines, Inc.; Director and Treasurer of Agua De Oro Ventures Corporation, Benguetrade, Inc. and Sagittarius Alpha Realty Corporation; Director and Acting President of Ifaratoc Mineral Resources Corporation and Director and President of Pillars of Exemplary Consultants, Inc. Formerly, she was Director of Kingking Copper-Gold Corporation (2008-2011). She is a CPA-lawyer.

II. Executive Officers

The executive officers of the Company are appointed annually to a one-year term (subject to removal) by the Board of Directors immediately following the Annual Stockholders' Meeting. Below are the incumbent executive officers of the Company, and their respective ages, citizenships, and positions are as follows:

Name	Position
Lina G. Fernandez	President and Director
Reynaldo P. Mendoza	Executive Vice President and Asst. Corporate Secretary
Max D. Arceño	Senior Vice President-Finance & Treasurer and Compliance Officer for Corporate Governance
Valeriano B. Bongalos, Jr.	Vice President / Resident Manager- Benguet District Operations
Pamela M. Gendrano	Assistant Vice President- Environmental Compliance
Hermogene H. Real	Corporate Secretary

None of the executive officers of the Company are government employees.

Below are their respective ages, citizenships, positions held in the Company and its subsidiaries and brief description of business experiences.

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

REYNALDO P. MENDOZA, Filipino, 65 years old, is the Executive Vice President since March 18, 2021 and Assistant Corporate Secretary (2002 to present). He previously served as one of the two Officers-In-Charge of the Company (October 2018 to March 2021) and concurrently Senior Vice President for Legal (August 2006 to March 2021). Currently, he also holds various positions and directorship in the following subsidiaries of the Company: He is concurrent Chairman and Acting President of Acupan Gold Mines, Inc. and Sagittarius Alpha Realty Corporation; Chairman of BenguetCorp Nickel Mines, Inc., Acting Chairman of Agua de Oro Ventures, Inc., Ifaratoc Mineral Resources Corp., Benguetrade, Inc. and Pillars of Exemplary Consultants, Inc.; President and Director of Balatoc Gold Resources Corporation, Batong Buhay Mineral Resources Corp., BC Property Management, Inc., Benguet Pantukan Gold Corporation and Berec Land Resources, Inc.; Director of Benguet Management Corporation, BenguetCorp Laboratories, Inc., Keystone Port Logistics and Management Services Corp., BMC Forestry Corporation and Arrow Freight Corporation. Before joining Benguet Corporation, he was Staff Lawyer of PDCP (1987-1988) and Malayan Insurance Company (1986-1987); Associate Lawyer, Castro, Villamor & Associate (1985-1986); Legal Assistant/Apprentice Lawyer, Gono Law Office (1985). He obtained his Bachelor of Law degree from the University of the Philippines in 1984 and passed the bar examination in the same year.

MAX D. ARCEÑO, Filipino, 59 years old, is the Senior Vice President for Finance and Treasurer of the Company since March 18, 2021. He was also designated as Compliance Officer for Corporate Governance since August 24, 2021. He previously served as its Vice President for Finance and Treasurer (November 2019-March 2021); Vice President for Finance, Treasurer, Taxation/Materials (March 2018-November 2019); Vice President for Accounting and Treasurer (March 2013-March 2018) and Assistant Vice President for Treasury (July 2011-February 2013). He also holds various positions of the following subsidiaries of the Company: he is concurrent Director/Treasurer of BenguetCorp Laboratories, Inc. (Feb. 2013 to present); Director/President and General Manager of Arrow Freight Corporation and Benguetrade, Inc.; Director and President of Keystone Port Logistics and Management Services Corp., Director/Treasurer of BenguetCorp Nickel Mines, Inc., Benguet Management Corporation, BMC Forestry Corporation, Berec Land Resources, Inc., BC Property Management, Inc., Balatoc Gold Resources Corporation, Benguet Pantukan Gold Corporation, Batong Buhay Mineral Resources Corp., Acupan Gold Mines, Inc., Pillars and Exemplary, Inc., Sagittarius Alpha Realty Corp., Agua de Oro Ventures, Inc. and Ifaratoc Mineral Resources Corp. Mr. Arceño graduated from the University of the East (Batch 1983) with a degree in BSBA-Accounting and passed the board examination for Certified Public Accountant in 1984. He joined the Company in 1985 as Accounting Staff I, where he rose from the ranks.

VALERIANO B. BONGALOS, JR., Filipino, 72 years old, is the Vice President/Resident Manager of Benguet District Operations since January 15, 2020. He also holds directorship in the following subsidiaries of the Company: Acupan Gold Mines, Inc., Balatoc Gold Resources Corporation, Batong Buhay Mineral Resources Corporation, BC Property Management, Inc., Benguet Pantukan Gold Corporation, Ifaratoc Mineral Resources Corporation, Benguet Management Corporation, Berec Land Resources Inc., BMC Forestry Corporation, Ifaratoc Mineral Resources Corporation, Sagittarius Alpha Realty Corporation and Pillars of Exemplary Consultants, Inc. He is also Director/President of Agua de Oro Ventures Corporation. Formerly, he worked with the Company as Consultant (May 2018-January 14, 2020); Vice President & General Manager of Benguet District Operations (July 2013-Sept 2015), and Mine Manager of Benguet Gold Operation (1978-1980 and in 1984-1992). Mine Manager, Lepanto Consolidated Mining Co., Lepanto, Mankayan, Benguet (2016-2017). He was Vice President for Operations and Resident Manager, Apex Mining Co., Compostella Valley, Mindanao, Inc. (May 2010-July 2011); Mine Manager, Phuoc Son Gold Company, Ltd., Quang Nam, Vietnam (November 2006-July 2009); Mine Planning Manager, Ban Phuc Nickel Mines in Hanoi, Vietnam (March to June 2006); Mine Superintendent, Lepanto Consolidated Mining Company (1999-2001); Tunnel Superintendent, San Roque Multipurpose Dam (1998); Mine Manager, Base Metal Mineral Res. Corp. (1996-1997); Project Manager, Ground Specialist, Inc.-Contractor (1994-1995); Drilling & Blasting Engineer, Al Dhary

International Group in Tabuk, Saudi Arabia (1993-1994); Senior Assistant Mining Engineer, Zambia Consolidated Copper Mines (Underground Copper Mine) in Zambia, Africa (1980-1983); Project Engineer, Argonaut Mineral Exploration (1975-1978); and Shift Foreman, Long Beach Mining Corporation (1974). He is a BS Mining Engineering graduate of Mapua Institute of Technology (1973) and completed his Management Development Program at AIM in 1987. He obtained his Mining Engineering license in 1974.

PAMELA M. GENDRANO, Filipino, 54 years old, is the Assistant Vice President for Environmental Compliance since November 6, 2019. She was also designated as Chief Risk Officer since 2020. Formerly, she was AVP for Environmental Compliance-BNMI Feb. 20, 2012-Nov. 6, 2019). She is currently Director of Agua De Oro Ventures Corporation and Balatoc Gold Resources Corporation. Ms. Gendrano is a Masteral Degree holder of Environmental Studies and Community Development from the University of the Philippines at Los Baños where she gained it in 1992 and a Bachelor's Degree in Forestry from the same university in 1988. Her previous work experiences include: Freelance Environment Consultant (2008-2011); Technical Operations Manager/Senior Environment Management Specialist (GEOSPHERE Technologies, Inc., (2005-2008); Technical Operations Manager (Geographic Management Services Company (2002-2004); Senior Project Officer (BOI, JICA Study in Environmental Management w/ Public and Private Ownership (2002); Environment Management Specialist (Tetra Tech. Environmental Management, Inc. (1999-2001); EIA/IEE Consultant (1999); Project/Program Evaluator, Philippine-Canada Development Fund (1999); Section Chief, Strategic Coordination and Special Projects Section, DENR/EMB (1994-1999); Project Officer, Institute of Environment Science and Management-CIDA/Research Associate, UPLB-College of Forestry-JICA (1991-1995); Research Forester, DENR-Policy Planning Division (1987). Ms. Gendrano is also one of the seven (7) Filipinos accredited by the Environmental Protection Agency (EPA) of the United States of America to undertake Environmental Compliance Monitoring and Enforcement Trainings and an accredited Environmental Impact Assessment Study Preparer by the DENR-Environmental Management Bureau (EMB).

HERMOGENE H. REAL, Filipino, 65 years old, has been the Corporate Secretary of the Company since October 25, 2000 to present. She is currently Director of Bright Kindle Resources and Investment, Inc., where she is also Assistant Corporate Secretary (2014 to present). She is also Director of Brightgreen Resources Corporation (2014 to present); Southern Alluvial Minerals and Alumina Resources Inc. (2017 to present); Brightgreen Holdings Inc.(2017 to present); Sure Mighty Steel, Inc. (2018 to present); President, Mairete Asset Holdings Inc.(2017to present); Southern Estates Integrated Park, Inc. (2019 to present); Benguetcorp Laboratories, Inc. (2019 to present); Arrow Freight Corporation (2018 to present); Corporate Secretary of Benguetcorp Nickel Mines, Inc. (2014 to present); Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present); and Practicing Lawyer, D.S. Tantuico and Associates (1998 to present).

Significant Employees

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

Family Relationship

None of the Directors or Executive Officers is related to each other up to the fourth degree either by affinity or consanguinity.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence during the past five (5) years up to the date of this Information Statement which are material to the evaluation of ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the Company and none of them has been involved in any legal proceeding, including without limitation being the subject of: -

- a. bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- b. conviction by final judgment including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic

- violations and other minor offenses;
- c. order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
 - d. order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation.

Certain Relationship and Related Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

The Company established Related Party Transactions (RPT) Committee, tasked as among others, to evaluate and review material related party transactions of the Company. The RPT Committee is composed of four directors, chaired by Independent Director, Mr. Bernardo M. Villegas and the members are: Independent Director, Mr. Reginald S. Velasco and Directors, Mr. Luis Juan L. Virata and Jose Raulito E. Paras.

In the last two (2) years, the Company has not been a party in any transactions or proposed transactions in which a director or executive officer of the Company, any nominee for election as director, any security holder owning more than 10% of the Company's issued and outstanding shares and/or any member of his immediate family had a material interest adverse to the Company or any of its subsidiaries. The Company has no parent company.

Please refer on Note 29- Related Party Disclosures of the 2020 Audited Consolidated Financial Statements (ACFS) of the Company hereto attached by reference. All intercompany transactions are eliminated at the ACFS. As disclosed on Note 24-Related Party Disclosures of the Parent's 2020 Audited Financial Statements, in the normal course of business, the Company has the following intercompany transactions with its related parties (subsidiaries), to wit:

- a. On August 8, 2011, the Company was appointed as the exclusive marketing agent of BNMI for a marketing fee for the period 2011 to 2017. Outstanding trade receivable from this transaction amounted to ₱3,945 as at December 31, 2020 and 2019.
 - 1. The business purpose of the arrangement is for the Company to market the ore production of BNMI at the best price obtainable in the market and under terms most advantageous to BNMI.
 - 2. The Company is authorized to enter into long term supply agreement and to negotiate and receive advance payment from the buyer and is entitled to a definite marketing fee. BNMI is a subsidiary that is controlled and significantly managed by the Officers of the Company.
 - 3. The transaction was determined after the conduct of market study and cost-benefit analysis.
 - 4. The Related Party Transaction Committee and Management Committee reviewed and evaluated the transaction. The said Committees practiced the vetting process wherein it evaluated fairness of the terms of the related party transaction and ensured that the terms are at arm's length following the Related-Party Transactions policy of the Company. The related party transaction terms were compared with the terms granted to non-related parties under comparable circumstance and conditions. In cases where comparable transactions are not available, adequate justifications on the selection of the related party and on the benefits of the engagement shall be provided.
 - 5. With the improvement of nickel market rendering lower grades to be economically marketable, the marketing agreement was renewed for another five (5) years from January 1, 2021.
- b. In 2011, Arrow Freight Corporation (AFC), a wholly owned subsidiary of BMC, started providing trucking services to the Company for the delivery of equipment to various project sites. Total amount charged to the Company in 2020 and 2019 amounted to ₱2,560 and ₱2,353, respectively.

- 1, The business purpose of the arrangement is to supersede the hauling contract between AFC and the Company because of the transfer of the mining rights of the Company in its nickel ore project to BNMI and for AFC to be the exclusive equipment contractor of BNMI.
 - 2.AFC must provide all the required earthwork and hauling equipment as well as personnel necessary for BNMI's mining operations. AFC is a wholly owned subsidiary of BMC and BMC is a subsidiary of the Company that is controlled and significantly managed by the same Officers of the Company.
 - 3.The transaction price was determined after the conduct of market study and cost-benefit analysis.
 - 4.The Related Party Transaction Committee and Management Committee reviewed and evaluated the transaction. The said Committees practiced the vetting process wherein it evaluated fairness of the terms of the related party transaction and ensured that the terms are at arm's length following the Related-Party Transactions policy of the Company. The related party transaction terms were compared with the terms granted to non-related parties under comparable circumstance and conditions. In cases where comparable transactions are not available, adequate justifications on the selection of the related party and on the benefits of the engagement shall be provide.
 - 5.As a result of the arrangement, a management agreement was entered into dated 08 February 2021 engaging AFC to perform technical management and operational support services to BNMI.
- c. There were no other transactions with parties that fall outside the definition "related parties" under SFAS/IAS No. 24 with whom the Company and/or its related parties have a relationship or with any entity established and operated by individuals who were former senior management of or have some other current or former relationship with the Company that will enable the parties to negotiate terms of material transactions that may not be available to independent parties on an arm's length basis.
 - d. The Company provides and receives unsecured noninterest bearing cash advances to and from its subsidiaries for working capital requirements, which are settled in cash.

Outstanding payables from these transactions in the normal course of business are as follows:

<u>Category</u>	<u>Year</u>	<u>Amount/ Volume</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
<i>Trade payables to related parties</i>					
BTI	2020	₱	₱48,564	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2019	₱	₱48,564		
AFC	2020	331	2,560	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2019	702	2,229		
BLRI	2020	-	-	Payable on demand; non-interest bearing	Unsecured; no guarantees; no impairment
	2019	8,444	-		
Total	2020	₱331	₱51,124		
	2019	₱9,146	₱50,793		

The parent company statements of financial position include the following amounts resulting from transactions with related parties, aside from those arising from the Company's normal course of business:

<u>Category</u>	<u>Year</u>	<u>Amount/ volume</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
<i>Amounts owed by related parties</i>					
BGRC	2020	₱52	₱78,445	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
	2019	₱1,309	₱78,393		
BMC	2020	26,856	70,143	Payable on demand; non-interest bearing	Unsecured no guarantees; no impairment
	2019	96,999	96,999		
BLI	2020	5,543	43,878	Payable on demand; non-interest bearing	Unsecured no guarantees; no impairment
	2019	7,473	38,335		

BCPMI	2020 2019	147 150	30,437 30,290	Payable on demand; non-interest bearing	Unsecured no guarantees; no impairment
IMRC	2020 2019	82 63	29,920 29,838	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
BPGC	2020 2019	41 44	29,640 29,599	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
KPLMSC	2020 2019	1,968 -	18,845 16,877	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
Agua De Oro Ventures Corporation	2020 2019	361 349	12,359 11,998	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
Media Management Corporation	2020 2019	1 10,000	12,182 12,183	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
BTI	2020 2019	949 412	4,664 3,715	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
BIL	2020 2019	226 447	4,465 4,239	Payable on demand; non-interest bearing	Unsecured no guarantees; no impairment
BBMRC	2020 2019	41 43	2,492 2,451	Payable on demand; non-interest bearing	Unsecured no guarantees; no impairment
AFC	2020 2019	2,371 831	2,371 -	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
PECI	2020 2019	45 41	748 703	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
	2020 2019	38,683 118,161	340,589 355,620		
Less allowance for impairment Losses	2020 2019	- (1,181)	111,146 111,146		
Total	2020 2019	₱38,635 ₱119,342	₱229,395 ₱244,474		

The Company recognized gain on reversal of allowance for ECL amounting to nil and ₱1,181 in 2020 and 2019, respectively. In 2020 and 2019, the Company recognized allowance for ECL amounting to ₱111,146, covering amounts which management believes may no longer be recovered.

Category	Year	Amount/ volume	Outstanding balance	Terms	Conditions
<i>Amounts owed to related parties</i>					
BNMI	2020 2019	₱27,460 ₱46,872	₱615,070 ₱587,610	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
BLRI	2020 2019	1,090 8,205	35,128 36,218	Payable on demand; non-interest bearing	Unsecured No guarantees; no impairment
SARC	2020	3,760	33,843	Payable on demand;	Unsecured

	2019	21,563	30,083	non-interest bearing	No guarantees; no impairment
BMC Forestry Corp (BFC)	2020	625	25,402	Payable on demand;	Unsecured
	2019	1,623	24,777	non-interest bearing	No guarantees; no impairment
AGMI	2020	41	2,063	Payable on demand;	Unsecured
	2019	43	2,104	non-interest bearing	No guarantees; no impairment
AFC	2020	2,001	-	Payable on demand;	Unsecured
	2019	2,001	2,001	non-interest bearing	No guarantees; no impairment
BMC	2020	-	-	Payable on demand;	Unsecured
	2019	23,428	-	non-interest bearing	No guarantees; no impairment
Total	2020	P34,977	P711,506		
	2019	P56,879	P682,793		

Compensation of Key Management Personnel

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

	2020	2019
Short-term benefits	P12,389	P28,003
Post-employment benefits	3,479	5,438
	P15,868	P33,441

The Company's related party transactions which are, individually or in aggregate over a 12-month period, 10% and above of the latest audited consolidated total assets are reviewed and evaluated by the Related Party Transaction Committee and Management Committee. Afterwards, these are approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the shareholders owning two-thirds (2/3) of the outstanding capital stock.

Item 6. Compensation of Directors and Executive Officer

Summary of Compensation Table

Compensation of the Members of the Board of Directors

The members of the Board of Directors receive P15,000 (gross) as per diem for each regular and special board meetings and committee meetings.

In 2020, a total of P1.2 million was paid to all directors:

Name	Position	Amount (In Million)
Bernardo M. Villegas	Chairman, Independent Director	P0.20
Reginald S. Velasco	Vice Chairman, Independent Director	0.20
Maria Remedios R. Pompidou	Director	0.03
Luis Juan L. Virata	Director	0.09
Jose Raulito E. Paras	Director	0.10
Andrew Patrick R. Casino	Director	0.07
Anthony M. Te	Director	0.06
Rhodora L. Dapula	Independent Director	0.20
Jesse Hermogenes T. Andres	Director	0.10
Kwok Yam Ian Chan	Director	0.06
Lester C. Yee	Director*	0.09
Lina G. Fernandez	Director and President**	0

*Resigned effective March 18, 2021

**Appointed as Director and Elected as President effective March 18, 2021

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the President, four most highly compensated executive officers and all other directors and officers of the Company as a group are as follows:

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

	Year	Salary (In-Million)	Bonus (In-Million)	Other Annual Compensation
All above-named officers as a group	2021*	₱16.9	₱1.5	₱1.1
	2020**	14.6	1.5	0.7
	2019**	19.3	1.7	1.7
All other directors and officers as a group unnamed	2021*	₱3.4	₱0.3	₱1.2
	2020**	5.1	0.5	1.7
	2019**	8.7	0.8	1.3

(*) - Estimate (**) – Actual

Employment Contract with Executive Officers

The Company has no special employment contracts with its executive officers. In the ordinary course of business, the Company has employment contracts with all its employees, including officers, in compliance with the applicable labor laws and regulations. There are no compensatory plan or arrangements with any executive officers, which results or will results from the resignation, retirement or any other termination of the executive officer's employment or from a change-in-control in the Company or a change in the executive officer's responsibilities following a change in control of the Company and, no amount exceeding ₱2,500,000 is involved, which is paid periodically or installments.

Compensation of Directors

Directors receive per diems of ₱15,000.00(gross) for attendance in meetings of the board or its committees but do not receive other compensation from the Company for other services rendered. There are no standard arrangements or other arrangements which compensate directors directly or indirectly, for any services provided to the Company either as director or as committee member or both or for any other special assignment, during the Company's last completed fiscal year and the ensuing year.

Incentive Bonus Plan

Since 1980, the Company maintained an Incentive Bonus Plan. The purposes of the Plan are: (1) to attract, employ and retain management personnel of outstanding competence, and (2) to motivate its management personnel to deliver superior performance in pursuing the goals and business interests of the Company. The Plan provides for a bonus award, calculated on the basis of net income, to top operating executives, managers and members of the Board of Director. Bonus awards are either paid in full directly to the awardees or are transferred to a trust fund and are payable to the awardees in three installments generally over a period of two years. Bonus awards for any year shall be paid in cash, or in common stock. Either Common Class A or Common Class B shares may be issued under the Plan subject to the legal limitations on ownership of Common Class A shares which can be owned only by Philippine citizens. From 1995 to 2020, there was no amount set aside for payment of bonuses in accordance with the Plan.

Retirement Plan

The Company maintained a qualified, noncontributory trusted pension plan covering substantially all of its executive officers and employees. Normal retirement age under the plan is age 60, except for non-supervisory underground mine workers who have the option to retire at age 55. An employee shall also

be entitled to a benefit equal to 50% of his monthly basic salary or the normal benefit, whichever is higher, if his employment is terminated for reasons beyond his control, such as death, disability or government policy. Benefits are dependent on the years of service and the respective employee's compensation.

Warrants and Options Outstanding

Since 1975, there is an existing Stock Option Plan (the "Plan") for its selected staff employees, directors and consultants of the Company and its subsidiaries. The purpose in granting options are: (1) to encourage stock ownership in the Company, and thereby generate an interest in the Company and its subsidiaries, (2) to promote its affairs, and (3) to encourage its staff employees, directors and consultants to remain in the employ of the Company. The Plan have been amended several times and among others, there have been several amendments to extend the termination date of granting stock options. The latest amendment was approved by the Board of Directors on March 17, 2017 and by the stockholders of the Company during the November 8, 2018 annual stockholders' meeting, extending the termination date of granting stock options under the Plan until May 31, 2023.

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

In the current implementation of the Plan, the Company granted the following stock options:

- a. On May 3, 2011, under the Plan, the Company granted stock option to its officers, directors, managers and consultants totaling 2,200,332 common shares with a par value of ₱3.00 per share consisting of 1,320,199 class "A" common shares at an exercise price of ₱16.50 per share and 880,133 class "B" common shares at an exercise price of ₱17.50 per share. Due to change in par value of both Class A and B shares from ₱3.00 to ₱1.00 per share and change of exercise prices from ₱16.50 to ₱1.69 per share for Class "A" and ₱17.50 to ₱1.91 per share, the total number of unexercised shares were adjusted to 6,600,996 common shares consisting of 3,960,597 class "A" shares and 2,640,399 class "B" shares. The granted stock option came entirely from the unissued/cancelled shares of the April 6, 2006 option grant consisting of 7,004,000 common shares with par value of ₱3.00 per shares (adjusted to 21,012,000 common shares with par value of P1.00 per share) under the current implementation of the amended Plan. The shares are exempted from registration under SRC rules and the listing was approved by the PSE. As of June 30, 2021, the number of options granted to, exercised, and unexercised by the President, four (4) other most highly compensated executive officers and all other officers and directors of the Company under this grant are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Cessation from employment/directorship)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
LG Fernandez	99,000	66,000	₱1.69	₱1.91	99,000	66,000	-	-	-	-
Four Highest Paid Named Exec. Officers:										
RP Mendoza	108,000	72,000	₱1.69	₱1.91	108,000	72,000	-	-	-	-
MD Arceño	86,998	58,000	₱1.69	₱1.91	86,998	58,000	-	-	-	-
VB Bongalos, Jr.	-	-	-	-	-	-	-	-	-	-
PM Gendrano	-	-	-	-	-	-	-	-	-	-

All Other Officers and Directors as a Group Unnamed	234,000	156,000	₱1.69	₱1.91	72,000	48,000	162,000	108,000	-	-
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The options are non-transferable and 100% exercisable. Shares included in each installment may be exercised in whole at any time, or in part from time to time, until the expiration of the option. All shares purchased shall be paid in full, in cash, at the time of the exercise of the option. The option has expired on May 3, 2021, ten years from the date of the grant.

- b. On September 7, 2012, under the amended Plan, the Company granted stock option to officers, directors/members of the stock option committee and independent directors. The option grants of 624,000 common shares with a par value of ₱3.00 per share consisting of 374,400 class “A” common shares at an exercise price of ₱17.96 per share and 249,600 class “B” common shares an exercise price of ₱17.63 per share came entirely from the current balance of unissued / cancelled stock options under the present implementation of the Plan. Due to change in par value of both Class A and B shares from ₱3.00 to ₱1.00 per share and change of exercise prices from ₱17.96 to ₱1.69 per share for Class “A” and ₱17.63 to ₱1.91 per share, the total number of unexercised shares were adjusted to 1,872,000 common shares consisting of 1,123,200 class “A” shares and 748,800 class “B” shares. As of June 30, 2021, the number of options granted to, exercised, and unexercised by the officers and directors of the Company under this grant are as follows:

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

Under the amended Plan, options are non-transferable and 100% exercisable. Options are exercisable to the extent of 30% after one year from the grant, 60% after two years from the grant, and 100% after three years from the grant. Shares included in each installment may be exercised in whole at any time, or in part from time to time, until the expiration of the option. No option is exercisable after ten years from the date of the grant. Payment may be made in full and in cash or installment over three years, at the time of the exercise of the option, provided that the stock certificate shall be issued only upon full payment of the option price.

- c. On May 28, 2014, under the amended Plan, the Company granted stock option to certain directors in recognition of their long years of service to the Company. The option grants of 600,000 common shares with Par Value of ₱3.00 per shares consisting of 360,000 class “A” common shares at an exercise price of ₱7.13 per share and 240,000 class “B” common shares an exercise price of ₱7.13 per share came entirely from the current balance of unissued / cancelled stock options under the present implementation of the Plan. Due to change in par value of both Class A and B shares from ₱3.00 to ₱1.00 per share and change of exercise prices from ₱7.13 to ₱1.69 per share for Class “A” and ₱7.13 to ₱1.91 per share, the total number of unexercised shares were adjusted to 1,800,000 common shares consisting of 1,080,000 class “A” shares and 720,000 class “B” shares. As of June 30, 2021, the number

of options granted to, exercised, and unexercised by the directors of the Company under this grant are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Cessation from employment / directorship)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
LG Fernandez	-	-	-	-	-	-	-	-	-	-
Four Highest Paid Named Exec. Officers:										
RP Mendoza	-	-	-	-	-	-	-	-	-	-
MD Arceño	-	-	-	-	-	-	-	-	-	-
VB Bongalos, Jr.	-	-	-	-	-	-	-	-	-	-
PM Gendrano	-	-	-	-	-	-	-	-	-	-
All Other Officers and Directors as a Group Unnamed	648,000	432,000	₱1.69	₱1.91	-	-	648,000	432,000	-	-

Under the amended Plan, options are non-transferable and 100% exercisable. Options are exercisable to the extent of 30% after one year from the grant, 60% after two years from the grant, and 100% after three years from the grant. Shares included in each installment may be exercised in whole at any time, or in part from time to time, until the expiration of the option. No option is exercisable after ten years from the date of the grant. Payment may be made in full and in cash or installment over three years, at the time of the exercise of the option, provided that the stock certificate shall be issued only upon full payment of the option price.

- d. On March 17, 2017, under the amended Plan, the Company granted stock option to qualified staff employees, directors and consultants of the Company and its subsidiaries who have rendered at least two (2) years of service as of March 11, 2017. The Options grant of 8,414,375 common shares were sourced from the cancelled, expired and forfeited shares from previous stock option grants consisting of 5,048,625 Class A shares at exercise price of ₱1.38 per share and 3,365,750 Class B shares at exercise price of ₱1.43 share. The shares are exempted from registration under SEC's MSRD Resolution No. 5 Series 2020 dated February 28, 2020 and the listing was also approved in principle by PSE in its Notice of Approval dated March 4, 2021. As of June 30, 2021, the number of options granted to, exercised, unexercised by the President, four (4) other most highly compensated executive officers and all other officers and directors of the Company under the grant are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Cessation from employment / directorship)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
LG Fernandez	138,600	92,400	₱1.38	₱1.43	138,600	50,000	-	42,400	-	-
Four Highest Paid Named Exec. Officers:										
RP Mendoza	138,600	92,400	₱1.38	₱1.43	138,600	92,400	-	-	-	-
MD Arceño	127,050	84,700	₱1.38	₱1.43	-	-	127,050	84,700	-	-
VB Bongalos, Jr.	-	-	-	-	-	-	-	-	-	-
PM Gendrano	66,000	44,000	₱1.38	₱1.43	66,000	20,000	-	24,000	-	-
All Other Officers and Directors as a Group Unnamed	462,000	308,000	₱1.38	₱1.91	-	-	462,000	308,000	-	-

Under the Plan, options are exercisable to the extent of 30% after one year from the grant, 60% after two years from the grant, and 100% after three years from the grant. Shares included in each installment may be exercised in whole at any time or in part from time to time, until the expiration of the option. Payment may be made in full and in cash or installment over three years, at the time of the exercise of the option, provided that the stock certificate shall be issued only upon full payment of the option price. Options are non-transferable and no option is exercisable after ten (10) years from the date of grant.

Item 7. Independent Public Accountants

The Company's independent public accountants, Sycip Gorres Velayo and Company (SGV) was re-appointed by the Board of Directors and approved/ratified by the stockholders of the Company on September 9, 2020 and November 11, 2020, respectively. Audit services of SGV for the calendar year ended December 31, 2020 included the examination of the parent and consolidated financial statements of the Company, assistance in the preparation of annual income tax return and other services related to filing of reports made with the Securities and Exchange Commission (SEC).

The Company is compliant with SRC Rule 68, paragraph (3)(b)(iv) requiring the rotation of external auditors or engagement partners who have been engaged by the Company for a period of five (5) consecutive years. The Company's audit engagement partner for calendar year 2020 was Mr. Peter John R. Ventura- SEC accredited auditing partner of SGV. This is Mr. Ventura's second year as engagement partner for the Company. No event has occurred where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedures.

Representatives of SGV are expected to be present at the stockholders' meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

External audit fees

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

Tax fees

In 2020 and 2019, no professional fees for tax advisory services were paid to the external auditor.

All other fees

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

Audit Committee's Approval Policies and Procedures

Prior to the commencement of audit work, the external auditor presented their program and schedule to the Company which included discussion of issues and concerns regarding the audit work to be done. The external auditor presented to the Audit Committee the audited financial statements of the Company for the year for approval and endorsed to the Board for final approval prior to release/issuance by the external auditor. The Company's Audit Committee is composed of four (4) directors, chaired by an Independent Director, Atty. Rhodora L. Dapula, and the members are: Independent Director, Mr. Bernardo M. Villegas and Directors Atty. Andrew Patrick R. Casino and Mr. Lester C. Yee who resigned effective March 18, 2021.

RE-APPOINTMENT OF EXTERNAL AUDITOR

Submitted for approval by the stockholders is the re-appointment of Sycip Gorres Velayo & Company (SGV) to extend its audit services as the independent external auditor of the Company. During the regular meeting of the Company's Board of Directors held on August 24, 2021, the Board approved the re-appointment of SGV as the Company's independent external auditor.

A vote of the stockholders representing majority of the outstanding capital stock of the Company is required for the re-appointment of SGV as the Company's independent external auditor.

Management recommends a vote FOR the re-appointment of SGV.

Item 8. Compensation Plans

No action is to be taken at the annual meeting with respect to compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other Than for Exchange

Proposal of Granting New Stock Options

Submitted for approval by the stockholders is the proposal of granting new stock options to qualified staff employees, officers, directors and consultants of the Company and its subsidiaries under the existing amended stock option plan (the "Plan") of the Company. During the March 18, 2021 regular meeting of the Board of Directors (the "board") of the Company, the Board approved the recommendation of the Stock Option Committee that cancelled, expired and forfeited shares from previous stock option grants be distributed to qualified officers, directors, employees and consultants of the Company and its subsidiaries who have rendered at least two (2) years of service as of March 15, 2021, and approved and confirmed the individual awards to qualified participants and approved the exercise price of the stock option grant at ₱2.19 for Class A share and ₱2.05 for Class B share. The option grant will be sourced from the cancelled, expired and forfeited shares from previous stock option grants consisting of 3,007,627 common shares based on the December 31, 2020 audit and it is available for future grant of options under the existing Plan. These cancelled, expired and forfeited options are part of the shares exempted from registration under SEC's Resolution No. 084 dated March 31, 2008 and SEC letter dated October 11, 2011 and the listing was also approved by the PSE.

The purpose of the Company's Stock Option Plan is to encourage stock ownership in the Company by granting options to selected staff employees, officers, directors and consultants of the Company and its subsidiaries in order to provide them with greater incentive not only to promote the Company's and its subsidiaries' interest but also to remain in their employ.

Attached is a copy of duly notarized Secretary's Certificate certifying that the Board of Directors of the Company authorized the granting of new stock options to qualified staff employees, officers, directors and consultants of the Company and its subsidiaries under the existing amended stock option plan of the Company (**Annex "D"**).

Under the existing Plan, pricing is based on the market value of the shares as of the date of grant minus discount of up to 25%. The reference price shall be the closing price posted in the PSE website as of the date of grant. Latest closing price of the Company common class A shares on March 1, 2021 was at ₱2.92 per share while common class B shares was at ₱2.73 per share. At these prices, the exercise price per share will be ₱2.19 for common class A shares and ₱2.05 for common class B shares. Options are exercisable to the extent of 30% after one year from the grant, 60% after two years from the grant, and 100% after three years from the grant. Shares included in each installment may be exercised in whole at any time, or in part from time to time, until the expiration of the option. Payment may be made in full and in cash or installment over three years, at the time of the exercise of the option, provided that the stock certificate shall be issued only upon full payment of the option price. Options are non-transferrable and no option is exercisable after ten (10) years from the date of the grant.

Below is the distribution of the proposed stock option grant:

	Option Grants		Option Exercise Price/Share	
	Class A	Class B	Class A	Class B
LG Fernandez	57,750	38,500	P2.19	P2.05
Four Highest Paid Named Exec. Officers:				
RP Mendoza	57,750	38,500	P2.19	P2.05
MD Arceño	43,313	28,875	P2.19	P2.05
VB Bongalos, Jr.	24,750	16,500	P2.19	P2.05
PM Gendrano	39,375	26,250	P2.19	P2.05
Other current officer (Unnamed)	39,375	26,250	P2.19	P2.05
Each Nominee for Election as a Director				
Bernardo M. Villegas	39,375	26,250	P2.19	P2.05
Maria Remedios R. Pompidou	39,375	26,250	P2.19	P2.05
Luis Juan L. Virata	39,375	26,250	P2.19	P2.05
Jesse Hermogenes T. Andres	39,375	26,250	P2.19	P2.05
Each other person who received 5% of such option	0	0	0	0
All current directors as a group who are not exec. officer (unnamed)	275,625	183,750	P2.19	P2.05
All other employees and consultants, as a group (unnamed)	1,106,741	737,817	P2.19	P2.05

The implementation of the proposed stock option grant is after: a) approval by the Company's stockholders at the Annual Stockholders' Meeting on November 10, 2021; b) approval by the SEC of the Company's application for reconfirmation of exemption from registration of the shares intended for the stock option grant; and c) approval by the PSE of the Company's application for additional listing of the shares intended for the stock option grant.

A vote of the stockholders representing two-thirds (2/3) of the outstanding capital stock of the Company is required for approval of the above stated stock option grant.

Management recommends a vote **FOR** the approval.

Item 10. Modification or Exchange of Securities

No action is to be taken at the annual meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

As stated above, no action is to be taken at the annual meeting with respect to the matters under Item 10 (Modification or Exchange of Securities)

The Company's 2020 Audited Consolidated Financial Statements (**Annex "H"**) and Unaudited Interim Consolidated Financial Statements for 2021 Second Quarter Report ended June 30, 2021 (**Annex "B"**) are incorporated in this information statement by reference.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken at the annual meeting with respect to any transaction involving the following (i) merger or consolidation of the Company into or with any other person or of any other person into or with the Company; (ii) acquisition by the Company or any of its security holders of securities of another person; (iii) acquisition by the Company of any other going business or of the assets thereof; (iv) sale or other

transfer of all or any substantial part of the assets of the Company; or (v) liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

No action is to be taken at the annual meeting with respect to the acquisition or disposition by the Company of any property.

Item 14. Restatement of Accounts

No action is to be taken at the annual meeting with respect to the restatement of Company's asset, capital or surplus account.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Management seeks the approval/ratification by the stockholders of the following report/minutes/matters:

- I. Minutes of the Annual Stockholders' Meeting held on November 11, 2020.
The minutes of the Annual Stockholders' Meeting may be accessed through the Company website www.benguetcorp.com. The brief summary of Minutes is presented below.

BRIEF SUMMARY OF MINUTES OF NOVEMBER 11, 2020 ANNUAL STOCKHOLDERS' MEETING

1. The Corporate Secretary certified that there was a quorum for the transaction of business, there being present in person or represented by proxy a total of 404,144,955 or 65.41% of the outstanding shares of the Company.
2. The Management Report presented during the annual meeting highlighted the 2019 performance of the Company as follows:
 - The Company ended 2019 with consolidated income of ₱115.7 million, surpassing the challenges of 2019, a testament to its resiliency.
 - The Company's Acupan Gold Project (AGP) reported a net income of ₱29.9 million in 2019. AGP produced 8,069 ounces with an average price of gold at US\$1,384.64 per ounce, US\$109.97 per ounce higher than US\$1,274.67 per ounce in 2018.
 - Benguetcorp Nickel Mines, Inc. (BNMI) remained suspended. BNMI generated ₱64.6 million revenue from export of 55,000 tons grading 1.5% of nickel ore sold at an effective average price of US\$22.50/ton. The reduced shipment volume and lower nickel price resulted to ₱191.2 million loss.
 - The Company's Irisan Lime Project (ILP) peaked its income at ₱34.2 million from last year's income of ₱24.0 million. Sales volume for the year were at 9,671 tons.
 - The Company's subsidiary, Benguet Management Corporation (BMC) and its subsidiaries reported a consolidated net income of ₱58.4 million, BMC was able to sell its former Citrus property covered with lahar sand in San Marcelino, Zambales at a gain of ₱68.59 million.
 - The Company's healthcare provider under Benguetcorp Laboratories, Inc.(BCLI) reported a net loss of ₱18.0 million, 48% lower as compared to the net loss of ₱34.9 million in 2018. BCLI was awarded a three-year contract for the clinic management and medical services of Texas Instruments in Baguio City and in Clark, Pampanga.
 - The Company updated the Balatoc Tailings Project (BTP) information memorandum and negotiated with potential financial consultant on engagement terms to source and secure capital and project finance.
 - The Company conducted preliminary drilling at the southern-half section of the MPSA tenement of Pantingan Gold Prospect to further test the vertical extension of the mineralized structures mapped previously in the claim area. As of second quarter 2020, a total down-dip of 1,012.40 meters were drilled since the drilling program was implemented in January 2020. Core samples were sent to Intertek Laboratory for multi-element analysis and the drill results are expected in the second half this year.

- On the Pantingan aggregates project, geological evaluation through mapping and sampling works were conducted on the 150-hectare blocks identified as highly prospective domains for mountain rock deposits and coarse rock aggregates situated northeast of the MPSA claim area. The larger block named PAB-1 was chosen by management to come-up with a bigger and wider resource materials for rock aggregates. Immediately north of PAB-1 are four (4) of the applied Quarry Permit Areas (QPA) having a total area of 20 hectares. Exploration Permit Application covering 1,200 hectares for another rock aggregate evaluation outside the MPSA (north of the MPSA), was submitted and formally accepted by MGB.
 - The Company has decided to resume evaluation of its real estate properties in the Benguet District. Two of the country's leading real estate specialists have approached the Company and offered to do a due diligence study on the proposed land development projects. Preliminary discussions are ongoing and the Company is looking forward to partnership which should pave the way for the development of these landholdings.
 - The Company's nickel and gold mining operations continue to be ISO 14001:2015 certified. With the Company's commitment to the protection and enhancement of environment, the Gold operations has spent ₱5.2 million in 2019, bringing its expenditures to-date to ₱68.3 million since 2015, while the Nickel operations has spent ₱10.8 million in 2019, bringing the expenditures to-date to ₱239.8 million since 2010. The Gold operations has planted year-to-date about 1,285,478 seedlings of various plant/tree species all over its tenements at 82% survival rate. Since 2009, the Company's Nickel operations has planted about 2,062,793 seedlings of various plant/tree species inside and outside its tenement at 95% survival rate.
 - The Company's gold and nickel operations continues to fulfill its social responsibility through the implementation of various Social Development and Management Programs (SDMP). Scholarship program continues to benefit 82 college students and 289 high school students in host and neighboring communities. In the fulfillment of its social development program, the Company's Gold operations spent ₱8.9 million in 2019, bringing its expenditures to-date to ₱39.4 million since 2005, and the Nickel operations has spent ₱2.6 million in 2019, bringing its expenditures to-date to ₱46.5 million since 2013.
 - The Company is committed to improve its current code of corporate governance practices. For the year in review, the Company formalized the Board Risk Oversight Committee Charter and the new policies on Related Party Transaction; Anti-Fraud, Corruption and Whistleblowing; Enterprise Risk Management Framework; and Self-Assessment Forms for Board, AuditCom and Board Risk Oversight Committee (BROC).
 - The Company remains optimistic about its prospects in 2020 despite the pandemic onset. It is counting on the improving metal prices of gold and nickel and the lifting of BNMI mining suspension to end the decade with better profitability. The Company will work for higher gold production of the Acupan gold operations with the continued development, and rehabilitation of underground mine resources and for the resumption of mining activities in its Zambales nickel operation. The Company will continue to develop its real estate projects in the Benguet Province. Finally, the Company will revisit its water rights holdings for possible Bulk Water Supply Project.
3. The stockholders approved the Minutes of the Annual Meeting of Stockholders held on November 7, 2019. The Company received a total of 404,144,955 affirmative votes of stockholders representing at least 65.41% of the outstanding shares in favor of the approval of the Minutes of the Annual Meeting of Stockholders held on November 7, 2019.
 4. The stockholders approved the Management Report and Audited Financial Statements for 2019. The Company received a total of 404,144,955 affirmative votes or 65.41% of the outstanding shares in favor of the approval of the Management Report and Audited Financial Statements for 2019.
 5. The stockholders approved the re-appointment of Sycip Gorres Velayo and Company (SGV) as the Company's independent external auditor. The Company received a total of 404,144,955 affirmative votes or 65.41% of the outstanding shares in favor of the approval of the re-appointment of SGV & Company as the Company's independent external auditor.
 7. The stockholders confirmed and ratified all acts, contracts, resolutions and proceedings made and

entered into by Management and/or the Board of Directors since the November 7, 2019 Annual Stockholders' Meeting until the date of 2020 Annual Stockholders' Meeting. The Company received a total of 404,144,955 affirmative votes or 65.41% of the outstanding shares have voted in favor of confirmation and ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or Board of Directors since the November 7, 2019 Annual Stockholders' Meeting until the date of 2020 Annual Stockholders' Meeting.

8. No election of directors was held because the 1993 Supreme Court Temporary Restraining Order (TRO) enjoining the holding of elections of directors, has not been lifted. Thus, the Company's present set of directors will remain in office on hold-over capacity until their successors shall have been duly elected and qualified. The composition of the Board of Directors are as follows:

A. Representing the Class "A" Convertible Preferred and Common Class "A" Shares of Stock:

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

B. Representing the Common Class "B" Shares of Stock

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

- II. The Management Report (Annex "A") and the Audited Financial Statements for the year ended 31 December 2020 audited by the Company's independent external auditors, Sycip Gorres Velayo & Company (SGV) are contained in this Information Statement. The 2020 audited financial statements is also an attachment of the Company's 2020 Annual Report (SEC Form 17-A) as filed to the SEC and PSE. These are posted and accessible through the Company website www.benguetcorp.com and may be accessed in the online system of PSE Edge Portal <https://edge.pse.com.ph> .

- III. The following are acts, contracts, investments, resolutions, and proceedings made, passed and entered into by Management and/or the Board of Directors since November 11, 2020 to November 10, 2021:

- 1) Appointed/re-elected/re-appointed as the Chairman and Vice Chairman of the Board, and Officers of the Company to the following positions:

Chairman of the Board	-	Dr. Bernardo M. Villegas
Vice Chairman	-	Mr. Reginald S. Velasco
Officer-in-Charge, Senior Vice President-Legal, and Asst. Corporate Secretary	-	Atty. Reynaldo P. Mendoza
Officer-in-Charge, Senior Vice President- Finance & Comptroller	-	Atty. Lina G. Fernandez
Vice President-Finance & Treasurer	-	Mr. Max D. Arceño
Vice President/Resident Manager, Benguet District Operations	-	Mr. Valeriano B. Bongalos, Jr.
Asst. Vice President-Environmental Compliance	-	Ms. Pamela M. Gendrano
Corporate Secretary	-	Atty. Hermogene H. Real

- 2) Approved the re-appointment of principal legal counsel: Sycip Salazar Hernandez & Gatmaitan Law Office;
- 3) Approved the re-appointment of Stock Transfer Agent and Registrar – Stock Transfer Service, Inc. (STSI) for local and U.S. stockholders;

4) Approved the reconstitution of the following Board Committees:

(1) **EXECUTIVE COMMITTEE**

Chairman: Jesse Hermogenes T. Andres

Members:

Anthony M. Te
Bernardo M. Villegas (Independent Director)
Kwok Yam Ian Chan

(2) **SALARY AND STOCK OPTION COMMITTEE**

Chairman: Jesse Hermogenes T. Andres

Members:

Bernardo M. Villegas (Independent Director)
Anthony M. Te
Reginald S. Velasco (Independent Director)

(3) **AUDIT COMMITTEE**

Chairman: Rhodora L. Dapula (Independent Director)

Members:

Bernardo M. Villegas (Independent Director)
Lester C. Yee
Andrew Patrick R. Casiño

(4) **NOMINATION COMMITTEE**

Chairman: Bernardo M. Villegas (Independent Director)

Members:

Anthony M. Te
Jesse Hermogenes T. Andres
Reginald S. Velasco (Independent Director)

(5) **CORPORATE GOVERNANCE COMMITTEE**

Chairman: Bernardo M. Villegas (Independent Director)

Members:

Reginald S. Velasco (Independent Director)
Rhodora L. Dapula (Independent Director)
Lina G. Fernandez – Compliance Officer

(6) **BOARD RISK OVERSIGHT COMMITTEE (BROC)**

Chairman : Reginald S. Velasco (Independent Director)

Members :

Jose Raulito E. Paras
Bernardo M. Villegas (Independent Director)
Pamela M. Gendrano – Chief Risk Officer

(7) **RELATED PARTY TRANSACTIONS (RPT) COMMITTEE**

Chairman : Bernardo M. Villegas (Independent Director)

Members :

Reginald S. Velasco (Independent Director)
Jose Raulito E. Paras
Luis Juan L. Virata

5) Reconfirmed CHQ bank signatories as follows :

Any two (2) of the following officers :

Class A:

Reynaldo P. Mendoza

Lina G. Fernandez

or any of them jointly with any one of:

Class B:

Max D. Arceño

Valeriano B. Bongalos, Jr.

6) Approved and accepted the resignation of Class B Director, Mr. Lester C. Yee;

- 7) Approved the appointment of new Director, Atty. Lina G. Fernandez, to represent Common Class B Stock in replacement of Mr. Lester Yee;
- 8) Approved organizational changes, to wit: appointment of Atty. Lina G. Fernandez as President; promotion of Atty. Reynaldo P. Mendoza as Executive Vice President and promotion of Mr. Max D. Arceño as Senior Vice President-Finance & Treasurer, all with corresponding salary adjustments;
- 9) Approved the 2020 Audited Financial Statements [Audited Consolidated Financial Statements (ACFS) and Audited Parent Financial Statements (APFS)] of the Company for the year ended December 31, 2020. The Board also approved and authorized the issuance of the Company's 2020 ACFS and APFS as audited by Sycip Gorres Velayo and Company;
- 10) Approved the stock option grant involving 3,007,627 total shares to 151 awardees comprising of BC and Subsidiaries employees, officers, consultants and the board of directors;
- 11) Approved the contract award to CTech Industrial to do Phase 2 drilling in Pantingan Project in Bataan and designated Mr. Max D. Arceño to be the signatory of the contract;
- 12) Approved the engagement of Leynes Garcia Trillana Lim Lozada Golez Onrubia (LGTON) Law Office to handle the 2 environmental cases or Writ of Kalikasan cases filed against BC by the oppositors to TSF2 Dam raising;
- 13) Approved the engagement of Andres Padernal Paras (APP) Law Office with regard to BC's Pantingan claim;
- 14) Approved and authorized the adjustment in capital increase and transfer costs of Calhorr properties to BC Property Management (BCPM) comprising of 2 titles, TCT Nos.319 and 320 measuring 9 hectares each or total of 18 hectares and increasing BCPM's capitalization from P10M to P120M;
- 15) Approved and authorized the adjustment in capital increase and transfer costs of Kelly group to Agua de Oro Ventures Corp. (AOVC) comprising of 4 titles: OCT Nos. P-252, P-253,P-254 and P-255 measuring 9 hectares each or total of 36 hectares and increasing capitalization of AOVC from P48M to P268M;
- 16) Approved and authorized the management to enter into agreement with FUJI XEROX PHILIPPINES INC. (FXPI) for the Full Service Maintenance Agreement and all related documents and authorized Atty. Reynaldo P. Mendoza to sign, execute and deliver the contract;
- 17) Approved and authorized the execution of Memorandum of Agreement (MOA) between Benguet Corporation (BC) and Sibugay Energy Ventures & Development Corporation (SEVDC) for purposes of continuing the livelihood of the small scale miners in the BOLCO area Zamboanga Sibugay in exchange for BC being allowed to do drilling and to get Free Prior Consent (FPIC) from the Indigenous People (IP); Designated Atty. Lina G. Fernandez and Atty. Reynaldo P. Mendoza to sign and execute MOA and other related documents;
- 18) Approved and authorized the execution of the Memorandum of Agreement (MOA) between Benguet Corporation and the Lower Downstream Communities which would resolve and compromise all issues concerning opposition to the raising of Tailings Dam No. 2 elevation; authorized and designated Mr. Valeriano B. Bongalos, Jr. or Mr. Max D. Arceño to sign, execute and deliver the MOA;
- 19) Approved and ratified renewal of contracts with various ACMP contractors and BGO contracts, to wit:
 - A. Acupan Contract Mining Project (ACMP) Mining Contracts:
 1. ACMP Contract between Benguet Corporation (BC) and RBSSGOM represented by Rodolfo Sawey Re: Mining activities located at identified areas of L-2000 underground
 2. ACMP Contract between Benguet Corporation (BC) and MSLAI represented by Marcon Sison Re: Mining activities located at L-1875 underground
 3. ACMP Contract between Benguet Corporation (BC) and GGOM represented by Simeon Gayados Re: Mining activities at identified areas located at L-2000 underground
 4. ACMP Contract between Benguet Corporation (BC) and RMSSMAI represented by Gilbert Tanding Re: Mining activities at identified areas located at L-1700 and L-2000 underground

5. Provisional ACMP Contract between Benguet Corporation (BC) and CDGSSMAI represented by Natividad Cadingpal Re: Mining activities at identified areas located at L-1500 underground with restricted conditions

6. ACMP Contract between Benguet Corporation (BC) and the following contractors:

- a. IUSSMAI represented by Lino Lonogan
- b. SAPOMOI represented by Gilbert Sibayan
- c. KISIMLA represented by Pablo Kidkid
- d. ACUCMA represented by Brenda Dulnuan
- e. OSSMAI represented by Ma. Conchita Oficial
- f. SSSMOI represented by Michael Sibayan
- g. RCAMOI represented by Ricky Acay

Re: Mining activities at identified areas located at L-1500, L-1700, L-1875 and L-2000 underground

B. Other BGO Contracts

1. Contract Extension Agreement dated September 9, 2020 between Benguet Corporation (BC) and Joeden C. Acay Re: Extension of contract of work (expired on August 28, 2020) on the desilting of New Diversion Tunnels (NDTs) inlet approach located at Batuang, Virac, Itogon, Benguet

2. Professional Service Agreement September 12, 2020 between Benguet Corporation (BC) and Alicia Follosco Re: Independent social impact assessment for the five (5) years various programs of the SDMP

3. Memorandum of Agreement dated November 10, 2020 between Benguet Corporation (BC) and Municipality of Itogon represented by Mayor Victorio Palangdan Re: Temporary use and rehabilitation of the old BC basketball located at Kelly, Gumatdang, Itogon, Benguet for public and other community related activities

4. Usufruct Agreement dated November 10, 2020 between Benguet Corporation (BC) and Municipality of Itogon represented by Mayor Victorio Palangdan Re: Construction of Freedom Park and Veteran's multi-purpose building at the vicinity of TSF 1 and 2 located at Batuang, Virac, Itogon, Benguet

5. Contract of Work dated November 17, 2020 between Benguet Corporation (BC) and Crimson Bay Construction and Aggregates represented by Salvador Cabe Re: Construction of additional quarantine facility

6. Contract of Work dated November 17, 2020 between Benguet Corporation (BC) and A.L. Sagandoy Construction represented by Agapito Sagandoy Re: Installation of tailings pipelines at Batuang, Virac, Itogon, Benguet

7. Contract Extension Agreement dated November 24, 2020 between Benguet Corporation (BC) and Leon Garcia Re: Cleaning of L-2000 auxiliary tunnel to delivery and unloading to the Mill Industrial Complex at Balatoc, Virac, Itogon, Benguet

8. Contract for Waste Collection dated December 1, 2020 between Benguet Corporation (BC) and Gilvin Palabay Re: Collection and hauling of residual wastes from the minesite to Urdaneta ESL

9. Contract of Work dated January 4, 2021 between Benguet Corporation (BC) and Leon Garcia Re: Installation of tailings pipelines (Phase 1) at Batuang, Virac, Itogon, Benguet

10. Contract of Work dated January 4, 2021 between Benguet Corporation (BC) and Carlos Gansoen Re: Plugging of Colbath Portal located at Liang, Antamok, Itogon, Benguet

11. Contract of Work dated January 12, 2021 between Benguet Corporation (BC) and Brigette Baddao Re: Nursery establishment and seedling propagation

12. Contract of Work dated February 16, 2021 between Benguet Corporation (BC) and Camado Clan represented by Hector Amancio re: Construction of Harvesting area canal extension located at the mill premises

13. Contract of Work dated February 5, 2021 between Benguet Corporation (BC) and Rodolfo Sawey re: Demolition of Bunkhouse 14 located at Virac, Itogon, Benguet

14. Contract of Work between Benguet Corporation (BC) and Pablo Kidkid re: Demolition of Bunkhouse 16 at Virac, Itogon, Benguet

- 20) Authorized and approved the amendment on the change of official Benguet Corporation's mobile no. to 09998894008 (from 09166100630) for submission to SEC;
- 21) Approved to designate Atty. Reynaldo P. Mendoza to represent BC and act for it in the submission of reportorial requirements with the SEC through Online Submission Tool (OST);
- 22) Approved the appointment of Mr. Max D. Arceño as the Company's new Corporate Governance Compliance Officer to replace Atty. Lina Fernandez who was elected as President on March 18, 2021;
- 23) Approved the retention of Chairman Bernardo M. Villegas as Independent Director (ID) despite having served the maximum term limit of nine years (from 2012 to present) for reasons that Chairman Villegas is an asset to the Company for having contributed meaningfully to the success of BC because of his business experience and acumen, and subject to stockholders' approval;
- 24) Approved the holding of the virtual ASM on November 10, 2021 at 3 o'clock in the afternoon, Benguet Corporation's Board Room, 7th Floor Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City, and fixed September 17, 2021 as the record date for stockholders entitled to notice of, and to vote at this meeting. The Board approved and authorized stockholders to participate in the virtual ASM through remote communication and to exercise their right to vote in absentia or through proxy;
- 25) Approved the re-appointment of SGV & Co. as the Company's independent external auditor, subject to stockholders' approval;
- 26) Approved to authorize the Executive Vice President, Atty. Reynaldo P. Mendoza to sign and execute documents in connection with the 4th renewal of the Exploration Period of Pantingan Project under MPSA No. 154-2000-III;
- 27) Approved to authorize the Executive Vice President, Atty. Reynaldo P. Mendoza, to sign and execute documents in connection with renewal of the Surigao Coal Operating Contract (COC) located in Lianga and Marihatag, Surigao del Sur;
- 28) Approved to modify the capital increase application of Agua de Oro Ventures Corporation (AOVC) for the Kelly group from ₱48M to ₱296M to accommodate the increased value of land assets to be transferred according to its latest book/appraisal value of ₱248.780M.
- 29) Approved resolution to dispose mango plantation lands through Voluntary Land Transfer of its wholly-owned subsidiary, Benguet Management Corporation (BMC) pursuant to RA 6657 or the Comprehensive Agrarian Reform Law of 1988 and RA 9700 (An Act Strengthening the Comprehensive Agrarian Reform Program (CARP), in connection with the requirements for the release of the compensation proceeds;
- 30) Approved to amend Articles and By-Laws of its subsidiary, Benguetcorp Nickel Mines, Inc. (BNMI) as follows: (a) amending the name of the corporation from BENGUETCORP NICKEL MINES, INC. to BENGUETCORP RESOURCES MANAGEMENT CORPORATION; (b) amending the title of the document from AMENDED ARTICLES OF INCORPORATION OF BENGUETCORP NICKEL MINES, INC. to AMENDED ARTICLES OF INCORPORATION OF BENGUETCORP RESOURCES MANAGEMENT CORPORATION;(c) additional provision in the Secondary Purposes, as follows: "4. To develop, construct, own, lease and operate electricity generation distribution facilities and/or hydroelectric, geothermal, wind, solar, and other renewable energy power plants, retail electricity supply facilities, or related businesses; (d) amending the principal office from Monsalud Building, Lipay, Sta. Cruz, Zambales to MJM Building, Lipay, Sta. Cruz, Zambales; and (e) amending the title of By-Laws from AMENDED BY-LAWS OF BENGUETCORP NICKEL MINES, INC. to AMENDED BY-LAWS OF BENGUETCORP RESOURCES MANAGEMENT CORPORATION; and (f) amending Section 3 of the By-laws on the Place of Meeting from "Stockholder meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors in the city or municipality where the principal office of the corporation is located" to "Stockholders meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors as it may deem appropriate or necessary";

- 31) Approved the execution of the revised Marketing Agreement between BC and BNMI covering the term of 5 years from January 2021 to December 2026 and authorized Atty. Lina G. Fernandez or Atty. Reynaldo P. Mendoza as signatories to agreement;
- 32) Approved and ratified the Supplemental Agreement between Philippine Economic Zone Authority (PEZA) and BC dated August 18, 2021 on the amendment of the classification of Kelly Special Economic Zone from a purely special economic zone to a "Mixed-use Ecozone";
- 33) Approved the Memorandum of Agreement by and among Orelina Mining Corporation, Benguet Corporation and Sibugay United Small Scale Mining Cooperative (SUSSMC) expressing consent to the Minahang Bayan application covering the BOLCO Project in Zamboanga Sibugay for the purpose of giving livelihood to the small scale miners subject to certain limitations and on conditions that BC will be allowed to conduct drilling and SUSSMC will assist in obtaining the FPIC from the Subanon Tribe and designated Atty. Lina G. Fernandez as authorized signatory to the MOA;
- 34) Approved the renewal of Management Agreement between Benguet Corp. and BMC Forestry Corp (BFC) on the management of BC's Irisan Lime Kiln for a 5-year term from January 1, 2021 and the designation of Atty. Lina G. Fernandez or Atty. Reynaldo P. Mendoza as signatory to the agreement'
- 35) Approved the Compromise Agreement by and between Benguet Corp and Lower Downstream Communities pertaining to the implementation of the dam raising activity of BC's TSF2 for a measurement of 2 meters;
- 36) Approved and ratified the contract of security services in Benguet District with Longinus' Spear Security Agency covering the period July 1, 2020 to December 31, 2021 and the designation of any one of Atty. Lina G. Fernandez, Atty. Reynaldo P. Mendoza or Mr. Valeriano B. Bongalos, Jr., as authorized signatory;

A vote of the stockholders representing majority of the outstanding voting capital stock of the Company is required for the approval/ratification of Minutes of the November 11, 2020 Annual Stockholders' Meeting and all acts, contracts, investments, resolutions, and proceedings made and entered into by Management and/or Board of Directors during the period from November 11, 2020 to November 10, 2021.

Management recommends a vote **FOR** these above-stated matters.

Item 16. Matter Not Required To Be Submitted

No action is to be taken at the annual meeting with respect to any matter which is not required to be submitted to a vote of the stockholders.

Disclosure Requirements Pursuant to Section 49 of the Revised Corporation Code of the Philippines:

1. Description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given.

The stockholders were given the opportunity to asked questions and/or comments by sending the same to an email address designated by the Company. This instruction was incorporated in 2020 Definitive Information Statement's Annex "C". These questions will be raised during the Open Forum during the virtual meeting. For the last year's Annual Stockholders' Meeting, the Company has not received any question and/or clarification through email or during the open forum.

2. List of directors, officers and stockholders who attended the meeting.
The following directors are present during the 2020 Annual Stockholders Meeting:
In person:
Bernardo M. Villegas
Reginald S. Velasco
Jesse Hermogenes T. Andres
Kwok Yam Ian Chan

Lester C. Yee

Via remote communication:

Luis Juan L. Virata
 Anthony M. Te
 Jose Raulito E. Paras
 Andrew Patrick R. Casino
 Rhodora L. Dapula

The following officers were present during the 2020 Annual Stockholders' Meeting:

In Person:

Lina G. Fernandez – Officer-in-Charge/Senior Vice President-Finance
 and Comptroller
 Reynaldo P. Mendoza – Officer-In-Charge/Senior Vice President-Legal & Asst.
 Corp. Secretary
 Max D. Arceno – Vice President – Finance and Treasurer

Via remote communication:

Valeriano B. Bongalos, Jr. – Vice President/Resident Manager – Benguet
 District Operations
 Pamela M. Gendrano – Asst. Vice President – Environmental Compliance

Stockholders and PCD Beneficial Owners who were present in person or by proxy during the Annual Stockholders' Meeting held on November 11, 2020 were as follows:

Maybank ATR Kim Eng Securities, Inc.	Pan Malayan Mgt & Invst Corp.	RCBC Trust Dept
Mandarin Securities Corp.	Enrique T. Yuchengco, Inc.	RCBC Trust & Investment Division
Luys Securities Company	Estate of Alfonso T. Yuchengco	Lucky Securities, Inc.
FEBTC T/A# 4113-00204-5	The Pacific Fund	Palm Avenue Holdings Co.
Largo Securities	RP Land Devt Corp.	Palm Avenue Realty & Devt. Corp.
House of Investment, Inc.	RCBC T/A#74-034-9	Lina G. Fernandez
Mico Equities	RCBC T/A#76-216-4	Shirley Cueva
Petroenergy Resources Corp	RCBC T/A#76-001-3	Hermogene H. Real
Reynaldo P. Mendoza	Tomas D. Malihan	Daisy A.Mejia
E. Chua Chiaco Securities	Jose Carlos Fernandez	George J. Zenz
Kwok Yam Ian Chan	Jesse Hermogene T. Andres	Bernardo M. Villegas
Lester C. Yee	Luis Juan L. Virata	RCBC Securities, Inc.
Michelle R. Mujer	Virginia M. Rudio	Miriam S. Nacario
Mercedita M. Lozano	Manuel R. Franco	Rebecca R. Rapisura
Marilex Realty Devt Corp.	Paulino R. Roque	Daisy Abenoja
Max D. Arceno	Strategic Equities Corp.	Leopoldo S. Sison III
Ma. Ramona L. Sison	BMC Marine, Inc.	Otilia D. Molo
Lourie O. Teodisio	Marcelo A. Bolano	Felice Esmenda
Triton Securities Corp.	Roland P. De Jesus	Soledad De Castro &/or Perfecto de Castro
Soledad De Castro &/or Editha Soledad De Castro	Soledad C. De Castro	Rhodora L. Dapula
Maria Remedios R. Pompidou	Anthony M. Te	Jose Raulito E. Paras
Reginald S. Velasco	Normita A. Panganiban	Andrew Patrick R. Casino

3. List of material information on the current stockholders and their voting rights.

Material information on the current stockholders and their voting rights were provided during the 2020 Annual Stockholders' Meeting on November 11, 2020 and in Items 4 and 19 of the SEC Form 20-IS. The Corporate Secretary also informed the stockholders during the meeting that the stockholders as of record date September 21, 2020 were entitled to vote in the 2020 Annual Stockholders' Meeting.

4. An explanation of the dividend policy and the fact of payment of dividends or the reasons for non-payment thereof.

The dividend rights and restrictions of the Company's Convertible Preferred Class A, Common Class A and Common Class B stocks are contained in the Amended Articles of Incorporation of the Company, to wit:

"For a period of ten years after issuance, the holders of each shares of Convertible Preferred Stock shall be entitled to receive out of surplus profits of the Corporation earned after issuance of such Stock, when and as declared by the Board of Directors, cash dividends equal to the peso amount of and payable at the same time as that declared on each share of Common Class A or Common Class B Stock. The total cash dividends payable at any given time on Common Class A, Common Class B and Convertible Preferred Stock shall not exceed seventy-five per centum (75%) of the total after-tax earnings for any current fiscal year of the Corporation from all sources.

Immediately upon the expiration of ten years from issuance, the holders of shares of Convertible Preferred Stock still outstanding shall be entitled to receive out of surplus profits of the Corporation, when and as declared by the Board of Directors, cash dividends at the fixed annual rate of eight percentum (8%) of the par value of such Stock before any cash dividends shall be declared or set apart for holders of Common Class A and Common Class B Stock. The balance of the net profits of the Corporation available for cash dividends shall be distributable exclusively to holders of Common Class A and Common Class B Stock. Dividends accrued and unpaid, if any, on the Convertible Preferred Stock at the end of any given fiscal year of the Corporation shall be cumulated, provided and to the extent that the net profits of the Corporation earned during such fiscal year are at least equal to the amount of such accrued and unpaid dividends; no cash dividends shall be declared and paid to holders of Common Class A and Common Class B Stock until after such accumulated, accrued and unpaid dividends on the Convertible Preferred Stock shall have been paid or provision for payment thereof made. Holders of Convertible Preferred Stock shall not be entitled to any part of stock dividends declared and issued on outstanding Common Class A and Common Class B and no stock dividends may be declared and issued on Convertible Preferred Stock."

The Company has not declared any dividends in the two (2) most recent fiscal years 2020 and 2019 due to restrictions provided for in the Company's loan agreements with creditor banks. The 1993 Restructuring Agreement with the Creditors provided in Section 13 (d) that the Company will not declare or pay dividends or purchase, redeem, or otherwise acquire for value any shares of any class of its capital stock or make any capital or asset distribution to its stockholders.

5. Directors' qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representation in other corporations.

Please refer to Item 5 of this report.

6. A director attendance report, indicating the attendance of each director at each of the meetings of the board and its committees and in regular or special stockholder meeting.

Please refer to Item 5 of this report.

7. Appraisal and performance reports for the board and the criteria and procedure for assessment

The Company developed an effective evaluation system and process to measure the effectiveness of the members of the Board of Directors as well as determine the compliance of the Board with the Company's Manual of Corporate Governance (the "Manual"). The Manual can be accessed through the Company's website: www.benguetcorp.com/wp-content/uploads/2014/07/2017-MANUAL-ON-CORPORATE-GOVERNANCE.pdf. The Board conducts self-assessment of its performance including the performance of the Chairman, individual members and committees. Copy of self-assessment report is an integral part of Annual Corporate Governance Report which can be accessed through the Company's website: www.benguetcorp.com/corporate-governance/acgr/.

8. A director compensation report prepared in accordance with this Code and the rules the Commission may prescribed.

Please refer to Item 6 of this report.

9. Director disclosures on self-dealings and related party transactions.

On the directors' self-dealings, the Company adopts the SEC and PSE rule requiring directors and officers to report their dealings in Company shares within five (5) trading days from the date of Company share-related transactions. The Company discloses to the SEC and PSE the ownership, acquisition or disposal of the Company's shares of stock by directors and officers. The Company also requires the directors and officers to refrain from buying and selling the Company's shares of stock for two (2) full trading days within which material non-public information is obtained.

Further, the Company has not been a party in any transactions or proposed transactions in which a director or executive officer of the Company, any nominee for election as director had a material interest adverse to the Company or any of its subsidiaries.

For other Related Party disclosures, please refer to Note 29 of the 2020 Audited Consolidated Financial Statement of the Company hereto attached by reference.

Item 17. Amendment of Charter, By-Laws or Other Documents

No action is to be taken at the annual meeting with respect to amendment of charter, by-laws or other documents

Item 18. Other Proposed Action

Except those referred to in the notice of the annual meeting of stockholders, no other proposed action shall be taken up in the annual meeting with respect to any matter.

Item 19. Voting Procedures

Except for the matter of granting stock option that requires approval of stockholders owning two-third (2/3) of outstanding capital stock, all other matters requiring approval of stockholders as set forth in the Agenda of the Notice of Meeting will require only the affirmative vote of the stockholders owning at least a majority of the outstanding voting capital stock of the Company. The representation of the stockholders during the meeting shall either be in person (*through remote communication*), through proxy, or voting in absentia.

In the election of directors, stockholders may vote only for those directors nominated for the class of shares owned by them, either in person or by proxy. Any stockholder may cumulate his shares since cumulative voting is authorized under the Revised Corporation Code of the Philippines and will be used in the election of directors at the meeting. On this basis, each holder of Convertible Preferred Class A and Common Class A stocks may vote the number of shares registered in his name for each of the seven (7) directors to be elected by said classes of stock, or he may multiply the number of shares registered in his name by seven (7) and cast the total of such votes for one (1) director or he may distribute his votes calculated as above

described among some or all of the seven (7) directors to be elected by the said classes of stockholders, as he elects. Each holder of Common Class B may do the same thing in respect of the four (4) directors to be elected by Common Class B shareholders (but multiplying by four (4) rather than by seven (7)). The proxies propose to use their discretion in cumulating votes.

The method of counting votes is as follows: If the number of nominees does not exceed the number of directors to be elected, the Secretary of the meeting, upon motion made and seconded, is instructed to cast all votes represented at the meeting in favor of the nominees. However, if the number of nominees exceeds the number of directors to be elected, voting is done by ballots. Counting of votes shall be done by the Corporate Secretary (or by his authorized representatives) or by independent auditors or by a Committee designated by the Board of Directors. The first seven (7) nominees for Class A (Convertible Preferred and Common) and first four (4) nominees for Class B (Common) receiving the most number of votes will be elected as directors.

Votes will be cast through ballots or proxies. The ballots and proxies shall be submitted in time so as to be received by the Office of the Corporate Secretary/Stockholders Relation Office by mail or by email bccorpsec@benquetcorp.com on or before 3:00 o'clock P.M. of November 9, 2021, which is the deadline for submission of ballots and proxies.

Before a stockholder can participate in the Meeting via remote communication and exercise his right to vote in absentia the stockholder must first register and be authorized. Please refer to Annex "C" of this information statement regarding procedure for authentication, participation through remote communication and voting in absentia.

PART II. INFORMATION REQUIRED IN A PROXY FORM

Identification

The Company's Chairman of the Board of Directors, Mr. Bernardo M. Villegas and/or the Corporate Secretary, Atty. Hermogene H. Real, and each or any of them as attorney(s)-in-fact, with the power of substitution to vote as proxy in all matters to be taken in the Annual Stockholders' Meeting on November 10, 2021 and at any and all other adjournment thereof.

Instruction

Instructions on how to accomplish and return the Proxy Form are set out in the Proxy Form and in the Notice of Annual Meeting of Stockholders. The proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted "**FOR**" the election of the nominees in the proxy form, in case the TRO is lifted on or before the scheduled or adjourned annual stockholders' meeting, allowing the election of directors; "**FOR**" approval of minutes of the November 11, 2020 Annual Stockholders' Meeting; "**FOR**" approval of Management Report and Audited Financial Statements for 2020; "**FOR**" approval of the retention of Mr. Bernardo M. Villegas as Independent Director; "**FOR**" approval of the re-appointment of Sycip Gorres Velayo and Company (SGV) as the independent external auditor of the Company; "**FOR**" approval of grant of stock option awards to directors, officers, employees and consultants of the Company and its subsidiaries; "**FOR**" ratification and approval of all acts, contracts, resolutions and proceedings made and entered into by Management and/or the Board of Directors during the period November 11, 2020 to November 10, 2021; and "**FOR**" such other matters as may properly come before the meeting in the manner described in the proxy statement as recommended by management, including adjourning the meeting for up to ninety (90) days if the election of directors is enjoined at the meeting date.

Proxies shall be validated and tabulated by a special committee composed of the Corporate Secretary, the Stockholders Relations of the Company, and the Company's stock transfer agent, Stock Transfer Service Inc. (STSI) [by means of cross-checking the outstanding shares and signature of the stockholders against their records]. The tabulation of votes shall be done by the special committee and further reviewed by the Company's independent external auditor, Sycip Gorres Velayo & Co. (SGV), when necessary.

Revocability of Proxy

In the event a stockholder decides to participate in the meeting, he may, if he wishes, revoke his proxy and

vote his shares in person. The grant of authority in the election of directors is subject to the lifting of TRO. In case no election of directors is held on the date of the Annual Stockholders' Meeting on November 10, 2021, the proxy will still be valid for ninety (90) days from said date, or up to February 8, 2022 and can still be exercised in the event the TRO is lifted after the November 10, 2021 Stockholders' Meeting and an election is ordered within the said ninety (90) day-period.

Persons Making the Solicitation

The solicitation of proxies is made by or on behalf of the management of the Company in order to obtain the required quorum and the required vote to approve the subject matters to be taken in the annual stockholders' meeting of the Company. The solicitation is primarily by mail. Incidental personal solicitation may be made by officers, directors and regular employees of the Company whose number is not expected to exceed fifteen, and who will receive no additional compensation therefor. The Company will bear the cost of preparing, assembling and mailing this Information Statement and other materials furnished to stockholders in connection with such proxy solicitation (including nominal cost of any such incidental personal solicitation) and the expenses of brokers, who shall mail such materials to their customers. Estimated cost of mailing the annual report together with the proxy statement/card upon written request of stockholders is P50,000.00

Other than the nominees for election as directors, no director, nominee, associate of the nominees or officer of the Company at any time since the beginning of the last fiscal year, had any substantial interest, directly or indirectly, by security holdings or otherwise, in any of the matters to be acted upon in the stockholders' meeting, other than election to office. No director has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

The following are incorporated and form part of this report:

- 1. Annex "A" - Management Report
- 2. Annex "B" - Interim Report/Unaudited Interim Consolidated Financial Statements for Second Quarter Report ending June 30, 2021
- 3. Annex "C" - Rules and Procedure for Holding of, and Participation by Stockholders in the ASM by Remote Communication and Voting in Absentia
- Annex "D" - Secretary's Certificate on Stock Option Grant
- 4. Annex "E" - Sworn Certificate of Qualification of Independent Director, Bernardo M. Villegas
- 5. Annex "F" - Sworn Certificate of Qualification of Independent Director, Reginald S. Velasco
- 6. Annex "G" - Sworn Certificate of Qualification of Independent Director, Rhodora L. Dapula
- 7. Annex "H" - 2020 Audited Consolidated Financial Statements with:
 - 7.a Management's Responsibility for Financial Statements, and
 - 7.b Independent Auditor's Report on Supplementary Schedules.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on October 8, 2021.

BENGUET CORPORATION
 Issuer

By: 

HERMOGENE H. REAL
 Corporate Secretary

BENGUET CORPORATION

MANAGEMENT REPORT
(Pursuant to Rule 20.4 of 2015 SRC Rules)

I. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements of Benguet Corporation and its Subsidiaries for the year ended 2020 (Annex "H") and the unaudited interim consolidated financial statements for the second quarter ended June 30, 2021 (Annex 'B') are attached to the Information Statement and are incorporated by reference. These are posted and available on the Company website www.benguetcorp.com and also, may be accessed through the PSE Edge Portal <https://edge.pse.com.ph>.

II. INFORMATION CONCERNING DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

There has been no disagreement between the Company and its independent public accountants, Sycip Gorres Velayo & Company (SGV) with regard to any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedures. The information and discussion regarding SGV is presented under Item 7 – Independent Public Accountants of this Information Statement.

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION, AND RESULTS AND PLAN OF OPERATION

The management's discussion summarizes the significant factors affecting the results of operations and financial condition of the Company for the years ended December 31, 2020, 2019 and 2018. The discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Company as at December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended December 31, 2020, 2019 and 2018. All necessary adjustments to present fairly the consolidated financial performance, financial position, and cash flows of the Company as of December 31, 2020, and for all the other periods presented, have been made.

**A. REVIEW OF FINANCIAL RESULTS
FINANCIAL PERFORMANCE****Consolidated Results of Operations**

The consolidated net income for 2020 amounted to ₱381.4 million, more than triple the net income of ₱115.7 million in 2019, ₱119.1 million in 2018 and over 7 times higher than ₱21.5 million in 2017. The increase in net income was the net effect of the following:

Revenues

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

	2020	2019	2018	2017
Nickel	₱818.34	₱64.65	₱226.52	₱603.79
Gold	704.30	593.30	616.50	691.18
Lime and others	97.09	144.12	165.68	167.92
Gross Revenue	₱1,619.73	₱802.07	₱1,008.70	₱1,462.89

The substantial increase in revenues is attributed to the above par performance of its nickel subsidiary, BNMI which exported 9 boatloads of 1.2% to 1.4% nickel ore aggregating 483,952 tons at an average price of US\$34.21/ton versus only 1 boatload of 1.5% nickel ore aggregating 55,000 tons at an average price of US\$22.50/ton in 2019 and 4 boatloads of 1.4% to 1.5% nickel ore aggregating 218,635 tons at an average price of US\$19.73/ton in 2018 and 10 boatloads of 1.3% to 1.4% nickel ore aggregating 530,690 tons at an average price of US\$21.83/ton in 2017. Nickel sales which accounted for 50% of gross revenues, grew by 1,165% or over 12 times to ₱818.34 million from ₱64.65 million in 2019, 261% or over three times than in 2018 of ₱226.52 million and 36% in 2017 of ₱604 million. Gold similarly improved by 19% on account of better price in 2020. The Acupan Gold Project (AGP) sold 8,080.71 ounces of gold at average price of US\$1,750.25/ounce against 8,236.65 ounces of gold at an average price of US\$1,395.43/ounce in 2019, 9,263.23 ounces at US\$1,274.67/ounce in 2018 and 10,923 ounces at US\$ 1,260/ounce in 2017.

Operating Costs and Expenses

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

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

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

Taxes on revenue increased to ₱101.0 million in 2020 from ₱29.4 million in 2019, ₱45.2 million in 2018 and ₱56.5 million in 2017. The increase in royalty and excise tax is due to higher nickel revenues.

Other income in 2020 amounted to ₱141.0 million mainly from the ₱154.8 million gain on revaluation investment properties. In 2019, other income amounted to ₱272.1 million mainly from the ₱287.2 million gain on revaluation of investment property, ₱68.6 million gain on sale of investment property and ₱22.5 million gain on settlement of trade and other liabilities partly offset by the ₱94.9 million provision for impairment of deferred mine exploration cost. Other income in 2018 of ₱337.7 million was attributable mainly from the ₱605.8 million revaluation gain on investment property, ₱53.0 million gain on settlement of trade and other liabilities partly offset by the ₱72.1 million provision for impairment on deferred mine exploration cost, ₱95.4 million provision for impairment on other noncurrent assets and ₱60.4 million retirement of property, plant and equipment. Other income in 2017 of ₱81.2 million consist of ₱45.6 million gain on sale of equipment and ₱38.6 million gain on write-off of loans partially offset by other expenses which are individually insignificant.

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

FINANCIAL POSITION

Assets

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Inventories

Inventories decreased in 2020 to ₱101.1 million from ₱132.1 million in 2019, ₱129.0 million in 2018 and ₱167.3 million in 2017. The decrease from 2019, 2018 and 2017 was mainly due to the stockpiled nickel ore sold from year on year.

Other Current Assets

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

Property Plant and Equipment

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

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

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

Investment Properties

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

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

Deferred Mine Exploration Costs

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

Deferred Tax Assets

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

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

Other Noncurrent Assets

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

Liabilities

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

Trade and other payables

Trade and other payables mainly payables to suppliers and contractors, increased to ₱620.7 million in 2020 from ₱576.9 million in 2019. Increase versus 2019 was mainly due to down payment received from buyer of nickel ore (decrease by 28% versus ₱858.6 million in 2018 and 40% versus ₱1.028 billion in 2017).

Loans Payable

Loans payable amounted to ₱508.9 million in 2020, ₱507.9 million in 2019, ₱530.7 million in 2018 and ₱678.63 million in 2017. Slight increase in 2020 versus 2019 is due to accrued interest and penalties on unsecured loans. In 2019, the Company paid off ₱22.8 million as full settlement of its outstanding loan with Malayan Savings Bank. In 2018, the Company reclassified Contract Liabilities with a Chinese nickel ore off-taker amounting to ₱100.736 million to Other Noncurrent Liabilities account.

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

Income Tax Payables

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

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

Liability for Mine Rehabilitation

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

Pension Liability

Pension liability increased to ₱81.8 million from ₱62.6 million in 2019, ₱54.1 million in 2018 and ₱46.4 million in 2017. The Company has a funded, noncontributory pension benefit plan covering all regular employees. The benefits are based on a certain percentage of the final monthly salary for every year of credited service of the employees. The defined pension benefit obligation is determined using the projected unit credit method. The Company's plan assets are being managed by a trustee bank. The retirement fund includes time deposits, shares of stocks, which are traded in the PSE, and unquoted shares of stocks.

Deferred Tax Liability

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

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

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

Equity

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

Total Equity as of December 31, 2020 amounted to ₱4.780 billion, 8% higher than ₱4.412 billion in 2019, 21% higher than the ₱3.938 billion in 2018 and 29% higher than ₱3.705 billion in 2017. The yearly increases from 2017 to 2020 were from the income earned yearly, revaluation increment on investment properties and other comprehensive income.

Consolidated Cash Flow

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

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

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

In 2018, the Company generated ₱3.6 million from the sale of some disposable equipment. The company invested ₱0.85 million in exploration activities and ₱8.2 million in mining equipment for

the expansion of its Acupan Gold Project. The Company obtained ₱10.0 million loan from a local company. The amount was used in the repayment of outstanding loan with Malayan Savings Bank.

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

B. OPERATIONAL OVERVIEW AND PLAN OF OPERATION

MINING OPERATIONS

Acupan Gold Project (AGP)

AGP generated ₱704.3 million revenue for 2020, 19% higher than the revenues of ₱593.3 million in 2019 and 14% higher than ₱616.5 million in 2018 despite lower volume of gold sold and ₱691.2 million in 2017. Gold average selling price however increased by 25% averaging US\$1,750.25/Au.oz. as compared to average selling price of US\$1,395.43/Au.oz in 2019 and US\$1,274.67/Au.oz in 2018 and US\$1,260/Au.oz in 2017. As a result, AGP pre-tax income soared 689% to ₱106.5 million in 2020 against ₱34.3 million pre-tax income in 2019 and pre-tax loss of ₱27.0 million in 2018 and pre-tax income of ₱22.8 million in 2017.

AGP milled a combined 43,756 tons of ore at an average mill head of 5.74 Au g/t, producing 8,081 ounces of gold, compared to 41,151 tons of ore milled with average mill head of 6.18 grams Au.g/t, producing 8,175 ounces in 2019; 44,073 tons of ore milled with average mill head of 6.50 Au.g/t, producing 9,204 ounces in 2018 and 53,893 tons of ore milled with average mill head of 6.83 Au.g/t, producing 10,923 ounces in 2017. AGP ended the year with average milling rate of 120 tons per day (tpd), better as compared to 113 tpd in 2019, 121 tpd in 2018 and 148 tpd in 2017.

AGP is currently adapting to the new normal whilst the province of Benguet is still under the Modified General Community Quarantine (MGCQ) due to the COVID-19 pandemic. Some parts of the CAR region, including nearby Baguio City is under General Community Quarantine (GCQ). COVID-19 restrictions affected the attendance of ACMP contractors' miners. However, production was sustained. The revised mine development and production expansion programs for the BC team where aggressive development of the Acupan underground increased mining areas as well as upgraded mine and mill equipment coupled with improved milling processes cushioned the impact of COVID-19 pandemic. Negotiation is concluded with the lower downstream community representatives on the delayed TSF2 dam raising project. Now that TSF2 dam raising issue is resolved, improved crushing system for the Mill is being planned to attain 200 tpd mill capacity. At present, maximum mill capacity is only at 170-171 tpd. Study on renewed use of TSF3 as alternate tailings disposal facility is ongoing. AGP has renewed contracts of 16 mining contractors.

BGO passed another ISO Audit by TUVR, with a new certificate awarded on March 10, 2019 valid until March 9, 2022. Since March 2016, BGO has been ISO 14001:2015 certified by an accredited certifying body TUVRheinland®.

Benguetcorp Nickel Mines, Inc. (BNMI)

2020 was a momentous year for BNMI after its mining suspension since 2015 was lifted. On October 29, 2020, BNMI received a letter from the MGB-Region III dated October 20, 2020 stating that DENR has lifted/set aside the MPSA cancellation order dated February 8, 2017 and the MGB mining suspension order dated June 23, 2015. With the lifting of mining suspensions, BNMI started actual mining operations on November 20, 2020 and the approval of its tree cutting permit.

BNMI contributed revenue of ₱818.34 million to the Company, higher as compared to ₱64.65 million in 2019 and ₱226.52 in 2018 and ₱603.8 million in 2017 mainly attributable to better nickel price and higher volume of exported nickel ores which were sourced from the old stockpile. This year, BNMI shipped a total of 9 boatloads of 1.2% to 1.4% nickel ore grades aggregating 483,952 tons, higher as compared to 1 boatload of 1.5% nickel ore weighing 55,000 tons in 2019 and 4

boatloads of 1.4% to 1.5% nickel ore aggregating 218,635 tons in 2018 and 10 boatloads aggregating 530,690 tons of nickel ore ranging from 1.3% to 1.4% Ni grade in 2017. The increase in sales volume and price resulted to net income of ₱169.9 million this year, a turnaround from the net losses of ₱191.2 million in 2019 and ₱169.3 million in 2018 and ₱146.8 million in 2017.

The nickel business experienced record-high prices for all range of ore grades around November 2020, allowing the sale of 1.2% Ni grade which resulted in increased inventory of marketable stockpile. This is reflected in the increased average selling price of BNMI's nickel exports this year to US\$34.91/ton, 52% higher than the average price of US\$22.50/ton in 2019, US\$19.73/ton in 2018 and US\$21.83/ton in 2017. To maximize the opportunity to address demand at such high prices, BNMI updated its ore inventory from old stockpile areas which yielded 9.5 boatloads of 1.2% ores, 5 boatloads of 1.3% and 3 boatloads of 1.4% nickel, or total of 17.5 boatloads. With the sale of 6 boatloads scheduled in March to April, remaining inventory is at 11.5 boatloads, comprising of 5.5 boatloads 1.2%, 5 boatloads of 1.3% and 1 boatload of 1.4% nickel.

BNMI continues to maintain its ISO certification, having passed another ISO Audit by TUV R , with a new certificate awarded on October 17, 2019 valid until October 16, 2022. Since March 2016, BNMI is ISO 14001:2015 certified by an accredited certifying body TUV Rheinland®.

Irisan Lime Project (ILP)

The Company's ILP generated ₱63.2 million revenue for this year, lower as compared to the revenues of ₱106.6 million in 2019, ₱96.5 million in 2018 and ₱84.9 million in 2017. Sales volume dropped by 32% to 6,612 tons this year from 9,671 tons in 2019, 30% lower than 9,434 tons in 2018 and 31% lower than 9,522 tons in 2017, mainly due to the COVID-19 pandemic and intermittent rains which slowed down orders from Lepanto and other buyers. Lime products were sold at average price of ₱10,268 per ton this year versus ₱11,021 per ton in 2019, ₱10,233 per ton in 2018 and ₱8,260 per ton in 2017. The decrease in sales volume and price resulted to pre-tax income of ₱15.6 million this year, compared to pre-tax income of ₱34.0 million in 2019, ₱15.5 million in 2018 and ₱12.1 million in 2017.

ILP shut down its second kiln when orders declined and has been operating only 1 kiln since then. ILP is applying for renewal of quarry permit of its limestone property in Alaminos, Pangasinan quarry, one of its sources of raw material.

Benguet Antamok Gold Operation (BAGO)

The revised Antamok Final Mine Rehabilitation and Decommissioning Plan (FMRDP) was submitted by the MGB to Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC) for approval due to new development, particularly on the actual rehabilitation needs considering current physical status of the area. The revised total costs to be incurred over a 4-year period starting 2019 was reduced from ₱43 million to ₱30 million. The aim of the FMRDP is principally to mitigate environmental risks and provide a sustainable final land use over the area. It includes long-term programs such as the Ecological Solid Waste Management Project with Temporary Residual Containment Area (TRCA), and Waste to Energy (WtE) facilities; the Eco-tourism Water Park Project; and the Minahang Bayan.

EXPLORATION, RESEARCH AND DEVELOPMENT

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

Balatoc Tailings Project (BTP)

With the expiration and non-renewal of Mineral Processing Permit (MPP), BTP was reconveyed from Balatoc Gold Resources Corporation (BGRC) to Benguet Corporation as viability of the tailings reprocessing project will be enhanced if made as an integral part of the Acupan Gold Project.

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

Pantingan Gold Prospect

The Pantingan property is a viable prospect for epithermal gold mineralization and aggregates. On the gold prospect, the results of initial/Phase 1 drilling showed interesting gold value indications intersected at lower depth. The Company will implement its Phase 2 drilling upon engagement of a new drilling contractor. The drilling program consists of 6-8 diamond drillholes aggregating 1,200 meters for the two promising vein systems (V-2 and V-9) to further delineate the deposit. On the Pantingan aggregates prospect, the Company is prioritizing the permitting of the 40 hectares Quarry Permit Area (QPA) outside the MPSA, over the large scale quarry in PAB-1 & 2 which still needs drilling for Declaration of Mining Project Feasibility (DMPF). The MGB has issued area clearance in the QPA and the Company is working on LGU consent, tree inventory, NCIP certification, and ECC process. In the meantime, the Company continues to do topographical/road surveys and apply for road-right-of-way permits.

SUBSIDIARIES AND AFFILIATES

Arrow Freight Corporation (AFC)

AFC, the logistics provider of the Company generated ₱32.15 million revenue for this year, as compared to revenues of ₱14.16 million in 2019 and ₱20.22 million in 2018 and ₱50.8 million in 2017. The increased revenue resulted to net income of ₱11.6 million, higher than the net income of ₱1.9 million last year and in contrast to the net loss of ₱12.5 million in 2018 but higher than net earnings of ₱6.6 million in 2017. AFC purchased 4 units of dump truck to increase its operational hauling fleet to 10 units.

Keystone Port Logistics Management & Services Corporation (KPLMSC)

KPLMSC, the port and barging services provider of the Company, generated ₱32.98 million revenue for this year, higher as compared to revenues of ₱5.50 million in 2019, ₱26.30 million in 2018 and ₱37.5 million in 2017 due to higher port usage on account of 483,952 tons nickel ore exports handled this year against 55,000 tons last year, 267,994 tons handled in 2018 and 530,690 tons handled in 2017. As a result, KPLMSC reported net income of ₱13.9 million, a turn-around from the net loss of ₱5.3 million in 2019, ₱40.2 million in 2018 and ₱6.8 million net earnings in 2017.

BMC Forestry Corporation (BFC)

BFC manages the lime kiln operation of Irisan Lime Project and various real estate projects. BFC continues to develop and sell subdivision lots in its real estate project in Rosario, La Union, the Woodspark Subdivision, which market was affected by the COVID-19 pandemic and reported net loss of ₱0.4 million this year, against net income of ₱1.6 million in 2019 and ₱0.3 million in 2018 and ₱0.3 million in 2017. BFC continues to collect monthly amortizations and sell the remaining lots.

On its Kelly Ecozone project, the Company has ongoing talks with Philippine Economic Zone Authority (PEZA) for phased development of the proposed project.

BenguetCorp Laboratories Inc. (BCLI)

BCLI generated total revenues of ₱33.14 million this year, compared to 2019 revenue of ₱36.0 million and ₱42.9 million in 2018 and ₱64.2 million in 2017. BCLI temporarily closed its 2 Baguio clinics during Enhanced Community Quarantine (ECQ) classification period from March to April 2020 as mandated by the Baguio City government. Number of walk-in clients were down due to fear of COVID infection, coupled by health protocol restrictions, particularly for elderly and vulnerable sectors. As a result, BCLI reported a net loss of ₱3.9 million, much lower compared to the net loss of ₱18.0 million in 2019, ₱34.9 million in 2018 and ₱14.8 million in 2017.

BCLI provided additional services for antigen testing and completed one of 3 years clinic management and medical services contracts with Texas Instrument for its Baguio City and Clark, Pampanga hubs, and focused on the Health Management Organizations catering to corporate and institutional clients, both from the private and government sectors. On the other hand, MOOG requested BCLI to provide full clinic management services in its site and contract negotiation is ongoing for target implementation in April 2021. BCLI maintained its ISO certification, with a new certificate awarded last February 2, 2021. Since January 2018, BCLI has been ISO 9001:2015 – Quality Management System certified by an accredited certifying body TUV Rheinland®. BCLI is the only private standing clinic in Baguio City and BLIST area that is ISO Certified.

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 (BUSA) continue to hold interest as the claimowner of about 259 hectares of mineral property for gold/silver at Royston Hills, Nevada, USA, which are currently being offered for sale to interested parties.

C. KEY PERFORMANCE INDICATORS

The Company's considered the following top five key performance indicators:

Working Capital

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of December 31, 2020, the Company's current ratio is 1.06:1 versus 0.73:1 in 2019 and 0.92:1 in 2018 and 1.11:1 in 2017.

Metal Price

The Company's revenue is largely dependent on the world market prices for gold and nickel. Favorable metal prices will also have a favorable impact on the Company's revenue. The market price of gold in the Bangko Sentral ng Pilipinas which is based on world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. The average market prices for gold sold were at US\$1,750.25 per ounce in 2020, US\$1,395.43 per ounce in 2019 and US\$1,274.67 per ounce in 2018 and US\$1,260 per ounce in 2017. Nickel ore was sold at effective average price of US\$34.21/ton this year versus US\$22.50/ton in 2019 and US\$19.73/ton in 2018 and US\$21.83/ton in 2017.

Tons Milled and Ore Grade

Tons milled and ore grade are key measures of operating efficiency. A lower unit production cost both in ore milled and smelting operation will result in the Company meeting, if not exceeding, its profitability targets. Tons milled totaled 43,756 in 2020 with average grade of 5.74 grams per ton of gold compared to 41,151 in 2019 with average grade of 6.18 grams per ton of gold, and 44,073 tons in 2018 with average grade of 6.50 grams per ton of gold and 53,893 tons in 2017 with average grade of 6.83 grams per ton of gold. Gold sold in 2020 were 8,081 ounces versus 8,175 ounces sold in 2019 and 9,204 ounces sold in 2018 and 10,923 ounces in 2017. BNMI sold 1.2% to 1.4% grade nickel ore with an aggregate volume of 483,952 tons, higher than in 2019 with 55,000 tons of 1.5% grade nickel ore and in 2018 at 218,635 tons of nickel ore ranging from 1.4% to 1.5% Ni grade and 530,690 tons of nickel ore ranging from 1.3% to 1.4% Ni grade in 2017.

Foreign Exchange Rate

The Company's sales proceeds of its gold and nickel are mainly in U.S. dollars. A higher Philippine peso to U.S. dollar exchange rate means higher peso sales but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of December 31, 2020, the peso to dollar exchange rate was at ₱48.021 lower as compared to ₱50.635 in 2019 and ₱52.58 in 2018 and ₱49.93 in 2017.

Earnings Per Share

The earnings per share ultimately reflects the Company's financial and operational growth as a result of its performance in cost management, productivity and will provide investors comparable benchmarks relative to similar companies. The increased sale of gold and shipment of nickel will have a favorable impact on the Company's net sales and income. The reported Company earnings per share in 2020 is ₱0.62, better than the earnings per share of ₱0.19 in 2019 and 2018, compared with the loss per share of (₱0.03) in 2017.

D. KNOWN TRENDS, EVENTS OR UNCERTAINTIES

The Company is continuously implementing precautionary measures in response to the COVID-19 pandemic to protect the health and safety of its employees. As allowed by the Mines and Geosciences Bureau (MGB) to realign the unspent budget for 2019 which was carried over to 2020 Annual Social Development and Management Program (2020 Annual SDMP) in support of the Bayanihan to Heal as One Act, the Company spent ₱5.8 million from the SDMP and Safety/Health funds for relief goods, medicines/vitamins, personal protective equipment to frontliners and indigent families in the host and neighboring communities of BNMI, AGP and ILP; and repairs/refurbishment of some buildings, as well as building of a quarantine facility in Kias. The Company has a total quarantine/isolation capacity for 59 persons.

Notwithstanding the current COVID-19 pandemic, the Company does not foresee any cash flow or liquidity problems over the next twelve (12) months. BNMI resumed mining operations and continues to market saleable nickel ores inventory from old stockpile, ILP continues to maintain steady market for quicklime products, AGP is expected to improve gold production with the refurbishment and repair of ball mill #1 and #2 and procurement of additional brand new LHD equipment, and the Company and its subsidiaries continues to claim applicable tax refunds from the Bureau of Internal Revenue.

Within the ensuing twelve months, the Company anticipates changes in the number of employees due to manpower requirements of AGP for its underground workers and BNMI which resumed mining operations in November 2020.

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

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked 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 ₱85.06 million. The Company remains committed to a final and comprehensive settlement of all the old debt or to arrange a suitable restructuring of the remaining obligations.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities of other persons created during the reporting period.

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

- Significant elements of income or loss that did not arise from the company's continuing operations;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company from the year ended December 31, 2020 to December 31, 2019.

IV. NATURE AND SCOPE OF BUSINESS OF THE COMPANY AND ITS SUBSIDIARIES

Benguet Corporation ("Benguet" or the "Company") was established on August 12, 1903 to engage in gold mining. It has since expanded into refractory chromite operation in 1934, quicklime and hydrated lime production in 1950, copper production in 1971, and then into nickel mining operation in 2007. From Benguet Consolidated Mining Company in the 1900s to Benguet Consolidated Inc. in the decades of 1950s to 1980s, and finally to its present corporate name, Benguet Corporation, the Company looks with pride at its 117 years of existence as a testament to its adaptability and resiliency in the highs and lows brought about by global events, natural phenomena, economic conditions, and industry trends.

Benguet operates gold mines in Benguet Province, nickel mines in Zambales Province, limestone production facility in Baguio City and has mining interest in various parts in the Philippines and as well as mining properties in Royston Hills, Nevada. Aside from mining and mineral exploration, the Company is also into healthcare and diagnostic services through its subsidiary, Benguetcorp Laboratories, Inc. (BCLI) and port and shipping services through its subsidiary, Keystone Port Logistics and Management Services Corporation (KPLMSC). In 1980, the Company established Benguet Management Corporation (BMC), a wholly owned non-mining subsidiary, primarily to invest in projects and enterprises that diversify, stabilize and strengthen the investment portfolio of the Benguet Group of Companies. BMC is involved in other lines of business which include logistics services through its subsidiary, Arrow Freight Corporation (AFC); trading of construction materials, equipment and supplies through its subsidiary, Benguetrade, Inc. (BTI); bottled and bulk water through Agua de Oro Venture Corporation (AOV); and real estate development and lime kiln operation through its subsidiary, BMC Forestry Corporation (BFC). In 1950, Benguet acquired the Irisan Lime Project (ILP) from Mr. Richard L. Lile (formerly Lime Products Manufacturing). ILP is engaged in the production and trading of quicklime and hydrated lime.

In 2002, Benguet reopened Benguet Gold Operation (BGO) on a limited scale through the Acupan Contract Mining Project (ACMP) now renamed as the Acupan Gold Project (AGP). ACMP was initially conceived as a community based underground mining operation which started commercial operation in January 2003. AGP produces and markets gold (with silver by-product) and directly sells its gold produced to Bangko Sentral Ng Pilipinas (BSP).

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

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

Properties

The Company owns patented lands, mining, milling, various automotive equipment/vehicles and support facilities for its gold mining operations in Itogon, Benguet Province and Irisan Lime Project in Baguio City. The Company also owns various artworks, vehicles, office furniture and computer units in

its corporate office in Makati City. It likewise owns milling and support facilities at Zamboanga Gold Prospect in R.T. Lim Zamboanga del Sur, which are currently on care and maintenance basis.

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

Subsidiaries: - BNMI is the holder of MPSA No. 226-2005-III with an area of 1,406.74 hectares located in Sta. Cruz, Zambales. It owns assaying/laboratory equipment and various automotive equipment/vehicles for its mining business operations. BNMI continues to lease at ₱75,000.00 per month for office occupancy in Sta. Cruz, Zambales. The lease is renewable every 5 years.

BFC owns 2 office condominium units (Unit 304 with a floor area of 138.27 square meters and Unit 305 with a floor area of 186.20 square meters) located at 3rd Floor One Corporate Plaza Condominium, Pasay Road, Legaspi Village, Makati City. BFC continues to develop and sell the remaining five (5) lots with an aggregate area of 1,763 square meters in its real estate project Woodspark Rosario Subdivision Project located in Rosario, La Union.

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

BCLI continues to lease for its business operation occupancies in SM Baguio at ₱286,650.00 per month and in Central Mall, Baguio City at ₱112,299.44 per month. Due to the rental holiday mandated by the City Government of Baguio during the COVID10 pandemic, both lessors granted BCLI with rental holiday/discount of 70%. The lease is renewable yearly.

AFC owns an industrial lot in Brgy. San Antonio, San Pedro, Laguna containing an aggregate area of about 2,045 square meters. The property is located in an area where land development is for industrial purposes. AFC owns various automotive equipment/vehicles for logistics business operations.

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

Legal Proceedings

As of December 31, 2020, the Company and its subsidiaries have no pending legal proceedings where claims exceed ten percent (10%) of total assets on a consolidated basis. The Company and its subsidiaries are involved in litigation on a number of cases and are subject to certain claims which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on each of the Company's operations.

V. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The discussion regarding identity of each of the Company's Directors and Executive Officers, including their principal occupation or employment, name and principal business of any organization by which such persons are employed is presented in Item 5 titled "Directors and Executive Officers" of this Information Statement.

VI. MARKET PRICE OF AND DIVIDENDS OF THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Outstanding Shares

As of August 31, 2021, there are 217,061 shares outstanding of the Company's Convertible Preferred Class A stock with a par value of ₱3.43 per share, 374,996,258 shares outstanding of Common Class A stock and 247,926,121 shares outstanding of Common Class B stock, both with a par value of ₱1.00

per share. Each share of stock outstanding is entitled to one vote. The Common Class A and Convertible Preferred Class A shares can be owned only by Philippine nationals and the Common Class B shares may be owned by anyone regardless of nationality. The shares are traded in the Philippine Stock Exchange (PSE) under the trading symbol of “BC” for Common Class A; “BCB” for Common Class B; and “BCP” for Convertible Preferred Class A shares.

Public Ownership / Foreign Ownership

- As of August 31, 2021, the public float is 45.9% of the total outstanding shares of the Company.
- As of August 31, 2021, of the 623,139,440 total outstanding shares of the Company, 13.93% are owned (86,826,163 common Class B shares) by foreign nationals.

Market Price

As of August 31, 2021, the closing price in the PSE of the Company’s common Class A share is ₱5.20 per share and the common Class B share is ₱4.70 per share. The closing price of the Company’s Convertible Preferred Class A as of last trading day in the PSE as of July 1, 2021 is ₱45.00 per share.

For each Quarter 2020 and 2019 and, 2021 First Quarter & Second Quarter, the high and low prices of the Company’s shares in the PSE are as follows:

	1 ST QUARTER		2 ND QUARTER		3 RD QUARTER		4 TH QUARTER		2021 1st Quarter	2021 2nd Quarter
	2020	2019	2020	2019	2020	2019	2020	2019		
CONVERTIBLE PREFERRED CLASS A*										
Highest Price/Share	₱-	₱-	₱-	₱-	₱-	₱-	₱12.00	₱-	₱27.00	₱30.00
Lowest Price/Share	-	-	-	-	-	-	12.00	-	18.00	18.30
COMMON CLASS A										
Highest Price/Share	₱1.30	₱1.50	₱1.46	₱1.80	₱3.12	₱1.25	₱3.50	₱1.28	₱3.73	₱5.88
Lowest Price/Share	0.96	1.12	0.70	1.08	1.09	1.10	2.45	0.98	2.26	2.48
COMMON CLASS B										
Highest Price/Share	₱1.20	₱1.57	₱1.39	₱1.75	₱3.03	₱1.30	₱3.30	₱1.15	₱3.60	₱5.58
Lowest Price/Share	0.89	1.11	0.95	1.11	1.14	1.02	2.34	1.02	2.39	2.40

(*) No trading transactions in 2019, First, Second & Third Quarter of 2020.

Holder:

As of August 31, 2021, the total number of stockholders in the records of the Company’s stock transfer agent, Stock Transfer Service Inc. (STSI) is 16,903 (consisting of 3,132 shareholders of Class A, 13,181 shareholders of Class B, and 590 shareholders of Convertible Preferred Class A). The list of top 20 stockholders for Common Class “A”, Common Class “B” and Convertible Preferred Class “A” shares of the Company are as follows:

A. Common Class “A” Share

Name	Number of Shares Held	Percent to Total Outstanding/Class
PCD Nominee Corporation (Filipino)	180,135,244	48.00%
Palm Avenue Holding Company, Inc.	65,624,727	17.49%
Palm Avenue Holdings Co. and/or Palm Avenue Realty Corp.	63,920,490	17.03%
Palm Avenue Holdings Co. and/or Palm Avenue Realty Corp.	30,834,375	8.22%
House of Investment, Inc.	8,545,911	2.28%
FEBTC TA 4113-000204-5 (ESPP)	5,067,846	1.35%
FEBTC TA 4113-00204-5	3,016,623	0.80%
Cynthia Manalili Manalang	1,500,000	0.40%
RP Land Development Corporation	960,000	0.26%
Sysmart Corporation	868,956	0.23%
Pan-Asia Securities Coporation	590,400	0.16%

Paredes, Gabriel M. or Paredes, Marianne G.	564,900	0.15%
Pan Malayan Management and Investment Corporation	431,844	0.12%
RCBC TA #74-034-9	363,129	0.10%
Sun Hung Kai Sec. A/C# YUO34	356,625	0.10%
Marilex Realty Development Corporation	331,200	0.09%
Enrique T. Yuchengco, Inc.	257,376	0.07%
Hermogene H. Real	240,300	0.06%
Luis Juan L. Virata	234,003	0.06%
Franciso M. Vargas	219,000	0.06%

B. Common Class "B" Share

Name	Number of Shares Held	Percent to Total Outstanding/Class
PCD Nominee (Filipino)	109,167,232	44.03%
Palm Avenue Realty and Development Co.	43,680,000	17.62%
PCD Nominee (Non-Filipino)	34,652,928	13.97%
Cede & Co	29,674,860	11.97%
Pan Malayan Management & Investment Corporation	2,100,000	0.85%
Michael Vozar TOD Sharon K. Vozar Sub To Sta Tod Rules	736,260	0.30%
Charles F Carroll TTEE, UA 05/24/95 FBO Carroll Family Trust 1	543,000	0.22%
National Financial Services	504,033	0.20%
Fairmount Real Estate, Inc.	484,257	0.20%
Independent Realty Corporation	483,441	0.19%
Evelyn B Stephanos TR UA 05/12/11 Elizabeth Bakas Irrev Trust	450,000	0.18%
Richard Soltis & Veronica T. Soltis JT Ten	396,000	0.16%
Arthur H Runk TTEE of Arthur H Runk Liv Tr U/A dtd 08/17/1990	354,000	0.14%
HSBC Private Bank (Suisse) SA9-17 Quai Des Bergues	303,795	0.12%
Garry A Gil TTEE FBO Arthur Weir Gill Rev Tr	300,000	0.12%
William David Courtright	300,000	0.12%
Edmun S. Pomon	300,000	0.12%
William T. Coleman	300,000	0.12%
Sanford E. Halperin	251,364	0.10%
James N Clay	222,000	0.09%

C. Convertible Preferred Class "A" Share

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

Benito V. Jalbuena	1,000	0.46%
Remedios Rufino	1,000	0.46%
Carlos W. Ylanan	1,000	0.46%
B & M Incorporated	952	0.44%

Dividends

The dividend rights and restrictions of the Company's Convertible Preferred Class A, Common Class A and Common Class B stocks are contained in the Amended Articles of the Company, to wit:

"For a period of 10 years after issuance, the holders, the holders of each shares of Convertible Preferred Stock shall be entitled to receive out of surplus profits of the Corporation earned after issuance of such Stock, when and as declared by the Board of Directors, cash dividends equal to the peso amount of and payable at the same time as that declared on each share of Common Class A or Common Class B Stock. The total cash dividend payable at any given time on Common Class A, Common Class B, Convertible Preferred Stock shall not exceed seventy-five per centum (75%) of the total after-tax earnings for any current fiscal year of the Corporation from all sources.

Immediately upon the expiration of ten years from issuance, the holders of shares of Convertible Preferred Stock still outstanding shall be entitled to receive out of surplus profits of the Corporation, when and as declared by the Board of Directors, cash dividends at the fixed annual rate of eight per centum (8%) of the par value of such Stock before any cash dividends shall be declared or set apart for holders of Common Class A and Common Class B Stock. The balance of the net profits of the Corporation available for cash dividends shall be distributable exclusively to holders of Common Class A and Common Class B stock. Dividends and accrued and unpaid, if any on the Convertible Preferred Stock at the end of any given fiscal year of the Corporation shall be calculated, provided and to the extent that the net profits of the Corporation earned during such fiscal year are at least equal to the amount of such accrued and unpaid dividends; no cash dividends shall be declared and paid to holders of Common Class A and Common Class B Stock until after such accumulated, accrued and unpaid dividends on the Convertible Preferred Stock shall have been paid or provision for payment thereof made. Holders of Convertible Preferred Stock shall not be entitled to any part of stock dividends declared and issued on outstanding Common Class A and Common Class B and no stock dividends may be declared and issued on Convertible Preferred Stock."

The Company has not declared any dividends in the two (2) most recent fiscal years 2020 and 2019 due to restrictions provided for in the Company's loan agreements with creditor banks.

Declared Cash Dividends (1958-1990) are as follows:

Stock	Amount	Record Date	Payable Date
Convertible Preferred	P0.28	May 22, 1984	June 29, 1984
	P0.28	March 16, 1987	April 30, 1987
	P0.28	June 8, 1988	July 22, 1988
	P0.28	June 9, 1989	July 24, 1989
Common Class A and B	P0.30	October 13, 1958	December 1, 1958
	P0.23	April 6, 1962	May 15, 1958
	P0.15	August 15, 1962	September 17, 1962
	P0.15	February 28, 1963	April 30, 1963
	P0.20	December 22, 1964	March 15, 1965
	P0.20	December 28, 1965	March 1, 1966
	P0.50	July 1, 1974	August 31, 1974
	P0.75	January 2, 1975	February 28, 1975
	P0.50	July 1, 1975	August 31, 1975
	P0.50	July 1, 1976	August 31, 1976
P0.25	July 1, 1977	August 31, 1977	

	₱1.50	April 30, 1981	June 30, 1981
	₱0.75	November 3, 1981	December 31, 1981
	₱0.90	November 23, 1982	December 31, 1982
	₱1.00	May 24, 1983	June 30, 1983
	₱2.10	November 22, 1983	December 29, 1983
	₱1.40	May 22, 1984	June 29, 1984
	₱1.40	November 30, 1984	December 31, 1984
	₱1.00	December 31, 1987	February 21, 1988
	₱1.50	June 8, 1988	July 22, 1988
	₱2.50	December 8, 1988	January 20, 1989
	₱1.50	June 9, 1989	July 24, 1989
	₱0.50	December 2, 1989	February 4, 1990

Recent Sales of Unregistered or Exempt Securities

Under the present implementation of the Company's Stock Option Plan (the "Plan"), below are the transactions of sold stocks/exercised options in the past three years ended December 31, 2020, 2019 and 2018:

1. In the May 3, 2011 stock option grant:
 - a) 169,499 Class "A" shares at option price of ₱1.69/share with par value of ₱1.00/share; and
 - b) 181,700 Class "B" shares at option price of ₱1.91/share with par value of ₱1.00/share.
2. In the September 7, 2012 stock option grant – There were no options exercised.

Other than the above transactions, the Company has not sold or issued any securities within the past three years ended December 31, 2020, 2019 and 2018 which are not registered under the SRC including the sales of reacquired securities, securities issued in exchange of property, services or other securities, and new securities resulting from the modifications of outstanding securities. The shares granted under the Company's Plan were exempted from registration under SEC Resolution No. 084 dated March 31, 2008 and the listing of the shares was approved by the PSE

VII. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to further improve its current code of corporate governance practices and to develop an efficient and effective evaluation system and process to measure the performance of the Board of Directors and management or determine the level of compliance of the Board of Directors and Management with the new Manual of Corporate Governance (the "Manual") of the Company. The new Manual was adopted to institutionalize the principles of good corporate governance in the entire organization and in compliance with SEC Memorandum Circular No. 19, S2016, Corporate Governance Code for Publicly Listed Companies. The Company formalized the Board Risk Oversight Committee Charter and new policies on Related Party Transaction; Anti-Fraud, Corruption and Whistleblowing; Enterprise Risk Management Framework; and self-assessment forms for Board, AuditCom and Board Risk Oversight Committee (BROC). The Company submitted to the Commission and Exchange, the SEC mandated annual report on Integrated Annual Corporate Governance Report 2020 (I-ACGR 2020), and the Sustainability Report 2020 as attachment of the Annual Report 2020 (SEC Form 17-A).

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

The Company's Corporate Governance Committee composed of three independent directors and compliance officer namely: Mr. Bernardo M. Villegas is the Chairman and the members are: Mr.

Reginald S. Velasco and Atty. Rhodora L. Dapula while the Compliance Officer is Atty, Lina G. Fernandez.

**UNDERTAKING TO PROVIDE COPIES OF THE ANNUAL REPORT AND
INTERIM FINANCIAL STATEMENTS**

Upon the written request of the Stockholder, the Company undertakes to provide said Stockholder without charge a printed copy of the Company's Annual Report 2020 (SEC Form 17-A) and/or the Company's Quarter Report (SEC Form 17-Q) for the period ended June 30, 2021 as filed with the SEC. Such written request should be addressed to: THE MANAGER, Shareholder Relations Office, Benguet Corporation, 7th Floor Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City, Philippines. The Company's Information Statement (SEC Form 20-IS), Annual Report (SEC Form 17-A), and Quarterly Report (SEC Form 17-Q) are posted and downloadable on the Company's website: <www.benquetcorp.com> and may be accessed in the online system of PSE Edge Portal <https://edge.pse.com.ph>.

**INTERIM REPORT /
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2021**

Information on the Company's results of operations and financial results contained in the Interim Unaudited Consolidated Financial Statements for the period ended June 30, 2021 as filed to the SEC and PSE in the 2020 Second Quarter Report under SEC Form 17-Q are as follows:

A. REVIEW OF FINANCIAL RESULTS

In the second quarter of 2021, Benguet Corporation sustained its forward momentum of profitable operations. Increased shipments and production of the Sta. Cruz Nickel Operation as well as high nickel price resulted in significant income contribution. The Acupan Gold Project in Itogon Province and the Irisan Lime Project likewise reported stable income growth during the period.

SECOND QUARTER 2021 Vs. 2020

a. Financial Performance

Consolidated Results of Operations

Consolidated net income for the second quarter of 2021 compared to same period last year increased seven times from ₱42.0 million in 2020 to ₱303.1 million this year. For the first semester of 2021, net income amounted to ₱821.7 million, 733% higher than the ₱98.7 million net income for the same period in 2020. The increase in net income was the net effect of the following:

Revenues

Consolidated revenues rose significantly to ₱999.6 million for the second quarter of 2021 and ₱2.28 billion for the first half of 2021 from ₱293.1 million and ₱701.6 million reported for the same respective periods in 2020. The increase in revenue both for the second quarter and first half of 2021 was mainly attributable to higher number of nickel ore shipments made and higher metal prices. BNMI sold 7 boatloads of nickel ore with an aggregate volume of 363,293 tons valued at ₱726.5 million in the second quarter and 15 boatloads of nickel ore with an aggregate volume of 798,768 tons valued at ₱1,771.8 million for the first semester of 2021 compared to 2 boatloads with an aggregate volume of 106,605 tons valued at ₱139.4 million and 5 boatloads with an aggregate volume of 265,255 tons valued at ₱344.6 million for the same respective periods in previous year. To-date June, nickel ore was sold at an average price of US\$45.40/ton versus US\$24.02/ton for the same period last year.

Operating and Other Expenses

Cost and operating expenses in the second quarter this year increased to ₱574.3 million from ₱245.1 million for the same quarter in 2020 mainly due to the increase in cost of mine products sold, selling and general expenses and taxes on revenue. For the same reason, cost and operating expenses for the first semester this year went up by 96% to ₱1,145.4 million from ₱585.8 million for the same period last year.

Cost of mine products sold in the second quarter this year amounted to ₱324.7 million from ₱134.6 million for the same quarter in 2020, increase is mainly due to sales of nickel ore. For the same reason during the first semester this year, the cost of mine products sold went up to ₱611.5 million from ₱333.1 million for the same period in 2020.

Costs of merchandise sold and services in the second quarter this year increased to ₱13.0 million from ₱8.8 million for the same quarter in 2020 mainly due to higher sales of the Company's Healthcare Services. For the same reason, during the first semester in 2020, the costs of merchandise sold and services increased to ₱26.5 million from ₱19.6 million for the same period in 2020.

Selling and general expenses in the second quarter this year increased to ₱162.5 million from ₱84.4 million for the same quarter in 2020 mainly due to higher sales of nickel ore. For the first semester this year, the selling and general expenses rose from ₱331.6 million to ₱189.9 million for the same period in 2020 mainly due to higher sales of nickel ore.

Taxes on revenue increase to ₱73.9 million for the second quarter this year and ₱175.8 million for the first half of 2021 from ₱17.1 million and ₱43.2 million for the same periods in 2020. Increase in royalty and excise tax is due to higher nickel revenues.

Other expenses incurred for the second quarter and first semester this year amounted to ₱17.3 million and ₱35.6 million, respectively. In contrast, other income generated in the second quarter and first semester of 2020 amounted to ₱3.0 million and ₱2.4 million, respectively.

Provision for income tax of ₱103.7 million and ₱276.7 million for the second quarter and first semester this year pertains to the regular corporate income tax of Benguetcorp Nickel Mines, Inc. (BNMI), Arrow Freight Corporation (AFC) and Keystone Port Logistics and Management Services Corporation (Keystone).

SECOND QUARTER 2020 Vs 2019

a. Financial Performance

Consolidated Results of Operations

Consolidated net income for the second quarter and first semester of 2020 amounted to ₱42.0 million and ₱98.7 million, respectively, a turnaround from the net loss of ₱7.0 million and ₱67.6 million for the same period in 2019. The net income was the net effect of the following:

Revenues

The Company generated consolidated revenues of ₱293.1 million for the second quarter of 2020 and ₱701.6 million for the first semester of 2020, higher versus ₱238.1 million and ₱424.6 million reported for the same periods in 2019. The positive variance is attributable to higher revenue from mining business. For the first semester of 2020, BNMI exported 5 boatloads of nickel ore ranging from 1.32% to 1.52% with an aggregate volume of 265,255 tons at an average price of US\$25.71/ton versus 1 boatload of 1.5% nickel ore with shipment volume of 55,000 tons at an average price of US\$ 22.50/ton in 2019. Despite the low production, the Acupan Gold Project (AGP) contributed a revenue of ₱308.7 million or 44% of the total revenue reported for the first semester of 2020. The increase is mainly due to higher price of gold. For the first half of 2020, ACMP sold 3,720.46 ounces of gold at average price of US\$1,637.31 per ounce versus 3,861.18 ounces at an average price of US\$1,308.12 per ounce for the same period in 2019.

Operating and Other Expenses

Cost and operating expenses in the second quarter of 2020 decreased to ₱245.1 million from ₱261.2 million for the same quarter in 2019 mainly due to the decrease in cost of mine products sold by 28% or ₱53.6 million partly offset by increased in selling and general expenses by 59% or ₱31.2 million. For the first semester of 2020, cost and operating expenses went up by 17% to ₱585.8 million from ₱501.9 million in 2019. The increase is mainly due to the cost incurred in selling 5 boatloads of nickel ore.

Interest expenses for the second quarter and first semester of 2020 were higher compared to the same periods in 2019. The increase is mainly due to the accrued interest on finance lease, interest and penalty on late payment of withholding tax and bank charges booked during the second quarter and first half of 2020.

Other income for the second quarter and first semester of 2020 amounted to ₱3.0 million and ₱2.4 million, respectively. In contrast, other income for the second quarter and first semester in 2019 amounted to ₱22.3 million and ₱18.6 million, respectively. The other income in 2019 is attributable to the ₱24.3 million discount earned from the settlement of outstanding liability with Goldrich Construction and Trading and the ₱6.0 million gain on sale of property in Namayan, Mandaluyong City.

Provision for income tax of ₱7.5 million and ₱17.7 million for the second quarter and first semester of 2020 pertains to the minimum regular corporate income tax of BC (Parent company), Benguetcorp Nickel Mines, Inc. (BNMI) and Keystone Port Logistics and Management Services corporation (Keystone).

SECOND QUARTER 2021 Vs 2020

b. Financial Condition

Assets

The Company ended the second quarter of 2021 with consolidated total assets of ₱8.02 billion, ₱0.64 billion higher than its assets as of December 31, 2020. The increase is the net effect of the following:

Cash and cash equivalent increased by ₱595.1 million to ₱866.6 million primarily from cash provided by operation.

Trade and other receivables decreased to ₱396.2 million from ₱475.3 million in 2020, mainly due to collection of nickel ore sold in the previous quarter.

Inventories rose by 89% to ₱191.50 million from ₱101.1 million in 2020 mainly due to the costs of nickel ore produced from the on-going mining in Area 2 and 3 of the mineral claims in Zambales.

Increase in other current assets to ₱469.8 million from ₱398.7 million was mainly due to the input taxes from various purchases of services and goods from the Company's nickel operation in Zambales and gold operation in Itogon Province.

Liabilities

Total consolidated liabilities as of June 30, 2021 decreased to ₱2.41 billion from ₱2.60 billion as of December 31, 2020. The decrease was due to the following:

Trade and other payables increased by 3% to ₱642.4 million from ₱620.7 million in 2020 due to various purchases of mining and hauling services in Sta. Cruz Nickel Operation and upgrading/repair of milling equipment in the Acupan Gold Project.

Decline in loans payable to ₱324.0 million from ₱509.0 million was mainly due to the full payment of ₱185.0 million advances from Trans Middle East Corporation.

Income tax payable this year amounted to ₱150.94 million against ₱2.01 million in the previous year mainly from the regular income tax liability of Benguetcorp Nickel Mines, Inc.(BNMI), Arrow Freight Corporation (AFC) and Keystone Port Logistics and Management Services Corporation (Keystone).

Other noncurrent liabilities went down by 46% to ₱212.5 million from ₱391.4 million on account of the repayment to LS Networks Co. Ltd.

Equity

Retained earnings for the first half of this year amounted to ₱3,420.5 million higher than ₱2,598.8 million in 2020. The increase was due to the net income generated for the first semester of this year.

Stockholders Equity for the first half of this year amounted to ₱5,610.7 million, higher than ₱4,780.0 million in 2020. The increase was due to the net income generated during the first semester of this year amounting to ₱821.7 million.

Consolidated Cash Flow

The net cash provided by operating activities for the second quarter and first semester this year amounted to ₱331.7 million and ₱959.9 million, respectively. In contrast, the net cash used for the second quarter last year amounted to ₱42.4 million while for the first semester, net cash provided amounted to ₱35.0 million.

The Company invested ₱9.9 million and ₱22.1 million in property, plant and equipment for the second quarter and first semester this year respectively. ₱12.3 million and ₱12.9 million was spent for exploration activities for the second quarter and first semester this year, respectively. Net cash used in financing activities amounted to ₱138.0 million in the second quarter and ₱356.2 million for the first semester this year. Cash was used to fully pay the ₱185.0 million loan with Trans Middle East, pay outstanding liabilities with LS Networks Co., Ltd. and various suppliers/contractors.

SECOND QUARTER 2020 Vs 2019

b. Financial Condition

Assets

The Company ended the second quarter of 2020 with consolidated total assets of ₱6.97 billion, slightly higher than ₱6.92 billion in 2019. The slight increase is the net effect of the following:

Cash and cash equivalent increased by 23% to ₱94.9 million from ₱77.2 million mainly from cash provided by operation.

Receivables increased to ₱364.3 million from ₱290.0 million in 2019, mainly from nickel ore sold but not yet collected.

Inventories decreased by 31% to ₱91.0 million from ₱132.2 million in 2019 mainly due to the five boatloads of stockpiled nickel ore sold this first semester of 2020.

Other current assets slight increased to ₱323.6 million from ₱314.1 million.

Decrease in property, plant and equipment to ₱2,613.0 million from ₱2,637.2 million pertains to depreciation and amortization for the first semester of 2020.

Liabilities

Total consolidated liabilities as of June 30, 2020 decreased to ₱2.46 billion from ₱2.51 billion as of December 31, 2019. The decrease was due to the following:

Trade and other payables, mainly payables to suppliers and contractors, decreased by 8% to ₱532.7 million from ₱576.9 million in 2019 due to payment to various suppliers and contractors.

Equity

Retained earnings for the first half of 2020 amounted to ₱2,316.1 million higher than ₱2,217.4 million in 2019. The increase was due to the net income generated for the first semester of 2020.

Stockholders Equity for the first half of 2020 amounted to ₱4,510.0 million higher than ₱4,412.0 million in 2019. The increase is due to the net income generated during the first semester of 2020.

Consolidated Cash Flow

The net cash provided by operating activities for the first semester of 2020 amounted to ₱35.0 million. In contrast, the net cash used for the same period in 2019 amounted to ₱134.7 million.

During the first semester, the Company invested ₱1.2 million in property, plant and equipment, ₱4.5 million in exploration activities and ₱4.3 million in other assets pertaining to Mine Rehabilitation Fund in compliance with the requirement of Mines and Geosciences Bureau and input taxes on various purchases. Net cash used in financing activities amounted to ₱6.9 million. This pertains to the accrued forex gain on dollar cash advances from off-take Contract with Nickel buyer.

B. OPERATIONAL OVERVIEW AND PLAN OF OPERATION

Acupan Gold Project (AGP)

Gold operations for the second quarter continued to show promising results. Revenue went up by 76% to ₱243.4 million compared to ₱137.9 million revenue for the same quarter last year. The improvement was attained due to increase in gold production and higher gold price. Total gold sales in the second quarter of 2021 reached 2,789.58 ounces, against 1,594.11 ounces sold for the same quarter last year. Average price of gold rose to US\$1,812.83 per ounce this quarter from US\$1,711.55 per ounce in the second quarter of 2020. The increase in gold sales and price yield pre-tax income of ₱41.9 million this quarter, higher than the pre-tax income of ₱30.1 million in the same period last year. Revenue for the first half of 2021 increased by 46% to ₱450.4 million from ₱308.7 million in the first semester of last year. The increase is attributable to higher gold sales and price. Gold sales reached 5,176.60 ounces at average price of US\$1,807.61 per ounce versus 3,720.46 ounces sold in the first half of 2020 at average price of US\$1,637.31 per ounce. Pre-tax income for the first six months period amounted to ₱72.0 million, higher compared to ₱51.9 million for the same period in 2020.

AGP milled 13,908.02 tons with average grade of 6.24 grams per ton gold for the second quarter and 28,511.40 tons with average grade of 5.65 grams per ton for the first semester this year, compared to 9,187.96 tons with average grade of 5.40 grams per ton and 19,301.98 tons with average grade of 6.0 grams per ton for the same respective periods last year. Average milling rate to-date June 2021 of 162 TPD was 47% higher than the 110 TPD for the same period last year.

AGP continues to review and redirect its development and production programs in other potential mining areas to sustain budgeted targets. Milling processes, systems, and equipment are also being enhanced for efficiency and to improve gold recovery. Raising of Tailings Storage Facility 2 (TSF2) dam embankment is almost complete and is being monitored especially during the onset of the rainy season where moderate to heavy rainfall is being experienced.

Sta. Cruz Nickel Project (SCNP)

Nickel operations under Benguetcorp Nickel Mines, Inc. (BNMI) generated revenue of ₱726.5 million for the second quarter and ₱1.8 billion for the first half of this year, substantially higher than the ₱139.4 million and ₱344.6 million for the same respective periods in 2020. This resulted to pre-tax income of ₱331.9 million in the second quarter and ₱914.4 million for the first semester of 2021, higher compared to the ₱25.1 million and ₱47.2 million for the same periods in 2020. The growth was driven by increase

in volume shipped and better nickel prices. BNMI completed 15 shipments aggregating 798,768 tons for the first half this year. The nickel ore sold ranging from 1.2% to 1.4% was transacted at an average price of US\$45.40/ton this year. On the other hand, BNMI sold 5 boatloads aggregating 265,255 tons ranging from 1.3% to 1.5% at an average price of US\$24.91/ton for the first six months of 2020.

The rest of 2021 and the coming years are expected to bring better opportunities to nickel ore producers. Taking advantage of the rapidly rising nickel ore price and marketability of low-grade ores, BNMI updated its saleable ore inventory in old stockpile areas.

Irisan Lime Project (ILP)

The Company's ILP generated revenue of ₱18.7 million for the second quarter and ₱37.1 million for the first half this year, higher compared to the revenue of ₱18.4 million and ₱34.5 million for the same respective periods last year. Sales volume increased by 10% to 3,920 tons for the first half this year compared to 3,570 tons in the same period in 2020. This improved ILP pre-tax income to ₱4.8 million for the second quarter and ₱11.7 million for the first semester this year, from ₱6.2 million and ₱9.6 million for the same periods in 2020.

ILP was awarded runner-up under the Safest Mineral Processing-Calcining Plant Category by the DENR-Mines and Geosciences Bureau during the Presidential Mineral Industry Environmental Awarding Ceremonies on March 18, 2021.

Benguet Antamok Gold Operation (BAGO)

The revised Antamok Final Mine Rehabilitation and Decommissioning Plan (FMRDP) will be resubmitted to MGB-CAR prior to its endorsement to the Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC) due to new development, particularly on decreased rehabilitation needs considering current physical status of the area. The revised total cost to be incurred over a 4-year period starting 2019 was reduced from ₱43 million to ₱30 million. The aim of the FMRDP is principally to mitigate environmental risks and provide a sustainable final land use of the area. It includes long-term programs such as the proposed Ecological Solid Waste Management Project with Temporary Residual Containment Area (TRCA), Waste to Energy (WtE) facilities, Eco-tourism Project, and Minahang Bayan.

EXPLORATION, RESEARCH AND DEVELOPMENT

The Pantangan property is a viable prospect for epithermal gold mineralization and aggregates. Drilling works of the Pantangan Gold Prospect continued with the aim of probing the lateral and vertical continuations of the V9SL and V2SL, the promising gold veining systems intercepted at shallow depths during the first drilling operation. To-date, there have been 6 drill holes with an aggregate length of 1,012.4 meters. The second phase drilling targeting 6 to 8 boreholes with a length of 1,200 meters is underway. CTECH Industrial Corporation was signed up to implement the second phase drilling.

On the aggregates prospect, the Company is prioritizing the permitting of the 40 hectares Quarry Permit (QPA) outside the MPSA. The MGB has issued area clearance in the QPA and the Company is working on LGU consent, tree inventory, NCIP certification, and ECC process. To-date, the topographic survey covering the eight (8) blocks of the Quarry Permit Areas immediately north outside the approved MPSA has been completed. Walk-through and site evaluation for the access road from the QPA blocks to the main highway and eastern sea-coast of Bataan were also completed. In the meantime, the Company continues to do topographic/road surveys and apply for road-right-of-way permits.

On the Zamboanga Gold Prospect, the Company has ongoing talks with claimowner, Orelina Mining Corporation, for its consent to a proposed arrangement with the small scale miners cooperative in the San Fernandino vein area where they will be allowed to continue with their livelihood activities under a regulated system subject to the conditions that the Company can conduct exploration/drilling works and

will be assisted in securing Free, Prior and Informed Consent (FPIC) from the Indigenous People. Duration of arrangement is until the Company is ready to start large scale mining.

The Company's Surigao Coal Prospect has submitted all the requirement for the application of a new Coal Operating Contract (COC) with the Department of Energy (DOE).

SUBSIDIARIES AND AFFILIATES

i. **Logistics**

Arrow Freight Corporation (AFC)

AFC, the logistics provider of the Company generated revenue of ₱25.4 million for the second quarter and ₱54.6 million for the first half this year, higher as compared to the revenues of ₱3.7 million and ₱14.9 million for the same periods in 2020. Net income for the second quarter this year amounted to ₱2.0 million against ₱2.1 million loss in the same quarter last year. For the first semester this year, net income amounted to ₱18.5 million, higher than the ₱2.4 million for the same period in 2020.

AFC has current operational hauling capacity of 9 units dump truck. AFC plan to purchase more dump trucks and backhoe to handle the loading and hauling requirements of BNMI.

- **Keystone Port Logistics Management & Services Corporation (KPLMSC)**

KPLMSC, the port and barging services provider of the Company registered revenue of ₱23.9 million for the second quarter and ₱52.5 million for the first half this year, higher as compared to the revenue of ₱7.3 million and ₱18.3 million for the same respective periods last year. The increase is on account of the higher tonnage of nickel ore exports handled during the first semester this year to 798,768 tons from 265,255 tons for the same period in 2020. Net income for the second quarter and first semester of 2021 amounted to ₱12.3 million and ₱26.9 million, respectively, higher compared to the net income of ₱3.7 million and ₱9.6 million for the same respective periods in 2020.

ii. **Real Estate**

- **BMC Forestry Corporation (BFC)**

BFC manages the lime kiln operation of Irisan Lime Project and various real estate projects. BFC continues to develop and sell subdivision lots in its real estate project in Rosario, La Union. The market of Woodspark Subdivision was affected by the Covid-19 pandemic and reported ₱0.02 million net loss this quarter against ₱0.11 million net loss for the same period last year. BFC continues to collect monthly amortizations and sell the remaining 5 lots with an aggregate area of 1,763 square meters valued at ₱8.89 million.

- **Kelly Ecozone Project (KEP)**

On the KEP, the Company has submitted the revised amended land use concept and 5-Year Master Development Plan to the Philippine Economic Zone Authority (PEZA). The Company has also completed the field validation and GPS survey of structures/improvements in the claim areas.

iii. **Healthcare**

Benguetcorp Laboratories, Inc. (BCLI) generated total revenue of ₱11.2 million for the second quarter and ₱21.9 million for the first half this year, against ₱5.9 million and ₱13.9 for the same periods last year. Increase in revenues resulted to pre-tax income of ₱2.2 million for the second quarter, a turn around from the pre-tax loss of ₱3.1 million for the same quarter last year. For the same reason, pre-tax income for the first semester of 2021 amounted to ₱3.0 million higher compared to the ₱4.3 million pre-tax loss for the same period in 2020. The favorable results were mainly due to income from Annual Physical Examination (APE) services to clients, flu vaccination, continuing antigen swab testing and increase in number of walk-in patients despite the community quarantine restrictions imposed by the government.

BCLI is now on its second year out of the 3 years clinic management and medical services contracts with Texas Instrument for its Baguio City and Clark, Pampanga hubs. It also focused on the Health Management Organizations catering to corporate and institutional clients, both from the private and government sectors. Its long-standing corporate client, MOOG, renewed its contract with BCLI to provide full clinic management services in its site effective May 1, 2021.

- iv. BenguetCorp International Limited (BIL), the Company's Hongkong-based and 100% owned subsidiary for international operations, remains largely inactive. BIL's wholly owned subsidiary, BenguetCorp USA Limited (BUSA) in Nevada, U.S.A. continue to hold interests in mining properties in Royston Hills, Nevada, which are currently being offered for sale to interested parties.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

The Company constantly observes precautionary measures in response to the COVID-19 pandemic to reduce risks, safeguard the health and safety of its employees and indigent families in the host and neighboring communities, and to ensure business continuity. The Company is assisting in the vaccine roll out of the local government in the host community through provision of venue, meals and other support materials required by the Municipal Health Office. Likewise, should the Company's vaccine procurement becomes available, portion will be allocated to the community through the SDMP.

The Company does not foresee any cash flow or liquidity problems over the next twelve (12) months. BNMI resumed mining operations and continues to market saleable nickel ores inventory from old and newly mined stockpile areas, ILP continues to have steady market for quicklime products, while AGP is expected to improve gold production due to more relaxed quarantine guidelines which will improve attendance and performance of miners. 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 employees for the Pantingan project, BNMI, AFC and Keystone Port Logistics and Management Services Corporation (KPLMSC),

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

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked 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 reduced debt levels are continuing. The Parent Company's outstanding principal debt subject to the 1992 Restructuring Agreement was reduced to ₱85.06 million. The Company remains committed to a final and comprehensive settlement of all old debt or to arrange a suitable restructuring of the remaining obligations.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities of other persons created during the reporting period.

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

- Significant elements of income or loss that did not arise from the Company's continuing operations;

- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company.

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 June 30, 2021, the Company current ratio is 1.66:1 versus 0.82:1 in second quarter 2020.

2. Metal Price

The Company's revenue is largely dependent on the world market prices for gold and nickel. Favorable metal prices will also have a favorable impact on the Company's revenues. The market price of gold used by the Bangko Sentral ng Pilipinas 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\$1,812.83 per ounce this quarter, as compared to average price US\$1,711.55 per ounce for the same period in 2020. Nickel ores were sold at average price of US\$40.72/ton this quarter against US\$24.58/ton for the same period in 2020.

3. Tons Milled and Ore Grade

Tons milled and ore grade are key determinant of gold sales volume. The higher tons milled and ore grade are directly proportional to revenue level. For this quarter, tons milled were 13,908 tons of shared ore with average grade of 6.24 grams per ton gold, as compared to 9,188 tons of shared ore with average grade of 6.53 grams per ton gold for the same period in 2020. Gold sold were 2,789.58 ounces this quarter versus 1,594.11 ounces for the same period in 2020. 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 were 363,293 tons compared to 106,605 tons in the same period in 2020.

4. Foreign Exchange Rate

The Company's sales proceeds are denominated 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 June 30, 2021, the peso to dollar exchange rate was at ₱48.80, as compared to ₱49.83 for the same period in 2020. 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, cost management, productivity and will provide investors comparable benchmarks relative to similar companies. The reported Company earnings per share this first half is ₱1.33 as compared to ₱0.16 earnings per share in the same period in 2020.

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

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND DECEMBER 31, 2020
(Amounts in Thousands)

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱866,579	₱271,548
Trade and other receivables	396,210	475,251
Inventories	191,495	101,140
Other current assets	469,809	398,720
Total Current Assets	1,924,093	1,246,659
Noncurrent Assets		
Property, plant and equipment	2,588,022	2,615,290
Financial assets measured at fair value through other comprehensive income (FVOCI)	13,578	13,361
Deferred mine exploration costs	453,209	456,806
Investment property	2,633,677	2,633,677
Deferred tax assets - net	6,712	6,712
Other noncurrent assets	396,826	406,777
Total Noncurrent Assets	6,092,024	6,132,623
TOTAL ASSETS	₱8,016,117	₱7,379,282
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	₱323,998	₱508,998
Trade and other payables	642,420	620,719
Current portion of liability for mine rehabilitation	38,136	38,136
Current portion of lease liability	1,164	1,678
Income tax payable	150,940	2,006
Total Current Liabilities	1,156,658	1,171,537
Noncurrent Liabilities		
Deferred income tax liabilities - net	882,514	882,514
Liability for mine rehabilitation	67,470	67,470
Pension liability	81,831	81,831
Noncurrent portion of lease liability	4,476	4,476
Other noncurrent liabilities	212,510	391,412
Total Noncurrent Liabilities	1,248,801	1,427,703
Total Liabilities	2,405,459	2,599,240
Equity		
Capital stock	622,903	617,215
Capital surplus	391,220	388,969
Other components of equity	1,184,073	1,183,086
Retained earnings	3,420,478	2,598,788
	5,618,674	4,788,058
Cost of 116,023 shares held in treasury, ₱69 per share	(8,016)	(8,016)
Total Equity	5,610,658	4,780,042
TOTAL LIABILITIES AND EQUITY	₱8,016,117	₱7,379,282

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(With Comparative Figures for the six months ended June 30, 2020)
(Amounts in Thousands)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	2021	2020	2021	2020
REVENUES	₱999,583	₱293,127	₱2,281,207	₱701,590
COSTS AND OPERATING EXPENSES				
Costs of mine products sold	324,752	134,648	611,507	333,129
Costs of merchandise sold and services	13,026	8,856	26,496	19,565
Selling and general	162,546	84,449	331,574	189,931
Taxes on revenue	73,989	17,139	175,822	43,220
	574,313	245,092	1,145,399	585,845
INCOME (LOSS) FROM OPERATIONS	425,270	48,035	1,135,808	115,745
INTEREST EXPENSE	1,161	1,528	1,804	1,815
OTHER INCOME (EXPENSE)				
Interest income	184	312	338	517
Foreign exchange gain (loss)	(900)	3,877	(5,461)	3,504
Miscellaneous – net	(16,603)	(1,180)	(30,516)	(1,589)
	(17,319)	3,009	(35,639)	2,432
INCOME (LOSS) BEFORE INCOME TAX	406,790	49,516	1,098,365	116,362
PROVISION FOR INCOME TAX	103,663	7,535	276,675	17,680
NET INCOME (LOSS)	₱303,127	₱41,981	₱821,690	₱98,682
BASIC EARNINGS (LOSS) PER SHARE	₱0.49	₱0.07	₱1.33	₱0.16
DILUTED EARNINGS (LOSS) PER SHARE	₱0.49	₱0.07	₱1.32	₱0.16

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(With Comparative Figures for the six months ended June 30, 2020)
(Amounts in Thousands)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	2021	2020	2021	2020
NET INCOME (LOSS)	₱303,127	₱41,981	₱821,690	₱98,682
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Translation adjustment on foreign subsidiaries	307	(968)	647	(915)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Unrealized gain (loss) on equity instruments designated at FVOCI	8	44	17	88
OTHER COMPREHENSIVE INCOME (LOSS)	315	(924)	664	(827)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱303,442	₱41,057	₱822,354	₱97,855

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(With Comparative Figures for the six months ended June 30, 2020)
(Amounts in Thousands)

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	December 31, 2020 (Audited)
CAPITAL STOCK	₱622,903	₱616,863	₱617,215
CAPITAL SURPLUS	391,220	380,382	388,969
REVALUATION INCREMENT	1,127,236	1,127,236	1,127,236
CUMULATIVE TRANSLATION ADJUSTMENT			
Balance at beginning of period	31,595	33,592	33,592
Translation adjustment	647	(915)	(1,997)
Balance at end of period	32,242	32,677	31,595
COST OF SHARE-BASED PAYMENT			
Balance at beginning of period	13,366	21,671	21,671
Exercise of stock options	323	–	(1,957)
Cancellation of stock options	–	–	(6,348)
Balance at end of period	13,689	21,671	13,366
UNREALIZED GAIN ON FINANCIAL ASSETS AT FVOCI			
Balance at beginning of period	1,164	971	971
Other comprehensive income (loss)	17	88	193
Balance at end of period	1,181	1,059	1,164
REMEASUREMENT LOSS ON PENSION LIABILITY	9,590	21,413	9,590
UNREALIZED GAIN ON INTANGIBLE ASSET	135	135	135
RETAINED EARNINGS			
Balance at beginning of period	2,598,788	2,217,403	2,217,403
Net income (loss) for the period	821,690	98,682	381,385
Balance at end of period	3,420,478	2,316,085	2,598,788
TREASURY SHARES	(8,016)	(8,016)	(8,016)
TOTAL EQUITY	₱5,610,658	₱4,509,505	₱4,780,042

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(With Comparative Figures for the six months ended June 30, 2020)
(Amounts in Thousands)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱406,790	₱41,981	₱1,098,365	₱98,682
Adjustments for:				
Depreciation, depletion and amortization	26,420	12,124	49,363	25,530
Unrealized foreign exchange loss (gain)	307	(4,091)	647	(4,240)
Decrease (increase) in:				
Trade and other receivables	105,336	(59,400)	79,041	(74,534)
Inventories	(34,482)	14,206	(90,355)	41,149
Prepaid expenses and other current assets	(137,956)	(6,216)	(198,830)	(9,433)
Decrease in:				
Trade and other payables	(34,686)	(39,362)	21,701	(40,470)
Pension liability	–	(1,653)	–	(1,653)
Net cash from (used in) operating activities	331,729	(42,411)	959,932	35,031
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Property, plant and equipment	(9,864)	–	(22,095)	(1,194)
Deferred exploration costs	(12,330)	(3,595)	3,597	(4,462)
Other assets	14,287	(2,063)	9,951	(4,639)
Available for sale investments	–	(44)	(200)	(88)
Net cash from (used in) investing activities	(7,907)	(5,702)	(8,747)	(10,383)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Loans payable	–	–	(185,000)	–
Lease liabilities	(281)	(116)	(514)	(531)
Exercise of stock options	6,112	–	8,262	–
Decrease in other noncurrent liabilities	(143,802)	(6,740)	(178,902)	(6,354)
Net cash used in financing activities	(137,971)	(6,856)	(356,154)	(6,885)
NET DECREASE IN CASH AND CASH EQUIVALENTS	185,851	(54,969)	595,031	17,763
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	680,728	149,904	271,548	77,172
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱866,579	₱94,935	₱866,579	₱94,935

BENGUET CORPORATION AND SUBSIDIARIES**EARNINGS PER SHARE COMPUTATION****FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020****(Amounts in Thousands, Except for the Number of Shares)**

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Net income (loss)	₱821,690	₱98,682

Number of shares for computation of:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Basic earnings per share</u>		
Weighted average common shares issued	617,288,177	616,119,252
Less treasury stock	348,069	348,069
Weighted average common shares outstanding	616,940,108	615,771,183
<u>Diluted earnings per share</u>		
Weighted average common shares issued	617,288,177	616,119,252
Less treasury stock	348,069	348,069
	616,940,108	615,771,183
Conversion of preferred stock	2,059,366	2,059,366
Exercise of stock options	5,096,952	-
	624,096,426	617,830,549
Basic earnings (loss) per share	₱1.33	(₱0.07)
Diluted earnings (loss) per share	₱1.32	(₱0.07)

BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	June 30	
	2021	2020
Profitability Ratio		
Return on asset	0.10:1	0.01:1
Return on equity	0.15:1	0.02:1
Gross profit margin	0.64:1	0.44:1
Operating profit margin	0.50:1	0.16:1
Net profit margin	0.36:1	0.14:1
Liquidity and Solvency Ratio		
Current ratio	1.66:1	0.82:1
Quick ratio	1.09:1	0.43:1
Solvency ratio	3.33:1	2.84:1
Financial Leverage Ratio		
Asset to equity ratio	1.43:1	1.54:1
Debt ratio	0.30:1	0.35:1
Debt to equity ratio	0.43:1	0.54:1
Interest coverage ratio	-609.85:1	65.11:1

BENGUET CORPORATION AND SUBSIDIARIES**AGING OF RECEIVABLES**

AS OF JUNE 30, 2021

(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	P56,488	P26,928	P3,459	P4,069	P20,368	P49,229	P160,541
Allowance for doubtful accounts	–	–	–	–	–	(28,308)	(28,308)
Trade receivables – net	56,488	26,928	3,459	4,069	20,368	20,921	132,233
Nontrade receivables:							
Officers and employees	1,090	839	5,153	10,253	29,378	35,892	82,605
Others	3,826	2,221	10,649	13,941	34,565	241,709	306,911
Total	4,916	3,060	15,802	24,194	63,943	277,601	389,516
Allowance for doubtful accounts	–	–	–	–	–	(125,538)	(125,538)
Nontrade receivables - net	4,916	3,060	15,802	24,194	63,943	152,062	263,977
Trade and other receivables - net	P61,404	P29,988	P19,261	P28,263	P84,311	P172,983	P396,210

BENGUET CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

1. Corporate Information

Benguet Corporation (BC; the Parent Company) was incorporated in the Philippines on August 12, 1903.

On June 18, 1956 and June 19, 2006, the Philippine Securities and Exchange Commission (SEC) approved the extension of its corporate life for another fifty (50) years. BC is engaged in chromite, gold, and other metallic and nonmetallic mineral production, exploration, research and development and natural resource projects.

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 at revalued amounts and AFS investments and investment property, which are 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, 2020.

Changes in Accounting Standards and Interpretation

Effective beginning on or after January 1, 2021

- *Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2*

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

Financial assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVTPL).

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 FVTPL, 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 FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset

Subsequent Measurement

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

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

The Group's financial assets at amortized cost include cash in banks and short-term deposits under "cash and cash equivalents", trade receivables, receivables from lessees of bunkhouses, loans receivable under "trade and other receivables", advances to contractors and nontrade under "other current assets" and "other noncurrent assets", respectively.

- *Financial assets designated at FVOCI (equity instruments)*
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in the consolidated statement of comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its UITF and quoted shares under this category.

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 FVTPL. 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 effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral on 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.

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 FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement - Financial liabilities at amortised cost (loans and borrowings)

After initial measurement, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR. The EIR amortization is included as finance costs in the interim condensed consolidated statement of income.

This category generally applies to the Group's loans payable.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the interim condensed 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 the liability simultaneously, or to realize the asset and the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Fair Value Measurement

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 participant 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 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

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 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.

Determining the Group's Business Model

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

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. Management concluded that some of its parcels of land at Irisan, Baguio City and Itogon, Benguet are investment properties.

Principal versus Agent Considerations

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

- The Group is not primarily responsible for fulfilling the promise to provide the professional services.
- The Group has no discretion in establishing the price for the services provided. The Group's consideration in these contracts is only based on the difference between the Group and the customer.

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

Estimates and Assumptions

The key 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 general approach model as new impairment requirement of PFRS 9 about ECL, which replaced the PAS 39 incurred loss model. An assessment of the ECL relating to trade and other receivables is undertaken upon initial recognition and each financial year. The simplified general approach of the ECL impairment model 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 amounted to ₱396,210 and ₱475,251 as at June 30, 2021 and December 31, 2020, 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 property, plant and equipment, provision for mine rehabilitation and decommissioning and depletion charges.

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

As at June 30, 2021 and December 31, 2020, deferred mine exploration costs amounted to ₱453,209 and ₱456,806, respectively.

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, discount rates and foreign currency exchange rates, which can materially affect the consolidated financial statements. Commodity prices and foreign exchange rates are based on forecasts of various financial institutions while the discount rate is based on industry weighted average cost of capital.

An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, property, plant and equipment are grouped at the lowest levels for which there are separately identifiable cash flows. An impairment loss is recognized and charged to earnings if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows.

As at June 30, 2021 and December 31, 2020, property, plant and equipment (at revalued amount and at cost) amounted to ₱2,588,022 and ₱2,615,290, 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. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs. As at June 30, 2021 and December 31, 2020, the carrying value of inventories amounted to ₱191,495 and ₱101,140, respectively.

Assessing Impairment of Other Current and Noncurrent Assets

The Group provides allowance for impairment losses on other current and 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 other current assets and other noncurrent assets amounted to ₱866,635 and ₱805,497 as at June 30, 2021 and December 31, 2020, 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 June 30, 2021 and December 31, 2020, the appraised value of land and artworks, and investment properties amounted to ₱1,673,288.

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 ₱67,470 as at June 30, 2021 and December 31, 2020.

Estimating Cost of Share-Based Payment

The Parent Company's Nonqualified Stock Option Plan grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The ESOIP recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the annual consolidated financial statements. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations. Cost of share-based payment amounted to ₱13,689 and ₱13,366 as at June 30, 2021 and December 31, 2020.

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. Net pension liability of the Parent Company amounted to ₱78,749 as at June 30, 2021 and December 31, 2020. Net pension liability of AFC amounted to ₱3,082 as at June 30, 2021 and December 31, 2020.

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.

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. The Group recognized net deferred tax assets amounting to ₱12,191 as at June 30, 2021 and December 31, 2020. The Group has unused NOLCO, MCIT and deductible temporary differences for which deferred tax assets were not recognized as it is not probable that sufficient future taxable profits will be available against which the benefit of the deferred tax assets can be utilized.

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments pertain to unsecured and secured bank loans. The main purpose of these financial instruments is to fund the Group's operations. The Group has other financial instruments such as cash and cash equivalents, trade receivables, receivable from lessees of bunkhouses, loans receivable under trade and other receivables, advances under other noncurrent assets trade and accrued expenses under trade and other payables and obligations under finance lease, which arise directly from its operations. Other financial assets include FVOCI assets.

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 (bank credit lines) and loans payable maturing within 12 months can be rolled over with existing lenders. It also continuously assesses conditions in the financial markets for opportunities to avail bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

As at June 30, 2021 and December 31, 2020, 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 summarize the aging analysis of the Group's financial assets and the maturity profile of the Group's financial liabilities as at June 30, 2021 and December 31, 2020.

June 30, 2021	On demand	0-90 days	More than 90 days	More than one year	Total
Cash and cash equivalents					
Cash in banks	P855,516	P–	P–	P–	P855,516
Short-term deposits	10,067	–	–	–	10,067
Trade and other receivables					
Trade	56,488	26,928	3,459	45,358	132,233
Receivables from lessees of bunkhouses	2,007	–	–	–	2,007
Advances under other current assets	–	–	–	54,638	54,638
Nontrade under other noncurrent assets	–	–	–	211,339	211,339
FVOCI					
UITF	–	–	–	13,158	13,158
Quoted shares	–	–	–	420	420
Total	P924,078	P26,928	P3,459	P324,913	P1,279,378
Loans payable	P323,998	P–	P–	P–	P323,998
Trade and other payables					
Trade	–	335,646	–	–	335,646
Nontrade	1,270	–	–	–	1,270
Accrued expenses	–	–	29,305	–	29,305
Lease liability	–	1,164	–	4,476	5,640
Other noncurrent liabilities					
Equity of claimowner in contract operations	–	–	–	49,136	49,136
Total	P325,268	P336,810	P29,305	P53,612	P744,995

**Excluding statutory payables*

December 31, 2020	On demand	0-90 days	More than 90 days	More than one year	Total
Cash and cash equivalents					
Cash in banks	₱261,481	₱–	₱–	₱–	₱261,481
Short-term deposits	51	10,016	–	–	10,067
Trade and other receivables					
Trade	–	–	178,583	–	178,583
Receivables from lessees of bunkhouses	1,110	–	–	–	1,110
Advances under other noncurrent assets	–	–	–	54,638	54,638
Nontrade under other noncurrent assets	–	–	–	210,726	210,726
FVOCI					
UITF	–	–	–	12,941	12,941
Quoted shares	–	–	–	420	420
Total	₱262,642	₱10,016	₱178,583	₱278,725	₱729,966
Loans payable					
Loans payable	₱508,998	₱–	₱–	₱–	₱508,998
Trade and other payables					
Trade	–	330,948	–	–	330,948
Nontrade*	5,158	–	–	–	5,158
Accrued expenses	16,935	–	34,599	–	51,534
Lease liability	–	1,943	–	6,761	8,704
Other noncurrent liabilities					
Equity of claimowner in contract operations	–	–	–	49,136	49,136
Total	₱531,091	₱332,891	₱34,599	₱55,897	₱954,478

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations as these falls due. It is inherent to the business that potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses and loans receivable under trade and other receivables, advances under other noncurrent assets and FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognized third parties, there is no requirement for collateral. The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure is shown at each instrument's carrying amount, before the effect of mitigation through the use of master netting and collateral agreements.

	June 30, 2021	December 31, 2020
Cash and cash equivalents		
Cash in banks	P855,516	P260,546
Short-term deposits	10,067	10,067
Trade and other receivables		
Trade	132,659	178,583
Receivables from lessees of bunkhouses	2,007	1,110
Advances under other current assets	54,638	54,638
Nontrade under other noncurrent assets	211,339	210,726
	P1,266,226	P715,670

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

June 30, 2021	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High-grade	Standard- grade			
Cash and cash equivalents					
Cash in banks	P855,516	P-	P-	P-	P855,516
Short-term deposits	10,067	-	-	-	10,067
Trade and other receivables					
Trade	-	132,659	-	27,882	160,541
Receivables from lessees of bunkhouses	-	-	2,007	3,644	5,651
Loan receivable	-	-	-	49,763	49,763
Advances under other current assets	-	-	54,638	-	54,638
Nontrade under other noncurrent assets	-	-	211,339	151,892	363,231
Total credit risk exposure	P865,583	P132,659	P267,984	P233,181	P1,499,407

December 31, 2020	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High-grade	Standard- grade			
Cash and cash equivalents					
Cash in banks	P260,546	P-	P-	P-	P260,546
Short-term deposits	10,067	-	-	-	10,067
Trade and other receivables					
Trade	-	178,583	-	27,882	206,465
Receivables from lessees of bunkhouses	-	-	1,110	3,644	4,754
Loan receivable	-	-	-	49,763	49,763
Advances under other current assets	-	-	54,638	-	54,638
Nontrade under other noncurrent assets	-	-	210,726	151,892	362,618
Total credit risk exposure	P270,613	P178,583	P266,474	P233,181	P948,851

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

- a. Cash and cash equivalents are assessed as high-grade since these are deposited in reputable banks, which have a low probability of default.
- b. Trade receivables, which pertain mainly to receivables from sale of nickel ore, were assessed as standard-grade. These were assessed based on past collection experience and the debtors' ability to pay.
- c. UITF and quoted financial assets at FVOCI were assessed as high-grade since these are instruments from companies with good financial condition and are operating in an industry which has potential growth.
- d. Other financial assets such as receivables from lessees of bunkhouses, loans receivables, advances to contractors under other current assets and nontrade under other noncurrent assets were assessed as standard-grade, based on past collection experience and debtors' ability to pay.

Impairment of Financial Assets

The Group has financial assets consisting of cash and cash equivalent, trade receivables, UITF and quoted financial asset at FVOCI, receivables from lessees of bunkhouses, loan receivable, advances to contractors under "other current assets" and nontrade under "other noncurrent assets". While cash and cash equivalent are also subject to the impairment requirements of PFRS 9, the identified impairment loss were immaterial.

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. On the other hand, the general approach was used in measuring ECL for receivables from lessees of bunkhouses, loan receivable, advances to contractors under "other current assets" and nontrade under "other noncurrent assets".

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 June 30, 2021 and December 31, 2020, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans and unsecured bank loans with floating interest rates. The Group regularly monitors its interest due to exposure from interest rates movements.

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 June 30, 2021 and December 31, 2020 follow:

	June 30, 2021		December 31, 2020	
	US\$	Peso equivalent	US\$	Peso equivalent
<u>Financial Assets</u>				
Cash in banks	\$2,522	₱123,074	\$1,280	₱61,469
Trade receivables under "trade and other receivables"	2,075	101,260	527	25,308
Total monetary assets	\$4,597	₱224,334	\$1,807	₱86,777

As at June 30, 2021 and December 31, 2020, the exchange rates of the Philippine peso to the US\$ based on the Philippine Dealing System are ₱48.80 and ₱48.023 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 June 30, 2021 and December 31, 2021 is as follows:

	Change in foreign exchange rate	Income before income tax effect
June 30, 2021	Strengthens by 0.14%	₱644
	Weakens by 0.96%	(4,413)
December 31, 2020	Change in foreign exchange rate	Income before income tax effect
	Strengthens by 0.14%	₱119
	Weakens by 0.96%	(830)

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 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.

Management believes that its exposure to equity price risk is not material to the consolidated financial statements as a whole; thus, disclosure of equity price risk analysis was deemed unnecessary.

Capital Management

The Group maintains a capital base to cover risks inherent in the business. The primary objective of the Group's capital management is to optimize the use and earnings potential of the Group's resources, ensuring that the Group complies with externally imposed capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Group's activities.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies, or processes in 2021, and 2020. The Group monitors capital using the parent company financial statements. As at June 30, 2021 and December 31, 2020, the Group has met its capital management objectives.

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

	June 30, 2021	December 31, 2020
Capital stock	₱622,903	₱617,215
Capital surplus	391,220	388,646
Retained earnings	3,420,478	2,598,788
Other components of equity	1,184,073	1,183,409
Treasury shares	(8,016)	(8,016)
	₱5,610,658	₱4,780,042

Further, the Group monitors capital using debt to equity ratio, which is total liabilities divided by total equity. Debt to equity ratios of the Group as at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Total liabilities (a)	₱2,405,459	₱2,599,240
Total equity (b)	5,610,658	4,780,042
Debt-to-equity ratio (a/b)	0.43:1	0.54:1

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' financial condition or results of operations.

6. Events After End of Reporting Period

There are no significant events after end of reporting period except for the imposition of enhanced community quarantine (ECQ) in National Capital Region starting August 6, 2021 to last until August 20, 2021.

The Group considered the measures taken by the government as a non-adjusting subsequent event, which did not impact its financial position and performance as at June 30, 2021.

ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY
(FOR THE SECOND QUARTER ENDED JUNE 30, 2021)

- i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2020 financial statements. Additional disclosures on the significant changes of accounts and subsequent events are presented in the Management Discussion and Analysis.
- ii.) During the Second Quarter of 2021, 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 Second Quarter of 2021, 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 Second Quarter 2021.
- v.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as of June 30, 2021 mainly rose from sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱450.4 million and nickel ores amounting to ₱1,771.8 million.
- vi.) Subsequent Material Events - There were no material events subsequent to the end of the quarter that have been reflected in the financial statements for the period.
- vii.) 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 2020.

ANNEX “C”

RULES AND PROCEDURE FOR HOLDING OF, AND PARTICIPATION BY STOCKHOLDERS IN THE ASM BY REMOTE COMMUNICATION AND VOTING IN ABSENTIA

To conform with the government’s directive wherein public gathering or assembly is discourage, the Board of Directors of Benguet Corporation (the “Company”) in its regular meeting held on August 24, 2021 has approved the holding of the virtual Annual Stockholders’ Meeting (ASM) on November 10, 2021 at 3:00 P.M., with record date September 17, 2021 for stockholders entitled to notice of and to vote at this meeting. The Board has also authorized stockholders to participate in the virtual ASM through remote communication and to exercise their rights to vote in absentia pursuant to the provisions of SEC Memorandum Circular No. 6 Series of 2020,

A. Registration:

Stockholders intending to participate by remote communication in the virtual ASM and exercise their right to vote in absentia should notify the Company by email to ASMregister@benguetcorp.com on or before November 3, 2021, and by submitting there the following supporting documents/information, subject to verification and validation.:

:

- a) Individual Stockholders
 - i. Copy of valid government-issued ID of stockholder/proxy.
 - ii. If appointing a proxy, copy of proxy form duly signed by stockholder.
 - iii. Valid and active email address and contact number of stockholder/proxy.
- b) Stockholders with Joint Accounts
 - i. Copy of valid government-issued ID of stockholder/proxy
 - ii. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders.
 - iii. Valid and active email address and contact number of stockholder/proxy.
- c) Corporate Stockholders
 - i. A secretary’s certificate appointing and authorizing proxy to participate in the ASM.
 - ii. Copy of valid government-issued ID of the representative.
 - iii. Valid and active email address and contact number of authorized representative.
- d) Stockholders under PCD Participant/Brokers account
 - i. A broker certification on the stockholder’s number of shareholdings.
 - ii. Copy of stockholder’s valid government issued ID.
 - iii. If appointing a proxy, copy of proxy form duly signed by stockholder.
 - iv. Valid and active email address and contact number of stockholder or proxy.

Note: The Company reserves the right to reject processing of registration and deny access to ASM facilities for incomplete documents or for any discrepancy found in the information provided. Stockholders who have successfully registered will receive an electronic invitation via email containing the Meeting ID and Password, including the rules and procedures for the ASM.

B. Participation in the ASM by Remote Communications

- a.) Only registered stockholders are entitled to attend and participate and to vote through remote communication or in absentia during the ASM.
- b.) As the ASM will be conducted virtually, questions and/or comments limited to the items in the Agenda of the meeting may be sent prior to or during the ASM to bccorpsec@benguetcorp.com.
- c.) During the virtual meeting, the Company will have an Open Forum. Stockholders will be given an opportunity to raise their questions/comments limited to the items in the Agenda. The Company will exert best efforts to answer as many of the questions/comments received from stockholders as time will allow. Any additional questions or questions received but not entertained during the open forum due to time constraints will be addressed by the Company through the specified email address provided by the stockholder.

C. Voting in Absentia

- a.) Stockholders voting in absentia, who are duly registered and whose shareholdings have been authenticated and verified, may cast their votes electronically using a digital version of the ballot through the Company's secure online voting facility at any time prior to or during the meeting.
- b.) Registered stockholder may cast their votes using a digital ballot where they can write their votes on every item in the Agenda or proposed resolution and shall submit duly accomplished ballot to the Office of the Corporate Secretary / Stockholders Relation Office, Benguet Corporation, 7th Floor Universal Re-Building, 106 Paseo de Roxas, Makati City by mail, or by email to bccorpsec@benguetcorp.com for validation. Ballot forms are downloadable in the Company's website at www.benguetcorp.com
- c.) Registered stockholders who wish to appoint a proxy should submit duly accomplished proxy form on or before 3:00 O'clock PM on November 9, 2021, to the Office of the Corporate Secretary / Stockholders Relatiion Office, Benguet Corporation, 7th Floor Universal Re-Building, 106 Paseo de Roxas, Makati City by mail or by email to bccorpsec@benguetcorp.com for validation. Proxy forms are downloadable in the Company's website at www.benguetcorp.com

Important Notes:

- a.) The Company will not hold a physical meeting and will conduct the ASM virtually through livestreaming. Stockholders can therefore only participate by remote communication, by voting through sending of ballots by email or digitally or by proxy.
- b.) Stockholders of record as of September 17, 2021 who have registered and whose shares have been verified and proxies validated shall be counted in the determination of a quorum at the ASM. By participating remotely by proxy, stockholder shall be deemed present for the purpose of quorum.
- c.) The Company shall ensure confidentiality of all votes for tabulation, including those cast by proxy, with assistance from the Company's stock transfer agent (Stock Transfer Service, Inc.) and subject to validation by SGV & Co.

- d.) The ASM proceedings will be recorded in audio and video format and a copy of which shall be made available to a stockholder upon request.
- e.) Electronic Copies of Relevant Documents – Pursuant to SEC Notice issued on April 20, 2020, electronic copies of the Notice of Meeting, Definitive Information Statement and Management Report, 2020 Annual Report (SEC Form 17-A) and other related documents in connection with the virtual ASM may be accessed through the Company's website www.benguetcorp.com and through the PSE Edge Portal <https://edge.pse.com.ph>

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

SECRETARY'S CERTIFICATE

I, **HERMOGENE H. REAL**, Filipino citizen, of legal age, and with office address at 3/F Universal-Re building, 106 Paseo de Roxas, Makati City, Metro Manila, being the Corporate Secretary of **BENGUET CORPORATION**, (hereinafter referred to as the "Corporation"), a corporation duly organized and existing under Philippine laws with business address at 7/F Universal-Re building, 106 Paseo de Roxas, Makati City, Metro Manila, **DO HEREBY CERTIFY:** That at the regular meeting of the Board of Directors of said corporation held on March 18, 2021, during which a majority of the Directors at which quorum was present and acting throughout, the following resolution was unanimously approved:

"RESOLVED, That the Board of Directors approve, as it hereby approves the recommendation of the Stock Option Committee that the cancelled, expired and forfeited shares from previous stock option grants consisting of 3,007,627 shares based on the December 31, 2020 audit, be distributed by way of stock option to BC and subsidiaries officers, Board of Directors, employees and consultants, who have rendered at least two (2) years of service as of March 15, 2021;

RESOLVED, FURTHER, that pursuant to the approval of the above recommendation, the Board of Directors confirm, as it hereby confirms the proposed individual awards in the list appended to the minutes of the Stock Option Committee's meeting of March 1, 2021 as Annex "A"."

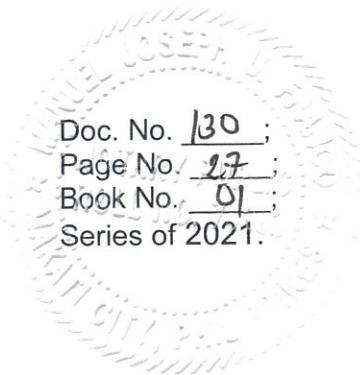
"RESOLVED, FINALLY, That the Board of Directors confirm and approve, as it hereby confirms and approves to set the exercise price of the stock option grant, as follows: P2.19 per share for Common Class "A" and P2.05 per share for Common Class "B", which stock price(s) represent the closing/highest trading price for BenguetCorp (BC) shares as of the date of approval of the grant by the Stock Option less 25% discount pursuant to the provisions of the Amended Stock Option Plan.

RESOLVED, FINALLY, That the Board of Directors authorize management through its President, Atty. Lina G. Fernandez, to implement the award and to issue individual notices to qualified grantees."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 14th day of SEP, 2021 at Mandaluyong City.

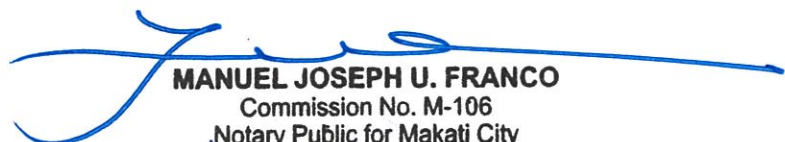

HERMOGENE H. REAL
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME this 14th day of SEP, 2021 at Mandaluyong City, affiant exhibited to me her SSS No. 03-3235876-3 issued in the Republic of the Philippines.



Doc. No. 130 ;
Page No. 27 ;
Book No. 01 ;
Series of 2021.

NOTARY PUBLIC


MANUEL JOSEPH U. FRANCO
Commission No. M-106
Notary Public for Makati City
Until December 31, 2022
7F Universal Re Building
106 Paseo de Roxas, Makati City
Roll No. 74383
PTR No. 8535035- January 5, 2021
IBP No. 151530- January 4, 2021

CERTIFICATION OF INDEPENDENT DIRECTOR

I, BERNARDO M. VILLEGAS, Filipino, of legal age and a resident of 6 Tyler St. North Greenhills, San Juan City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of BENGUET CORPORATION (the "Company") and have been designated an independent director of the Company since 2002, although I have been a director prior to the issuance of SEC Memorandum Circular No. 16 dated November 29, 2002.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Filipino Fund, Inc.	Director	2000 to present
Benguetcorp Nickel Mines, Inc.	Independent Director	2012 to present
Transnational Diversified, Inc.	Director and Consultant	1998 to present
Alaska	Director and Consultant	1999 to present
Dualtech Foundation	Director	1998 to present
Manila Bulletin	Columnist	1963 to present

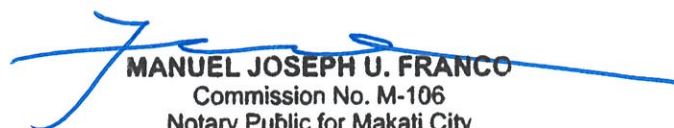
3. I possess all the qualifications and none of the disqualifications that are required to serve as an Independent Director of the Company, as provided for in Section 38 of Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not connected with any government office or agency.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done this 02 SEP 2021 day of September, 2021 at Makati City.


BERNARDO M. VILLEGAS
 Affiant

SUBSCRIBED AND SWORN to before me this 02 SEP 2021 day of September, 2021 at Makati City affiant personally appeared before me and exhibited to me his SSS ID No. 03-1245504-2 issued at Quezon City.

Doc. No. 100
 Page No. 21
 Book No. 01
 Series of 2021.


MANUEL JOSEPH U. FRANCO
 Commission No. M-106
 Notary Public for Makati City
 Until December 31, 2022
 7F Universal Re Building
 106 Paseo de Roxas, Makati City
 Roll No. 74383
 PTR No. 8535035- January 5, 2021
 IBP No. 151530- January 4, 2021

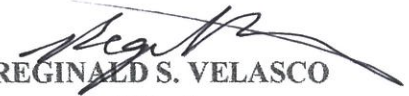
CERTIFICATION OF INDEPENDENT DIRECTOR

I, REGINALD S. VELASCO, Filipino, of legal age and a resident of Unit 804 Pearl Plaza Condominium, Pearl Drive corner Lourdes St., San Antonio, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of BENGUET CORPORATION (the "Company") and have been an independent director of the Company since August 2018.
2. I am affiliated with the following companies or organizations:

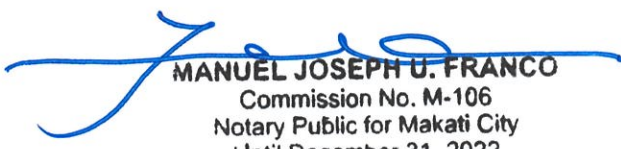
COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
National Unity Party	Secretary General	2013 to present
3. I possess all the qualifications and none of the disqualifications that are required to serve as an Independent Director of the Company, as provided for in Section 38 of Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not connected with any government office or agency.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done this 03 SEP 2021 day of September, 2021 at Makati City.


REGINALD S. VELASCO
Affiant

SUBSCRIBED AND SWORN to before me this 03 SEP 2021 day of September, 2021 at Makati City affiant personally appeared before me and exhibited to me his Driver's License No. X01-70-014725 issued by the Republic of the Philippines with expiry on 07 September 2023.

Doc. No. 105 ;
Page No. 22 ;
Book No. 01 ;
Series of 2021


MANUEL JOSEPH U. FRANCO
Commission No. M-106
Notary Public for Makati City
Until December 31, 2022
7F Universal Re Building
106 Paseo de Roxas, Makati City
Roll No. 74383
PTR No. 8535035- January 5, 2021
IBP No. 151530- January 4, 2021

CERTIFICATION OF INDEPENDENT DIRECTOR

I, RHODORA L. DAPULA, Filipino, of legal age, with office address at Unit 7L, OPL Building, 100 C. Palanca St., Legaspi Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of BENGUET CORPORATION (the "Company") and have been an independent director of the Company since August 2018.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Dapula, Dapula and Associates Law Offices	Partner	2007 to present
G. D. Brains and Castles Inc.	President/CEO	2017 to present
Proficientlink Realty Corporation	President/CEO	2017 to present

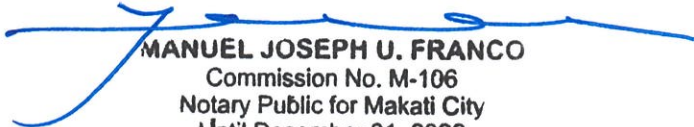
3. I possess all the qualifications and none of the disqualifications that are required to serve as an Independent Director of the Company, as provided for in Section 38 of Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not connected with any government office or agency.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done this 01 SEP 2021 day of September, 2021 at Makati City.


 RHODORA L. DAPULA
 Affiant

SUBSCRIBED AND SWORN to before me this 01 SEP 2021 day of September, 2021 at Makati City affiant personally appeared before me and exhibited to me her PRC Regulation No. 0100161 issued at PRC-Manila on 15 November 1999 valid until 03 December 2021.

Doc. No. 98;
 Page No. 10;
 Book No. 01;
 Series of 2021.


MANUEL JOSEPH U. FRANCO
 Commission No. M-106
 Notary Public for Makati City
 Until December 31, 2022
 7F Universal Re Building
 106 Paseo de Roxas, Makati City
 Roll No. 74383
 PTR No. 8535035- January 5, 2021
 IBP No. 151530- January 4, 2021



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Benguet Corporation (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Bernardo M. Villegas
BERNARDO M. VILLEGAS
Chairman of the Board

Lina G. Fernandez
LINA G. FERNANDEZ
President

Max D. Arceño
MAX D. ARCEÑO
Senior Vice President
Finance & Treasurer

Signed on this 7th day of April, 2021.

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI : S.S.

SUBSCRIBED AND SWORN to before me this 7th day of April, 2021 in Makati City, affiants exhibited to me their valid identification to with: Mr. Bernardo M. Villegas with SSS No. 03-12455042; Atty. Lina G. Fernandez with SSS No. 03-75370258; and Mr. Max D. Arceño with SSS No. 03-82056688, all issued by the Office of the Social Security System, Philippines.

APR 07 2021

MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2021
App. No. M-77138 (2021) Attorney's Roll No. 34562
MCLE Compliance No. VJ-0008196/4-23-2018
PTA No. 8533031/1-4 2021/Makati City
IBP Lifetime Member Roll No. 05413
Ground Level, DeLa Rosa Carpark I
DeLa Rosa St. Legaspi Village,
Makati City

Doc. No. 320
Page No. 115
Book No. 211
Series of 2021.

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	1	3	4	1					
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COMPANY NAME

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

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

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Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

<p>Company's Email Address</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">BCCorpSec@benguetcorp.com</div>	<p>Company's Telephone Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">(02) 8812-1380</div>	<p>Mobile Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">09166100630</div>
<p>No. of Stockholders</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">16,904</div>	<p>Annual Meeting (Month / Day)</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">First Wednesday in November</div>	<p>Fiscal Year (Month / Day)</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">December 31</div>

CONTACT PERSON INFORMATION

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

<p>Name of Contact Person</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">Mr. Max D. Arceño</div>	<p>Email Address</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">marceno@benguetcorp.com</div>	<p>Telephone Number/s</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">(02) 8812-1380</div>	<p>Mobile Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">N/A</div>
---	--	--	--

CONTACT PERSON'S ADDRESS

Lot 8 Block 8 Gumamela St., Metrocor Homes, Camarin, Caloocan City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Benguet Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Valuation of Land at Fair Value

The Group accounts for its land as investment properties using the fair value model and as property, plant and equipment using the revaluation model. As at December 31, 2020, land classified as investment properties amounting to ₱2,633.68 million and land classified as property, plant and equipment amounting to ₱1,621.15 million represented 36% and 22% of the consolidated total assets, respectively. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. Thus, we considered the valuation of land as a key audit matter.

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

Audit Response

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

Recoverability of Deferred Mine Exploration Costs

As at December 31, 2020, the carrying value of the Group's deferred mine exploration costs amounted to ₱456.81 million. These deferred exploration costs pertain to the expenditures incurred by the Group for the mining properties located in Benguet, Zambales and Bataan. Under PFRS 6, *Exploration and Evaluation of Mineral Resources*, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Group to recover its deferred mine exploration costs would depend on the commercial viability of the reserves. We considered this is a key audit matter because of the materiality of the amount involved, and the significant judgment required in assessing whether there is any indication of impairment.

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

Audit Response

We obtained management's assessment on whether there is any indication that deferred mine exploration costs may be impaired. We inquired the status of each exploration project as of December 31, 2020, as certified by the Group's technical group head and compared it with the disclosures submitted to regulatory agencies. We reviewed contracts and agreements, and budgets for exploration and development costs. We inspected the licenses, permits and correspondences of each mine exploration project to determine that the period for which the Group has the right to explore in the specific areas has not expired, will not expire in the near future, and will be renewed accordingly. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.



Impairment Testing of Property, Plant and Equipment

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

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

Audit Response

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

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

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

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

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



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

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

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

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

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

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



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

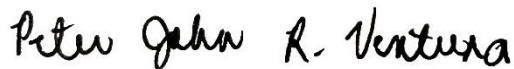
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

SEC Accreditation No. 1735-A (Group A),

January 15, 2019, valid until January 14, 2022

Tax Identification No. 301-106-741

BIR Accreditation No. 08-001998-140-2018,

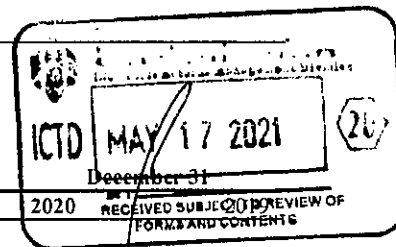
December 17, 2018, valid until December 16, 2021

PTR No. 8534379, January 4, 2021, Makati City

March 18, 2021



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



ASSETS

Current Assets		
Cash and cash equivalents (Note 4)	P271,548	P77,172
Trade and other receivables (Note 5)	475,251	289,955
Inventories (Note 6)	101,140	132,157
Other current assets (Note 7)	398,720	314,147
Total Current Assets	1,246,659	813,431
Noncurrent Assets		
Property, plant and equipment (Note 10)		
At revalued amount	1,673,288	1,673,288
At cost	942,002	963,864
Financial assets measured at fair value through other comprehensive income (FVOCI) (Note 8)	13,361	13,168
Deferred mine exploration costs (Note 11)	456,806	449,181
Investment properties (Note 12)	2,633,677	2,478,862
Deferred tax assets - net (Note 31)	6,712	47,732
Other noncurrent assets (Note 13)	406,777	482,014
Total Noncurrent Assets	6,132,623	6,108,109
TOTAL ASSETS	P7,379,282	P6,921,540

LIABILITIES AND EQUITY

Current Liabilities		
Trade and other payables (Note 15)	P620,719	P576,856
Loans payable (Note 14)	508,998	507,893
Lease liabilities (Note 16)	1,678	2,476
Liability for mine rehabilitation (Note 17)	38,136	25,007
Income tax payable	2,006	721
Total Current Liabilities	1,171,537	1,112,953
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 16)	4,476	5,583
Liability for mine rehabilitation - net of current portion (Note 17)	67,470	66,575
Pension liability (Note 30)	81,831	62,562
Deferred tax liabilities - net (Note 31)	882,514	848,016
Other noncurrent liabilities (Note 18)	391,412	414,201
Total Noncurrent Liabilities	1,427,703	1,396,937
Total Liabilities	2,599,240	2,509,890
Equity		
Capital stock (Note 19)	617,215	616,863
Capital surplus (Note 19)	388,969	380,382
Retained earnings	2,598,788	2,217,403
Other components of equity (Note 19)	1,183,086	1,205,018
	4,788,058	4,419,666
Treasury shares (Note 19)	(8,016)	(8,016)
Total Equity	4,780,042	4,411,650
TOTAL LIABILITIES AND EQUITY	P7,379,282	P6,921,540

See accompanying Notes to Consolidated Financial Statements.



BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share)

	Years Ended December 31		
	2020	2019	2018
REVENUE (Note 21)	₱1,619,725	₱802,067	₱1,008,704
COSTS AND OPERATING EXPENSES			
Costs of mine products sold (Note 22)	(725,772)	(504,267)	(688,362)
Costs of services and other sales (Note 23)	(39,167)	(49,795)	(67,980)
Selling and general expenses (Note 24)	(408,390)	(340,343)	(407,618)
Excise taxes and royalty fees (Notes 21 and 33)	(101,026)	(29,375)	(45,163)
	(1,274,355)	(923,780)	(1,209,123)
INTEREST EXPENSE (Notes 14 and 16)	(3,130)	(2,031)	(4,828)
OTHER INCOME - net (Note 27)	141,028	272,073	337,690
INCOME BEFORE INCOME TAX	483,268	148,329	132,443
PROVISION FOR INCOME TAX (Note 31)	101,883	32,592	13,401
NET INCOME	₱381,385	₱115,737	₱119,042
BASIC EARNINGS PER SHARE (Note 32)	₱0.62	₱0.19	₱0.19
DILUTED EARNINGS PER SHARE (Note 32)	₱0.61	₱0.19	₱0.19

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2020	2019	2018
NET INCOME	₱381,385	₱115,737	₱119,042
OTHER COMPREHENSIVE INCOME, NET OF TAX			
<i>Item to be reclassified to profit or loss in subsequent periods:</i>			
Translation adjustment on foreign subsidiaries	(1,997)	871	(127)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement loss on pension liability (Note 30)	(11,823)	(2,788)	(5,073)
Unrealized gain on equity instruments designated at FVOCI (Note 8)	193	83	336
Revaluation of land (Note 10)	–	316,392	119,241
Revaluation of artworks (Note 10)	–	21,562	–
Unrealized gain on intangible asset (Note 13)	–	135	–
	(11,630)	335,384	114,504
OTHER COMPREHENSIVE INCOME, NET OF TAX	(13,627)	336,255	114,377
TOTAL COMPREHENSIVE INCOME	₱367,758	₱451,992	₱233,419

See accompanying Notes to Consolidated Financial Statements.



BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Thousands)

	Other comprehensive income - net of deferred tax effect											Total
	Capital stock (Note 19)	Capital surplus (Note 19)	Cost of share-based payment (Notes 19 and 20)	Revaluation increment on land and artworks (Note 19)	Cumulative translation adjustment on foreign subsidiaries (Note 19)	Remeasurement gain on pension liability (Note 30)	Unrealized gain on financial assets at FVOCI (Note 8)	Unrealized gain on intangible asset (Note 13)	Total other comprehensive income	Retained earnings	Treasury shares (Note 19)	
Balances at January 1, 2018	₱616,863	₱375,726	₱26,327	₱720,428	₱32,848	₱29,274	₱1,059	₱-	₱783,609	₱1,910,135	(₱8,016)	₱3,704,644
Cancellation of stock options	-	1,238	(1,238)	-	-	-	-	-	-	-	-	-
Transfer of fair value reserve on disposed financial assets at FVOCI	-	-	-	-	-	-	(382)	-	(382)	382	-	-
Net income	-	-	-	-	-	-	-	-	-	119,042	-	119,042
Other comprehensive income (loss)	-	-	-	119,241	(127)	(5,073)	336	-	114,377	-	-	114,377
Total comprehensive income (loss)	-	-	-	119,241	(127)	(5,073)	336	-	114,377	119,042	-	233,419
Balances at December 31, 2018	₱616,863	₱376,964	₱25,089	₱839,669	₱32,721	₱24,201	₱1,013	₱-	₱897,604	₱2,029,559	(₱8,016)	₱3,938,063
Cancellation of stock options (Note 19)	-	3,418	(3,418)	-	-	-	-	-	-	-	-	-
Realization of revaluation increment on sale of investment property (Note 12)	-	-	-	(50,387)	-	-	-	-	(50,387)	50,387	-	-
Realization of deferred tax liability on sale of investment property (Note 12)	-	-	-	-	-	-	-	-	-	21,595	-	21,595
Transfer of fair value reserve on disposed financial asset at FVOCI	-	-	-	-	-	-	(125)	-	(125)	125	-	-
Net income	-	-	-	-	-	-	-	-	-	115,737	-	115,737
Other comprehensive income (loss)	-	-	-	337,954	871	(2,788)	83	135	336,255	-	-	336,255
Total comprehensive income (loss)	-	-	-	337,954	871	(2,788)	83	135	336,255	115,737	-	451,992
Balances at December 31, 2019	₱616,863	₱380,382	₱21,671	₱1,127,236	₱33,592	₱21,413	₱971	₱135	₱1,183,347	₱2,217,403	(₱8,016)	₱4,411,650
Exercise of stock options (Note 19)	352	2,239	(1,957)	-	-	-	-	-	-	-	-	634
Cancellation of stock options (Note 19)	-	6,348	(6,348)	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	-	381,385	-	381,385
Other comprehensive income (loss)	-	-	-	-	(1,997)	(11,823)	193	-	(13,627)	-	-	(13,627)
Total comprehensive income (loss)	-	-	-	-	(1,997)	(11,823)	193	-	(13,627)	381,385	-	367,758
Balances at December 31, 2020	₱617,215	₱388,969	₱13,366	₱1,127,236	₱31,595	₱9,590	₱1,164	₱135	₱1,169,720	₱2,598,788	(₱8,016)	₱4,780,042

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P483,268	P148,329	P132,443
Adjustments for:			
Depreciation and depletion (Notes 10 and 26)	54,269	38,502	83,130
Noncapitalizable additions to liability for mine rehabilitation (Notes 17 and 27)	–	18,373	–
Change in estimate of liability for mine rehabilitation (Notes 17 and 27)	5,290	(9,672)	(8,226)
Movements in pension liability	10,179	4,452	457
Accretion expense (Notes 17 and 27)	3,376	6,467	4,940
Interest expense (Notes 14 and 16)	3,130	2,031	4,828
Interest income (Notes 4, 13 and 27)	(819)	(1,727)	(261)
Provision for impairment loss on input VAT	5	8,714	11,135
Provision for impairment loss on other noncurrent assets (Notes 13 and 27)	–	1,838	95,374
Provision for impairment losses on deferred mine exploration costs (Note 11)	–	94,930	72,059
Loss (gain) on:			
Revaluation on investment property (Notes 12 and 27)	(154,815)	(287,213)	(605,820)
Net foreign exchange (Note 27)	(13,015)	(11,491)	15,598
Settlement of liabilities	(5,535)	–	–
Disposal of property, plant and equipment (Notes 10 and 27)	(35)	–	(1,507)
Sale of investment property (Notes 12 and 27)	–	(68,592)	–
Retirement of property, plant and equipment (Notes 10 and 27)	–	–	60,404
Write-off of deferred mine exploration costs (Notes 11 and 27)	–	–	11,462
Legal settlement	–	–	9,425
Operating income (loss) before working capital changes	385,298	(55,059)	(114,559)
Decrease (increase) in:			
Trade and other receivables	(184,285)	(13,961)	276,210
Inventories	31,440	(2,853)	38,275
Other current assets	(11,806)	73,049	267,530
Increase (decrease) in trade and other payables	42,649	(281,800)	(165,868)
Net cash flows generated from (used in) operations	263,296	(280,624)	301,588
Income taxes paid	(3,327)	(32)	(29,006)
Interest received	819	1,727	261
Interest expense paid	(1,488)	(2,031)	(4,828)
Net cash flows from (used in) operating activities	259,300	(280,960)	268,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of:			
Property, plant and equipment (Note 10)	35	3,173	3,551
Financial assets at FVOCI (Note 8)	–	3,163	1,928
Investment properties (Note 12)	–	144,614	–
Additions to:			
Property, plant and equipment (Note 10)	(27,307)	(28,019)	(8,235)
Deferred mine exploration costs (Note 11)	(10,811)	(4,018)	(848)
Financial assets at FVOCI (Note 8)	–	(5,450)	(949)
Payments from (advances to) contractors and suppliers	(16,087)	(15,696)	18,258
Net cash flows from (used in) investing activities	(54,170)	97,767	13,705
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Principal portion of lease liability (Note 16)	(2,070)	(2,699)	–
Loans payable (Note 14)	–	(22,777)	(57,223)
Proceeds from:			
Employees' exercise of stock options (Note 19)	634	–	–
Availment of loans (Note 14)	–	–	10,000

(forward)



	Years Ended December 31		
	2020	2019	2018
Rehabilitation costs (Note 17)	₱-	(₱12,788)	₱-
Contributions and benefits paid (Note 30)	(7,800)	-	-
Increase (decrease) in other noncurrent liabilities	-	(3,554)	3,077
Net cash flows from (used in) financing activities	(9,236)	(41,818)	(44,146)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	195,894	(225,011)	237,574
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,518)	65	16
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	77,172	302,118	64,528
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱271,548	₱77,172	₱302,118

See accompanying Notes to Consolidated Financial Statements.



BENGUET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, except number of shares, per share data and when indicated)

1. Corporate Information and Status of Business Operations

Corporate Information

Benguet Corporation (the Ultimate Parent Company) was incorporated on August 12, 1903 in the Philippines and was listed in the Philippine Stock Exchange (PSE) on January 4, 1950.

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

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

Status of Business Operations

Quasi-reorganization

On December 5, 2011, the Philippine SEC approved the application of the Parent Company for quasi-reorganization to wipe out its deficit as at December 31, 2010, setting it off against its capital surplus and revaluation increment as follows:

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

For purposes of dividend declaration, the retained earnings of the Parent Company shall be restricted to the extent of the deficit wiped out by the revaluation increment amounting to ₱1.01 billion until the asset to which the revaluation increment relates is disposed. In addition, the retained earnings of the Parent Company shall be restricted further by the accumulated fair valuation gains of investment properties amounting to ₱1,042,846 and ₱851,692 as at December 31, 2020 and 2019, respectively.

On December 11, 2012, the Philippine SEC approved the application of Benguet Management Corporation (BMC), a subsidiary, for quasi-reorganization to reduce its deficit as at December 31, 2011 against its revaluation increment and capital surplus as follows:

	<i>Prior to quasi-reorganization</i>	<i>Effect of quasi-reorganization</i>	<i>After quasi-reorganization</i>
Capital surplus	₱300,000	(₱300,000)	₱-
Deposit for future stock subscription	40,000	(40,000)	-
Revaluation increment	12,019	(12,019)	-
Deficit	(364,830)	312,019	(52,811)

After the quasi-reorganization, the Parent Company made an additional deposit for future stock subscriptions in BMC amounting to ₱160.00 million.



Of the ₱158.98 million and ₱199.85 million retained earnings of BMC as at December 31, 2020 and 2019, respectively, the amount of nil and ₱1.00 million, which represent the remaining revaluation increment that was offset against the deficit as at those dates, cannot be declared as dividend.

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

a. Mining Projects

Benguet Gold Operations (BGO)

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

The Parent Company is currently working on exploration and drilling programs to upgrade BGO's capacity. The exploration and geology group completed the design for the surface and underground diamond drilling program for the Phase 1 of the Greater Acupan Project.

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

On March 18, 2019, TUV Rheinland, an independent evaluation and certification service body, issued to BGO the ISO 14001:2015, which is an internationally accepted certification and standard for environmental management system. The issuance of the said certification, which is valid until March 15, 2022, makes BGO fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Administrative Order (DAO) No. 2015-07.

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

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

- Based on the mine audit report, there are no significant findings of violations that would warrant the suspension order.
- None of the alleged violations found pose imminent danger or threat to the community that would justify the suspension of operation.
- The deficiencies cited, which are mostly permitting issues or operational concerns, can easily be remediated without need of suspending the Parent Company's operation.

On February 14, 2017, the Parent Company received from DENR a cancellation order dated February 8, 2017 cancelling its authority to undertake mining operations under Patent Claim (PC-ACMP-002-CAR) in Itogon, Benguet for violation of certain provisions of mining and environmental laws, rules and regulations such as the following:

- Republic Act (RA) No. 6969, otherwise known as the 'Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990'
- DAO No. 2013-22 or the 'Revised Procedures and Standards for the Management of Hazardous Wastes'
- RA No. 7942, otherwise known as 'The Philippine Mining Act of 1995'



- DAO No. 2010-21 or the 'Revised Implementing Rules and Regulations of RA No. 7942'

On February 22, 2017, the Parent Company filed a Notice of Appeal before the Office of the President, which stayed the execution of the cancellation order. On March 22, 2017, the Parent Company submitted to the Office of the President its Appeal Memorandum. As of March 18, 2021, the Office of the President has not yet resolved the appeal.

In November 2019, the DENR directed the regional offices of the Mines and Geosciences Bureau (MGB) and Environmental Management Bureau (EMB) to validate the environmental compliance of BGO as input to early resolution of the appeal. In January 2020, MGB submitted a favorable validation report to DENR. As of March 18, 2021, the Parent Company is still awaiting the decision of DENR.

Sta. Cruz Nickel Project (SCNP)

On December 10, 2010, the Parent Company and Benguetcorp Nickel Mines, Inc. (BNMI) entered into a Deed of Exchange, whereby the Parent Company transferred its interest in the nickel laterite mine in Sta. Cruz, Zambales. The transfer covers Mineral Production Sharing Agreement (MPSA) No. 226-2005-III, mine technical data and all related environmental and other permits of the nickel laterite mine. BNMI issued 1.0 billion ordinary shares to the Parent Company, with par value of ₱1 per share, as consideration for the transfer. In line with the transfer, BNMI applied for an increase in authorized capital stock from 10.0 million shares to 2.0 billion shares, with par value of ₱1 per share. On February 28, 2011, the Philippine SEC approved the amended Articles of Incorporation of BNMI covering the increase in authorized capital stock from 10,000,000 to 2,000,000,000 shares, with par value of ₱1 per share and increase in number of directors from five to seven. The transfer of the MPSA was approved by the MGB on January 16, 2012.

On March 11, 2016, TUV Rheinland, an independent evaluation and certification service body, issued to the BNMI the ISO 14001:2015, which is an internationally accepted certification and standard for environmental management system. The issuance of the said certification, which is valid until March 10, 2019, makes the BNMI fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Department Administrative Order (DAO) No. 2015-07. In August 2019, BNMI passed the recertification audit.

On July 8, 2016, BNMI received from the regional offices of the DENR, MGB, and EMB a joint suspension order, which suspended its mining operations subject to conditions such as the resolution of issues arising from tree-cutting and earth-balling operations, rehabilitation of mined out areas and construction of an exclusive mine haul road.

The suspension order is based on the following grounds:

- The Writ of Kalikasan case filed in the Supreme Court in the case filed by the Concerned Citizens of Sta. Cruz, Zambales
- Executive Order No. 1 issued by the provincial government of Zambales declaring moratorium on mining operations in the said province
- Continuing complaints of various groups against alleged adverse impact of mining operations

The Supreme Court referred the Writ of Kalikasan case to the Court of Appeals for trial proceeding.



On October 18, 2016, BNMI received the mining audit report dated October 3, 2016. The report states that BNMI violated several conditions of its Environmental Compliance Certificate and the provisions of several other laws and regulations.

On October 22, 2016, BNMI filed before the Pampanga Regional Trial Court, a petition for certiorari with injunction to assail the joint suspension order issued by the MGB, EMB and DENR.

BNMI replied to the DENR that it takes strong exception to the mine audit report particularly on the recommendation to maintain the status quo of the suspension order issued by the DENR on July 7, 2016, on grounds summarized as follows:

- The conduct of the audit was irremediably flawed.
- The transparency and fairness of the audit report is under question because the audit team failed to follow its own protocol.
- Assuming the mine audit report was regularly conducted, it is very apparent that none of the findings of deficiencies therein were serious enough (even if taken collectively) to warrant the imposition or the continuance of the suspension order.
- The recommendation of status quo of the suspension order in the mine audit report will have far-reaching effect on its business, employees and the community.

On February 13, 2017, BNMI received from the DENR an order cancelling its MPSA. The cancellation order alleged that BNMI's operations had overlapped a watershed area and that BNMI has violated several laws and regulations, majority of which were previously raised in the mine audit report.

On February 22, 2017, BNMI filed a Notice of Appeal before the Office of the President to reverse the cancellation order received. In the appeal, BNMI among others alleged it is operating within the Zambales Chromite Mineral Reservation, a mineral reservation which has been excluded from government declared watersheds. BNMI's nickel project is operated outside of any known critical or declared watershed. BNMI filed before the Office of the President its appeal memorandum on March 21, 2017.

On March 28, 2017, the local government of Zambales issued a Manifestation of Consent which lifted the moratorium and allowed BNMI to proceed with hauling and shipment of its nickel ore inventory, which was mined before the suspension took effect, to avoid any adverse impact on the environment.

On May 22, 2017, the Court of Appeals denied the petition for the Writ of Kalikasan case. Thereafter, the petitioners filed a Motion for Reconsideration.

On December 14, 2017, the Court of Appeals denied the Motion for Reconsideration. Accordingly, the prohibitory injunctive provisional Writ on the Kalikasan case issued by the Supreme Court was lifted.

On July 2, 2020, MGB Regional Office No. III in its Memorandum recommends granting the appeal of the Company on the DENR order dated February 8, 2017 cancelling the MPSA agreement.

In August 2020, after a series of meetings, exchanges of communications and actual validation to address the issues noted in the joint suspension order issued on July 8, 2016, the DENR has determined that BNMI has fully addressed the violations and has complied with the



recommendations raised by the MICC Review Team. Indicated also in the letter is an approval from the secretary of the DENR.

On September 22, 2020, BNMI received a Memorandum dated September 17, 2020 from Acting Director of MGB Regional Office No. III concurring with the recommendation to lift the current suspension order provided that BNMI has submitted and secured approval of the required documents/reports.

On October 29, 2020, BNMI likewise received a Memorandum dated October 20, 2020 from DENR-MGB Regional Office No. III in reference to the previous memorandum dated September 17, 2020 stating that the Regional Director DENR-MGB Regional Office No. III concurs with the recommendation of MGB Acting Director to lift the current suspension order still subject to its full compliance with the requirements.

Immediately after the submission of the documents on November 17, 2020, BNMI further notified the MGB Regional Office No. III through letter dated November 18, 2020 the planned resumption of its mining operations starting November 20, 2020.

BNMI now operates in Areas 2 and 3 of its MPSA, doing activities in accordance with the Three-year Development and Work Program that it resubmitted on December 15, 2020, after getting the previous version approved last July 1, 2020 by the Director of MGB Regional Office No. III.

On the other hand, the Company will continue to transport and hauled for shipment the ore inventory stockpiles in Areas 1 and 3 of the mining tenements which were recently given Ore Transport Permit (OTP) by MGB Central Office for environmental reasons.

BNMI significantly considers the last letter received from the MGB R3 dated October 20, 2020 as the concurrence of DENR to the recommendation of lifting the suspension.

Irisan Lime Project (ILP)

The Parent Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 7,072 tons, 9,671 tons and 9,820 tons of quicklime in 2020, 2019 and 2018, respectively. On September 4, 2017, the Mineral Processing Permit (MPP) for the ILP was renewed for a period of five years or until September 3, 2022.

Benguet Antamok Gold Operation (BAGO)

The Parent Company's BAGO in Itogon, Benguet has been suspended since August 1998. BAGO has an estimated resource of about 12.4 million tons, averaging 3.45 grams of gold per ton, at the end of 1999. Pursuant to DAO No. 2010-04, the Parent Company's Application for Mineral Production Sharing Agreement (APSA) No. 009-Cordillera Administrative Region (CAR) was denied on February 8, 2011. Subsequently, the Parent Company filed an appeal on April 15, 2011 in MGB Central Office.



In October 2016, a leak occurred in BAGO's tailings dam which affected the Liang River. On November 23, 2016, the Company received from DENR a letter requiring the Company to show cause why its operation should not be suspended and/or mining contract be cancelled in view of the tailings spill.

On December 26, 2016, the Parent Company argued that there was no negligence because the incident is due to force majeure and the tailings leak was immediately remediated. The Parent Company also emphasized that it has no existing mining operations in BAGO as it has long been suspended. The BAGO open pit mine and the BAGO underground mine have not operated since 1998 and 1989, respectively. The Parent Company contended that its infrastructure in BAGO has been under care and maintenance since then up to the present. On January 1, 2017, the case was elevated to the Pollution Adjudication Board (PAB) from the EMB out of which the Parent Company submitted a position paper on May 8, 2017.

On May 9, 2017 a technical conference hearing was held in PAB regarding the case and as a result, the Parent Company submitted a supplemental motion on June 9, 2017. As of March 18, 2021, the Parent Company is still awaiting the decision of PAB.

Masinloc Chromite Operation (MCO)

From 1934 to 2007, the Parent Company managed the Coto mines under an operating agreement with its claimowner, Consolidated Mines, Inc. (CMI). With the expiration of the operating agreement on July 8, 2007, the Parent Company has transferred back the mine to CMI. As at March 18, 2021, the Parent Company is still engaged in discussion with CMI over the liquidation of MCO's assets.

b. Exploration, Research and Development Projects

Balatoc Tailings Project (BTP)

The Parent Company's Board of Directors (BOD) approved an initial ₱10.0 million research and development fund for the Balatoc Tailings Project (BTP) in Itogon, Benguet for the study on the feasibility of reprocessing 16.7 million tons of tailings resource with an average of 0.69 grams gold per ton and is estimated to contain 371,000 ounces of gold. A core research and development team, together with the Beijing Geological Research Institute of Mining and Metallurgy, has done the analysis toward the preparation and completion of the bankable feasibility study.

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

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

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



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

On January 17, 2013, the Parent Company's BOD authorized and approved the deed of exchange between the Parent Company and BGRC covering all of the Parent Company's rights and interest in BTP in exchange of BGRC's shares.

Following the expiration of MPP No. 13-2010-CAR, BGRC reconveyed to the Parent Company on March 16, 2016, all rights and interest in BTP, including liabilities to third parties, so that the reprocessing of tailings can be made part of the Acupan operation once more. The reconveyance was approved by the DENR-MGB on May 31, 2016.

Antamok Tailings Project (ATP)

The ATP, which targeted the BAGO mill tailings pond, was conceived as a possible additional resource that could be developed similar to BTP. The BAGO tailings pond, located a few hundred meters downstream from the BAGO open pit mine, contains some 7.64 million tons of tailings produced from the BAGO milling operations. In addition, a considerable tonnage of extraneous materials, estimated at about 1.95 million tons washed from the BAGO pit over the years from the Otek marginal grade material dump and from the numerous illegal miners' workings, found its way into the pond and is now resting on top of the tailings deposit. A preliminary sampling of these extraneous materials showed that these can be considered for exploitation together with the original tailings in the pond. More core drilling, however, may be required to firm up the resource estimate of these impounded materials.

The Parent Company has approved an initial ₱7.50 million research fund for the ATP for the feasibility study on the reprocessing. The Parent Company is conducting a feasibility study on the reprocessing of tailings from the BAGO, which are impounded in the tailings pond downstream of the old BAGO mill. The initial drilling conducted to test the impounded materials indicates a grade of 4.0 grams of gold per ton.

As at December 31, 2020, the Parent Company intends to transfer to Benguet-Pantukan Gold Corporation (BPGC), a wholly owned subsidiary of BMC, the planned ATP.

Surigao Coal Prospect (SCP)

Pre-development activities for the SCP were put on hold in 2011 due to DENR Circular Executive Order (EO) 23, series of 2011, which declares a moratorium on the cutting of timber in the natural and residual forests. The City Environment and Natural Resources Office of the Municipality of Lianga denied the Group's request for a tree inventory, which is preparatory to the application for a cutting permit. The decision was reversed in January 2012 after the issuance of a memorandum from the Executive Secretary, which exempted exploration and mining activities from the said EO. The Parent Company is in the process of completing the requirements to secure permits for the development of the project. A preliminary hydrology study was done at the nearby Hubo river's water source to assess if the volume capacity of the river system can support a hydro plant, which will complement the Coal Power Plant Study. In 2012, the Parent Company also participated in the bidding under the Philippine Energy



Contracting Round four for coal to possibly secure other prospective coal areas. The result of the bidding is awaiting the decision of the Department of Energy.

As at December 31, 2020, the Parent Company plans to transfer the SCP to Batong Buhay Mineral Resources Corporation (BBMRC), a subsidiary, when the said prospect materializes.

Ampucao Copper-Gold Prospect (Ampucao Prospect)

The Ampucao prospect is located inside the contract claims of Pugo Mining Company in the southern part of Benguet's Acupan gold mine. The initial exploration work conducted by the Parent Company's geologists indicates a porphyry copper-gold mineralization hosted in diorite below the 2000 level. Two test holes have been programmed to be drilled within the area, but have been put on-hold pending the resolution of the related APSA, which also covers the BAGO.

Pantingan Copper Gold Prospect (PGP)

The PGP in Balanga, Bataan consists of 1,410 hectares covered by MPSA No. 154-2000-III. The property is under an operating agreement with Option to Purchase, with Balanga Bataan Minerals Corporation, signed in March 1996. Surface mineralization consists of quartz and clay veins, ranging from 0.70 meters to 10 meters wide, with values as much as 1.0 gram of gold and 9.60 grams of silver. The Group has implemented drilling programs in the property in 2020 and will continue to do so in 2021.

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

Zamboanga Gold Prospect (ZGP)

The ZGP in R.T. Lim, Zamboanga Sibugay consists of 340.3 hectares of land area and is under an operating agreement with Orelina Mining Corporation (OMC). A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of the APSA No. 000015- IX of OMC. The APSA which was denied on May 12, 2010 and subject of an appeal filed on January 30, 2013, was reinstated by the DENR November 4, 2020.

Financial or Technical Assistance Agreement (FTAA) Application

The Parent Company and its subsidiary, Sagittarius Alpha Realty Corporation (SARC), have two pending FTAA applications consisting of land area totaling 72,806,291 hectares. The FTAA application in Ilocos Norte (denominated as AFTA-000003-I) and Apayao (denominated as AFTA No. 033-CAR) are undergoing Free, Prior and Informed consent requirement through the Regional Office of the National Commission of Indigenous Peoples. Exploration work for the two areas will be undertaken as soon as the applications have been approved by the Philippine government.

c. Water Projects

Baguio City Bulk Water Supply Project (BCBWSP)

On August 16, 2005, the BOD of the Baguio Water District (BWD) issued to the Parent Company a Notice of Award covering the BCBWSP. The Parent Company's proposal is to convert its mined-out 440 Vein Open Pit into a water reservoir with the capability of supplying, at least, 50,000 cubic meters of potable water per day to Baguio City.



On September 7, 2007, the BWD issued Board Resolution Number 30-2007, which resolved to terminate the bulk water supply contract negotiation and to scrap the project. The resolution cited grounds such as the irreconcilable differences of the parties on the contract provisions of parametric formula and rate rebasing, among others. On these issues, the BWD is concerned with the affordability and acceptability of the water tariff to the end-consumers. On the other hand, the Parent Company raised a concern on the delay in implementation and its effect on the viability of the project as justification for the contract provisions. The Parent Company has likewise requested the BWD to conduct a public hearing on these issues, which the BWD has deemed premature. The Parent Company filed a request for reconsideration on September 13, 2007.

On November 29, 2007, the BWD issued a Board Resolution denying the Parent Company's request for reconsideration. The Parent Company then filed a case against BWD with the Regional Trial Court.

In 2019, pursuant to a Memorandum of Agreement with Manila Water Company, Inc. (MWCI) regarding the assignment of water rights in Laboy River in connection with MWCI's bulk water supply proposal to Baguio City, the Parent Company has withdrawn the case for specific performance against BWD without prejudice to filing of a new case for recovery of cost and damages due to the aborted bidding award.

Water Rights of Agua de Oro Ventures Corporation (ADOVC)

ADOVC, a subsidiary of BMC, has water permits in various locations in Tuba, Benguet: Kairuz Spring granted on September 12, 2001, Amliang Spring granted on October 17, 2002, and Kias Creek granted on August 13, 2004.

The water permits give ADOVC water access to these water sources, except for Kairuz Spring. The owner sold the water source on August 2012. The new owner denied ADOVC to access the water source. In an order dated September 12, 2001, the transfer of the water permit was approved subject to the rights of ADOVC equivalent to 11.60 liters per second. The diversion of the water shall be from the source and for the purpose indicated in the permit and in no case should said use exceed the quantity and period indicated therein. As of December 31, 2020, management is still awaiting resolution of the issue.

As at December 31, 2020 and 2019, the cost and accumulated amortization of the water rights amounted to ₱4.59 million. The Company accrued and paid water permit fees amounting to ₱0.03 million in 2020 and 2019, respectively.

d. Land Development Project

Kelly Special Economic Zone (KSEZ)

The Parent Company has approved an initial ₱4.9 million for the feasibility study covering the KSEZ and the potential of other real estate project of the Group. The Parent Company plans to transfer the said properties to BC Property Management, Inc. (BCPMI), a subsidiary of BMC. The capital expenditures related to the implementation of the project will then be infused as equity of the Parent Company in BCPMI. As at December 31, 2020, the said project has not yet materialized.

e. Logistics Services

On August 31, 2017, the BOD approved the dissolution of Calhorr 1 Marine Services Corporation (CMSC) and Calhorr 2 Marine Services Inc. (CMSI), wholly owned subsidiaries of KPLMSC, by shortening their corporate term until September 30, 2017. CMSC and CMSI are awaiting the clearance letter from the Bureau of Internal Revenue (BIR) before it could apply for liquidation with the Philippine SEC. Final liquidation will take place after the Philippine SEC's



approval of the said application. As at March 18, 2021, CMSC and CMSI have not yet received the clearance letter from the BIR.

f. Health Care Services

The Parent Company spun off its Benguet Laboratories (BL) Division on September 19, 2012 through its wholly owned subsidiary, Benguetcorp Laboratories, Inc. (BLI), to undertake the expansion of BL into a distinct operating unit that can raise the necessary development funds and create value for the Group. BLI operates two full-fledged tertiary multi-specialty facilities in Baguio under the trade name Benguet Laboratories. BLI operates another facility under the trade name MedCentral in San Fernando City, Pampanga and Taytay, Rizal which started its operations on December 2012 and December 2013, respectively.

On a regular meeting of the BOD of BLI on January 27, 2016, the President informed the BOD that the Department of Health (DOH) license and Philhealth accreditation for a free-standing chemo infusion was not yet obtained. The management then suspended the operations of Oncology.

Due to the continuous losses of the branches in Taytay and San Fernando, the BOD of BLI approved their closure on March 15, 2019 and August 15, 2019, respectively.

Recovery of Deferred Exploration Costs

The Group's ability to realize its deferred exploration costs with carrying value amounting to ₱456.81 million and ₱449.18 million as at December 31, 2020 and 2019, respectively (see Note 11), depends on the success of exploration and development work in proving the viability of its mining properties to produce minerals in commercial quantities, and the success of converting the 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.

Net Negative Working Capital Position of the Group

The Group's current liabilities exceeded its current assets by ₱299.52 million as at December 31, 2019. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern for the next 12 months. The Group believes that it will be able to generate sufficient cash flows from its future operations to meet its obligations as and when they fall due.

Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, were authorized for issuance by the BOD on March 18, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and artworks classified as property, plant and equipment, which have been measured at revalued amounts, financial assets at fair value through other comprehensive income (FVOCI), intangible asset under "other noncurrent assets" and investment properties, which have been measured at fair value and asset classified as held for sale in 2018 which has been measured at fair values less costs to sell. The consolidated financial statements are presented in Philippine peso,



which is the Group's functional and presentation currency under PFRSs. All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs) as issued by the Financial Reporting Standards Council (FRSC). The consolidated financial statements provide comparative information in respect of the previous period.

Basis of Consolidation and Group Information

As at December 31, 2020 and 2019, the consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

	Nature of business	Country of incorporation	Effective percentage of ownership
Berec Land Resources Inc. (BLRI)*	Exploration and development	Philippines	100.00
BNMI	Exploration and development	Philippines	100.00
BMC*	Foundry	Philippines	100.00
BMC's Subsidiaries:			
Arrow Freight Corporation (AFC)	Logistics	Philippines	100.00
Benguetrade, Inc. (BTI)*	Trading	Philippines	100.00
BMC Forestry Corporation (BFC)	Real estate	Philippines	100.00
ADOVC*	Selling of treated and untreated water	Philippines	100.00
BPGC*	Exploration and development	Philippines	100.00
BCPMI*	Management services	Philippines	100.00
KPLMSC	Logistics	Philippines	100.00
KPLMSC's Subsidiaries:			
CMSC**	Logistics	Philippines	100.00
CMSI**	Logistics	Philippines	100.00
Media Management Corporation (MMC)*	Management services	Philippines	100.00
BenguetCorp International Limited (BIL)*	Holding company	Hong Kong	100.00
BIL Subsidiaries:			
Benguet United States of America (USA), Inc.*	Exploration and development	USA	100.00
Pillars of Exemplary Consultants, Inc. (PECI)*	Professional services	Philippines	100.00
SARC*	Real estate holding	Philippines	100.00
SARC's Subsidiary:			
BGRC*	Exploration and development	Philippines	100.00
BBMRC*	Exploration and development	Philippines	100.00
Ifaratoc Mineral Resources Corporation (IMRC)*	Exploration and development	Philippines	100.00
Acupan Gold Mines Incorporation*	Exploration and development	Philippines	100.00
BLI	Health services	Philippines	100.00

* *Non-operating*

** *In process of liquidation*

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns



Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intercompany balances, transactions, unrealized gains and losses resulting from the intercompany transactions and dividends are eliminated in full.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other component of equity, while any resultant gain or loss is recognized on profit or loss. Any investment retained is recognized at fair value.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncement did not have any significant impact on the Group's financial position or performance.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
- Conceptual Framework for Financial Reporting issued on March 29, 2018
- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.



Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Presentation of Consolidated Financial Statements

The Group has elected to present all items of recognized income and expense in two statements: a consolidated statement of income and a consolidated statement of comprehensive income.

Current versus Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Cash and Cash Equivalents

Cash consists of cash on hand and in banks. Cash in banks earns interest at the respective bank deposit rates. Cash equivalents include short-term deposits are made for varying periods of up to



three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVTPL).

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 FVTPL, 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 FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

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

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

The Group's financial assets at amortized cost include cash in banks and short-term deposits under "cash and cash equivalents", trade receivables, receivables from lessees of bunkhouses, loans receivable under "trade and other receivables", advances to contractors and nontrade under "other current assets" and "other noncurrent assets", respectively.



- *Financial assets designated at FVOCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in the consolidated statement of comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its UITF and quoted shares under this category.

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 FVTPL. 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 FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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



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

Subsequent Measurement - Financial liabilities at amortised cost (loans and borrowings)

After initial measurement, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

This category generally applies to the Group's loans payable.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments

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

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV).

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Materials and supplies	-	at purchase price less purchase discount, returns and rebates on a first-in, first-out method
Beneficiated nickel ore	-	at cost on a moving average production method during the year exceeding a determined cut-off grade
Quicklime and slakelime	-	at cost on a moving average production method
Gold buttons	-	at cost on a moving average production method
Subdivision lots	-	at land costs, amounts paid to contractors for costs incurred in the development and improvement of the properties (planning and design costs, cost of site preparation, professional fees, property taxes, construction overheads and other related costs)

NRV for materials and supplies represents the current replacement cost. NRV for beneficiated nickel ore, quicklime and slakelime, gold bullions or buttons, and subdivision lots is the estimated selling price in the ordinary course of business less costs of completion and estimated costs necessary to make the sale.

Other Current and Noncurrent Assets

Other current and noncurrent assets include various prepaid expenses, advances to contractors, value-added tax (VAT), creditable withholding taxes (CWTs), and intangible asset.

Prepaid Expenses

Prepaid expenses pertain to advance payments for insurance, rent, other services and tax credit certificates (TCC) granted by the BIR to the Group. These are stated at the estimated amortized cost.



Advances to Contractors

Advances to contractors comprise mainly of advance payments made by the Group relating to services, materials and supplies necessary for the Group's operations. These are noninterest-bearing and will be realized through offsetting against future billings from contractors, or cash payments, depending on the individual agreements.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Deferred input VAT arises from the Groups' unsettled purchase of services and will be claimed as input VAT upon payment.

CWTs

CWTs are amounts withheld from income of the Group subject to expanded withholding taxes. CWTs can be utilized as payments for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules of Philippine income taxation. CWTs are stated at the estimated NRV.

Intangible Asset

The Group's intangible asset pertains to a non-proprietary golf club share. The golf club share was initially measured at cost. Following initial recognition, the intangible asset is carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible asset pertaining to a golf club share is not amortized, but is tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

A revaluation surplus is recorded in OCI and credited to the unrealized gain on intangible asset in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the statement of income, except to the extent that it offsets an existing surplus on the same asset recognized as unrealized gain on intangible asset in equity.

Upon disposal, any unrealized gain on intangible asset in equity is transferred to retained earnings.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Deferred Mine Exploration Costs

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



Exploration and evaluation activity include:

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

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

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

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

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. Exploration and evaluation expenditure is capitalized provided the rights to tenure of the area of interest is current and either: the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, then, any fulfillment exploration and evaluation expenditure is reclassified as mine and mining properties and mine development costs included as part of property, plant and equipment. Prior to reclassification, exploration and evaluation expenditure is assessed for impairment.

When a project is abandoned, the related deferred mine exploration costs are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Assets Classified as Held for Sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.



Property, Plant and Equipment

Property, plant and equipment, except land and artworks, are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, depletion and amortization and accumulated impairment in value, if any. Such cost includes the cost of replacing part of such property, plant and equipment if the recognition criteria are met.

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

Construction in progress (CIP) is recorded at cost. This includes costs of construction and other direct costs. CIP is not depreciated until such time that the relevant asset is completed, transferred to the appropriate account and put into operational use. Land is carried at revalued amount less any impairment in value. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Artworks, which the Group holds for aesthetic purposes, are also stated at revalued amount less any accumulated depreciation and accumulated impairment in value. Depreciable amount is determined after considering the residual value. The initial cost of artworks includes purchase consideration, the fair value in the case of vested assets, and those costs that are directly attributable to bringing the asset to its location and condition necessary for its intended purpose. Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term, as follows:

<u>Leased assets</u>	<u>Lease terms</u>
Land	10 to 25 years
Office spaces	5 to 8 years
Clinic spaces	3 years
Machinery, tools and equipment	2 years

Right of use assets are subject to impairment.

The increment from valuation of land and artworks, net of deferred tax liability, resulting from the revaluation is credited to revaluation increment under the other components of equity caption included in the equity section in the consolidated statement of financial position. However, to the



extent that it reverses a revaluation deficit of the same asset previously recognized in the consolidated statement of income, the increase is recognized in consolidated statement of income. A revaluation deficit is recognized in the consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation increment. Upon derecognition of the revalued property, the relevant portion of the revaluation increment realized in respect of previous valuations is released from the revaluation increment directly to retained earnings.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Category</u>	<u>Number of years</u>
Port facilities	25
Land improvements	3-25
Buildings	5-20
Machinery, tools and equipment	2-15

Depreciation and amortization of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the matter intended by management. Depreciation, depletion and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

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

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

The carrying values of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

Mine and Mining Properties

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

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



No depletion is charged during the mine development phases.

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

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

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

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

Investment Properties

Investment properties pertain to properties, which are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of income in the period in which these arise. Fair values are determined based on the revaluation performed by an accredited external independent appraiser. Upon derecognition of the investment property, the portion of the revaluation increment realized in respect of previous valuation is released from the revaluation increment directly to retained earnings.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property and owner-occupied property do not change the carrying amount of the investment property transferred and they do not change the cost of the property.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group shall apply PAS 16, *Property, Plant and Equipment*, up to the date of change in use. The Group shall treat any difference at that date between the carrying amount of the property and its fair value in the same way as a revaluation in accordance with PAS 16. On subsequent disposal of the investment property, the revaluation surplus included in equity shall be transferred to retained earnings.



Impairment of Non-financial Assets

The Group assesses, at the end of each reporting period, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

Deferred Mine Exploration Costs

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

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area, and



- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the deferred mine exploration costs is unlikely to be recovered in full of successful development or by sale

Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or is abandoned, all revocable cost associated with the project and the related impairment provisions are written off.

Recovery of impairment losses recognized in prior years is recorded if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The recovery is recorded in the consolidated statement of income.

Leases

The Group as a Lessee

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of clinic spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of the provision to be reimbursed, for example, under an



insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the consolidated statement of income.

Liability for Mine Rehabilitation

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

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development or construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognized as part of the related inventory item. Additional disturbances that arise due to further development or construction at the mine are recognized as additions or charges to the corresponding assets and rehabilitation liability when these occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in the consolidated statement of income as extraction progresses.

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

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

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

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

For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of income.



Rehabilitation trust funds committed for use in satisfying environmental obligations are included in other noncurrent assets in the consolidated statement of financial position.

Capital Stock and Capital Surplus

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares less any incremental costs directly attributable to the issuance, net of tax, is credited to capital surplus.

Deposits for Future Stock Subscriptions

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

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

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

Otherwise, these are recognized as noncurrent liabilities.

Retained Earnings

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

Dividend Distribution

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

Other Components of Equity

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

- Revaluation increment - net of deferred tax
- Cumulative translation adjustment on foreign subsidiaries - net of deferred tax
- Cost of share-based payment
- Remeasurement gain on pension liability - net of deferred tax
- Unrealized gain on FVOCI
- Unrealized gain on intangible asset

Treasury Shares

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



if reissued, is recognized in capital surplus under the equity section of the consolidated statement of financial position.

Revenue Recognition

The Group is principally engaged in the business of producing gold and nickel ore. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Sale of Mine Products

Revenue from sale of mine products is recognized at the point in time when the control of the asset is transferred to the customer which is normally at the time of shipment, and the selling prices are known or can be reasonably estimated. Revenue from sale of gold is measured at the prevailing international gold buying price and prevailing Philippine peso to United States dollar buying rate set by the BSP Treasury department on a daily basis and is recognized based on the initial weight and assay tests, which represent the best estimate. Revenue from sale of nickel ore is measured based on contract at the prevailing price at Ferro Alloy and prevailing Philippine peso to United States dollar buying rate and is recognized based on the initial weight and assay tests, which represent the best estimate. Subsequent adjustments to revenue due to quantity and/or quality changes are recognized upon determination of the final weight and assay tests.

BSP Refining Charges

BSP refining charges are deducted from revenue to arrive at revenue from contracts with customers since BSP refining charges are necessary expenses by BSP in determining the final gold content.

Despatch/Demurrage

Despatch/demurrage is added/deducted from revenue to arrive at revenue from contracts with customers. Despatch is earned when shipment is loaded earlier than the allowable lay time while demurrage is incurred when shipment is not loaded on time.

Medical and Dental Services

The Group has contracts with customers to provide medical and dental services. Each individual service is either sold separately or bundled together with other medical services. In determining the transaction price for the sale of medical and dental services, the Group considers the effects of variable consideration.

Revenue from medical and dental services are recognized over the period in which the medical and dental services are provided.

Trucking Services

The Group provides trucking services for the transportation of mining materials and construction supplies.

Revenue from trucking services is computed as actual delivered cubic meters multiplied by the contract price. The Group has concluded that revenue from trucking services is recognized over time since the customers simultaneously benefits as the Group performs the services.

Port Services

Revenue from port service is recognized over time upon loading of ores to the vessel.



Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

The Group does not have any contract asset as of December 31, 2020 and 2019.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Interest Income

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

Other income not directly related to the Group's normal operations is recognized when the earnings process is virtually complete. These are classified under "Other income - net" in the consolidated statement of income.

Rental Income

Rental income arising from lease agreements is accounted for on a straight-line basis over the lease terms. Rental income from other activities is recognized when earned. These are presented in "Revenues" and "Other income-net", respectively, in the consolidated statement of income.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when these arise following the accrual basis of accounting.

Cost of Mine Products Sold

Cost of mine products sold is incurred in the normal course of business and is recognized when incurred. It comprises mainly of outside services, materials and supplies, depreciation, depletion and amortization, personnel expenses, power and utilities and others, which are recognized as expenses in the period when the mine products are delivered.

Cost of Services and Other Sales

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



Included under this caption is the cost of real estate sold. Cost of real estate sold is recognized when the control over the subdivision lots have been transferred to the buyer. This includes land cost, costs of site preparation, professional fees for legal services, property transfer taxes, and other related costs. The cost of real estate sold recognized in consolidated income statement on disposal is determined with reference to the specific costs incurred on the subdivision lot and an allocation of any non-specific costs based on the relative size of the subdivision lot.

Selling and General Expenses

Selling and general expenses pertain to costs associated in the marketing and general administration of the day-to-day operations of the Group. These are generally recognized when incurred.

Excise Taxes and Royalty Fees

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

OCI

OCI comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the consolidated statement of income.

Leases – the Group as a Lessee

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of clinic spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases – Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.



Pension and Other Post-employment Benefits

The Parent Company and AFC have separate, noncontributory, defined benefit pension plans, covering all permanent, regular and full-time employees.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

Past services costs are recognized in the consolidated statement of income on the earlier of:

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Share-based Payment Transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding



increase in equity, over the period in which the performance and/or service conditions are fulfilled, in employee benefits expense.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit and loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits.

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

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense computed based on the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately in the consolidated statement of income.

When the terms of an equity-settled award are cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an equity-settled award expires or is cancelled, its cost is transferred to capital surplus.

Forfeitures revise the expense to reflect the best available estimate of the number of equity instruments expected to vest.

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

Transactions and Balances

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair



value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss on translation of non-monetary items measured at fair value of the item is treated in line with the recognition of the gain or loss arising on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or consolidated statement of income are also recognized in OCI or consolidated statement of income, respectively).

Foreign Subsidiaries

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

Income Taxes

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the end of the reporting period in the country where the Group operates and generates taxable income.

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

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss)
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized



The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized outside consolidated statement of income is recognized outside consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Uncertainty Over Income Tax Treatments

The Group assesses at the end of each financial reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and considering changes in relevant facts and circumstances. The Group then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Group concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings. If it is not probable that the taxation authority will accept a certain tax treatment, the Group measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentrated on one value) or 'expected value' method (better predicts uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value). The Group presents uncertain tax liabilities as part of current income tax liabilities or deferred income tax liabilities.

Earnings Per Share (EPS)

Basic EPS amount is calculated by dividing net income for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year.

Diluted EPS amount is calculated by dividing the net profit attributable to ordinary equity holders of the Parent Company (after deducting interest on the convertible cumulative preference shares) by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per



share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.

Operating Segments

The Group's operating businesses are recognized and managed according to the nature of the products or services offered, with each segment representing a strategic business unit that serves different markets.

Segment assets include operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories and property, plant and equipment, net of allowances and provisions.

Segment liabilities include all operating liabilities and consist principally of trade and other payables, accrued expenses and bank loans. Segment assets and liabilities do not include deferred taxes.

Segment revenue, expenses and profit include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in the consolidation.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial position but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Other disclosures relating to the Group's exposure to risks and uncertainties include capital management, financial risk management and policies and sensitivity analyses disclosures (see Note 34).

Judgments

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



Going Concern

Management has made an assessment on the Group's ability to continue as a going concern and is satisfied based on its assumptions and cash flow projection that it has the resources to continue business for the foreseeable future.

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.

In 2019, due to the change in use of the property from being an owner-occupied property to an investment property that is held for long-term capital appreciation, management concluded that its parcels of land in San Marcelino, Zambales are investment properties.

Management also concluded that the parcels of land in Irisan, Baguio City which were originally held for long-term capital appreciation have become owner-occupied properties in 2019 and are reclassified to property, plant and equipment.

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.

Assessment Whether an Asset is Classified as Held for Sale

In 2018, the Board of Directors (BOD) announced its decision to sell a parcel of land presented under property, plant and equipment. The BOD considered the land to meet the criteria to be classified as held for sale for the following reasons:

- The land is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification



- A potential buyer has been identified and negotiations as at the reporting date are at an advanced stage
- The shareholders approved the plan to sell.

In 2019, due to events and conditions beyond the control of the Group and the potential buyer, the sale of the parcel of land did not materialize. As such, the parcel of land has been reclassified back to property, plant and equipment in the same year.

Estimates and Assumptions

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

Provision for Expected Credit Losses on Trade and Other Receivables

The Group uses the simplified approach and general approach model in the assessment of the ECL for its trade and other receivables, respectively. An assessment of the ECL relating to these financial assets is undertaken upon initial recognition and each financial year and involves exercise of significant judgment. Key areas of judgment include defining default, determining assumptions to be used such as timing and amounts of expected net recoveries from defaulted accounts, determining debtor's capacity to pay, and incorporating forward looking information.

Provision for ECLs recognized in 2020 and 2019 amounted to nil and ₱20.09 million, respectively (see Notes 5 and 24). The carrying amount of trade and other receivables amounted to ₱475.25 million and ₱289.96 million as at December 31, 2020 and 2019, respectively (see Note 5).

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 property, plant and equipment, provision for mine rehabilitation and decommissioning and depletion charges.



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

In 2020 and 2019, the Group recognized provision for impairment losses on deferred mine exploration costs amounting to nil and P94.93 million, respectively (see Notes 11 and 27). As at December 31, 2020 and 2019, deferred mine exploration costs amounted to P456.81 million and P449.18 million, respectively (see Note 11).

Estimating Recoverability of Property, Plant and Equipment

The Group assesses impairment on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results
- Significant changes in the manner of use of the acquired assets or the strategy for overall business, and
- Significant negative industry or economic trends

In determining the present value of estimated future cash flows expected to be generated from the continued use of the property, plant and equipment, the Group is required to make estimates and assumptions such as commodity prices, discount rates and foreign currency exchange rates, which can materially affect the consolidated financial statements. Commodity prices and foreign exchange rates are based on forecasts of various financial institutions while the discount rate is based on industry weighted average cost of capital.

An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, property, plant and equipment are grouped at the lowest levels for which there are separately identifiable cash flows. An impairment loss is recognized and charged to profit or loss if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. The Group did not recognize any impairment loss in 2020, 2019 and 2018 on property, plant and equipment.

As at December 31, 2020 and 2019, property, plant and equipment (at cost) amounted to P942.00 million and P963.86 million, respectively (see Note 10).

Estimating Allowance for Inventory Obsolescence

The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Decrease in the NRV of inventories resulting in an amount lower than the original acquisition cost is accounted for as an impairment loss that is recognized in profit or loss. As at December 31, 2020 and 2019, the



carrying value of inventories amounted to ₱101.14 million and ₱132.16 million, respectively (see Note 6).

Assessing Impairment of Other Current and Noncurrent Assets

The Group provides allowance for impairment losses on other current and 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. Impairment loss amounting to nil and ₱1.84 million was recognized in 2020 and 2019, respectively (see Note 13).

The total carrying value of other current assets and other noncurrent assets amounted to ₱805.50 million and ₱796.16 million as at December 31, 2020 and 2019, respectively (see Notes 7 and 13).

Revaluation of Property, Plant and Equipment and Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. In addition, it measures the land and artworks at revalued amounts, with changes in fair value being recognized in the consolidated statements of comprehensive income. The land, artworks and investment properties were valued using the sales comparison approach. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. As at December 31, 2020 and 2019, the appraised value of land and artworks, and investment properties amounted to ₱4,306.97 million and ₱4,152.15 million, respectively (see Notes 10 and 12).

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 ₱6.15 and ₱8.06 million as at December 31, 2020 and 2019, respectively (see Note 16).

Estimating Liability for Mine Rehabilitation

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



plant and equipment amounted to ₱5.35 million and ₱3.63 million for the years ended December 31, 2020 and 2019, respectively (see Note 10). Liability for mine rehabilitation amounted to ₱105.61 million and ₱91.58 million as at December 31, 2020 and 2019, respectively (see Note 17).

Estimating Cost of Share-Based Payment

The Parent Company's Nonqualified Stock Option Plan grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The employee stock ownership incentive plan (ESOIP) recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations. Cost of share-based payment amounted to ₱13.69 million and ₱21.67 million as at December 31, 2020 and 2019, respectively (see Notes 19 and 20).

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. Net pension liability of the Group amounted to ₱81.83 million and ₱62.56 million as at December 31, 2020 and 2019, respectively (see Note 30).

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

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

Further details about the assumptions used are provided in Note 30.

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, the fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 36 for further disclosures.



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 ₱115.94 million and ₱195.90 million as at December 31, 2020 and 2019, respectively (see Note 31).

The Group did not recognize deferred tax assets totaling ₱226.91 million and ₱288.79 million as at December 31, 2020 and 2019, respectively, on the remaining unused NOLCO, MCIT and deductible temporary differences (see Note 31).

4. Cash and Cash Equivalents

	2020	2019
Cash on hand and in banks	₱261,481	₱69,298
Short-term deposits	10,067	7,874
	₱271,548	₱77,172

The Group has United States Dollar (US\$) denominated cash in banks amounting to US\$1,280 and US\$8 as at December 31, 2020 and 2019, respectively.

Interest income from cash and cash equivalents amounted to ₱0.66 million, ₱1.55 million and ₱0.05 million in 2020, 2019 and 2018, respectively (see Note 27).

5. Trade and Other Receivables

	2020	2019
Trade	₱206,465	₱90,666
Nontrade	214,199	160,775
Advances to officers and employees	74,029	57,837
ESOIP (Note 28)	58,416	58,416
Loan receivable	49,763	49,763
Receivables from lessees of bunkhouses	4,754	4,988
Others	21,045	20,930
	628,671	443,375
Less allowance for ECLs	153,420	153,420
	₱475,251	₱289,955

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

Nontrade receivables pertain to advances made to suppliers by the Group relating to materials and supplies necessary in the Group's operation. These are noninterest-bearing and will be realized through offsetting against future billings from suppliers or will be settled in cash.



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

Movements of allowance for ECLs are as follows:

	2020							Total
	Trade Receivables	Nontrade Receivables	Advances to officers and employees	ESOIP (Note 28)	Loans receivable	Receivables from lessees of bunkhouses	Others	
Balances at beginning of year	P27,882	P8,409	P1,830	P58,416	P49,763	P3,644	P3,476	P153,420
Provisions (Note 24)	-	-	-	-	-	-	-	-
Balances at end of year	P27,882	P8,409	P1,830	P58,416	P49,763	P3,644	P3,476	P153,420

	2019							Total
	Trade Receivables	Nontrade Receivables	Advances to officers and employees	ESOIP (Note 28)	Loans receivable	Receivables from lessees of bunkhouses	Others	
Balances at beginning of year	P13,227	P13,071	P2,884	P58,416	P49,763	P-	P5,478	P142,839
Provisions (Note 24)	14,655	-	68	-	-	3,644	1,718	20,085
Recoveries	-	(4,662)	(1,122)	-	-	-	(3,720)	(9,504)
Balances at end of year	P27,882	P8,409	P1,830	P58,416	P49,763	P3,644	P3,476	P153,420

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

Loan Receivable

On March 3, 2010, MMC granted an unsecured loan facility to a third party amounting to ₱135.00 million with an interest rate of 9% per annum. Outstanding receivable from this loan, including accrued interest, amounted to ₱49.76 million, net of allowance amounting to ₱49.76 million as at December 31, 2020 and 2019. MMC no longer recognized any interest income in 2020 and 2019.

6. Inventories

	2020	2019
Beneficiated nickel ore - at cost	₱62,281	₱97,669
Materials and supplies - at cost	261,786	329,231
Gold button - at cost	8,638	7,675
Quicklime and slakelime - at cost	3,682	5,570
Subdivision lots and housing units for sale - at cost	2,284	2,284
	338,671	442,429
Less allowance for impairment loss on materials and supplies	237,531	310,272
	₱101,140	₱132,157

Movements in subdivision lots are as follows:

	2020	2019
Balances at beginning of year	₱2,284	₱4,529
Sales (recognized as cost of real estate sold; Note 23)	-	(2,245)
Balances at end of year	₱2,284	₱2,284



As at December 31, 2020 and 2019, the NRV of the Group's beneficiated nickel ore, gold button, quicklime and slakelime, and subdivision lots is higher than the related cost.

The gold button inventory represents gold and silver by-product produced by the Group in 2020 and 2019. These mineral products were immediately sold the following year. The gold button inventory includes depreciation and depletion related to the production of gold amounting to ₱0.42 million and ₱0.31 million in 2020 and 2019, respectively (see Note 26).

The amount of beneficiated nickel ore inventory recognized as expense, included in the costs of mine products sold in the consolidated statements of income, amounted to ₱220.54 million, ₱31.29 million and ₱121.25 million in 2020, 2019 and 2018, respectively.

The aggregate cost of beneficiated nickel ore inventory that increased cost of mine products sold amounted to ₱35.39 million, ₱7.82 million and ₱35.27 million in 2020, 2019 and 2018, respectively (see Note 22).

The NRV of materials and supplies amounted to ₱24.26 million and ₱18.96 million as at December 31, 2020 and 2019, respectively.

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

	2020	2019
Balances at beginning of year	₱310,272	₱311,175
Write-off	(72,741)	-
Recoveries (Note 27)	-	(903)
Balances at end of year	₱237,531	₱310,272

Materials and supplies amounting to ₱134.77 million and nil, which were already provided with allowance for impairment loss, were written off as the Group assessed that such can no longer be used as at December 31, 2020 and 2019, respectively.

Materials and supplies charged to current operations amounted to ₱140.53 million, ₱131.96 million and ₱143.17 million in 2020, 2019 and 2018, respectively (see Notes 22, 23 and 24). There are no purchase commitments related to inventories or inventories pledged as security for liabilities as at December 31, 2020 and 2019.

7. Other Current Assets

	2020	2019
Input VAT - net	₱219,928	₱88,551
CWTs	35,778	79,059
Advances to contractors	102,610	102,610
Deferred input VAT	57,811	56,487
Prepaid expenses	11,548	17,869
Others	19,017	17,538
	446,692	362,114
Less allowance for impairment losses	47,972	47,967
	₱398,720	₱314,147



In 2019 and 2018, the Group applied for refund input VAT amounting to ₱40.23 million and ₱80.30 million related to export sales in 2017 and 2016, respectively. The Group also applied for encashment of TCC amounting to ₱59.13 million granted by the BIR in 2015 and for input VAT related to export sales from April 2013 to December 2013. The BIR approved the VAT refund and TCC encashment with some disallowances on June 7, 2019.

In 2020, the Group encashed ₱34.45 million of the applied and granted VAT refunds from 2018. Disallowances of VAT refunds and TCC encashments were recognized as other expenses amounting to ₱5.20 million, ₱6.70 million and ₱11.15 million in 2020, 2019 and 2018, respectively (see Note 27).

In 2019, the Group wrote off advances to contractors amounting to ₱2.69 million as management believes these may no longer be realized. Allowance for impairment losses amounted to ₱47.97 million as at December 31, 2020 and 2019, respectively.

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

Movements in allowance for impairment loss on other current assets are as follows:

	2020	2019
Balances at beginning of year	₱47,967	₱41,947
Provision (Note 27)	5	8,714
Write-off	-	(2,694)
Balances at end of year	₱47,972	₱47,967

8. Financial Assets at FVOCI

	2020	2019
UITF	₱12,941	₱12,724
Quoted shares	420	444
	₱13,361	₱13,168

Movements in financial assets at FVOCI in 2020 and 2019 are as follows:

	2020	2019
Balances at beginning of year	₱13,168	₱10,798
Change in fair value	193	83
Disposals	-	(3,163)
Additions	-	5,450
Balances at end of year	₱13,361	₱13,168

The unrealized gain representing the change in fair value of these financial assets amounting to ₱1.18 million and ₱0.97 million as at December 31, 2020 and 2019, respectively, is shown as part of the other components of equity in the consolidated statements of financial position and in the consolidated statements of changes in equity. The fluctuations in value of these investments are also reported as part of other comprehensive income in the consolidated statements of comprehensive income.



Movements in unrealized gain on financial assets at FVOCI recognized as a separate component of equity are as follows (see Note 19):

	2020	2019	2018
Balances at beginning of year	₱971	₱1,013	₱1,059
Unrealized gain on fair value change	193	83	336
Realized gain on sale of financial asset at FVOCI transferred to retained earnings	-	(125)	(382)
Balances at end of year	₱1,164	₱971	₱1,059

In 2019 and 2018, the Group sold financial assets at FVOCI with cost amounting to ₱3.04 million and ₱1.55 million, respectively. Proceeds from these disposals amounted to ₱3.16 million and ₱1.93 million, respectively, resulting in realized gain amounting to ₱0.12 million and ₱0.38 million transferred directly to retained earnings in 2019 and 2018, respectively (see Note 27).

9. Asset Classified as Held for Sale

In 2018, the BOD resolved to dispose the land situated in San Diego Street, Veinte Reales, Valenzuela City and, therefore classified it from property, plant and equipment into an “Asset classified as held for sale”. The Group assessed that the asset, which amounts to ₱4.13 million, met the criteria to be classified as held for sale due to the following reasons:

- The land is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at an advanced stage
- The shareholders approved the plan to sell.

In 2019, due to events and conditions beyond the control of the Group and the potential buyer, the sale of the parcel of land did not materialize. Moreover, the Company no longer undertakes any operational activity in the said properties other than to hold these for capital appreciation. As such, the parcel of land has been reclassified to investment property at a fair value of ₱4.13 million as at reclassification date (see Note 12).

10. Property, Plant and Equipment

a. Property, plant and equipment - at revalued amount

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

	2020	2019
Land	₱1,621,149	₱1,621,149
Artworks	52,139	52,139
	₱1,673,288	₱1,673,288

i. Land - at revalued amount

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



the consolidated statements of financial position. The appraisers determined the fair value of the Group's land based on its market value in 2019 and is categorized under level 3. The assigned values were estimated using the sales comparison approach, which considers the sales of similar or substitute properties and their related market values and establishes value estimates through processes involving comparisons.

In 2019, the Group recognized revaluation increment on land amounting to ₱451.99 million. Correspondingly, amounts charged to the consolidated statement of comprehensive income amounted to ₱316.39 million, net of deferred tax liability of ₱135.60 million in 2019.

In 2019, the Group ceased operational activities on the parcels of land located in San Marcelino, Zambales consisting of 2,768,540 square meters other than for long-term capital appreciation. This resulted to a reclassification from property, plant and equipment to investment property amounting to ₱83.06 million (see Note 12).

In the same year, parcels of land in Irisan, Baguio City with fair value of ₱37.08 million were reclassified from investment property to property, plant and equipment due to change in use from being held for long-term capital appreciation to being owner-occupied properties (see Note 12).

	2020		
	Cost	Revaluation increment	Total
Balances at beginning and end of year	₱68,398	₱1,552,751	₱1,621,149
	2019		
	Cost	Revaluation increment	Total
Balances at beginning of year	₱35,356	₱1,179,778	₱1,215,134
Change in fair value	-	451,989	451,989
Reclassification:			
From investment property (Note 12)	37,082	-	37,082
To investment property (Note 12)	(4,040)	(79,016)	(83,056)
Balances at end of year	₱68,398	₱1,552,751	₱1,621,149

ii. Artworks - at revalued amount

Artworks owned by the Group are stated at revalued amounts. Independent revaluations are performed every three to five years by an independent appraiser. The latest appraisal was performed by Heritage Arts & Antiquities, Inc., an independent appraiser for the year ended December 31, 2019, in which the fair value measurement is categorized under Level 3. The assigned value was estimated using the sales comparison approach, which considers the sales of similar or substitute properties and related market values and establishes value estimates by processes involving comparisons. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.



Carrying values of artworks as at December 31, 2020 and 2019 at revalued amounts are summarized as follows:

	2020		
	Cost	Revaluation increment	Total
Balances at beginning and end of year	₱896	₱51,243	₱52,139

	2019		
	Cost	Revaluation increment	Total
Balances at beginning of year	₱896	₱20,441	₱21,337
Change in fair value	–	30,802	30,802
Balances at end of year	₱896	₱51,243	₱52,139

In 2019, the Group recognized revaluation increment on artworks amounting to ₱30.80 million. Correspondingly, amount charged to consolidated statement of comprehensive income amounted to ₱21.56 million, net of deferred tax liability of ₱9.24 million.

The artworks would have been recorded at ₱0.90 million in the consolidated statement of financial position had these been carried at cost.

The management assessed that the residual value of the artworks approximates the revalued amount as at December 31, 2020 and 2019, and therefore, no depreciation was recognized in both years.



b. Property, Plant and Equipment - at cost

	2020							
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Right-of-use of assets	Total
Cost:								
As at January 1	₱74,083	₱304,790	₱918,494	₱1,634,227	₱101,517	₱68,759	₱14,741	₱3,116,611
Additions	1,126	472	21,631	1,545	-	2,533	165	27,472
Disposals	-	-	(826)	-	-	-	-	(826)
Retirement	-	-	-	-	-	-	(2,613)	(2,613)
Change in estimate of the liability for mine rehabilitation (Note 17)	-	-	-	5,358	-	-	-	5,358
Ending balance	75,209	305,262	939,299	1,641,130	101,517	71,292	12,293	3,146,002
Accumulated depreciation and depletion:								
As at January 1	68,663	300,648	895,377	855,238	27,382	-	5,439	2,152,747
Depreciation and depletion (Note 26)	2,893	3,208	24,279	16,430	4,236	-	3,646	54,692
Disposals	-	-	(826)	-	-	-	-	(826)
Retirement	-	-	-	-	-	-	(2,613)	(2,613)
Ending balance	71,556	303,856	918,830	871,668	31,618	-	6,472	2,204,000
Net book values	₱3,653	₱1,406	₱20,469	₱769,462	₱69,899	₱71,292	₱5,821	₱942,002



	2019							
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Right-of-use of assets	Total
Cost:								
At January 1, as previously reported	₱74,083	₱309,701	₱906,159	₱1,626,907	₱101,517	₱78,164	₱–	₱3,096,531
Effect of adoption of PFRS 16 (Note 2)	–	–	–	–	–	–	14,741	14,741
As at January 1, as restated	74,083	309,701	906,159	1,626,907	101,517	78,164	14,741	3,111,272
Additions	–	–	19,572	8,447	–	–	–	28,019
Initial recognition of mine rehabilitation asset (Note 17)	–	–	–	2,498	–	–	–	2,498
Disposals	–	–	(3,400)	–	–	–	–	(3,400)
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	–	(3,625)	–	–	–	(3,625)
Retirements	–	(4,911)	(13,242)	–	–	–	–	(18,153)
Reclassification	–	–	9,405	–	–	(9,405)	–	–
Ending balance	74,083	304,790	918,494	1,634,227	101,517	68,759	14,741	3,116,611
Accumulated depreciation and depletion:								
As at January 1	66,789	292,777	906,159	843,449	23,146	–	–	2,132,320
Depreciation and depletion (Note 26)	1,874	12,782	2,687	11,789	4,236	–	5,439	38,807
Disposals	–	–	(227)	–	–	–	–	(227)
Retirements	–	(4,911)	(13,242)	–	–	–	–	(18,153)
Ending balance	68,663	300,648	895,377	855,238	27,382	–	5,439	2,152,747
Net book values	₱5,420	₱4,142	₱23,117	₱778,989	₱74,135	₱68,759	₱9,302	₱963,864



The Group's CIP includes the development of an enhanced mill production line in Balatoc, Benguet to increase the milling capacity of its gold operations. As of December 31, 2020, and 2019, construction of this production line is suspended.

Proceeds totaling ₱0.04 million, ₱3.17 million and ₱3.55 million in 2020, 2019 and 2018, respectively, from the disposal of property, plant and equipment items resulted in net gain of ₱0.04 million, nil, and ₱1.51 million in 2020, 2019 and 2018, respectively (see Note 27).

The Group recognized loss on retirement of property, plant and equipment amounting to ₱60.40 million in 2018 (see Note 27).

The cost of fully depreciated property, plant and equipment still being used in the Group's operations amounted to ₱994.84 million and ₱962.21 million as at December 31, 2020 and 2019, respectively.

Movements in mine and mining properties in 2020 and 2019 are as follows:

	2020			Total
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	
Cost:				
Balances at beginning of year	₱1,513,745	₱8,447	₱112,035	₱1,634,227
Addition	–	1,545	–	1,545
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	5,358	5,358
Balances at end of year	1,513,745	9,992	117,393	1,641,130
Accumulated depletion:				
Balances at beginning of year	819,156	–	36,082	855,238
Depletion (Note 26)	12,631	–	3,799	16,430
Balances at end of year	831,787	–	39,881	871,668
Net book values	₱681,958	₱9,992	₱77,512	₱769,462
2019				
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	Total
Cost:				
Balances at beginning of year	₱1,513,745	₱–	₱113,162	₱1,626,907
Addition	–	8,447	–	8,447
Initial recognition of mine rehabilitation asset (Note 17)	–	–	2,498	2,498
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	(3,625)	(3,625)
Balances at end of year	1,513,745	8,447	112,035	1,634,227
Accumulated depletion:				
Balances at beginning of year	809,723	–	33,726	843,449
Depletion (Note 26)	9,433	–	2,356	11,789
Balances at end of year	819,156	–	36,082	855,238
Net book values	₱694,589	₱8,447	₱75,953	₱778,989

Additions to mine rehabilitation asset pertains to a liability for mine rehabilitation recognized by the Group in 2020 for one of its projects amounting to ₱5.36 million (see Note 17).



Movements in right-of-use of assets in 2020 and 2019 are as follows:

	2020				
	Office Space	Clinic Space	Machinery, tools and equipment	Land	Total
Cost:					
Balances at beginning of year	P4,378	P2,683	P1,084	P6,596	P14,741
Additions	165	-	-	-	165
Retirement	(2,613)	-	-	-	(2,613)
Balances at end of year	1,930	2,683	1,084	6,596	12,293
Accumulated depreciation:					
Balances at beginning of year	2,492	1,119	1,037	791	5,439
Depreciation (Note 16)	1,010	1,411	448	777	3,646
Retirement	(2,024)	-	(589)	-	(2,613)
Balances at end of year	1,478	2,530	896	1,568	6,472
Net book values	P452	P153	P188	P5,028	P5,821

	2019				
	Office Space	Clinic Space	Machinery, tools and equipment	Land	Total
Cost:					
Balances at beginning and end of year	P4,378	P2,683	P1,084	P6,596	P14,741
Accumulated depreciation:					
Balances at beginning of year	-	-	-	-	-
Depreciation (Note 16)	2,492	1,119	1,037	791	5,439
Balances at end of year	2,492	1,119	1,037	791	5,439
Net book values	P1,886	P1,564	P47	P5,805	P9,302

11. Deferred Mine Exploration Costs

Movements in deferred mine exploration costs are as follows:

	2020	2019
Balances at beginning of year	P616,170	P611,057
Additions	10,811	4,018
Translation adjustment	(3,186)	1,095
	623,795	616,170
Less allowance for impairment losses	166,989	166,989
Balances at end of year	P456,806	P449,181

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

Translation adjustment in 2020 and 2019 pertains to the translation from USD to Philippine Peso of the Group's deferred exploration costs on mining claims in Nevada, USA held by BUSA, a foreign subsidiary.



Movements in allowance for impairment loss on deferred mine exploration costs are as follows:

	2020	2019
Balances at beginning of year	₱166,989	₱72,059
Provision (Note 27)	–	94,930
Balances at end of year	₱166,989	₱166,989

Provisions in 2019 relate to deferred mine explorations costs for which further exploration is not budgeted nor planned in the near future.

12. Investment Properties

	2020	2019
Balances at beginning of year	₱2,478,862	₱2,217,566
Revaluation (Note 27)	154,815	287,213
Reclassifications:		
From property, plant and equipment (Note 10)	–	83,056
From asset classified as held for sale (Note 9)	–	4,130
To property, plant and equipment (Note 10)	–	(37,082)
Disposals	–	(76,021)
Balances at end of year	₱2,633,677	₱2,478,862

At the beginning of 2019, investment properties include parcels of land located in Irisan, Baguio City with an area of 18,541 square meters, and a cost of ₱31.92 million. During the same year, the properties were reclassified to property, plant and equipment due to change in use of from being held for long-term capital appreciation to being an owner-occupied property. In 2019, the fair value of the properties that were reclassified amounted to ₱37.08 million (see Note 10).

In the same year, parcels of land in San Marcelino, Zambales with a revalued amount of ₱83.06 million were reclassified from property, plant and equipment to investment properties due to the change in use from being owner-occupied properties to being held for long-term capital appreciation (see Note 10). Portions of these properties amounting to ₱76.02 million were subsequently sold for ₱144.61 million, resulting in a gain of ₱68.59 million recognized in other income (see Note 27). Correspondingly, revaluation increment amounting to ₱50.39 and deferred tax liability on the revaluation increment from the portion sold amounting to ₱21.60 million were transferred to retained earnings.

Investment properties also include parcels of land located in Itogon, Benguet.

On March 13, 2021, the Group engaged an independent appraiser to assess the fair market value of land under investment properties as at December 31, 2020. The appraisal was performed by Cuervo Appraisers, Inc. The fair value of the investment properties was estimated using the sales comparative approach, which considers the sales of similar or substitute properties and related market values and establishes value estimates by processes involving comparisons (level 3).

The Group recognized revaluation gain amounting to ₱154.82 million, ₱287.21 million and ₱605.82 million in 2020, 2019 and 2018, respectively, and were included as other income (see Note 27).



In 2018, certain parcels of land totaling ₱237.08 million are used as collateral for the loan of the Parent Company. In 2019, the Parent Company settled the loan in full, which released the land as collateral to secure the said loan (see Note 14).

Direct operating expenses from these investment properties amounted to ₱0.76 million and ₱0.88 million in 2020 and 2019, respectively.

13. Other Noncurrent Assets

	2020	2019
Nontrade	₱362,618	₱361,341
Input VAT	137,412	228,603
Mine rehabilitation fund (MRF)	51,900	36,197
Intangible asset	250	250
Prepaid rent	170	-
Others	6,319	7,515
	558,669	633,906
Less allowance for impairment losses on other noncurrent assets	151,892	151,892
	₱406,777	₱482,014

Nontrade noncurrent assets pertain to advances and prepayments of the Group to its contractors and suppliers for exploration and other related activities and projects that are expected to be settled beyond 12 months from the end of the reporting period.

MRF pertains to accounts opened with local banks in compliance with the requirements of DAO No. 2010-21, otherwise known as The Revised Implementing Rules and Regulations of the Philippine Mining Act of 1995. The MRF shall be used for physical and social rehabilitation of areas and communities affected by the mine operations, and for research in the social, technical and preventive aspects of the mine's rehabilitation. The funds earn interest at the respective bank deposit rates. Interest income earned from MRF amounted to ₱0.16 million, ₱0.18 million and ₱0.21 million in 2020, 2019 and 2018, respectively (see Note 27).

In November 2018, the amount of ₱13.00 million was seized from the Company's fund as a result of an Order of Garnishment issued to some of the Group's MRF account. The issuance was due to a case with a private corporation for the Group's long-outstanding obligation, which resulted in a loss of ₱9.43 million in 2018 (see Note 27).

In 2019, the Group acquired the intangible asset at a cost of ₱0.11 million. This pertains to nonproprietary golf club shares that have been assessed as having an indefinite useful life as of December 31, 2019. As at December 31, 2019, the revalued amount of this intangible asset amounted to ₱0.25 million, after revaluation increment of ₱0.14 million, recognized in other comprehensive income. No impairment loss was recognized during the year for this intangible asset.

Others pertain to various assets of the Group, which are individually insignificant and are expected to be realized beyond 12 months after the reporting period.



Movements in allowance for impairment loss on other noncurrent assets are as follows:

	2020	2019
Balances at beginning of year	₱151,892	₱150,054
Provision (Note 27)	–	1,838
Balances at end of year	₱151,892	₱151,892

14. Loans Payable

	2020	2019
Unsecured loans	₱270,066	₱270,062
Accrued interest and penalties	238,932	237,831
	₱508,998	₱507,893

a. Unsecured loans

In 2015, BNMI obtained an interest-bearing loan from Trans Middle East Phils. Equities, Inc. amounting to ₱250.00 million. During the same year, BNMI paid ₱65.00 million of the outstanding principal balance, after which the parties agreed that the loan becomes due and demandable. Outstanding principal amount of the loan amounted to ₱185.00 million as at December 31, 2019 and 2018.

The Parent Company has various loans, which are being renegotiated and are undergoing restructuring. Nominal interest rates vary from floating rate of 91-day Philippine PhP T-bill rate for peso loans and 3-month London Interbank Offered Rate (LIBOR) foreign loans, plus a margin of 3.5% for secured loans. Remaining balance related to these loans amounted to ₱85.06 million as at December 31, 2020 and 2019.

b. Secured loans

The Parent Company has a revolving secured promissory note from a local bank to finance its working capital requirements. In 2019, the Parent Company settled this loan in full. As such, certain parcels of land amounting to ₱237.08 million ceased being collaterals to secure the loan (Note 12).

Total proceeds from these loans amounted to nil in 2020 and 2019, and ₱10.0 million in 2018. Total principal payments for these loans amounted to ₱1.13 million, ₱22.78 million, ₱57.22 million in 2020, 2019 and 2018, respectively.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2020 and 2019. Total interest expense related to loans payable amounted to ₱2.59 million, ₱1.21 million and ₱4.83 million in 2020, 2019 and 2018, respectively.



15. Trade and Other Payables

	2020	2019
Trade	₱330,948	₱366,658
Contract liabilities	96,342	896
Nontrade	95,660	117,753
Output VAT	26,802	39,907
Accrued expenses:		
Payroll	12,286	11,921
Taxes and licenses	9,883	9,883
Others	26,575	19,356
Excise taxes and royalties	6,214	8,892
Others	16,009	1,590
	₱620,719	₱576,856

Trade payables include import and local purchases of equipment, inventories and various parts and supplies used in the operations of the Group. These are noninterest-bearing and are normally settled in 60 to 90 days' terms.

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

Contract liabilities include amounts from off-take agreements and cash advances from BNMI's customers. In 2020, the Group received additional advances amounting to \$1.99 million (₱95.45 million), which will be settled through future nickel ore shipments. Meanwhile, significant terms and conditions of the related off-take agreements are in Note 37.

	2020	2019
Balances at beginning of year	₱333,961	₱350,196
Additions during the year	95,446	-
Effect of foreign exchange gain	(12,586)	(16,235)
Revenue recognized during the year	(10,203)	-
	406,618	333,961
Less noncurrent portion (Note 18)	310,276	333,065
Current portion	₱96,342	₱896

Accrued payables pertain to liabilities for professional fees, administrative expenses and payables to officers and employees for unclaimed wages, accrued vacation and sick leave credits and payroll. These are normally settled within 30 days.

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

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

Others represent individually insignificant payables, operating and administrative expenses.

In 2020, 2019 and 2018, the Group recognized gain of nil, ₱22.46 million and nil, respectively, representing the discount provided by one of its suppliers for the settlement of its trade and other liabilities amounting to nil, ₱121.4 million and nil in those years (Note 27).



In 2020, AFC recognized a gain of ₱5.54 million from the settlement of its various nontrade liabilities. Total amount accrued prior to settlement and actual amount paid amounted to ₱16.87 million and ₱11.33 million, respectively (Note 27).

16. Lease Commitments

Lease Agreements

Operating Leases

The Group leases its office spaces up to June 30, 2020 and parcels of land on which its mine site offices are located for varying periods. These leases are renewable upon mutual agreement with the lessors. Total rental expense on these leases amounted to nil, ₱5.70 million and ₱12.10 million in 2020, 2019 and 2018, respectively.

Future minimum lease payments for the said operating leases are as follows:

	2020	2019
Lease payments due in:		
Less than one year	₱1,943	₱3,293
Between one and five years	3,046	3,416
More than five years	3,715	4,562
Future minimum lease payments	₱8,704	₱11,271

Group as a lessee

The Group has lease contracts for various office spaces, clinic spaces, machinery, tools and equipment, and land.

The Group also has certain leases of clinic space with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The following are the amounts recognized in consolidated statement of income:

	2020	2019
Depreciation expense of right-of-use assets included in property, plant and equipment (Note 10)	₱3,646	₱5,439
Expenses related to short-term leases included in selling and general expenses (Note 24)	43,717	6,193
Expenses related to short-term leases included in cost of services (Note 23)	1,655	5,471
Interest expense on lease liabilities	537	822
Income from subleasing of right of use assets	-	(269)
Total amount recognized in consolidated statement of income	₱49,555	₱17,656



The rollforward analysis of lease liabilities follows:

	2020	2019
Balances at beginning of year	₱8,059	₱10,758
Interest expense	537	822
Additions	165	-
Payments of:		
Interest portion	(537)	(822)
Principal portion	(2,070)	(2,699)
Total amount of lease liabilities	6,154	8,059
Less noncurrent portion	4,476	5,583
Current portion	₱1,678	₱2,476

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Non-cancellable lease agreements pertain to the Parent's lease of land in Itogon, Benguet for the easement and right of way agreement over the land owned by the heirs of Coscos and Eduardo Busoy which the Parent Company needs for its existing water pipelines, and other future installation it may deem desirable for its operations. These are accounted for as operating lease.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years	More than five years	Total
Extension options expected not to be exercised	₱-	₱1,500	₱1,500

Group as a lessor

Rent income from these leases amounted to ₱0.76 million, ₱1.79 million and ₱1.93 million in 2020, 2019 and 2018, respectively (Note 21).

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2020 and 2019 are as follows:

	2020	2019
1 year	₱1,746	₱1,780
more than 1 year to 2 years	160	1,746
more than 2 years to 3 years	140	160
more than 3 years to 4 years	-	140



17. Liability for Mine Rehabilitation

Movements in this account are as follows:

	2020	2019
Balances at beginning of year	₱91,582	₱90,329
Change in estimate:		
Recognized in consolidated statement of income (Note 27)	5,290	(9,672)
Recognized as adjustment to the mine rehabilitation asset (Note 10)	5,358	(3,625)
Additions:		
Recognized in consolidated statement of income (Note 27)	-	18,373
Recognized in mine rehabilitation asset (Note 10)	-	2,498
Accretion (Note 27)	3,376	6,467
Actual rehabilitation costs	-	(12,788)
	105,606	91,582
Less noncurrent portion	67,470	66,575
Current portion	₱38,136	₱25,007

This provision is based on the Group's estimates. Assumptions based on the current economic environment have been made, which management believes are reasonable bases upon which to estimate the future liability.

The final rehabilitation costs are uncertain and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in inflation rates (2.68% in 2020 and 2.69% in 2019) and changes in discount rates (2.32% in 2020 and 4.02% 2019). In 2020, the Group was not able to disburse the allotted portion for actual rehabilitation costs since the updated Final Mine Rehabilitation and/or Decommissioning Plan of the BAGO project was not yet approved by MGB as at December 31, 2020.

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

The provision at the end of each reporting period represents management best estimate of the present value of the future rehabilitation cost required. This estimate is reviewed regularly to take into account any material changes in the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. The timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future gold and nickel prices, which are inherently uncertain.



18. Other Noncurrent Liabilities

	2020	2019
Contract liabilities (Note 15)	₱310,276	₱333,065
Equity of claimowners in contract operations	49,136	49,136
Deposit for future stock subscriptions	32,000	32,000
	₱391,412	₱414,201

Contract liabilities of BNMI may be settled through future nickel ore shipments to its customers. The current portion of the said advances is presented as part of trade and other payables.

Nickel Off-take Agreements and other advances

- a. On April 11, 2014, BNMI entered into an off-take agreement with a Korean trading company for a total amount of US\$6.00 million in exchange for future shipments. The advances under the said off-take agreement are noninterest-bearing and will be settled through deductions from the selling price of every shipment.

As at December 31, 2020 and 2019, the remaining balance of the advances amounted to US\$4.17 million (₱200.26 million) and US\$4.28 million (₱216.72 million), respectively.

- b. On August 24, 2011, BNMI signed a tri-partite off-take agreement with the Parent Company and a Chinese trading company, for the sale of nickel ore. In accordance with the agreement, the Chinese trading company shall extend a loan of US\$6.00 million to the Parent Company. BNMI will deliver and sell 1.8 million tons of 1.8% grade nickel ore over a period of 36 months at 0.6 million tons per 12 months, to start six months after signing of the agreement. The Chinese trading company will deduct US\$3.33 per ton from the selling price of the nickel ore to be treated as repayment of the loan to the Parent Company.

As at December 31, 2020 and 2019, the remaining advances amounted to \$1.89 million (₱90.76 million) and \$1.92 million (₱97.22 million), respectively.

- c. In December 2020, BNMI has executed two (2) nickel sales contract to transpire earlier in 2021. In accordance with the agreement, BNMI shall deliver 50,000 Wet Metric Ton (WMT) of 1.3% nickel ore with corresponding price of \$46.00 and \$39.50 per WMT, respectively. Each contract is subject to price adjustment of \$0.60 and \$0.50 per WMT for every change in nickel grade and moisture content agreed per contract. The arrangement also includes an advance payment of the buyers amounting to \$1.00 million (₱48.02 million) and \$0.99 million (₱47.42 million), respectively for each contract.

Equity of claim owners in contract operations pertain to the outstanding liability of the Parent Company. Discussions on the settlement of said liability are still on-going as at December 31, 2020.

As at December 31, 2020 and 2019, deposit for future stock subscriptions received by BLI from Almega Management and Investment, Inc. amounted to ₱32.00 million. The related increase in authorized capital stock of BLI has been approved by BLI's BOD and majority of its stockholders on March 16, 2016. BLI filed the application for the increase in authorized capital stock with the Philippine SEC on November 23, 2018 and is waiting for approval as at March 18, 2021.



19. Equity

Capital Stock

	2020		2019	
	No. of shares	Amount	No. of shares	Amount
Authorized				
Convertible Preferred				
Class A - ₱3.43 par value	19,652,912	₱67,500	19,652,912	₱67,500
Common Class A - ₱1 par value in 2019 and 2018 and ₱3 par value in 2016	430,380,000	430,874	430,380,000	430,874
Common Class B - ₱1 par value in 2019 and 2018 and ₱3 par value in 2016	286,920,000	287,135	286,920,000	287,135
	736,952,912	785,509	736,952,912	785,509
Issued				
Convertible Preferred Class "A"	217,061	745	217,061	745
Common Class "A"	371,220,254	371,220	371,050,755	371,050
Common Class "B"	245,250,197	245,250	245,068,497	245,068
Total shares issued and subscribed	616,687,512	617,215	616,336,313	616,863
Treasury Shares				
Convertible Preferred Class "A"	–	–	–	–
Common Class "A"	310,794	7,158	310,794	7,158
Common Class "B"	37,275	858	37,275	858
Total treasury shares	348,069	8,016	348,069	8,016
Outstanding				
Convertible Preferred Class "A"	217,061	745	217,061	745
Common Class "A"	370,909,460	364,062	370,739,961	363,892
Common Class "B"	245,212,922	244,392	245,031,222	244,210
Total outstanding shares	616,339,443	₱609,199	615,988,244	₱608,847

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

The convertible preferred shares are limited to Philippine nationals and convertible into Common Class A shares at a conversion premium of ₱6.02 per share. Each preferred share is convertible into 9.4875 Common Class A shares. The convertible preferred shares are also entitled to have one vote for each full share of Common Class A stock into which such share of convertible preferred stock is, at any stockholders' meeting, then convertible. It does not enjoy the same dividend right as the two classes of common stock but is entitled to a fixed cumulative dividend of 8% a year if there is surplus profit and when declared by the BOD.

On July 29, 2016, the Philippine SEC approved the amendment to the Article Seventh of the Amended Articles of Incorporation and Article 1, Section 1 of the Amended By-Laws of the Parent Company, which changed the par value of its Common Class A and Common Class B shares from ₱3.00 to ₱1.00 per share and increased the number of common shares by threefold. The reduction in par value essentially resulted in a stock split.

On March 21, 2018, the BOD approved the increase in the Group's authorized capital stock from ₱717.30 million (consisting of 430,380,000 Common Class A shares and 286,920,000 Common Class B shares, both having a par value of ₱1.00 each) to ₱762.30 million (consisting of 475,380,000 Common Class A shares and 286,920,000 Common Class B shares, both having a par value of ₱1.00 each). After the amendment, the total authorized capital stock of the Parent Company has increased from ₱785.50 million to ₱830.50 million.



The application for the increase was approved by the stockholders during the annual meeting held on November 8, 2018. As at March 18, 2021, the Parent Company has not yet filed the application for the increase in authorized capital stock with the Philippine SEC.

In 2020, the Parent Company issued 158,999 Common Class A shares and 181,700 Common Class B shares as a result of employees' exercise of stock options at a total consideration of ₱634; ₱105 of which were from 55,200 Common Class B at a selling price of ₱1.91 per share and ₱529 from 158,999 Common Class A shares and 126,500 Common Class B shares at an average exercise price of ₱1.78 per share. As at December 31, 2020, total shares issued and outstanding for Common Class A and B shares are 370,909,460 and 245,212,922, respectively.

Below is the Parent Company's track record of registration of securities under the Philippine SEC:

Date of Registration (SEC Approval)	Description	Number of shares	Par value per share	Total amount (in 000's)
June 18, 1956	Capital upon registration: Common shares	18,000,000	₱1.00	₱18,000
November 25, 1960	Increase in number and par value of common shares: Common shares	20,000,000	2.00	40,000
November 9, 1964	Increase in par value of common shares: Common shares	20,000,000	3.00	60,000
October 22, 1968	Increase in number of common shares and introduction of preferred shares: Common shares Preferred shares	50,000,000 6,000,000	3.00 5.00	150,000 30,000
March 12, 1974	Split of common share into two classes and change in number and par value and addition of conversion feature to the preferred shares: Common class A Common class B Convertible preferred shares	30,000,000 20,000,000 19,652,912	3.00 3.00 3.43	90,000 60,000 67,500
July 27, 1989	Increase in number of common shares Common class A Common class B Convertible preferred shares	120,000,000 80,000,000 19,652,912	3.00 3.00 3.43	360,000 240,000 67,500
September 28, 2015	Increase in number of common shares Common class A Common class B Convertible preferred shares	143,460,000 95,640,000 19,652,912	3.00 3.00 3.43	430,874 287,135 67,500
July 29, 2016	Increase in number of common shares and reduction in par value Common class A Common class B Convertible preferred shares	430,380,000 286,920,000 19,652,912	1.00 1.00 3.43	430,874 287,135 67,500
As at December 31, 2020:	Increase in number of common shares Common class A Common class B Convertible preferred shares	430,380,000 286,920,000 19,652,912	₱1.00 1.00 3.43	₱430,874 287,135 67,500

As at December 31, 2020 and 2019, the Parent Company has 16,904 and 16,906 stockholders, respectively.



Other Components of Equity

	2020	2019
Revaluation increment - net of deferred tax	₱1,127,236	₱1,127,236
Cumulative translation adjustments of foreign subsidiaries - net of deferred tax	31,595	33,592
Cost of share-based payment (Note 20)	13,366	21,671
Remeasurement gain on retirement obligation - net of deferred tax (Note 30)	9,590	21,413
Unrealized gain on FVOCI and AFS financial assets (Note 8)	1,164	971
Unrealized gain on intangible asset (Note 13)	135	135
	₱1,183,086	₱1,205,018

As at December 31, 2020 and 2019, the Parent Company has 348,069 shares held in treasury amounting to ₱8.02 million at ₱23.00 per share.

Movement in cost of share-based payment follows:

	2020	2019
Balances at beginning of year	₱21,671	₱25,089
Stock options expired	(6,348)	(3,418)
Stock options exercised	(1,957)	-
Balances at end of year	₱13,366	₱21,671

Movement in capital surplus follows:

	2020	2019
Balances at beginning of year	₱380,382	₱376,964
Expiration of stock options	6,348	3,418
Exercise of stock options	2,239	-
Balances at end of year	₱388,969	₱380,382

20. Stock Option Plan

Under the 1975 Nonqualified Stock Option Plan (Plan), as amended, 9.90 million shares of the unissued common stock of the Parent Company have been reserved for stock options to selected managers, directors and consultants of the Parent Company. The option price is payable on exercise date and should not be less than the fair market value of the shares quoted on the date of the grant. The Plan, valid up to May 31, 1998, allows a maximum of 632,500 shares to be available to any one optionee. On May 26, 1998, the BOD and the stockholders approved the extension of the Plan until May 31, 2003, which was extended further on December 18, 2002 with the BOD and the stockholders' approval until May 31, 2008. On December 18, 2007, the BOD and the stockholders approved a further extension of the Plan until May 31, 2013.

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



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

Options granted to Filipino optionees are exercisable in the form of 60% Common Class A and 40% Common Class B shares. Options for Common Class B shares may be exercised only if Common Class A shares had been previously or simultaneously exercised so as to maintain a minimum 60:40 ratio of Common Class A to Common Class B shares.

The options under the Plan are non-transferable and are exercisable to the extent of 30% after one year from the date of the grant, 60% after two years from the date of the grant, and 100% after three years from the date of grant. No option is exercisable after 10 years from the date of grant.

Unexercised share options per grant are as follows:

	Unexercised share options as at January 1, 2020	Expired in 2020	Exercised in 2020	Unexercised share options as at December 31, 2020
Class A - May 2011 Grant	1,668,297	(646,799)	(169,499)	851,999
- September 2012 Grant	306,000	-	-	306,000
- May 2014 Grant	864,000	(216,000)	-	648,000
Class B - May 2011 Grant	1,226,745	(431,200)	(181,700)	613,845
- September 2012 Grant	204,000	-	-	204,000
- May 2014 Grant	576,000	(144,000)	-	432,000
Total	4,845,042	(1,437,999)	(295,999)	3,055,844

	Unexercised share options as at January 1, 2019	Expired in 2019	Unexercised share options as at December 31, 2019
Class A - May 2011 Grant	1,866,297	(198,000)	1,668,297
- September 2012 Grant	396,000	(90,000)	306,000
- May 2014 Grant	1,080,000	(216,000)	864,000
Class B - May 2011 Grant	1,358,745	(132,000)	1,226,745
- September 2012 Grant	264,000	(60,000)	204,000
- May 2014 Grant	720,000	(144,000)	576,000
Total	5,685,042	(840,000)	4,845,042

On August 31, 2016, the Parent Company's BOD approved the following amendments to the Plan due to the effect of the share split on July 29, 2016:

- change in the exercise price of outstanding options
- change in the maximum number of shares per grant from 500,000 to 1,500,000
- repricing of the unexercised share options brought about by the low turn-out in the avilment of the grant due to high exercise price compared to market price. The repricing was based on the closing price on August 18, 2016 of Class A and Class B common shares amounting to ₱2.25 and ₱2.55, respectively, less 25% discount pursuant to the provisions of the amended stock option plan of the Parent Company.



The exercise prices of outstanding options consider the effect of the stock split and the change in exercise prices, are as follows:

	At grant date	After effect of stock split	As modified
Class A - May 2011 Grant	₱16.50	₱5.50	₱1.69
- September 2012 Grant	17.96	5.99	1.69
- May 2014 Grant	7.13	2.38	1.69
Class B - May 2011 Grant	17.50	5.83	1.91
- September 2012 Grant	17.63	5.88	1.91
- May 2014 Grant	D7.13	2.38	1.91

Total number of shares available for future option grants is 40,438,695 shares and 33,124,698 shares as at December 31, 2020 and 2019, respectively.

The change in exercise price of outstanding options is treated as a modification of the Plan terms, which resulted in an additional expense, measured as at the date of modification, for the increase in the total fair value of the outstanding share options. The table below shows the increase in fair value due to the change in the exercise price of each grant:

	Fair value after change in exercise price	Fair value before change in exercise price	Increase in fair value
Class A - May 2011 Grant	₱2,718	₱2,462	₱256
- September 2012 Grant	792	763	29
- May 2014 Grant	781	775	6
Class B - May 2011 Grant	2,075	1,920	155
- September 2012 Grant	604	587	17
- May 2014 Grant	593	591	2

Stock option expense relating to the Plan recognized in 2020, 2019 and 2018 amounted to nil.

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

	2020	2019
Outstanding at beginning of year	4,845,042	5,685,042
Expired	(1,437,999)	(840,000)
Exercised	(351,199)	-
Outstanding and exercisable at end of year	3,055,844	4,845,042

The Parent Company used the binomial options pricing model to determine the fair value of the stock options.

The following assumptions were used to determine the fair value of the stock options:

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



The expected volatility measured at the standard deviation of expected share price returns was based on the analysis of share prices for the past 365 days. The cost of share-based payment amounted to ₱13.69 million and ₱21.67 million as at December 31, 2020 and 2019, respectively (see Note 19).

On March 18, 2021, upon endorsement of the Stock Option Committee, the Board approved a new stock option grant to the Group's officer, employees and consultant and to all members of the BOD, provided they have rendered at least two years of service as of March 15, 2021. Total number of common shares available for distribution under the plan is 3,007,627 shares at an exercise price of ₱2.19 and ₱2.05 for Class "A" and Class "B" shares, respectively. The Parent Company will determine the fair value and consider the accounting impact of this new grant in 2021.

21. Revenue

	2020	2019	2018
Revenue from contracts with customers:			
Sale of mine products	₱1,585,826	₱747,726	₱939,131
Sale of goods and services	33,137	40,569	46,972
Trucking services	–	4,969	7,647
Port and barge management services	–	1,602	10,875
Others	–	5,407	2,151
Total revenue from contracts with customers	1,618,963	800,273	1,006,776
Rental income	762	1,794	1,928
	₱1,619,725	₱802,067	₱1,008,704

Sale of mine products includes sales of nickel, gold, silver and lime, which are subject to 4% excise tax based on gross revenues in 2020, 2019 and 2018.

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

Excise taxes and royalty fees related to the sale of mine products amounted to ₱101.03 million, ₱29.38 million and ₱45.16 million in 2020, 2019 and 2018, respectively (see Note 33).

Set out below is the disaggregation of the Group's revenue from contracts with customers in 2020, 2019 and 2018:

Segments	2020				Total
	Mining	Health Services	Logistics	Others	
Type of product:					
Gold	₱700,800	₱–	₱–	₱–	₱700,800
Nickel	818,337	–	–	–	818,337
Lime	63,160	–	–	–	63,160
Silver	3,529	–	–	–	3,529
Health services	–	33,137	–	–	33,137
Port and barge management services	–	–	–	–	–
Trucking	–	–	–	–	–
Total revenue from contracts with customers	₱1,585,826	₱ 33,137	₱–	₱–	₱1,618,963



2020					
Segments	Mining	Health Services	Logistics	Others	Total
Location of customer:					
Within the Philippines	₱767,489	₱33,137	₱-	₱-	₱800,626
Outside the Philippines	818,337	-	-	-	818,337
Total revenue from contracts with customers	₱1,585,826	₱33,137	₱-	₱-	₱1,618,963
Timing of revenue recognition:					
Transferred at a point in time	₱-	₱33,137	₱-	₱-	₱33,137
Transferred over time	1,585,826	-	-	-	1,585,826
Total revenue from contracts with customers	₱1,585,826	₱33,137	₱-	₱-	₱1,618,963
2019					
Segments	Mining	Health Services	Logistics	Others	Total
Type of product:					
Gold	₱575,363	₱-	₱-	₱-	₱575,363
Nickel	64,649	-	-	-	64,649
Lime	106,581	-	-	-	106,581
Silver	1,133	-	-	-	1,133
Health services	-	35,964	-	-	35,964
Port and barge management services	-	-	1,602	-	1,602
Trucking	-	-	4,969	-	4,969
Sale of goods	-	-	4,605	-	4,605
Real estate sales	-	-	-	5,407	5,407
Total revenue from contracts with customers	₱747,726	₱35,964	₱11,176	₱5,407	₱800,273
Location of customer:					
Within the Philippines	₱683,077	₱35,964	₱11,176	₱5,407	₱735,624
Outside the Philippines	64,649	-	-	-	64,649
Total revenue from contracts with customers	₱747,726	₱35,964	₱11,176	₱5,407	₱800,273
Timing of revenue recognition:					
Transferred at a point in time	₱747,726	₱-	₱4,605	₱5,407	₱757,738
Transferred over time	-	35,964	6,571	-	42,535
Total revenue from contracts with customers	₱747,726	₱35,964	₱11,176	₱5,407	₱800,273
2018					
Segments	Mining	Health Services	Logistics	Others	Total
Type of product:					
Gold	₱614,775	₱-	₱-	₱-	₱614,775
Nickel	226,521	-	-	-	226,521
Lime	96,534	-	-	-	96,534
Health services	-	42,917	-	-	42,917
Port and barge management services	-	-	10,875	-	10,875
Trucking	-	-	7,647	-	7,647
Sale of goods	-	-	-	4,055	4,055
Real estate sales	-	-	-	2,151	2,151
Silver	1,301	-	-	-	1,301
Total revenue from contracts with customers	₱939,131	₱42,917	₱18,522	₱6,206	₱1,006,776
Location of customer:					
Within the Philippines	₱712,610	₱42,917	₱18,522	₱6,206	₱780,255
Outside the Philippines	226,521	-	-	-	226,521
Total revenue from contracts with customers	₱939,131	₱42,917	₱18,522	₱6,206	₱1,006,776
Timing of revenue recognition:					
Transferred at a point in time	₱939,131	₱6,178	₱10,875	₱6,206	₱962,390
Transferred over time	-	36,739	7,647	-	44,386
Total revenue from contracts with customers	₱939,131	₱42,917	₱18,522	₱6,206	₱1,006,776



22. Costs of Mine Products Sold

	2020	2019	2018
Outside services	₱227,949	₱208,382	₱262,493
Contractor fees	166,807	27,988	78,348
Materials and supplies (Note 6)	121,788	110,890	114,908
Personnel expenses (Note 25)	68,827	58,393	57,989
Depreciation and depletion (Note 26)	33,619	14,694	56,622
Power, rent and utilities	40,903	43,144	49,009
Repairs and maintenance	22,605	17,272	22,386
Smelting, refining and marketing	6,604	6,199	6,788
Travel and transportation	229	523	375
Taxes and licenses	26	50	41
Others	1,027	8,915	4,130
	690,384	496,450	653,089
Net change in beneficiated nickel ore (Note 6)	35,388	7,817	35,273
	₱725,772	₱504,267	₱688,362

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

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

23. Cost of Services and Other Sales

	2020	2019	2018
Personnel expenses (Note 25)	₱14,269	₱14,495	₱22,093
Retainers and consultancy fees	8,031	3,697	4,852
Materials and supplies (Note 6)	7,937	10,543	16,959
Depreciation and depletion (Note 26)	3,469	9,372	7,905
Rent (Note 16)	1,655	5,471	8,863
Professional fees	1,226	1,208	1,020
Travel and transportation	502	548	787
Repairs and maintenance	152	113	236
Cost of real estate sold (Note 6)	-	2,245	980
Others	1,926	2,103	4,285
	₱39,167	₱49,795	₱67,980

Rent pertains to the expenses related to short-term leases (see Note 16).

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



24. Selling and General Expenses

	2020	2019	2018
Outside services	₱101,390	₱61,183	₱62,440
Personnel expenses (Note 25)	95,664	101,339	100,609
Rent (Note 16)	43,717	6,193	14,298
Taxes and licenses	32,806	11,295	15,501
Community development programs	30,493	22,912	34,673
Depreciation and depletion (Note 26)	17,181	14,436	18,603
Repairs and maintenance	14,217	6,232	4,634
Representation	11,347	29,340	14,413
Materials and supplies (Note 6)	10,804	10,530	11,307
Professional fees	9,909	18,475	3,390
Communication, light and power	6,750	12,650	13,067
Wharfage fees	4,923	538	2,037
Contract labor	3,333	-	15,776
Transportation and travel	3,089	4,774	6,581
Freight and handling	1,959	2,385	15
Insurance	1,046	1,217	1,685
Provision for impairment losses on receivables (Note 5)	-	20,085	66,623
Others	19,762	16,759	21,966
	₱408,390	₱340,343	₱407,618

Rent pertains to the expenses related to short-term leases (see Note 16).

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

25. Personnel Expenses

	2020	2019	2018
Salaries and wages	₱133,592	₱129,440	₱155,044
Benefits and allowances	34,989	32,214	14,513
Pension expense (Note 30)	10,179	12,573	11,134
	₱178,760	₱174,227	₱180,691

Total personnel expenses were distributed as follows:

	2020	2019	2018
Cost of services and other sales (Note 23)	₱14,269	₱14,495	₱22,093
Selling and general expenses (Note 24)	95,664	101,339	100,609
Cost of mine products sold (Note 22)	68,827	58,393	57,989
	₱178,760	₱174,227	₱180,691



26. Depreciation and Depletion

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

	2020	2019	2018
Depreciation	₱38,262	₱27,018	₱67,657
Depletion	16,430	11,789	15,473
	₱54,692	₱38,807	₱83,130

Depreciation and depletion are broken down as follows:

	2020	2019	2018
Cost of mine products sold (Note 22)	₱33,619	₱14,694	₱56,622
Selling and general expenses (Note 24)	17,181	14,436	18,603
Cost of services and other sales (Note 23)	3,469	9,372	7,905
Gold button inventory (Note 6)	423	305	–
	₱54,692	₱38,807	₱83,130

27. Other Income - net

	2020	2019	2018
Gains (losses) on:			
Revaluation of investment properties (Note 12)	₱154,815	₱287,213	₱605,820
Legal settlement (Note 13)	(19,596)	–	(9,425)
Foreign currency exchange	13,015	11,491	(15,598)
Settlement of trade and other liabilities (Note 15)	5,535	22,459	52,985
Disallowed input VAT and TCC (Note 7)	(5,195)	(6,704)	(11,147)
Write-off of receivables	(689)	–	–
Disposal of property, plant and equipment (Note 10)	35	–	1,507
Sale of investment properties (Note 12)	–	68,592	–
Retirement of property, plant and equipment (Note 10)	–	–	(60,404)
Inventory obsolescence (Note 6)	–	–	(20,216)
Change in estimate of liability for mine rehabilitation (Note 17)	(5,290)	9,672	8,226
Accretion on the liability for mine rehabilitation (Note 17)	(3,376)	(6,467)	(4,940)
Interest income (Notes 4 and 13)	819	1,727	261
Provision for impairment on:			
Input VAT (Note 7)	(5)	(8,714)	(11,135)
Deferred mine exploration cost (Note 11)	–	(94,930)	(72,059)
Other noncurrent assets (Note 13)	–	(1,838)	(95,374)



	2020	2019	2018
Penalties	(₱239)	₱–	(₱9,179)
Noncapitalizable additions to liability for mine rehabilitation (Note 17)	–	(18,373)	–
Recovery of allowance for impairment loss (Notes 5 and 6)	–	10,407	–
Write-off of deferred mine exploration costs (Note 11)	–	–	(11,462)
Others - net	1,199	(2,462)	(10,170)
	₱141,028	₱272,073	₱337,690

Starting 2018, despatch or demurrage is presented as part of revenue from contracts with customers.

On August 19, 2020, the Parent Company received from the BIR the Final Decision on Disputed Assessment covering various tax assessments in relation to the Company's 2013 deficiency taxes. Immediately on August 26, 2020, the Parent Company filed a Motion for Reconsideration as a protest to the assessment. On September 10, 2020, the Parent Company received the BIR's final assessment and was ordered to settle ₱19.60 million, covering basic taxes, interest and compromise penalties amounting to ₱9.15 million, ₱10.21 million and ₱0.24 million, respectively. In 2020, the Parent Company fully settled the foregoing amounts.

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

28. ESOIP

The ESOIP, as approved by the stockholders in 1986, allows employees of the Parent Company to buy up to 6,000,000 shares of the Common Class A shares of the Parent Company at either of two prices. If the shares are acquired by the Parent Company from a seller or are treasury shares, these can be bought at acquisition cost. If the shares are sourced from the authorized but unissued shares of the Parent Company, these can be bought at the average closing price quoted in the PSE on the last day that such shares were traded prior to the start of the purchase period. Payment for the shares purchased shall be advanced by the Parent Company on behalf of the employees and repaid through salary deduction without interest. The shares acquired by employees under the ESOIP may be subjected to a holding period from the date of purchase.

In January 1990, the BOD approved the Employees Stock Purchase Plan, which allows the employees of the Parent Company (but excluding directors of the Parent Company) to buy, basically under similar terms and conditions as that of the ESOIP, 2,000,000 shares of the Common Class A shares of the Parent Company.

The balance of the employees' stock ownership pursuant to the said plan shown as part of the trade and other receivables in the consolidated statements of financial position amounted to ₱58.42 million as at December 31, 2020 and 2019 and was provided an allowance for the same amount (see Note 5).



29. Related Party Disclosures

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

The Group's related party transactions which are, individually or in aggregate over a 12-month period, 10% and above of the latest audited consolidated total assets are reviewed and evaluated by the Related Party Transaction Committee and Management Committee. Afterwards, these are approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the majority vote of the shareholders, or two-thirds (2/3) of the outstanding capital stock.

All intercompany transactions are eliminated at the consolidated level. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under the Revised SRC Rule 68.

Compensation of Key Management Personnel of the Group

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

	2020	2019	2018
Short-term benefits	₱12,389	₱28,003	₱33,127
Post-employment benefits	3,479	5,438	5,132
	₱15,868	₱33,441	₱38,259

Employee benefits include net pension expense and stock compensation expense.

30. Pension Benefits Plans

The existing regulatory framework, RA No. 7641, The Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Parent Company has a funded, noncontributory pension benefit plan, while AFC has an unfunded noncontributory pension benefit plan covering substantially all of their regular employees. The benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees in accordance with RA 7641. The defined pension benefit obligation is determined using the projected unit credit method.



The following tables summarize the components of net pension benefit in the consolidated statements of income and fund status, and the amounts recognized in the consolidated statements of financial position.

The component of net pension expense are as follows:

	2020	2019	2018
<i>Parent Company</i>			
Current service cost	₱6,905	₱6,288	₱8,014
Net interest cost	2,972	3,850	2,406
Past service cost	–	2,129	–
	9,877	12,267	10,420
<i>AFC</i>			
Current service cost	203	177	503
Net interest cost	99	129	211
	302	306	714
Net pension expense	₱10,179	₱12,573	₱11,134

Pension liability as at December 31, 2020 and 2019 are as follows:

	2020			2019		
	Parent Company	AFC	Total	Parent Company	AFC	Total
Present value of defined benefit obligation	₱84,299	₱3,082	₱87,381	₱60,980	₱2,151	₱87,381
Fair value of plan assets	(5,550)	–	(5,550)	(569)	–	(5,550)
Pension liability	₱78,749	₱3,082	₱81,831	₱78,749	₱2,151	₱62,562

Reconciliation of other comprehensive income - net of tax:

	2020			2019		
	Parent Company	AFC	Total (Note 19)	Parent Company	AFC	Total (Note 19)
Balances at beginning of year	(₱20,953)	(₱460)	(₱21,413)	(₱23,723)	(₱478)	(₱24,201)
Loss on remeasurement of pension liability	11,282	541	11,823	2,770	18	2,788
Balances at end of year	(₱9,671)	₱81	(₱9,590)	(₱20,953)	(₱460)	(₱21,413)

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

	2020			2019		
	Parent Company	AFC	Total	Parent Company	AFC	Total
Balances at beginning of year	₱60,980	₱2,151	₱63,131	₱52,906	₱1,819	₱63,131
Interest cost	3,000	99	3,099	3,894	129	3,099
Current service cost	6,905	203	7,108	6,288	177	7,108
Past service cost	–	–	–	2,129	–	2,129
Actuarial losses	16,071	772	16,843	3,884	26	3,910
Benefits paid	(2,657)	(143)	(2,800)	(8,121)	–	(8,121)
Balances at end of year	₱84,299	₱3,082	₱87,381	₱60,980	₱2,151	₱63,131



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

	2020			2019		
	Parent Company	AFC	Total	Parent Company	AFC	Total
Change in financial assumptions	₱8,275	₱330	₱8,605	₱10,212	₱310	₱10,522
Experience adjustments	7,796	442	8,238	(6,328)	(284)	(6,612)
	₱16,071	₱772	₱16,843	₱16,071	₱26	₱3,910

Fair value of plan assets of the Parent Company follows:

	2020	2019
Balances at beginning of year	₱569	₱598
Contribution	5,000	—
Remeasurement gain	(47)	(73)
Asset return in net interest cost	28	44
Balances at end of year	₱5,550	₱569

The plan assets of the Parent Company comprised mostly of cash in bank as at December 31, 2020 and 2019.

	2020	2019
Cash in bank	89.75%	0.07%
Investment in shares	10.25%	99.93%
	100.00%	100.00%

The Parent Company's plan assets are being managed by a trustee bank. The retirement fund includes time deposits, shares of stocks, which are traded in the PSE, and unquoted shares of stocks. The Parent Company has no transactions with its retirement fund and the retirement fund has no investments in shares of stocks of the Parent Company.

The Parent Company expects to contribute ₱20.93 million to the defined benefits retirement plan in 2021.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2020:

Plan Year	Expected benefit payments	
	Parent Company	AFC
Less than 1 year	₱23,753	₱—
More than 1 year to 5 years	39,377	1,821
More than 5 years to 10 years	15,662	472
More than 10 years to 15 years	29,827	2,593
More than 15 years to 20 years	64,624	3,279
More than 20 years	486,680	4,540

The overall expected rate of return on assets is determined based on the market prices prevailing on the date applicable to the period over which the obligation is to be settled.

The average duration of the defined benefit obligations of the Parent Company and AFC is 19 years and 13 years, respectively.



The principal assumptions used in determining the pension liability of the Group's plans are shown below.

	Parent Company		AFC	
	2020	2019	2020	2019
Discount rate	3.69%	4.92%	3.21%	4.59%
Salary increase rate	5.00%	5.00%	11.00%	11.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the pension liability as at the end of the reporting period, assuming if all other assumptions were held constant:

Parent Company

	Increase (decrease)	December 31, 2020
		Present value of the defined benefit obligation
Discount rates	4.69% (+1.00%)	₱77,430
	3.69% actual	84,299
	2.69% (-1.00%)	92,645
Salary increase rate	6.00% (+1.00%)	₱92,098
	5.00% actual	84,299
	4.00% (-1.00%)	77,733
		December 31, 2019
		Present value of the defined benefit obligation
Discount rates	5.92% (+1.00%)	₱56,257
	4.92% actual	60,980
	3.92% (-1.00%)	66,743
Salary increase rate	6.00% (+1.00%)	₱66,414
	5.00% actual	60,980
	4.00% (-1.00%)	56,439

AFC

	Increase (decrease)	December 31, 2020
		Present value of the defined benefit obligation
Discount rates	4.29% (+1.00%)	₱2,836
	3.21% (actual)	3,082
	2.21% (-1.00%)	3,371
Salary increase rate	12% (+1.00%)	₱3,335
	11% (actual)	3,082
	10% (-1.00%)	2,860
		December 31, 2019
		Present value of the defined benefit obligation
Discount rates	5.59% (+1.00%)	₱2,017
	4.59% (actual)	2,152
	3.59% (-1.00%)	2,306
Salary increase rate	12% (+1.00%)	₱2,287
	11% (actual)	2,152
	10% (-1.00%)	2,030



31. Income Taxes

The provision for current and deferred tax in 2020, 2019 and 2018 include the following:

	2020	2019	2018
RCIT	₱23,147	₱1,385	₱4,623
MCIT	5,968	5,464	1,523
Provision for deferred taxes	72,768	25,743	7,255
	₱101,883	₱32,592	₱13,401

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

	Deferred tax assets - net		Deferred tax liabilities - net	
	2020	2019	2020	2019
Deferred tax assets on:				
Allowance for inventory loss, impairment loss and others	₱4,415	₱4,415	₱75,981	₱116,412
Depletion of asset retirement obligation	2,523	2,404	-	-
Accumulated accretion on liability for mine rehabilitation	2,682	2,400	-	-
Accrued pension liability	2,423	2,376	27,770	27,103
Unrealized foreign exchange loss	148	231	-	-
Excess of payments over depreciation and interest expense	-	-	-	-
NOLCO	-	33,872	-	-
MCIT	-	6,685	-	-
	₱12,191	₱52,383	₱103,751	₱143,515
Deferred tax liabilities on:				
Unrealized foreign exchange gain	(₱3,773)	(₱2,538)	(₱1,552)	(₱1,121)
Remeasurement gain on retirement liability	(1,498)	(1,730)	(4,145)	(8,980)
Revaluation increment on land	(214)	(214)	(941,595)	(941,596)
Excess of lease payments over depreciation and interest expense	6	(169)	(50)	(55)
Cumulative translation adjustment of foreign subsidiaries	-	-	(13,541)	(14,397)
Revaluation increment on property, plant and equipment	-	-	(10,009)	(10,009)
Revaluation increment on artworks	-	-	(15,373)	(15,373)
	(5,479)	(4,651)	(986,265)	(991,531)
Net deferred tax assets (liabilities)	₱6,712	₱47,732	(₱882,514)	(₱848,016)

The Group has deductible temporary differences, unused NOLCO and MCIT, for which the deferred tax assets totaling ₱226.91 million and ₱288.79 million as at December 31, 2020 and 2019, respectively, were not recognized as management believes that it is not probable that sufficient future taxable profit will be available against which the benefit of the deferred tax assets can be utilized.



These are as follows:

	2020	2019	2018
Allowance for inventory loss, impairment loss and others	₱479,647	₱479,647	₱502,410
NOLCO	115,655	339,858	316,377
Accumulated accretion on liability for mine rehabilitation	65,236	54,170	53,259
Accumulated depletion on asset retirement obligation	24,564	20,766	18,514
MCIT	15,007	11,364	5,252
Share-based payment	13,689	21,670	25,146
Accrued expenses	8,002	8,002	8,002
Excess of depreciation and interest expense over lease payments	(463)	626	-
Unrealized foreign exchange losses	-	-	5,802
Straight-line amortization of accrued rent	-	-	499

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current year	NOLCO Unapplied
2017	2018-2020	₱-	(₱34,260)	(₱112,925)	₱-
2018	2019-2021	-	-	(175,487)	-
2019	2020-2022	-	-	(31,310)	98,783
		₱452,765	₱-	(₱319,722)	₱98,783

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current year	NOLCO Unapplied
2020	2021-2025	₱-	₱-	₱-	₱ 16,872



The Group has MCIT that can be applied against payment of regular income tax as follows:

Year Incurred	Availment Period	Amount	MCIT Applied Previous Year/s	MCIT Expired	MCIT Applied Current year	MCIT Unapplied
2017	2018-2020	₱6,675	₱-	(₱164)	(₱6,511)	₱-
2018	2019-2021	5,910	-	-	(2,347)	3,563
2019	2020-2022	5,464	-	-	-	5,464
2020	2021-2023	5,980	-	-	-	5,980
		₱24,029	₱-	(₱164)	(₱8,858)	₱15,007

Movements of NOLCO are as follow:

	2020	2019	2018
Balances at beginning of year	₱452,765	₱470,244	₱338,937
Additions	16,872	130,093	208,911
Expirations	(34,260)	(137,114)	(77,604)
Application	(319,722)	(10,458)	-
Balances at end of year	₱115,655	₱452,765	₱470,244

Movements of MCIT are as follow:

	2020	2019	2018
Balances at beginning of year	₱18,049	₱22,037	₱17,475
Additions	5,980	5,464	4,623
Expirations	(164)	(9,452)	(61)
Application	(8,858)	-	-
Balances at end of year	₱15,007	₱18,049	₱22,037

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

Year incurred	Year of expiration	NOLCO	MCIT
2018	2021	₱-	₱3,563
2019	2022	98,783	5,464
2020	2023	-	5,980
2020	2025	16,872	-
		₱115,655	₱15,007

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

	2020	2019	2018
Tax computed at statutory rate	₱144,980	₱44,499	(₱39,733)
Add (deduct) effects of:			
Changes in unrecognized deferred tax assets	(61,880)	4,531	195,922
Nontaxable income	(57,535)	(99,344)	(199,891)

(forward)



	2020	2019	2018
Write-off of inventory allowance	₱40,431	₱–	₱–
Nondeductible expenses	32,645	31,813	33,546
Expiration of NOLCO	10,278	41,134	23,281
Application of MCIT	(8,858)	–	–
Expiration of MCIT	164	9,452	–
Forfeiture and expiry of stock options	1,904	1,025	354
Interest income subject to final tax	(246)	(518)	(78)
	₱101,883	₱32,592	₱13,401

32. Basic/Diluted EPS

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

In computing for the 2020 diluted EPS, the Parent Company considered the effect of stock options outstanding since these are dilutive. In 2019 and 2018, the diluted EPS did not consider the effect of stock options outstanding since these were anti-dilutive.

	2020	2019	2018
Net income	₱381,385	₱115,737	₱119,042
Current dividends on preference shares	(60)	(60)	(60)
Adjusted net income	₱381,325	₱115,677	₱118,982

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

	2020	2019	2018
Basic EPS			
Weighted average common shares issued	616,687,512	616,119,252	616,119,252
Less: treasury shares	348,069	348,069	348,069
Weighted average common shares outstanding	616,339,443	615,771,183	615,771,183
Diluted EPS			
Weighted average common shares issued	616,687,512	616,119,252	616,119,252
Less: treasury shares	348,069	348,069	348,069
Convertible preferred shares	2,059,366	2,059,366	2,059,366
Stock options	3,055,844	–	–
Weighted average common shares outstanding	621,454,653	617,830,549	617,830,549
Basic EPS	₱0.62	₱0.19	₱0.19
Diluted EPS	₱0.61	₱0.19	₱0.19



33. Segment Information

PFRS 8, *Operating Segments*, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, who is the President of the Parent Company.

For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, as follows:

- The mining segment is engaged in exploration, nickel and gold mining operations.
- The health services segment is engaged in the business of offering medical and clinical diagnostic examinations and health care services on pre-employment.
- The logistics segment is engaged in logistics services to the supply-chain requirements of various industries.
- The other segments are comprised of aggregated operating segments of the Group who are engaged in research, development, real estate and water projects.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with income or loss before income tax as reported in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Intersegment revenues are eliminated upon consolidation and reflected in the 'eliminations' column. All other adjustments and eliminations are presented in the table below.

Segment assets include operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories and property, plant and equipment, net of allowances and provisions.

Segment liabilities include all operating liabilities and consist principally of trade and other payables, accrued expenses and bank loans. Segment assets and liabilities do not include deferred taxes.

Business Segments

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

	2020						
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱1,585,826	₱33,137	₱-	₱762	₱1,619,725	₱-	₱1,619,725
Interest income	811	3	1	4	819	-	819
Inter-segment	-	-	65,127	-	65,127	(65,127)	-
Other income	209,555	668	5,570	1	215,794	(37,008)	178,786
	1,796,192	33,808	70,698	767	1,901,465	(102,135)	1,799,330
Cost and Expenses							
Interest expense	3,130	-	-	-	3,130	-	3,130
Direct costs	714,219	26,712	10,967	477	752,375	(24,524)	727,851
Selling and general expenses	403,009	7,465	12,552	9,550	432,576	(41,367)	391,209
Accretion expense	3,376	-	-	-	3,376	-	3,376
Depreciation, depletion and amortization (Note 26)	105,746	3,503	4,355	7,332	120,936	(66,667)	54,269

(forward)



2020							
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
Excise taxes and royalty fees (Note 21)	₱101,026	₱-	₱-	₱-	₱101,026	₱-	₱101,026
Other expenses	29,599	-	5,497	69	35,165	36	35,201
Income (loss) before tax	436,087	(3,872)	37,327	(16,661)	452,881	30,387	483,268
Provision for income tax	89,943	74	11,860	6	101,883	-	101,883
Net income (loss)	₱346,144	(₱3,946)	₱25,467	(₱16,667)	₱350,998	₱30,387	₱381,385
Operating assets	₱10,070,021	₱31,131	₱414,919	₱1,386,702	₱11,902,773	(₱4,553,726)	₱7,349,047
Operating liabilities	(₱2,642,876)	(₱75,897)	(₱365,202)	(₱861,777)	(₱3,945,752)	₱2,203,530	(₱1,742,222)
Other disclosure:							
Capital expenditure	₱34,314	₱-	₱3,229	₱-	₱37,543	₱-	₱37,543
2019							
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱747,726	₱35,964	₱11,176	₱7,201	₱802,067	₱-	₱802,067
Interest income	177	10	37	1,503	1,727	-	1,727
Inter-segment	-	-	8,479	-	8,479	(8,479)	-
Other income	301,535	1,752	21,876	236,178	561,341	(159,454)	401,887
	₱1,049,438	₱37,726	₱41,568	₱244,882	₱1,373,614	(₱167,933)	₱1,205,681
Cost and Expenses							
Interest expense	₱2,084	₱202	₱-	₱3	₱2,289	(₱258)	₱2,031
Direct costs	489,243	27,962	13,787	2,417	533,409	(3,413)	529,996
Selling and general expenses	272,718	16,722	21,318	23,065	333,823	(7,916)	325,907
Accretion expense	6,467	-	-	-	6,467	-	6,467
Impairment losses	100,266	1,341	-	6,915	108,482	-	108,482
Depreciation, depletion and amortization (Note 26)	118,634	10,870	4,544	8,086	142,134	(103,632)	38,502
Excise taxes and royalty fees (Note 21)	29,375	-	-	-	29,375	-	29,375
Other expenses	123,434	1	70	15,951	139,456	(16,109)	123,347
Income (loss) before tax	(92,743)	(19,372)	1,849	188,445	78,179	(36,605)	41,574
Provision for income tax	32,139	16	(467)	904	32,592	-	32,592
Net income (loss)	(₱124,882)	(₱19,388)	₱2,316	₱187,541	₱45,587	(₱36,605)	₱8,982
Operating assets	₱9,478,109	₱26,811	₱465,472	₱1,285,064	₱11,255,456	(₱4,381,648)	₱6,873,808
Operating liabilities	(₱2,463,015)	(₱68,573)	(₱440,574)	(₱576,245)	(₱3,548,407)	₱1,186,533	(₱3,548,407)
Other disclosure:							
Capital expenditure	₱21,683	₱30	₱3,400	₱6,924	₱32,037	₱-	₱32,037
2018							
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱939,131	₱42,917	₱18,522	₱8,134	₱1,008,704	₱-	₱1,008,704
Interest income	199	6	1	55	261	-	261
Inter-segment	-	-	27,994	-	27,994	(27,994)	-
Other income	621,904	4	1,171	3,195	626,274	(7,500)	618,774
	1,561,234	42,927	47,688	11,384	1,663,233	35,494	1,627,739
Cost and Expenses							
Interest expense	4,822	-	-	6	4,828	-	4,828
Direct costs	642,541	37,631	18,891	3,554	702,617	(10,802)	691,815
Selling and general expenses	314,709	21,990	30,672	11,058	378,429	(39,179)	339,250
Accretion expense	4,940	-	-	-	4,940	-	4,940
Impairment losses	-	11,130	-	5	11,135	-	11,135
Depreciation, depletion and amortization (Note 26)	134,674	6,688	5,893	6,168	153,423	(70,293)	83,130
Excise taxes and royalty fees (Note 21)	45,163	-	-	-	45,163	-	45,163
Other expenses	284,563	265	8,890	21,317	315,035	-	315,034
Income (loss) before tax	129,822	(34,777)	(16,658)	(30,274)	47,663	84,780	132,443
Provision for income tax	12,819	66	122	394	13,401	-	13,401
Net income (loss)	₱117,003	(₱34,843)	(₱16,780)	(₱31,118)	₱34,262	₱84,780	₱119,042
Operating assets	₱9,825,627	₱38,357	₱609,429	₱919,991	₱11,393,404	(₱4,789,754)	₱6,603,650
Operating liabilities	(₱3,168,903)	(₱145,021)	(₱574,805)	(₱465,718)	(₱4,354,447)	₱2,340,990	(₱2,013,457)
Other disclosure:							
Capital expenditure	₱2,043	₱2,355	₱-	₱4,685	₱9,083	₱-	₱9,083



Notes to operating segments:

- a. Inter-segment revenue, cost and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'eliminations' column.
- b. Capital expenditures consist of additions to property, plant and equipment and deferred mine exploration costs.
- c. Further information of the Group's revenue about products and services as well as geographical areas are presented in Note 21.
- d. Gross revenues from each of the customers from the mining segment that exceeded 10% of the Group's revenue for the years ended December 31, 2020, 2019 and 2018 are presented below:

	2020	2019	2018
Customer 1	₱700,800	₱575,363	₱614,775
Customer 2	812,952	–	171,436
	₱1,513,752	₱575,363	₱786,211

34. Financial Risk Management Objectives and Policies

The Group's principal financial instruments pertain to unsecured and secured bank loans. The main purpose of these financial instruments is to fund the Group's operations. The Group has other financial instruments such as cash and cash equivalents, trade receivables, receivable from lessees of bunkhouses, loans receivable under trade and other receivables, advances under other noncurrent assets trade and accrued expenses under trade and other payables and obligations under finance lease, which arise directly from its operations. Other financial assets include FVOCI assets.

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 (*bank credit lines*) and loans payable maturing within 12 months can be rolled over with existing lenders. It also continuously assesses conditions in the financial markets for opportunities to avail bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

As at December 31, 2020 and 2019, 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 summarize the aging analysis of the Group's financial assets and the maturity profile of the Group's financial liabilities as at December 31, 2020 and 2019.

	2020				Total
	On demand	0-90 days	More than 90 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	₱261,481	₱-	₱-	₱-	₱261,481
Short-term deposits	51	10,016	-	-	10,067
Trade and other receivables					
Trade	-	-	178,583	-	178,583
Receivables from lessees of bunkhouses	1,110	-	-	-	1,110
Advances to contractors under "other current assets"	-	-	-	54,638	54,638
Nontrade under 'other noncurrent assets'	-	-	-	210,726	210,726
FVOCI					
UITF	-	-	-	12,941	12,941
Quoted shares	-	-	-	420	420
	₱262,642	₱10,016	₱178,583	₱278,725	₱729,966
<i>Financial liabilities</i>					
Loans payable	₱508,998	₱-	₱-	₱-	₱508,998
Trade and other payables					
Trade	-	330,948	-	-	330,948
Nontrade*	5,158	-	-	-	5,158
Accrued expenses	16,935	-	34,599	-	51,534
Lease liability	-	1,943	-	6,761	8,704
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	₱531,091	₱332,891	₱ 34,599	₱55,897	₱954,478
Net financial assets (liabilities)	(₱268,449)	(₱322,875)	₱143,984	₱222,828	(₱224,512)

*Excluding statutory payables

	2019				Total
	On demand	0-90 days	More than 90 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	₱69,298	₱-	₱-	₱-	₱69,298
Short-term deposits	7,874	-	-	-	7,874
Trade and other receivables					
Trade	53,645	9,139	-	-	62,784
Receivables from lessees of bunkhouses	1,344	-	-	-	1,344
Advances to contractors under "other current assets"	-	-	63,356	-	63,356
Nontrade under "other noncurrent assets"	-	-	-	202,917	202,917
FVOCI					
UITF	-	-	-	12,724	12,724
Quoted shares	-	-	-	444	444
	₱132,161	₱9,139	₱63,356	₱216,085	₱420,741
<i>Financial liabilities</i>					
Loans payable	₱507,893	₱-	₱-	₱-	₱507,893
Trade and other payables					
Trade	292,619	-	74,039	-	366,658
Nontrade*	30,443	-	-	-	30,443
Accrued expenses	6,958	-	34,202	-	41,160
Lease liability	1,083	-	1,393	7,978	11,721
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	₱838,996	₱-	₱109,634	₱57,114	₱1,006,561
Net financial assets (liabilities)	(₱706,835)	₱9,139	(₱46,278)	₱158,971	(₱585,820)



Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations as these falls due. It is inherent to the business that potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses and loans receivable under trade and other receivables, advances under other noncurrent assets and FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognized third parties, there is no requirement for collateral. The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure is shown at each instrument's carrying amount, before the effect of mitigation through the use of master netting and collateral agreements.

	2020	2019
Cash and cash equivalents		
Cash in banks	₱260,546	₱68,621
Short-term deposits	10,067	7,874
Trade and other receivables		
Trade	178,583	62,784
Receivables from lessees of bunkhouses	1,110	1,344
Advances to contractors under "other current assets"	54,638	63,356
Nontrade under "other noncurrent assets"	210,726	202,917
	₱715,670	₱406,896

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

2020	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High-grade	Standard- grade			
Cash and cash equivalents					
Cash in banks	₱260,546	₱-	₱-	₱-	₱260,546
Short-term deposits	10,067	-	-	-	10,067
Trade and other receivables					
Trade	-	178,583	-	27,882	206,465
Receivables from lessees of bunkhouses	-	-	1,110	3,644	4,754
Loan receivable	-	-	-	49,763	49,763
Advances to contractors under "other current assets"	-	-	54,638	-	54,638
Nontrade under "other noncurrent assets"	-	-	210,726	151,892	362,618
Total credit risk exposure	₱270,613	₱178,583	₱266,474	₱233,181	₱948,851



2019	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High-grade	Standard-grade			
Cash and cash equivalents					
Cash in banks	₱68,621	₱-	₱-	₱-	₱68,621
Short-term deposits	7,874	-	-	-	7,874
Trade and other receivables					
Trade	-	62,784	-	27,882	90,666
Receivables from lessees of bunkhouses	-	-	1,344	3,644	4,988
Loan receivable	-	-	-	49,763	49,763
Advances to contractors under "other current assets"	-	-	63,356	2,411	65,767
Nontrade under "other noncurrent assets"	-	-	202,917	151,892	354,809
Total credit risk exposure	₱76,495	₱62,784	₱267,617	₱235,592	₱642,488

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

- Cash and cash equivalents are assessed as high-grade since these are deposited in reputable banks, which have a low probability of default.
- Trade receivables, which pertain mainly to receivables from sale of nickel ore, were assessed as standard-grade. These were assessed based on past collection experience and the debtors' ability to pay.
- UITF and quoted financial assets at FVOCI were assessed as high-grade since these are instruments from companies with good financial condition and are operating in an industry, which has potential growth.
- Other financial assets such as receivables from lessees of bunkhouses, loans receivables, advances to contractors under other current assets and nontrade under other noncurrent assets were assessed as standard-grade, based on past collection experience and debtors' ability to pay.

Impairment of Financial Assets

The Group has financial assets consisting of cash and cash equivalent, trade receivables, UITF and quoted financial asset at FVOCI, receivables from lessees of bunkhouses, loan receivable, advances to contractors under "other current assets" and nontrade under "other noncurrent assets". While cash and cash equivalent are also subject to the impairment requirements of PFRS 9, the identified impairment loss were immaterial.

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. On the other hand, the general approach was used in measuring ECL for receivables from lessees of bunkhouses, loan receivable, advances to contractors under "other current assets" and nontrade under "other noncurrent assets". The Group provided a provision for ECLs for all financial assets amounted to ₱240.59 million and ₱235.59 million in 2020 and 2019, respectively.

Market Risks

Interest Rate Risk

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

As at December 31, 2020 and 2019, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans. The Group regularly monitors its interest due to exposure from interest rates movements.



The Group's secured and unsecured loans payable are both payable on demand while other loans payable are payable within 3 years. Nominal interest rates vary from floating rate of 91-day Philippine Php T-bill rate for peso loans and 3-month LIBOR foreign loans, plus a margin of 2.5% for unsecured loans and 3.5% for secured loans.

2020	Change in interest rates (in basis points)	Sensitivity of pretax Income
	+100	(P5,090)
	-100	5,090
2019	Change in interest rates (in basis points)	Sensitivity of pretax Income
	+100	(P-)
	-100	-

Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial performance and cash flows. The Group has transactional currency exposures. Such exposure arises from the sale of gold and nickel ore and the purchase of certain goods and services denominated in US\$. All sales of gold and nickel ore are denominated in US\$. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.

The Group's policy is to maintain foreign currency exposure within acceptable limits. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is involved. The Group did not seek to hedge the exposure on the change in foreign exchange rates between the US\$ and the Philippine peso. The Group believes that active currency hedging would not provide long-term benefits to stockholders.

The Group's foreign currency-denominated monetary assets and liabilities as at December 31, 2020 and 2019 follow:

	2020		2019	
	US\$	Peso equivalent	US\$	Peso equivalent
<u>Financial Assets</u>				
Cash in banks	\$1,280	P61,469	\$8	P405
Trade receivables under "trade and other receivables"	527	25,308	527	26,685
Total monetary assets	\$1,807	P86,777	\$535	P27,090

As at December 31, 2020 and 2019, the exchange rates of the Philippine peso to the US\$ based on the Bankers Association of the Philippines are P48.023 and P50.635, respectively.



The sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's income before income tax as at December 31, 2020 and 2019 is as follows:

<u>2020</u>	Change in foreign exchange rate	Income before income tax effect
	Strengthens by 0.14%	₱119
	Weakens by 0.96%	(830)
<u>2019</u>	Change in foreign exchange rate	Income before income tax effect
	Strengthens by 1.25%	₱338
	Weakens by 2.33%	(632)

Equity Price Risk

Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its quoted shares under financial assets at FVOCI.

The Group's policy is to maintain its risk to an acceptable level. Movement of share prices is monitored regularly to determine impact on the consolidated statement of financial position.

The table shows the sensitivity to a reasonably possible change in equity prices of quoted equity instruments as at December 31, 2020 and 2019, except equity-linked investments.

<u>2020</u>	Average change in market indices (in percentage)	Sensitivity to equity
	33.30%	₱144
	(33.30%)	(144)
<u>2019</u>	Average change in market indices (in percentage)	Sensitivity to equity
	14.49%	₱91
	(14.49%)	(91)

The equity impact is arrived using the reasonably possible change of the relevant market indices and the specific adjusted beta of each stock the Group holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

Capital Management

The Group maintains a capital base to cover risks inherent in the business. The primary objective of the Group's capital management is to optimize the use and earnings potential of the Group's resources, ensuring that the Group complies with externally imposed capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Group's activities.



The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2020, 2019 and 2018. The Group monitors capital using the parent company financial statements. As at December 31, 2020 and 2019, the Group has met its capital management objectives.

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

	2020	2019
Capital stock	₱617,215	₱616,863
Capital surplus	388,646	380,382
Retained earnings	2,598,788	2,217,403
Other components of equity	1,183,409	1,205,018
Treasury shares	(8,016)	(8,016)
	₱4,780,042	₱4,411,650

Further, the Group monitors capital using debt to equity ratio, which is total liabilities divided by total equity. Debt to equity ratios of the Group as at December 31, 2020 and 2019 are as follows:

	2020	2019
Total liabilities (a)	₱2,599,240	₱2,509,890
Total equity (b)	4,780,042	4,411,650
Debt-to-equity ratio (a/b)	0.54:1	0.57:1

35. Changes in Liabilities arising from Financing Activities

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

	January 1, 2020	Cash flows	Foreign exchange movement	Additions	Reclassification	Others	December 31, 2020
Loans payable	₱507,893	₱-	₱-	₱1,105	₱-	₱-	₱508,998
Lease liability	8,059	(2,070)	-	165	-	-	6,154
Liability for mine rehabilitation	66,575	-	-	-	(38,136)	39,031	67,470
Other noncurrent liabilities	414,201	(7,166)	(15,623)	-	-	-	391,412
	₱996,728	(₱9,236)	₱(₱15,623)	₱1,270	(₱38,136)	₱39,031	₱974,034

	January 1, 2019	Effect of adoption of PFRS 16	Cash flows	Foreign exchange movement	Additions	Reclassification	Others	December 31, 2019
Loans payable	₱530,670	₱-	(₱22,777)	₱-	₱-	₱-	₱-	₱507,893
Lease liability	-	10,758	(2,699)	-	-	-	-	8,059
Liability for mine rehabilitation	90,329	-	(12,788)	-	20,871	(25,007)	(6,830)	66,575
Other noncurrent liabilities	429,953	-	(3,554)	(12,198)	-	-	-	414,201
	₱1,050,952	₱10,758	(₱41,818)	(₱12,198)	₱20,871	(₱25,007)	(₱6,830)	₱996,728

Others include interest expense, accretion expense, and changes in estimate of liability for mine rehabilitation (see Notes 14, 16 and 17).



36. Fair Value Measurement

Fair Values

Fair value is defined as the amount at which a financial instrument can be exchanged in an orderly transaction between market participants at the measurement date.

Set out below is a comparison by category and class of carrying amounts and estimated fair values of the Group's significant financial assets and liabilities as at December 31, 2020 and 2019:

	Carrying amounts		Fair values	
	2020	2019	2020	2019
Financial Assets:				
FVOCI:				
UITF	₱12,941	₱12,724	₱12,941	₱12,724
Quoted	420	444	420	444
Financial Liabilities:				
Loans payable	₱508,998	₱507,893	₱508,998	₱507,893

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

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

The fair values of these instruments approximate their carrying amounts as of reporting date due to the short-term nature.

Loan Receivable

The fair value of loans receivable approximates the carrying amounts as of reporting date due to the short-term nature. Loans receivable are due and demandable.

Financial assets measured at FVOCI

The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date.

Loans Payable

Where the repricing of the variable-rate interest bearing loan is frequent (i.e., three-month repricing), the carrying value approximates the fair value. The fair value of other loans payable is determined by discounting the principal using the 3-month LIBOR rate of 0.58% plus credit spread of 5.42%.

Lease Liabilities

The fair value of lease liabilities approximates their carrying values, which are also the present value of these liabilities.



Fair Value Hierarchy

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

	2020		
	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land at revalued amounts	P-	P-	P1,621,149
Artworks at revalued amounts	-	-	52,139
Investment properties	-	-	2,633,677
Financial assets at FVOCI	13,361	-	-
Intangible asset under "Other noncurrent assets"	250	-	-
	P13,611	P-	P4,306,965

	2019		
	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land at revalued amounts	P-	P-	P1,621,149
Artworks at revalued amounts	-	-	52,139
Investment properties	-	-	2,478,862
Financial assets at FVOCI	13,168	-	-
Intangible asset under "Other noncurrent assets"	250	-	-
	P13,418	P-	P4,152,150

Sensitivity of the fair value measurements that are categorized within Level 3

A 5% increase (decrease) in internal factors used in determining the price per square meter, such as use, size and location would decrease (increase) the fair value of land by P319.76 million (P86.59 million) and P335.23 million (P322.23 million) as at December 31, 2020 and 2019, respectively.

A 5% increase (decrease) in leeway discount in determining the price of each artwork would increase (decrease) the fair value of artworks by P1.54 million (P1.54 million) as at December 31, 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the fair value of land at revalued amounts, artworks at revalued amounts and investment property are calculated using the sales comparative approach, which resulted in measurement being classified as Level 3 in the fair value hierarchy.

As at December 31, 2020 and 2019, the Group's FVOCI and intangible asset under "other noncurrent assets" are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations.

There are no other assets and liabilities measured at fair value using any of the valuation techniques as at December 31, 2020 and 2019. There were no transfers between levels in 2020 and 2019.



37. Agreements and Contingencies

- a. The Parent Company and certain subsidiaries are contingently liable for liabilities arising from lawsuits or claims (mostly labor, civil, mines administrative and ports related cases) filed by third parties, which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.
- b. In 2011, the Parent Company signed a 20-year power supply agreement with Therma Luzon, Inc. (TLI), a wholly owned subsidiary of Aboitiz Power Corporation, to supply power to its current and future mining operations in Itogon, Benguet. The contract provides for a payment discount of 0.5% on its monthly billing if the Parent Company pays TLI on or before the 15th of the payment month.

38. Subsequent Event

Ratification by Congress of the CREATE Bill

On February 3, 2021, the Philippine House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", reconciling the disagreeing provisions of Senate Bill No. 1357 and House Bill No. 4157.

The ratified version of the bill will be submitted to the President for his approval and upon receipt of the bill, the President may do any of the following:

1. Sign the enrolled bill without vetoing any line or item therein;
2. Sign the enrolled bill with line or item veto which veto may be overridden by Congress; or
3. Inaction within 30 days from receipt which would result to the automatic approval of the enrolled bill as it is.

Once the ratified bill is signed into law, it is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

One of the important provisions of the ratified bill is the reduction of the income tax rate from 30% to 25% effective July 1, 2020.

If enacted into law, 1% MCIT will be applied on the gross income of the Company from July 1, 2020 to December 31, 2020 from the previous rate of 2%. The impact on the Company's income tax expense is not expected to be material.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Benguet Corporation and its subsidiaries as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated March 18, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

SEC Accreditation No. 1735-A (Group A),

January 15, 2019, valid until January 14, 2022

Tax Identification No. 301-106-741

BIR Accreditation No. 08-001998-140-2018,

December 17, 2018, valid until December 16, 2021

PTR No. 8534379, January 4, 2021, Makati City

March 18, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Benguet Corporation and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 18, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

SEC Accreditation No. 1735-A (Group A),

January 15, 2019, valid until January 14, 2022

Tax Identification No. 301-106-741

BIR Accreditation No. 08-001998-140-2018,

December 17, 2018, valid until December 16, 2021

PTR No. 8534379, January 4, 2021, Makati City

March 18, 2021



BENGUET CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Schedule</u>
Reconciliation of retained earnings available for dividend declaration	I
Financial ratios	II
A map showing the relationships of the Companies within the Group	III
Required schedules under Annex 68-E	
Financial assets	A
Amounts receivable from directors, officers, employees, related parties and principal stockholders	B
Amounts receivable from related parties which are eliminated during the consolidation of financial statements	C
Long-term debt	D
Indebtedness to related parties	E
Guarantees of securities of other issuers	F
Capital stock	G

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As at December 31, 2020

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

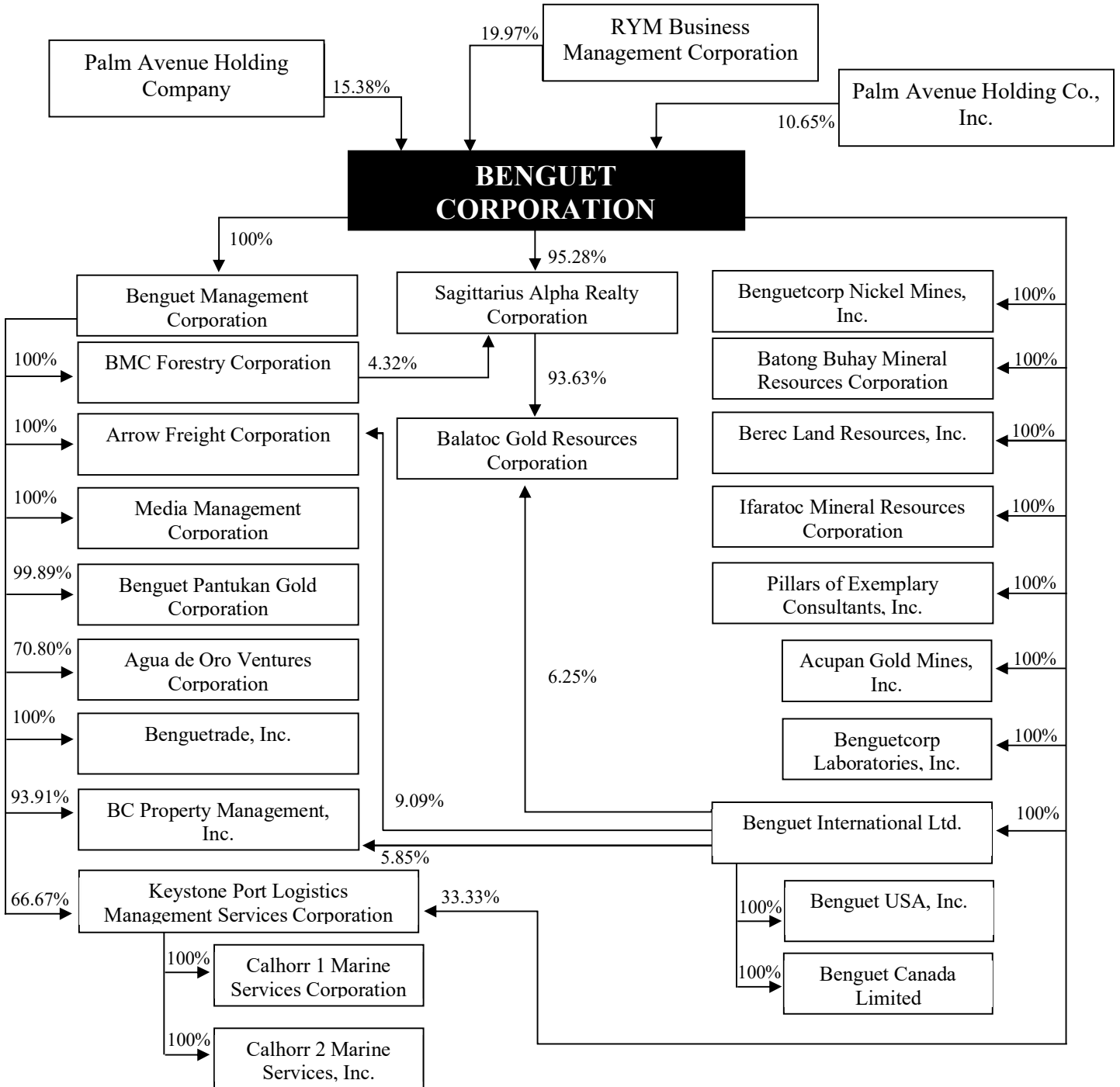
Unappropriated Retained Earnings, beginning	₱2,345,951
Effect of quasi-reorganization on revaluation increment	(1,010,848)
Accumulated fair value gains of investment properties	(851,692)
<hr/>	
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	483,411
<hr/>	
Add: Net income actually earned/ realized during the period	
Net income during the period closed to Retained Earnings	176,250
<hr/>	
Less: Non-actual/unrealized income net of tax	-
Equity in net income of associate/joint venture	-
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	4,958
Fair value adjustment (mark-to-market gains)	-
Fair value adjustment of Investment Property resulting to gain	191,154
Adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRSs	-
<hr/>	
Subtotal	196,112
<hr/>	
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
<hr/>	
Subtotal	-
<hr/>	
Net loss actually incurred during the period	(19,862)
<hr/>	
Add (Less):	
Dividend declarations during the period	-
Appropriations of Retained Earnings during the period	-
Reversals of appropriations	-
Effects of prior period adjustments	-
Treasury shares	(8,016)
<hr/>	
	(8,016)
<hr/>	
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	₱455,533
<hr/>	

SCHEDULE II
BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2020

Ratio	Formula	2020	2019												
<u>Profitability Ratios:</u>															
Return on assets	Net Income divided by total average assets	5.33%	1.71%												
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P381,385</td> </tr> <tr> <td>Divided by: Total average asset</td> <td style="text-align: right;">7,150,411</td> </tr> <tr> <td style="border-top: 1px solid black;">Return on assets</td> <td style="text-align: right; border-top: 1px solid black;">5.33%</td> </tr> </table>	Net income	P381,385	Divided by: Total average asset	7,150,411	Return on assets	5.33%								
Net income	P381,385														
Divided by: Total average asset	7,150,411														
Return on assets	5.33%														
Return on equity	Net income divided by total shareholder's equity	7.98%	1.31%												
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P381,385</td> </tr> <tr> <td>Divided by: Total shareholder's equity</td> <td style="text-align: right;">4,780,042</td> </tr> <tr> <td style="border-top: 1px solid black;">Return on equity</td> <td style="text-align: right; border-top: 1px solid black;">7.98%</td> </tr> </table>	Net income	P381,385	Divided by: Total shareholder's equity	4,780,042	Return on equity	7.98%								
Net income	P381,385														
Divided by: Total shareholder's equity	4,780,042														
Return on equity	7.98%														
Gross profit margin	Gross profit divided by total revenue	52.77%	30.92%												
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total revenue</td> <td style="text-align: right;">P1,619,725</td> </tr> <tr> <td>Less: Cost of mine products sold</td> <td style="text-align: right;">725,772</td> </tr> <tr> <td style="border-top: 1px solid black;">Cost of services and other sales</td> <td style="text-align: right; border-top: 1px solid black;">39,167</td> </tr> <tr> <td style="border-top: 1px solid black;">Gross profit</td> <td style="text-align: right; border-top: 1px solid black;">764,939</td> </tr> <tr> <td>Divided by: Total revenue</td> <td style="text-align: right;">1,619,725</td> </tr> <tr> <td style="border-top: 1px solid black;">Gross profit margin</td> <td style="text-align: right; border-top: 1px solid black;">52.77%</td> </tr> </table>	Total revenue	P1,619,725	Less: Cost of mine products sold	725,772	Cost of services and other sales	39,167	Gross profit	764,939	Divided by: Total revenue	1,619,725	Gross profit margin	52.77%		
Total revenue	P1,619,725														
Less: Cost of mine products sold	725,772														
Cost of services and other sales	39,167														
Gross profit	764,939														
Divided by: Total revenue	1,619,725														
Gross profit margin	52.77%														
Operating profit margin	Operating income divided by total revenue	21.32%	(15.17%)												
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total revenue</td> <td style="text-align: right;">P1,619,725</td> </tr> <tr> <td>Less: Operating costs and expenses</td> <td style="text-align: right;">1,274,355</td> </tr> <tr> <td style="border-top: 1px solid black;">Operating income</td> <td style="text-align: right; border-top: 1px solid black;">345,370</td> </tr> <tr> <td>Divided by: Total revenue</td> <td style="text-align: right;">1,619,725</td> </tr> <tr> <td style="border-top: 1px solid black;">Operating profit margin</td> <td style="text-align: right; border-top: 1px solid black;">21.32%</td> </tr> </table>	Total revenue	P1,619,725	Less: Operating costs and expenses	1,274,355	Operating income	345,370	Divided by: Total revenue	1,619,725	Operating profit margin	21.32%				
Total revenue	P1,619,725														
Less: Operating costs and expenses	1,274,355														
Operating income	345,370														
Divided by: Total revenue	1,619,725														
Operating profit margin	21.32%														
Net profit margin	Net profit divided by total revenue	23.55%	14.43%												
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P381,385</td> </tr> <tr> <td>Divided by: Total revenue</td> <td style="text-align: right;">1,619,725</td> </tr> <tr> <td style="border-top: 1px solid black;">Net profit margin</td> <td style="text-align: right; border-top: 1px solid black;">23.55%</td> </tr> </table>	Net income	P381,385	Divided by: Total revenue	1,619,725	Net profit margin	23.55%								
Net income	P381,385														
Divided by: Total revenue	1,619,725														
Net profit margin	23.55%														
<u>Liquidity and Solvency Ratios:</u>															
Current ratio	Total current assets divided by total current liabilities	1.06:1	0.73:1												
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total current assets</td> <td style="text-align: right;">P1,246,659</td> </tr> <tr> <td>Divided by: Total current liabilities</td> <td style="text-align: right;">1,171,537</td> </tr> <tr> <td style="border-top: 1px solid black;">Current ratio</td> <td style="text-align: right; border-top: 1px solid black;">1.06</td> </tr> </table>	Total current assets	P1,246,659	Divided by: Total current liabilities	1,171,537	Current ratio	1.06								
Total current assets	P1,246,659														
Divided by: Total current liabilities	1,171,537														
Current ratio	1.06														

Ratio	Formula	2020	2019														
Quick ratio	Quick assets divided by total current liabilities	0.64:1	0.33:1														
	<table border="1"> <tr> <td>Total current assets</td> <td>₱1,246,659</td> </tr> <tr> <td>Less: Inventories</td> <td>101,140</td> </tr> <tr> <td>Other current assets</td> <td>398,720</td> </tr> <tr> <td></td> <td>499,860</td> </tr> <tr> <td>Quick assets</td> <td>746,799</td> </tr> <tr> <td>Divided by: Total current liabilities</td> <td>1,171,537</td> </tr> <tr> <td>Quick ratio</td> <td>0.64</td> </tr> </table>	Total current assets	₱1,246,659	Less: Inventories	101,140	Other current assets	398,720		499,860	Quick assets	746,799	Divided by: Total current liabilities	1,171,537	Quick ratio	0.64		
Total current assets	₱1,246,659																
Less: Inventories	101,140																
Other current assets	398,720																
	499,860																
Quick assets	746,799																
Divided by: Total current liabilities	1,171,537																
Quick ratio	0.64																
Solvency ratio	Total assets divided by total liabilities	2.84:1	2.76:1														
	<table border="1"> <tr> <td>Total assets</td> <td>₱7,379,282</td> </tr> <tr> <td>Divided by: Total liabilities</td> <td>2,599,240</td> </tr> <tr> <td>Solvency ratio</td> <td>2.84</td> </tr> </table>	Total assets	₱7,379,282	Divided by: Total liabilities	2,599,240	Solvency ratio	2.84										
Total assets	₱7,379,282																
Divided by: Total liabilities	2,599,240																
Solvency ratio	2.84																
Financial Leverage Ratios:																	
Asset to equity ratio	Total assets divided by total equity	1.54:1	1.57:1														
	<table border="1"> <tr> <td>Total assets</td> <td>₱7,379,282</td> </tr> <tr> <td>Divided by: Total equity</td> <td>4,780,042</td> </tr> <tr> <td>Asset to equity ratio</td> <td>1.54</td> </tr> </table>	Total assets	₱7,379,282	Divided by: Total equity	4,780,042	Asset to equity ratio	1.54										
Total assets	₱7,379,282																
Divided by: Total equity	4,780,042																
Asset to equity ratio	1.54																
Debt ratio	Total liabilities divided by total assets	0.35:1	0.36:1														
	<table border="1"> <tr> <td>Total liabilities</td> <td>₱2,599,240</td> </tr> <tr> <td>Divided by: Total assets</td> <td>7,379,282</td> </tr> <tr> <td>Debt ratio</td> <td>0.35</td> </tr> </table>	Total liabilities	₱2,599,240	Divided by: Total assets	7,379,282	Debt ratio	0.35										
Total liabilities	₱2,599,240																
Divided by: Total assets	7,379,282																
Debt ratio	0.35																
Debt to equity ratio	Total liabilities divided by total equity	0.54:1	0.57:1														
	<table border="1"> <tr> <td>Total liabilities</td> <td>₱2,599,240</td> </tr> <tr> <td>Divided by: Total equity</td> <td>4,780,042</td> </tr> <tr> <td>Debt to equity ratio</td> <td>0.54</td> </tr> </table>	Total liabilities	₱2,599,240	Divided by: Total equity	4,780,042	Debt to equity ratio	0.54										
Total liabilities	₱2,599,240																
Divided by: Total equity	4,780,042																
Debt to equity ratio	0.54																
Interest coverage ratio	Earnings before interest and taxes divided by total interest expense	155.40:1	74.03:1														
	<table border="1"> <tr> <td>Income before income tax and interest</td> <td>₱486,398</td> </tr> <tr> <td>Divided by: Total interest expense</td> <td>3,130</td> </tr> <tr> <td>Interest coverage ratio</td> <td>155.40</td> </tr> </table>	Income before income tax and interest	₱486,398	Divided by: Total interest expense	3,130	Interest coverage ratio	155.40										
Income before income tax and interest	₱486,398																
Divided by: Total interest expense	3,130																
Interest coverage ratio	155.40																

SCHEDULE III
BENGUET CORPORATION AND SUBSIDIARIES
A MAP SHOWING THE RELATIONSHIPS OF THE
COMPANIES WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2020



SCHEDULE A

**BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS
DECEMBER 31, 2020
(Amounts in Thousands)**

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Income received and accrued
<div style="border: 1px solid black; padding: 5px; display: inline-block;">NOT APPLICABLE</div>			

SCHEDULE B

BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020
(Amounts in Thousands)

Name and Designation of Debtor	Balance at beginning period	Additions	Amounts collected / settlements	Amounts written off	Current	Not current	Balance at end period
Max D. Arceno <i>SVP - Accounting & Treasurer</i>	P602	P-	P50	P-	P552	P-	P552
Reynaldo P. Mendoza <i>EVP - Legal</i>	1,268	3	-	-	1,271	-	1,271
Cynthia Lazaro <i>Sec. Mgr - Insurance (Treasury)</i>	548	2	-	-	550	-	550
Romy L. Tangalin <i>Legal Assistant (Legal)</i>	532	-	-	-	532	-	532
Sheena Irish Barra <i>Division Manager (Accounting)</i>	351	-	116	-	235	-	235
Camilo Bernaldo <i>Section Mgr - Gov't Liaison (Legal)</i>	94	-	48	-	46	-	46
Maricel Ulep <i>Group Asst. for SVP-Finance & SVP- Nickel Op'n (Logistics)</i>	119	-	-	-	119	-	119
Eden Barcelona <i>Section Manager-Stockholders Relation Office</i>	111	-	-	-	111	-	111
Neilsen D. Olfindo <i>HR & Admin. Manager</i>	61	-	17	-	44	-	44
Mary Jean Dalit <i>Accountant (Accounting)</i>	35	-	-	-	35	-	35
Pamela Gendrano <i>AVP - Compliance, COMREL & Environmental</i>	79	-	65	-	13	-	13
Marlene Villanueva <i>Purchasing Asst (Materials)</i>	7	30	21	-	16	-	16
Lourdes O. Calub <i>Finance Manager (Finance)</i>	20	-	-	-	20	-	20
Harold Jacinto <i>Technical Assistant</i>	15	15	-	-	30	-	30
Jessa t. Repasa <i>Admin Assistant</i>	-	30	6	-	24	-	24

SCHEDULE C

**BENGUET CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Amounts in Thousands)**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts collected/ settlements	Amounts Written off	Current	Not Current	Balance at end period
Benguetcorp Nickel Mines, Inc.	(P583,665)	P-	(P28,377)	P-	(P612,042)	P-	(P612,042)
Balatoc Gold Resources Corporation	78,393	60	-	-	78,453	-	78,453
Benguetrade, Inc.	(44,850)	971	-	-	(43,879)	-	(43,879)
Benguetcorp Laboratories, Inc.	38,336	6,379	-	-	44,715	-	44,715
Berec Land Resources, Inc.	(36,219)	1,092	-	-	(35,127)	-	(35,127)
BC Property Management, Inc.	30,290	147	-	-	30,437	-	30,437
Ifaratoc Mineral Resources Corporation	29,838	59	-	-	29,897	-	29,897
Benguet-Pantukan Gold Corporation	29,599	35	-	-	29,634	-	29,634
BMC Forestry Corporation	(24,777)	821	-	-	(23,956)	-	(23,956)
Media Management Corporation	12,183	-	-	-	12,183	-	12,183
Arrow Freight Corporation	(4,231)	-	(2,387)	-	(6,618)	-	(6,618)
Benguet Management Corporation	97,000	-	(31,119)	-	65,881	-	65,881
Agua de Oro Ventures Corporation	11,999	178	-	-	12,177	-	12,177
Keystone Port Logistics Management Services Corporation	16,877	1,525	-	-	18,402	-	18,402
BenguetCorp International Limited	4,238	456	-	-	4,694	-	4,694
Sagittarius Alpha Realty Corporation	(30,083)	-	(3,752)	-	(33,835)	-	(33,835)
Batang Buhay Mineral Resources Corporation	2,451	36	-	-	2,487	-	2,487
Acupan Gold Mines, Inc.	(2,104)	30	-	-	(2,074)	-	(2,074)
Pillars of Exemplary Consultants, Inc.	703	36	-	-	739	-	739

SCHEDULE D

**BENGUET CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2020
(Amounts in Thousands)**

<u>Title of issue and type of obligation</u>	<u>Amount authorized by indenture</u>	<u>Amount shown under the caption 'Current Portion of long-term borrowings' in related balance sheet</u>	<u>Amount shown under the caption 'Long-term borrowings - net of current portion' in related balance sheet</u>
Unsecured loans, including interest	₱508,998	₱508,998	₱-
	₱508,998	₱508,998	₱-

SCHEDULE E

**BENGUET CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2020**

Name of related party	Balance at beginning of period	Balance at end of period	
<table border="1"><tr><td>NOT APPLICABLE</td></tr></table>			NOT APPLICABLE
NOT APPLICABLE			

SCHEDULE F

**BENGUET CORPORATION AND SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2020**

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
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NOT APPLICABLE

SCHEDULE G**BENGUET CORPORATION AND SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2020**

The Parent Company's authorized share capital is ₱785.5 million divided into 737.0 million shares consisting of 19.7 million Convertible Preferred Class A shares with par value of ₱3.43 each and 430.4 million Class A common shares and 286.9 million Class B common shares with par value of ₱1.00 each. As at December 31, 2020, shares issued and outstanding totaled 616,339,443 held by 16,904 shareholders.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	No of shares held by:		
				Affiliates	Directors and Officers	Others
Convertible Preferred Stock						
Class A	19,652,912	217,061	–	–	–	217,061
Common Stock						
Class A	430,380,000	370,909,460	–	–	590,093	370,319,367
Class B	286,920,000	245,212,922	–	–	251,606	244,961,316