



BenguetCorp

## **NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

September 30, 2022

The Annual Stockholders' Meeting (ASM) of Benguet Corporation (herein "BenguetCorp" or "the Company") will be held on Wednesday, November 9, 2022, 3:00 p.m. at the Company's Board Room, 7th Floor Universal Re Building, 106 Paseo de Roxas, 1226 Makati City, Philippines and will be conducted virtually or via online/remote communication. The agenda of the meeting is as follows:

1. Call to Order;
2. Proof of Notice of the Meeting;
3. Determination of Quorum;
4. Approval of Minutes of the Annual Stockholders' Meeting held on November 10, 2021;
5. Approval of Management Report and Audited Financial Statements for 2021;
6. Approval of the Extension of Term/Retention of Mr. Bernardo Villegas as Company's Independent Director;
7. Approval of the Extension of Termination Date for Granting of Stock Option to Eight (8) Years or until May 31, 2031 and the Corresponding Amendment to Paragraph 11 of the Company's Amended Stock Option Plan;
8. Approval of the Re-appointment of Sycip Gorres Velayo and Company (SGV) as the Company's Independent External Auditor;
9. Ratification of all acts, contracts, investments, resolutions and proceedings made and entered into by Management and/or the Board of Directors since November 10, 2021 until the date of 2022 Annual Stockholders' Meeting;
10. Election of 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 9, 2022 or within 90 days thereafter; and
11. 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 Statement (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 19, 2022 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 on or before November 3, 2022 thru Company's website <http://benguetcorp.com/investor-relations/>. Stockholders should submit a scanned copy of a valid government-issued identification card (ID) for registration and verification purposes. Indirect stockholders should submit their broker's certification of shareholding. Stockholders whose registration are validated will receive an email containing the meeting ID and password. 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](http://www.benguetcorp.com).

Votes will be cast through ballots or proxies. Stockholders are given on or before 3:00 p.m. of November 8, 2022 to submit a scanned copy of the ballot/proxy via email to [bccorpsec@benguetcorp.com](mailto: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 8, 2022 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 2021 Annual Report (SEC Form 17-A) with 2021 Sustainability Report and the Audited Financial Statements for the year ended December 31, 2021, the Company's 2022 Second Quarter Report (SEC Form 17Q) and other pertinent documents will be available for download at the Company's website [www.benguetcorp.com](http://www.benguetcorp.com) and may be accessed in the online system of PSE Edge Portal <https://edge.pse.com.ph>



**REYNALDO P. MENDOZA**  
Executive Vice President and  
Assistant Corporate Secretary

A G E N D A

2022 VIRTUAL ANNUAL STOCKHOLDERS’ MEETING OF BENGUET CORPORATION  
November 9, 2022 at 3:00 p.m., Benguet Corporation’s Board Room  
7<sup>th</sup> 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 2022 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 February 16, 2022, 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](http://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.  
  
Please refer to Annex “C” of the Information Statement on rules and procedures for holding of, and participation by stockholders in the ASM by remote communication and voting in absentia.
  
- IV. Approval of the Minutes of the Annual Stockholders' Meeting held on November 10, 2021  
The minutes of the meeting may be accessed through the Company’s website [www.benguetcorp.com](http://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 10, 2021 Annual Stockholders’ Meeting.  
  
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 2021  
Presentation of the Company’s operational highlights and financial results and the audited financial statements for the year ended 31 December 2021 (2021 AFS) audited by the Company’s independent external auditors, Sycip Gorres Velayo & Company (SGV). The Information Statement containing the Management Report, the 2021 AFS, and other pertinent documents shall be made available to security holders by downloading copy from the Company website [www.benguetcorp.com](http://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, 2022. The 2021 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, 2021.

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 2021.

- VI. Approval for the extension of the term/ 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, 2022 approved the extension of term/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 continues to benefit from his guidance based on his business experience and acumen resulting from his wide exposure as an economist and educator. A resolution approving the extension of term/retention of Mr. Villegas as independent Director will be presented to the stockholders for approval.

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

- VII. Approval of the extension of the termination date for granting stock option to eight (8) years or until May 31, 2031 and the corresponding amendment to Paragraph 11 of the Amended Stock Option Plan of the Company

The Board of Directors approved the extension of the termination date for granting stock option to eight (8) years or until May 31, 2031 and the corresponding amendment to Paragraph 11 of the Amended Stock Option Plan of the Company. Please refer to Item 17 of the Information Statement on the discussion and other information. A resolution will be presented to the stockholders for the approval of the extension of termination date for granting stock option to eight (8) years or until May 31, 2031.

A vote of the stockholders representing majority of the outstanding voting capital stock of the Company is required for the approval of the extension of the termination date for granting stock option to eight (8) years or until May 31, 2031 and the corresponding amendment to paragraph 11 of the Amended Stock Option Plan of the Company.

- VIII. 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, 2022, 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.

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.

- 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 10, 2021 until the date of 2022 Annual Stockholders' Meeting (ASM)

The matters for approval are those actions taken by Management and/or the Board of Directors since November 10, 2021 until the date of 2022 Annual Stockholders' Meeting, which included the approval for holding of virtual ASM on November 9, 2022 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.

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 10, 2021 until the date of 2022 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" Stocks; and
- b) Seven (7) directors to represent the Common Class "A" and Convertible Preferred Class "A" Stocks

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 Francisco O. Flavie; and Atty. Rhodora L. Dapula was nominated by stockholder Ms. Rhodora S. Songayab.. 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 ₱10.42 per share. The discussion on this matter is presented in Item 4 of the Information Statement.

Prior to the adjournment, the meeting will be opened 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](mailto: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 9, 2022, 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 9, 2022, 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 10, 2021.	[ ]	[ ]	[ ]
3. Management Report and Audited Financial Statements for 2021.	[ ]	[ ]	[ ]
4. Extension of Term/Retention of Mr. Bernardo M. Villegas as Independent Director	[ ]	[ ]	[ ]
5. Extension of termination date for granting stock option to eight (8) years or until May 31, 2031, and the corresponding amendment to Paragraph 11 of the Amended Stock Option Plan of the Company	[ ]	[ ]	[ ]
6. Re-appointment of Sycip Gorres Velayo and Company (SGV) as the independent external auditor of the Company	[ ]	[ ]	[ ]
7. Ratification of all acts, contracts, investments, resolutions and proceedings made and entered into by Management and/or the Board of Directors since November 10, 2021 until the date of 2022 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 9, 2022 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 8, 2022. Validation of proxies will be on November 8, 2022 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 register on or before November 3, 2022 so he can cast vote in absentia.

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 9, 2022 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 9, 2022, the proxy will still be valid for ninety (90) days from said date, or up to February 7, 2023 and can still be exercised in the event the TRO is lifted after the November 9, 2022 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 9, 2022, 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 9, 2022, 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**).

- KWOK YAM IAN CHAN  
 LINA G. FERNANDEZ  
 ANDREW JULIAN K. ROMUALDEZ  
 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 10, 2021.	[ ]	[ ]	[ ]
3. Management Report and Audited Financial Statements for 2021.	[ ]	[ ]	[ ]
4. Extension of Term/Retention of Mr. Bernardo M. Villegas as Independent Director.	[ ]	[ ]	[ ]
5. Extension of termination date of granting for stock option to eight (8) years or until May 31, 2031 and the corresponding amendment to Paragraph 11 of the Amended Stock Option Plan of the Company	[ ]	[ ]	[ ]
6. Re-appointment of Sycip Gorres Velayo and Company (SGV) as the independent external auditor of the Company.	[ ]	[ ]	[ ]
7. Ratification of all acts, contracts, investments, resolutions and proceedings made and entered into by Management and/or the Board of Directors since November 10, 2021 until the date of 2022 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 9, 2022 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 8, 2022. Validation of proxies will be on November 8, 2022 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 register on or before November 3, 2022 so he can cast vote in absentia.

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 9, 2022 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 9, 2022, the proxy will still be valid for ninety (90) days from said date, or up to February 7, 2023 and can still be exercised in the event the TRO is lifted after the November 9, 2022 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**



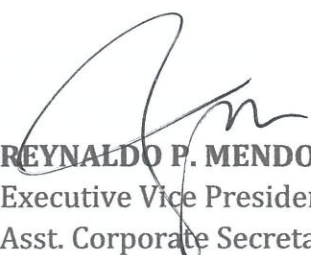


## CERTIFICATION

I, **REYNALDO P. MENDOZA**, Executive Vice President and Assistant 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 7<sup>th</sup> Floor, Universal Re Building, 106 Paseo de Roxas, 1226 Makati City, Philippines, on oath state:


1. That I have caused the Company's Preliminary Information Statement (SEC Form 20-IS) to be prepared;
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 and ICTD.

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 30 2022 at Makati City.

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

SUBSCRIBED AND SWORN to before me this SEP 30 2022 at Makati City, Philippines, affiant exhibited to me his competent evidence of identity with details: SSS ID No.03-3865936-9 issued at Quezon City, Philippines.

Doc. No. 267;  
Page No. 42;  
Book No. 4;  
Series of 2022.

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

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)

1 1 0 9

Month Day  
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

16,895

Total No. of Stockholders

Domestic

Foreign

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) 8812-1380 / 7751-9137

8. November 9, 2022, 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, 2022 (by uploading an electronic copy in the Company website [www.benguetcorp.com](http://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 : 7F 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 &amp; 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, 2022- ₱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 Common Class A and B 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 ("BenguetCorp" or "the Company") will be held on Wednesday, November 9, 2022 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 7<sup>th</sup> Floor Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City, Philippines.

In accordance with SEC Notice issued on February 16, 2022, the Information Statement containing management report and other pertinent documents shall be made available to security holders by uploading an electronic copy to the Company website [www.benguetcorp.com](http://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, 2022. 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.

#### **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, 2022, 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 84,054,961 class "B" shares or 13.48% 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 ₱10.42 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 19, 2022, are entitled to notice of, and to vote at the Annual Stockholders' Meeting to be held on November 9, 2022.

#### **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, 2022:

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 <sup>th</sup> Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.	( see note <sup>1</sup> )	Filipino	180,161,981	48.00%
	Palm Ave. Holding Company, Inc. 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	( see note <sup>2</sup> )	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 <sup>2</sup> )	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 <sup>2</sup> )	Filipino	30,834,375	8.22%
Class A Convertible Preferred	PCD Nominee Corp. (Filipino), 29 <sup>th</sup> Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.	( see note <sup>1</sup> )	Filipino	65,378	30.12%
	Fairmount Real Estate c/o PCGG 6 <sup>th</sup> Floor, PhilComcen Bldg., Ortigas Avenue cor. San Miguel Avenue, Pasig City (Stockholder)	( see note <sup>3</sup> )	Filipino	59,262	27.30%
	PCD Nominee Corp. (Filipino), 29 <sup>th</sup> Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.	( see note <sup>1</sup> )	Filipino	114,880,896	46.33%

<sup>1</sup> 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.

<sup>2</sup> The Company is not aware of who is/are the direct or indirect beneficial owner/s of the stocks issued to Palm Avenue Holdings Company, Inc. and Palm Avenue Realty and Development Corporation (the “Palm Companies). In the November 10, 2021 Annual Stockholders’ Meeting of the Company, the Palm Companies issued a proxy in favor of its legal counsels, Attys. Otilia Dimayuga-Molo/Andrea Rigonan-Dela Cueva, to vote in all matters to be taken up in the stockholders’ meeting.

<sup>3</sup> 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.

Class B Common	Palm Avenue Realty & Development Corporation, 3F Universal Re-Building, 106 Paseo de Roxas, Makati City (Stockholder)	( see note <sup>2</sup> )	Filipino	43,680,000	17.62%
	PCD Nominee Corp. (Non-Filipino), 29 <sup>th</sup> Floor, BDO Equitable Tower, 8751 Paseo de Rocas, Makati City.	( see note <sup>1</sup> )	American	29,213,079	11.78%
	CEDE & Co. (Non Filipino), P.O. Box 20, Bowling Green Station, New York NY 10274	( see note <sup>4</sup> )	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, 2022:

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 <sup>5</sup> )	Filipino	62,930,820	16.78%
Class B Common		( see note <sup>5</sup> )	Filipino	60,108,441	24.24%

2) Security Ownership of Management – As of August 31, 2022 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	0.00%
Class A Common	Rhodora L. Dapula	Filipino	1	0.00%
Class A Common	Jose Raulito E. Paras	Filipino	1	0.00%
Class A Common	Reginald S. Velasco	Filipino	1	0.00%
Class A Common	Anthony M. Te	Filipino	115,503	0.03%

<sup>4</sup> 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.

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

Class B Common			77,000	0.03%
Class A Common Class B Common	Luis Juan L. Virata	Filipino	234,003	0.06%
			69,600	0.03%
Class A Common Class B Common	Andrew Patrick R. Casiño	Filipino	3	0.00%
			3	0.00%
Class A Common Class B Common	Andrew Julian K. Romualdez	Filipino	1,000	0.00%
			1,000	0.00%
Class B Common	Bernardo M. Villegas	Filipino	3	0.00%
Class B Common	Kwok Yam Ian Chan	Filipino	1	0.00%
Class A Common Class B Common	Lina G. Fernandez	Filipino	152,166	0.04%
			66,000	0.03%
Class A Common	Reynaldo P. Mendoza	Filipino	126,866	0.03%
Class A Common Class B Common	Max D. Arceño	Filipino	1,533	0.00%
			84,700	0.03%
Class A Common Class B Common	Pamela M. Gendrano	Filipino	5,638	0.00%
			13,000	0.00%
Class A Common Class B Common	Hermogene H. Real	Filipino	240,600	0.06%
			125,300	0.05%

As a Group

Class A Convertible Preferred	Filipino	59,262 shares <sup>6</sup>	27.30%
Class A Common	Filipino	224,192,742 shares <sup>7</sup>	59.78%
Class B Common	Filipino	104,235,048 shares <sup>8</sup>	42.04%

<sup>6</sup> 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.

<sup>7</sup> 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).

<sup>8</sup> 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, 2005 to 2016 and 2018 to 2021, 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 and 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 9, 2022 Annual Stockholder’s Meeting, the election of Directors will be held. In the November 10, 2021 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.

Below is a summary of attendance of the following incumbent Directors of the Company in the Board of Directors’ meetings for the year 2021:

Name of Directors	Name	Date of Election/ Appointment	Total No. of Regular BOD Meetings Held	No. of Regular BOD Meetings Attended	% Attended
Chairman / Independent	Bernardo M. Villegas*	Nov 07, 2019	5	5	100%
Vice Chairman/ Independent	Reginald S. Velasco**	Nov 11, 2020	5	5	100%
Member	Maria Remedios R. Pompidou	Oct 25, 2000	5	4	80%
Member	Luis Juan L. Virata	Aug 08, 1995	5	5	100%
Member	Jose Raulito E. Paras	Aug 16, 2018	5	5	100%
Independent	Rhodora L. Dapula	Aug 16, 2018	5	5	100%
Member	Jesse Hermogenes T. Andres***	Aug. 16, 2018	5	5	100%
Member	Andrew Patrick R. Casiño	June 04, 2020	5	5	100%
Member	Kwok Yam Ian Chan	Sep 25, 2020	5	5	100%
Member	Anthony M. Te	Sep 25, 2020	5	4	80%
Member	Lina G. Fernandez	Mar 18, 2021	5	5	100%
Member	Andrew Julian K. Romualdez****	Aug 24, 2022	-	-	-

- (\*) *Mr. Bernardo M. Villegas was elected 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.*
- (\*\*) *Mr. Reginald S. Velasco was elected Vice Chairman of the Board of Directors effective November 11, 2020. He has been appointed Independent Director since August 16, 2018.*
- (\*\*\*) *Atty. Jesse Hermogenes T. Andres resigned as member of the Board of Directors effective June 30, 2022.*
- (\*\*\*\*) *Mr. Andrew Julian K. Romualdez was appointed as Director on August 24, 2022.*

Below is a summary of attendance of the following incumbent Directors of the Company in the Board Committee meetings for the year 2021:

Name of Directors	No. of Committee Meetings Held	No. of Meetings Attended	% Attended
Bernardo M. Villegas	9	9	100%
Reginald S. Velasco	4	4	100%
Jose Raulito E. Paras	2	2	100%
Rhodora L. Dapula	2	2	100%
Jesse Hermogenes T. Andres	5	5	100%
Andrew Patrick R. Casiño	2	2	100%
Kwok Yam Ian Chan	1	1	100%
Anthony M. Te	5	5	100%

Lina G. Fernandez	1	1	100%
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Listed below are the training and continuing education attended by the members of the Board of Directors and officers:

Name of Directors/Officers	Date of Training	Program	Name of Training Institution
Bernardo M. Villegas	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Reginald S. Velasco	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Lina G. Fernandez	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Ma. Remedios R. Pompidou	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Jesse Hermogenes T. Andres	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Jose Raulito E. Paras	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Andrew Patrick R. Casiño	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Rhodora L. Dapula	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Luis Juan L. Virata	September 29, 2021	Annual Corporate Governance Seminar	Good Governance Advocates and Practitioner of the Philippines
Kwok Yam Ian Chan	August 18, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Anthony M. Te	August 18, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Reynaldo P. Mendoza	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Max D. Arceño	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Valeriano B. Bongalos, Jr.	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Pamela M. Gendrano	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.
Hermogene H. Real	November 12, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.

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 and Convertible Preferred Class A Stocks of the Company:

**JOSE RAULITO E. PARAS, 50 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 5<sup>th</sup> 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, 55 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 Sequioa Business Management Corporation, Perea Realty and Development Corporation and Red Palmtree Realty and Development Corporation.

**LUIS JUAN L. VIRATA, 68 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 the founder and Chairman of Amber Kinetics Philippines, Inc. Mr. Virata is also Chairman Emeritus of Exchange Equity Partners Group Corporation, Chairman of Cavitex Holdings, Inc. and Vice President of Exchange Properties Resources Corporation. He is also a Founder and Trustee of Asia Society Philippine Foundation and the Metropolitan Museum of Manila and is a member of the Huntsman Foundation. He previously held positions held positions with Dillon, Read and Co., Crocker National Bank, Bankers Trust Company, Philippine airlines, the Philippine Stock Exchange and Makati Stock Exchange. He received his Bachelor of Arts and Master of Arts degrees in Economics from Trinity College, Cambridge University, UK in 1976 and his Master of Business Administration degree from the Wharton School, USA in 1979.

**RHODORA L. DAPULA, 44 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 and a Certified International Property Specialist.

**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, and Related Party Transactions Committee**

Mr. Velasco first became an Independent Director of the Company by appointment on August 16, 2018. He is currently the Secretary General of the House of Representatives since July 25, 2022. He was Deputy Secretary General of National Unity Party in 2013 to July 24, 2022. He graduated MA Political Science and candidate for Doctor of Philosophy in Political Science at the University of the Philippines. He also took special study in Investment Negotiation Course at the Georgetown University Washington, D.C. USA. Formerly, he was Director of U.S. Section-Office of American Affairs (1991-1992) and Office

of ASEAN Affairs of the Department of Foreign Affairs (Manila) in 1992-1993. His other professional experience includes, appointment as Lecturer at the University of the Philippines (Manila) in 1973-1974 & 1981-1982 and Lyceum of the Philippines (Manila) in 1973-1974; Chief – International Division, Policy Coordination Staff of the National Economic and Development Authority (Manila) in 1978-1982; Second Secretary & Consul & Chief of Economic Section of the Philippine Embassy Washington, D.C. USA in 1983-1991; 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, 52 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 companies*, Marcventures Holdings, Inc. and Philippine Stock Exchange, Inc.; Member of Capital Markets Development Committee (CMDC); Director of Marventures 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 as 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, 55 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, 83 years old, Filipino, Chairman of the Board, Independent Director; Chairman of the Nomination and Election 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 directorships/positions: Independent Director of Benguetcorp Resources Management Corporation (formerly Benguetcorp Nickel Mines, Inc.) (2012 to present), a wholly owned subsidiary of the Company; Director and Consultant of Transnational Diversified, Inc.

(1998 to present); Director, PHINMA Properties (2011 to present); Director, Alaska Milk Corporation (1999 to present); Director, Dualtech Foundation (1998 to present) and Columnist, Manila Bulletin (1964 to present). Formerly, he was 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).

**KWOK YAM IAN CHAN, 35 years old, Filipino, 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. 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 De La Salle-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, 58 years old, Filipino, Director, Member of Executive Committee**

Atty. Fernandez first became a Director of the Company by appointment on March 18, 2021. She was elected as President of the Company since March 18, 2021. Before her election/appointment, Atty. Fernandez served as one of the designated Officers-In-Charge of the Company (October 2018-Mar 2021), and concurrently Senior Vice President for Finance and Comptroller since March 2018-March 2021. Atty. Fernandez previously served the Company as its Senior Vice President for Finance and Nickel Marketing Officer (November 2015-March 2018); Vice President for Corporate Planning; Chief of Staff (August 2006-November 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: President (2021) and Director (2014-Present) of Benguetcorp Resources Management Corporation (formerly Benguetcorp Nickel Mines, Inc.); Chairman of Arrow Freight Corporation, Batong Buhay Mineral Resources Corporation, BC Property Management, Inc., Berec Land Resources, Inc., Balatoc Gold Resources corporation, Benguet Pantukan Gold Corporation and Keystone Port Logistics and Management Services Corporation; Chairman and President of Benguet Management Corporation and BMC Forestry Corporation; Director and President of Ifaratoc Mineral Resources Corporation, Director, President and Chief Operating Officer of Pillars of Exemplary Consultants, Inc.; Director and Vice President of Acupan Gold Mines, Inc., and Sagittarius Alpha Realty Corporation; Director and Treasurer of Agua de Oro Ventures Corporation, and Benguetrade, Inc. and Director of Benguet Laboratories, Inc. She is a CPA-lawyer.

**ANDREW JULIAN K. ROMUALDEZ, 22 years old, Filipino, Director, Member of Nomination and Election Committee**

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

## 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 and Chief Risk Officer
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, 58 years old, is the President of the Company since March 18, 2021.

**REYNALDO P. MENDOZA**, Filipino, 66 years old, is the Executive Vice President since March 18, 2021 and Assistant Corporate Secretary (2002 to present). He previously served as one of the two Officers-In-Charge of the Company (October 2018 to March 2021) and concurrently Senior Vice President for Legal (August 2006 to March 2021). Currently, he holds various positions and directorship in the following subsidiaries of the Company: He is concurrent Chairman and President of Acupan Gold Mines, Inc. and Sagittarius Alpha Realty Corporation; Chairman of BenguetCorp Resources Management Corporation, Agua de Oro Ventures, Inc., Ifaratoc Mineral Resources Corp., Benguetrade, Inc. and Pillars of Exemplary Consultants, Inc.; Director and President of Batong Buhay Mineral Resources Corp., Benguet Pantukan Gold Corporation, Berec Land Resources, Inc., Balatoc Gold Resources Corporation, Sagittarius Alpha Realty Corporation and BC Property Management, Inc.; Director of BenguetCorp Laboratories, Inc., and BMC Forestry Corporation; Director and Chief Operating Officer of Benguet Management Corporation; Director and Vice President-Legal of Arrow Freight Corporation and Director and Vice President of Keystone Port Logistics and Management Services Corporation. Before joining Benguet Corporation, he was Staff Lawyer of PDCP (1987-1988) and Malayan Insurance Company (1986-1987); Associate Lawyer, Castro, Villamor & Associate (1985-1986); Legal Assistant/Apprentice Lawyer, Gono Law Office (1985-1986). He obtained his Bachelor of Law degree from the University of the Philippines in 1984 and passed the bar examination in the same year.

**MAX D. ARCEÑO**, Filipino, 60 years old, is the Senior Vice President for Finance and Treasurer of the Company since March 18, 2021. He was also designated as Compliance Officer for Corporate Governance since August 24, 2021. He previously served as its Vice President for Finance and Treasurer (November 2019-March 2021); Vice President for Finance, Treasurer, Taxation/Materials (March 2018-November 2019); Vice President for Accounting and Treasurer (March 2013-March 2018) and Assistant Vice President for Treasury (July 2011-February 2013). He also holds various positions in the following subsidiaries of the Company: he is concurrent Director and Treasurer of BenguetCorp Laboratories, Inc. (Feb. 2013 to present); Director, President and General Manager of Arrow Freight Corporation and Benguetrade, Inc.; Director and President of Keystone Port Logistics and Management Services Corporation, Director and Treasurer of BenguetCorp Resources Management Corporation (formerly Benguetcorp Nickel Mines, Inc.), Benguet Management Corporation, BMC Forestry Corporation, Berec Land Resources, Inc., BC Property Management, Inc., Batong Buhay Mineral Resources Corporation, Acupan Gold Mines, Inc. and Pillars and Exemplary, Inc.; Director, Vice President and Treasurer of Benguet Pantukan Gold Corporation; and Director of Balatoc Gold Resources Corporation, 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, 73 years old, is the Vice President/Resident Manager of Benguet District Operations since January 15, 2020. He also holds positions in in the following subsidiaries of the Company: Director and President of Agua de Oro Ventures Corporation and Director of Acupan Gold Mines, Inc., Batong Buhay Mineral Resources Corporation, BC Property Management, Inc. Berek Land Resources, Inc., Benguet Management Corporation, BMC Forestry Corporation, Benguet Pantukan Gold Corporation, Ifaratoc Mineral Resources Corporation, Pillars of Exemplary Consultants, Inc. and Sagittarius Alpha Realty Corporation. He previously served the Company as its Consultant (May 2018-January 14, 2020); Vice President & General Manager of Benguet District Operations (July 2013-Sept 2015), and Mine Manager of Benguet Gold Operation, Antamok Northern Division (1978-1980) and in 1984-1992. He was a Mine Manager, Lepanto Consolidated Mining Co., Lepanto, Mankayan, Benguet (2016-2017). He was Vice President for Operations and Resident Manager, Apex Mining Co., Compostella Valley, Mindanao. Inc. (May 2010-July 2011); Mine Manager, Phuoc Son Gold Company, Ltd., Quang Nam, Vietnam (November 2006-July 2009); Mine Planning Manager, Ban Phuc Nickel Mines in Hanoi, Vietnam (March to June 2006); Mine Superintendent, Lepanto Consolidated Mining Company (1999-2001); Tunnel Superintendent, San Roque Multipurpose Dam (1998); Mine Manager, Base Metal Mineral Res. Corp. (1996-1997) Davao Del Norte; Project Manager, Ground Specialist, Inc.-Contractor (1994-1995) Lepanto Mine, Mankayan; Drilling & Blasting Engineer of Al Dhary International Group in Tabuk, Saudi Arabia (1993-1994); Senior Assistant Mining Engineer, Zambia Consolidated Copper Mines (Underground Copper Mine) in Zambia, Africa (1980-1983); Project Engineer, Argonaut Mineral Exploration (1975-1978); and Shift Foreman, Long Beach Mining Corporation (1974). He is a BS Mining Engineering graduate of Mapua Institute of Technology (1973) and completed his Management Development Program at AIM in 1987. He obtained his Mining Engineering license in 1974.

**PAMELA M. GENDRANO**, Filipino, 55 years old, is the Assistant Vice President for Environmental Compliance since November 6, 2019. She was also appointed as Chief Risk Officer since November 11, 2020. Formerly, she was AVP for Environmental Compliance-BNMI (Feb. 20, 2012-Nov. 6, 2019). She is currently Director of Agua De Oro Ventures Corporation and Balatoc Gold Resources Corporation. Ms. Gendrano is a Masteral Degree holder of Environmental Studies and Community Development from the University of the Philippines at Los Baños where she gained it in 1992 and a Bachelor's Degree in Forestry from the same university in 1988. Her previous work experiences include: Freelance Environment Consultant (2008-2011); Technical Operations Manager/Senior Environment Management Specialist (GEOSPHERE Technologies, Inc., (2005-2008); Technical Operations Manager (Geographic Management Services Company (2002-2004); Senior Project Officer (BOI, JICA Study in Environmental Management with Public and Private Ownership (2002); Environment Management Specialist (Tetra Tech. Environmental Management, Inc. (1999-2001); EIA/IEE Consultant (1999); Project/Program Evaluator, Philippine-Canada Development Fund (1999); Section Chief, Strategic Coordination and Special Projects Section, DENR/EMB (1994-1999); Project Officer, Institute of Environment Science and Management-CIDA/Research Associate, UPLB-College of Forestry-JICA (1991-1995); Research Forester, DENR-Policy Planning Division (1987). Ms. Gendrano is also one of the seven (7) Filipinos accredited by the Environmental Protection Agency (EPA) of the United States of America to undertake Environmental Compliance Monitoring and Enforcement Trainings and an accredited Environmental Impact Assessment Study Preparer by the DENR-Environmental Management Bureau (EMB).

**HERMOGENE H. REAL**, Filipino, 66 years old, has been the Corporate Secretary of the Company since October 25, 2000. She is currently Director of publicly-listed Companies: (i) Bright Kindle Resources and Investment, Inc., where she is also Assistant Corporate Secretary (2014 to present) and (ii) Prime Holdings, Inc. (2021 to present). She is also Director of Arrow Freight Corporation; Director of Benguetcorp Laboratories, Inc.; Director of Southern Alluvial Minerals and Alumina Resources Inc. (2017 to present); Director of Brightgreen Resources Holding, Inc. (2017 to present); Director of Strong Mighty Steel, Inc. (2017 to present); Director/President of Mairete Asset Holdings, Inc. (2017 to present); Director of High Reliance Holdings Company, Inc. (2021 to present);



Director/Treasurer of Golden Peregrine Holdings, Inc. (January 2022 to present); and Director Bright Star Mineral Resources and Development Corporation (March 2022 to present). She is also Corporate Secretary of Benguetcorp Resources Management Corporation, Corporate Secretary of Universal Re Condominium Corporation; Assistant Corporate Secretary, Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present); and Practicing Lawyer, D. S. Tantuico and Associates (1998 to present).

**NOMINEES FOR ELECTION AT ANNUAL STOCKHOLDERS' MEETING ON NOVEMBER 9, 2022**

The Nomination and Election Committee determined that all the nominees possess all the qualifications and none of the disqualification 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 was adopted in the Company's 2017 Revised Manual on Corporate Governance.

The Nomination and Election Committee is chaired by an Independent Director, Mr. Bernardo M. Villegas and the members are Mr. Anthony M. Te and Mr. Andrew Julian K. Romualdez, both regular Directors.

Nominees for Election at Annual Stockholders' Meeting:

The following have been nominated for election to the Company's Board of Directors 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	Vice-Chairman/ Independent Director	Independent Director since August 16, 2018 and Vice-Chairman of the Board since November 11, 2020.

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

Name	Position	Period Served
Kwok Yam Ian Chan	Director	Since September 25, 2020
Bernardo M. Villegas	Chairman of the Board/ Independent Director	Independent Director since 2002 and Chairman of the Board since November 7, 2019. He served as 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
Andrew Julian K. Romualdez	Director	Since August 24, 2022

The experience and background of the nominees are shown in Item 5.I above.

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 Mr. Francisco O. Flavier; and Atty. Rhodora L. Dapula was nominated by Ms. Rhodora S. Songayab. They are stockholders of the Company and have no relationship with the nominees for independent director. The nominees have accepted their nominations in writing. The Nomination and Election 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 "D", "E", and "F" for Mr. Villegas, for Mr. Velasco, and for Atty. Dapula, respectively

There are no other nominees for election as director or independent director submitted to the Corporate Secretary. Article III, Section 1.1 of the Amended By-Laws of the Company provides that nomination shall be submitted in writing to the Corporate Secretary not later than forty five (45) days prior to the date of the meeting or on or before September 25, 2022.

Mr. Reginald S. Velasco, incumbent independent director and one of the nominees for election to the Board of Directors on November 9, 2022 Annual Stockholders' Meeting of the Company, is a government employee. Mr. Velasco presented a written permission from the House of Representatives to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

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.

#### Resignation of a Director

Atty. Jesse Hermogenes T. Andres, member of the Board of Directors and Nomination and Election Committee, Chairman of Executive Committee and Salary and Stock Option Committees resigned effective June 30, 2022 as approved by the Board of Directors on August 24, 2022. His resignation is due to personal reasons and other commitments including his entry to the government service.

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

Mr. Bernardo Villegas' tenure as independent director is beyond the maximum cumulative term of nine (9) years with 2012 as reckoning year pursuant to SEC Memorandum Circular No. 4 Series of 2017. In spite of this, Ms. Shirley Cueva nominated Mr. Villegas to be retained as independent director because the Company continues to benefit from his guidance based on his business acumen and extensive experience. During the regular meeting of the Company's Board of Directors held on August 24, 2022, the Board approved the extension of term/retention of Mr. Villegas as one of the Company's Board of Directors.

Submitted for approval by the stockholders is the extension of term/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 EXTENSION OF TERM/RETENTION OF MR. BERNARDO M. VILLEGAS AS INDEPENDENT DIRECTOR.**

**MANAGEMENT RECOMMENDS A VOTE FOR THE EXTENSION OF TERM/RETENTION OF MR. BERNARDO M. VILLEGAS AS INDEPENDENT DIRECTOR.**

#### 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 five (5) 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, Jose Raulito E. Paras and Lina G. Fernandez.

In the last two (2) years, the Company has not been a party in any transaction 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 2021 Audited Consolidated Financial Statements (ACFS) of the Company hereto attached by reference. All intercompany transactions are eliminated at the ACFS. As disclosed on Note 25-Related Party Disclosures of the Parent's 2021 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 BRMC for the period 2011 to 2017. Outstanding trade receivable from this transaction amounted to ₱111.8 million and ₱3.9 million in 2021 and 2020 respectively.
  1. The business purpose of the arrangement is for the Company to market the ore production of BRMC at the best price obtainable in the market and under terms most advantageous to BRMC.
  2. The Company is authorized to enter into a long-term supply agreement and to negotiate and receive advance payment from the buyer and is entitled to a definite marketing fee. BRMC is a subsidiary that is controlled and significantly managed by the officers of the Company.
  3. The transaction was determined after the conduct of 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 Transaction policy of the Company. The related party transaction terms were compared with the terms granted to non-related parties under comparable circumstance and conditions. In cases where comparable transactions are not available, adequate justifications on the selection of the related party and the benefits of the engagement shall be provided.
5. The marketing agreement was renewed for another five (5) years from January 1, 2021.
- b. AFC, a wholly owned subsidiary of the Company through BMC, continued to provide equipment services to the Company for the delivery of equipment to various project sites. Total amount charged to the Company in 2021 and 2020 amounted to P2.8 million and P2.5 million, respectively.
    1. The business purpose of the arrangement is to provide equipment services to the Company for the delivery of equipment and/or raw materials to the various project sites.
    2. AFC must provide all the required equipment/service vehicle as well as personnel necessary to operate the equipment for the Company's operations in its project sites. AFC is a wholly owned subsidiary of BMC and BMC is a subsidiary of the Company that is controlled and significantly managed by the officers of the Company.
    3. The transaction price was determined after the conduct of a market study and cost-benefit analysis.
    4. The Related Party Transaction Committee and Management Committee reviewed and evaluated the transaction. The said Committees practiced the vetting process wherein it evaluated for fairness of the terms of the related party transaction and ensured that the terms are at arm's length following the Related Party Transaction Policy of the Company. The related party transaction terms were compared with the terms granted to non-related parties under comparable circumstance and conditions. In cases where comparable transactions are not available, adequate justifications on the selection of the related party and the benefits of the engagement shall be provided.
    5. This arrangement is still in effect as intended by both parties.
  - c. BFC, a wholly owned subsidiary of the Company through BMC, was appointed as General Manager of the Company's Irian Lime Project. Total amount charged to the Company in 2021 was P0.74 million.
    1. The business purpose of the arrangement is to handle the over-all operations of the Irian Lime Project.
    2. BFC is to manage and supervise the marketing functions, all production aspects, the industrial and personnel relations functions, financial and internal accounting activities, and to furnish financial statements and progress reports regularly to the Company.
    3. The transaction price was determined after the conduct of a market study and cost-benefit analysis.
    4. The Related Party Transaction Committee and Management Committee reviewed and evaluated the transaction. The said Committees practiced the vetting process wherein it evaluated for fairness of the terms of the related party transaction and ensured that the terms are at arm's length following the Related Party Transaction Policy of the Company. The related party transaction terms were compared with the terms granted to non-related parties under comparable circumstance and conditions. In cases where comparable transactions are not available, adequate justifications on the selection of the related party and the benefits of the engagement shall be provided.
    5. The management contract is effective for a period of five (5) years which started on January 1, 2021.
  - d. 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.
  - e. The Company provides and receives unsecured noninterest bearing cash advances to and from its subsidiaries for working capital requirements, which are settled in cash.

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

Category	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
<i>Trade payables to related parties</i>					
<i>(Note 15)</i>					
BTI	2021	P-	P48,564		Unsecured;

Category	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
	2020	P-	P48,564	Payable on demand; noninterest-bearing	no guarantees; no impairment
AFC	<b>2021</b> 2020	<b>230</b> 331	<b>2,790</b> 2,560	Payable on demand; noninterest-bearing	Unsecured; no guarantees; no impairment
<b>Total</b>	<b>2021</b> 2020	<b>P230</b> P331	<b>P51,354</b> P51,124		

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

Category	Year	Amount/ volume	Outstanding balance	Terms	Conditions
<i>Amounts owed by related parties</i>					
BGRC	<b>2021</b> 2020	<b>P2,604</b> P52	<b>P81,049</b> P78,445	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
BMC	<b>2021</b> 2020	<b>26,018</b> 26,856	<b>96,191</b> 70,143	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
BLI	<b>2021</b> 2020	<b>3,266</b> 5,543	<b>47,144</b> 43,878	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
BCPMI	<b>2021</b> 2020	<b>(87)</b> 147	<b>30,350</b> 30,437	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
IMRC	<b>2021</b> 2020	<b>1,918</b> 82	<b>31,838</b> 29,920	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
BPGC	<b>2021</b> 2020	<b>15</b> 41	<b>29,655</b> 29,640	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
KPLMSC	<b>2021</b> 2020	<b>2,635</b> 1,968	<b>21,480</b> 18,845	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
Agua De Oro Ventures Corporation (ADOVC)	<b>2021</b> 2020	- 361	<b>12,359</b> 12,359	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
Media Management Corporation (MMC)	<b>2021</b> 2020	- -	<b>12,183</b> 12,183	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
BTI	<b>2021</b> 2020	<b>7,094</b> 949	<b>11,758</b> 4,664	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
BIL	<b>2021</b> 2020	- 226	<b>4,465</b> 4,465	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
BBMRC	<b>2021</b> 2020	<b>126</b> 41	<b>2,618</b> 2,492	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired
AFC	<b>2021</b> 2020	<b>328</b> 2,371	<b>2,699</b> 2,371	Payable on demand; noninterest-bearing	Unsecured no guarantees; impaired

Category	Year	Amount/ volume	Outstanding balance	Terms	Conditions
PECI	2021	34	781	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	45	747		
BFC	2021	28,784	28,784	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	–	–		
BLRI	2021	₱154,776	₱154,776	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	–	–		
BRMC	2021	144,045	144,045	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	–	–		
	2021	₱371,555	₱712,144		
	2020	38,683	340,589		
Less allowance for impairment losses	2021	–	111,146		
	2020	–	111,146		
<b>Total</b>	2021	₱371,555	₱600,998		
	2020	₱38,683	₱229,395		

In 2021 and 2020, the Company recognized allowance for ECL amounting to ₱111,146, covering amounts which management believes may no longer be recovered (see Note 5 of Parent Audited Financial Statements).

Category	Year	Amount/ volume	Outstanding balance	Terms	Conditions
<i>Amounts owed to related parties</i>					
BRMC	2021	₱245,754	₱860,824	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	₱27,460	₱615,070		
BLRI	2021	154,864	189,992	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	1,090	35,128		
SARC	2021	9,015	42,858	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	3,760	33,843		
BMC Forestry Corporation (BFC)	2021	29,251	54,653	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	625	25,402		
AGMI	2021	(90)	1,973	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	41	2,063		
AFC	2021	–	–	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	2,001	–		
IMRC	2021	1,806	1,806	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	–	–		
BGRC	2021	2,534	2,534	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	–	–		
BCPM	2021	4	4	Payable on demand; noninterest-bearing	Unsecured no guarantees; no impairment
	2020	–	–		
<b>Total</b>	2021	₱443,138	₱1,154,644		

Category	Year	Amount/ volume	Outstanding balance	Terms	Conditions
	2020	₱34,977	₱711,506		

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

## 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 ₱15,000 (gross) as per diem for each regular and special board meetings and committee meetings.

In 2021, a total of ₱1.15 million was paid to all directors:

Name	Position	Amount (In Million)
Bernardo M. Villegas	Chairman, Independent Director	₱0.18
Reginald S. Velasco	Vice Chairman, Independent Director	0.15
Maria Remedios R. Pompidou	Director	0.06
Luis Juan L. Virata	Director	0.08
Jose Raulito E. Paras	Director	0.10
Andrew Patrick R. Casino	Director	0.10
Anthony M. Te	Director	0.09
Rhodora L. Dapula	Independent Director	0.10
Jesse Hermogenes T. Andres	Director*	0.12
Kwok Yam Ian Chan	Director	0.09
Lina G. Fernandez	Director and President	0.08
Andrew Julian K. Romualdez	Director**	0

\*Resigned effective June 30, 2022

\*\*Appointed as Director effective August 24, 2022

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

Name	Principal Position
1. Lina G. Fernandez	President
2. Reynaldo P. Mendoza	Executive Vice President & 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	2022*	₱19.5	₱1.6	₱1.3
	2021**	13.4	2.3	0.8
	2020**	14.6	1.5	0.7
All other directors and officers as a group	2022*	₱3.5	₱0.3	₱1.7

unnamed	2021**	5.6	0.9	1.3
	2020**	5.1	0.5	1.7

(\*) - Estimate      (\*\*) – Actual

### **Employment Contract with Executive Officers**

The Company has no special employment contracts with its executive officers. In the ordinary course of business, the Company has employment contracts with all its employees, including officers, in compliance with the applicable labor laws and regulations. There are no compensatory plan or arrangements with any executive officers, which results or will result from the resignation, retirement or any other termination of the executive officer's employment or from a change-in-control in the Company or a change in the executive officer's responsibilities following a change in control of the Company and, no amount exceeding ₱2,500,000 is involved, which is paid periodically or in 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 2021, 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 for class “B”, the total number of unexercised shares were adjusted to 6,600,996 common shares consisting of 3,960,597 class “A” shares and 2,640,399 class “B” shares. The granted stock option came entirely from the unissued/cancelled shares of the April 6, 2006 option grant consisting of 7,004,000 common shares with par value of ₱3.00 per shares (adjusted to 21,012,000 common shares with par value of P1.00 per share) under the current implementation of the amended Plan. The shares are exempted from registration under SRC rules and the listing was approved by the PSE. The options expired on May 3, 2021 pursuant to the provisions of the Plan, that no option is exercisable after ten (10) years from the date of grant. Expired options totaled to 685,470 common shares available for future grant.
- b. On September 7, 2012, under the amended Plan, the Company granted stock option to officers, directors/members of the stock option committee and independent directors. The option grants of 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 at 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 for class “B”, 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 August 31, 2022, 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 share consisting of 360,000 class “A” common shares at an exercise price of ₱7.13 per share and 240,000 class “B” common shares at an exercise price of ₱7.13 per share which 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 August 31, 2022, 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 August 31, 2022, 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	44,000	-	-	-	-
All Other Officers and Directors as a Group Unnamed	462,000	308,000	₱1.38	₱1.43	-	-	346,500	231,000	-	-

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

- e. On March 18, 2021, under the amended Plan, the Company granted stock option to directors, qualified staff, employees, and consultants of the Company and its subsidiaries who have rendered at least two (2) years of service as of March 15, 2021. The option grant of 3,003,612 common shares were sourced mainly from the current balance of unissued / cancelled stock option under the present implementation of the Plan consisting of 1,802,167 Common Class A shares at exercise price of ₱2.19 per share and 1,201,445 Common Class B shares at exercise price of ₱2.05 per share.

As of August 31, 2022, the number of options granted to, exercised and unexercised by the President, four (4) other most highly compensated executive officers and all other officers and directors of the Company are as follows:

	Option Grants		Option Exercise Price/Share		Options Exercised		Options Unexercised		Options Cancelled (Cessation from employment / directorship)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
LG Fernandez	57,750	38,500	₱2.19	₱2.05	-	-	57,750	38,500	-	-
Four Highest Paid Named Exec. Officers:										
RP Mendoza	57,750	38,500	₱2.19	₱2.05	-	-	57,750	38,500	-	-
MD Arceño	43,313	28,875	₱2.19	₱2.05	-	-	43,313	28,875	-	-
VB Bongalos, jr.	24,750	16,500	₱2.19	₱2.05	-	-	24,750	16,500	-	-
PM Gendrano	39,375	26,250	₱2.19	₱2.05	-	-	39,375	26,250	-	-
All Other Officers and Directors as a Group Unnamed	433,125	288,750	₱2.19	₱2.05	-	-	433,125	288,750	-	-

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

**Item 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 August 24, 2021 and November 10, 2021, respectively. Audit services of SGV for the calendar year ended December 31, 2021 included the examination of the parent and consolidated financial statements of the Company, assistance in the preparation of annual income tax return and other services related to filing of reports made with the Securities and Exchange Commission (SEC).

The Company is 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 2021 was Mr. Peter John R. Ventura- SEC accredited auditing partner of SGV. This is Mr. Ventura's third year as engagement partner for the Company. No event has occurred where SGV and the Company had any disagreement with 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**

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

**Tax fees**

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

**All other fees**

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

**Audit Committee's Approval Policies and Procedures**

Prior to the commencement of audit work, the external auditor presented their program and schedule to the Company which included discussion of issues and concerns regarding the audit work to be done. The external auditor presented to the Audit Committee the audited financial statements of the Company for the year for approval and endorsed to the Board for final approval prior to release/issuance by the external auditor. The Company's Audit Committee is composed of three (3) directors, chaired by an Independent Director, Atty. Rhodora L. Dapula, and the members are: Independent Director, Mr. Bernardo M. Villegas and Director Atty. Andrew Patrick R. Casino.

**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, 2022, 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**

No action is to be taken at the annual meeting with respect to the authorization or issuance of securities other than for exchange.

#### **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 2021 Audited Consolidated Financial Statements (**Annex "G"**) and Unaudited Interim Consolidated Financial Statements for 2022 Second Quarter Report ended June 30, 2022 (**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**

As a matter of corporate policy, Management seeks the approval/ratification by the stockholders of the following which will be considered and acted upon in the meeting:

1. Minutes of the Annual Stockholders' Meeting held on November 10, 2021 with the following items:
  - a) Approval of minutes of the annual Stockholders' meeting held on November 11, 2020;
  - b) Approval of Management Report and Audited Financial Statements for 2020;
  - c) Approval of the retention of Mr. Bernardo M. Villegas as Independent Director;
  - d) Approval of the re-appointment of Sycip Gorres Velayo and Company (SGV) as the Company's independent external auditor;
  - e) Approval of grant of stock option awards to directors, officers, employees and consultants of the Company and its subsidiaries;
  - f) Approval/Ratification of all acts, contracts, resolutions and proceedings made and entered into by Management and/or Board of Directors since November 11, 2020 until the date of 2021 Annual Stockholders' Meeting.

**BRIEF SUMMARY OF MINUTES OF NOVEMBER 10, 2021 ANNUAL STOCKHOLDERS' MEETING**

1. Quorum Present: The Corporate Secretary certified that there was a quorum for the transaction of any business that may property brought before the body, there being present in person or represented by proxy 422,494,791 or 67.60% of the outstanding capital stock of the Company.
2. Management Report: The salient points of the report presented by the President are as follows:
  - 2020 was another testament of your Company's resiliency having withstood the difficult operation challenges brought about by the COVID-19 pandemic. We also attribute this past year's accomplishments to the lifting by the government of the suspension order over your nickel subsidiary, Benguetcorp Resources Management Corporation (formerly Benguetcorp Nickel Mines, Inc.), paving the way for resumption of normal nickel mining operations in November, and as new highs in metal prices were recorded. Improved output from gold operations due to mine and mill upgrades cushioned the operational impact of the pandemic. These auspicious events gave rise to your Company's respectable financial performance for the year in review.
  - The Company's consolidated revenues rose to ₱1.62 billion, double last year's ₱802 million.
  - Mining revenues accounted for 98% of the total revenue at ₱1.59 billion, up 112% from last year's ₱748 million while non-mining business, affected by the pandemic, posted ₱34 million revenue, 38% lower than last year's ₱54 million.
  - Nickel exports dominated this year's revenue, climbing 12 times from ₱65 million in 2019 to ₱818 million this year, accounting for 52% of total. Gold revenue corresponding to 44% of total, rose 22% year on year, from ₱576 million in the previous year to ₱704 million in 2020; the remaining 4% came from lime operations. Saleability of lower grade nickel ores, coupled with 44% and 25% spike in nickel and gold prices, respectively, drove revenue upward.
  - Your Company registered after tax net income of ₱381 million in 2020, three times better than last year's ₱116 million.
  - Earnings per share shoot up 226% from 19 cents in 2019 to 62 cents in 2020.
  - Total assets grew 7% year-on-year, attributable to increased nickel ore and gold sales, and additional tax refunds.
  - Equity likewise improved by 8% from ₱4.4 billion in the previous year to ₱4.8 billion in 2020.
  - Due to the encouraging outcome of the first drilling program in the Pantingan property, your Company will be initiating the Phase 2 drilling in the prospect area to further delineate the lateral and vertical extensions of the intersected gold mineralization. This will consist of 6 to 8 diamond drill holes with a total down-dip length of 1,200 meters targeting the two (2) promising gold veining systems named as V2 and V9.
  - For the rock aggregates prospect, your Company is prioritizing the permitting activities for the 40-hectares Quarry Permit Area, north outside the Pantingan MPSA, over the large-scale quarry prospect identified inside the MPSA denominated as PAB-1 and PAB-2 which still needs drilling for the Declaration of Mining Project Feasibility.
  - On August 18, 2021, the Philippine Economic Zone Authority (PEZA) and your Company signed a Supplemental agreement amending the November 22, 2011, original contract for the Kelly Special Economic Zone from a purely Special Economic Zone to Mixed Used Ecozone. PEZA issued Certificate of Registration No. EZ-11-17 for the Company's Kelly Ecozone Project.
  - Your Company's gold operations spent ₱56.3 million since 2005, while nickel operations spent ₱47.4 million since 2013 in the fulfillment of social development programs.
  - Your Company has been assisting families in its host communities and neighboring barangays by providing financial assistance, food and hygiene essentials and quarantine facilities in response to the pandemic. Scholarship programs benefit a total of 403 high school and college students in our host and neighboring communities. Your Company also funded and supported various community infrastructure projects, as well as for the community's water sanitation, trainings, and child welfare programs. Providing for livelihood projects such as construction or repair of the Company's infrastructure, mill enhancement projects and reforestation activities also benefitted the host communities.
  - Your Company spent a total of ₱18.1 million in 2020 for environmental mitigation and enhancement programs, the National Greening Program and other tree planting activities in support for the initiatives of Department of Environment and Natural Resources. Since 2010,

- total expenditures for environmental protection amounted to ₱978.2 million which includes construction and maintenance of various environmental structures such as dams, penstock, tunnels, roads, canals and other as well as reforestation activities.
- Since 2009, nickel operation has planted about 2.2 million seedlings of various plant/trees species inside and outside the tenement with 95% survival rate. The gold operation, on the other hand, has planted about 1.3 million seedlings of various plant/tree species all over its tenement with 82% survival rate.
  - Your Company remains optimistic despite the lingering pandemic and is counting on renewed government support for the mining sector and strong gold and nickel prices. Your Company will strive to improve gold output in the Acupan gold operations and increase volume of nickel ore shipment from the Sta. Cruz Nickel Operation in Zambales.
  - Your Company will continue with the exploration and resource validation in Pantingan, Bataan and other mining claims in order to develop or operate a new mine. It will also pursue the evaluation and development of viable prospects in its real estate portfolio in the Benguet Province. Your Company will revisit the Company's water rights holdings for possible Bulk Water Supply Project.
3. The stockholders approved the minutes of the Annual Meeting of Stockholders held on November 11, 2020. The Company received in person and by proxy a total of 422,494,791 affirmative votes or 67.60% of the outstanding capital stock of the Company in favor of the approval of the Minutes of the Annual Meeting of Stockholders held on November 11, 2020.
  4. The stockholders approved the Management Report and Audited Financial Statements for 2020. The Company received a total of 422,494,791 affirmative votes or 67.60% of the outstanding capital stock of the Company in favor of the approval of the Management Report and Audited Financial Statements for 2020.
  5. The stockholders approved the extension and retention of Mr. Bernardo M. Villegas as Independent Director. The Company received in person and by proxy a total of 422,494,791 affirmative votes or 67.60% of the outstanding capital stock of the Company in favor of the approval of the extension and retention of Mr. Bernardo M. Villegas as Independent Director.
  6. 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 422,494,791 affirmative votes or 67.60% of the outstanding capital stock of the Company in favor of the approval of the re-appointment of SGV and Company as the Company's independent external auditor.
  7. The stockholders approved the granting of stock option awards to directors, officer, employees and consultants of the Company and its subsidiaries. The Company received in person and by proxy a total of 422,488,155 affirmative votes or 67.60% of the total outstanding capital stock of the Company in favor of the approval of the granting of stock option awards to directors, officers, employees and consultants of the Company and its subsidiaries.
  8. The stockholders confirmed and ratified all acts, contracts, resolutions, investments, and proceedings made and entered into by Management and/or Board of Directors since the November 11, 2020 Annual Stockholders' Meeting until November 10, 2021. The Company received votes in person and by proxy a total of 422,494,791 shares or 67.60% of the outstanding capital stock of the Company in favor of the confirmation and ratification of all acts, contracts, resolutions, investments and proceedings made and entered into by Management and/or Board of Directors since the November 11, 2020 Annual Stockholders' Meeting until November 10, 2021.
  9. 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 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. Maria 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. Bernardo M. Villegas (Independent Director)
4. Lina G. Fernandez

2. The Management Report (Annex “A”) and the Audited Financial Statement for the year ended 31 December 2021 audited by the Company’s independent external auditors, Sycip Gorres Velayo and Company (SGV) are contained in this Information Statement. The 2021 audited financial statements is also an attachment of the Company’s 2021 Annual Report (Sec Form 17-A) as filed to the SEC and PSE. These are posted and accessible through the Company website [www.benquetcorp.com](http://www.benquetcorp.com) and may also be accessed in the online system of PSE Edge Portal <https://edge.pse.com.ph>.
3. The following are acts, contracts, resolutions, and proceedings made, passed and entered into by Management and/or Board of Directors since 2021 Annual Stockholders’ Meeting:

- 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
President	-	Atty. Lina G. Fernandez
Executive Vice President	-	Atty. Reynaldo P. Mendoza
Senior Vice President-Finance & Treasurer -		Mr. Max D. Arceño
Vice President/Resident Manager,		
Benguet District Operations	-	Engr. 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  
Lina G. Fernandez

(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)  
Andrew Patrick R. Casiño

(4) **NOMINATIONS and ELECTION COMMITTEE**



Chairman: Bernardo M. Villegas (Independent Director)  
Members:  
Anthony M. Te  
Jesse Hermogenes T. Andres

**(5) CORPORATE GOVERNANCE COMMITTEE**

Chairman: Bernardo M. Villegas (Independent Director)  
Members:  
Reginald S. Velasco (Independent Director)  
Rhodora L. Dapula (Independent Director)  
Max D. Arceño – 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  
Lina G. Fernandez

5) Reconfirmed 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) Noted and approved the 2022 budget as presented.
- 7) Approved the Christmas gift to officers, managers, consultants and retainers equivalent to one-month basic salary.
- 8) Approved and authorized management to update signatories who will act as trustee of the Employee Stock Ownership Incentive Plan (ESOIP) and Employee Stock Purchase Plan (ESPP) and to act in all matters and transactions relating to the disposition of the shares of stocks under the former trust account with Bank of the Philippine Islands (BPI).
- 9) Authorized and designated authorized representatives to apply and execute contracts with the Department of Energy (DOE) and National Grid Corporation of the Philippines (NGCP) in connection with the renewal of the Corporation's Transmission Service Agreement (TSA) and Metering Service Agreement with NGCP.
- 10) Approved and ratified renewal of contracts with various ACMP contractors and BGO contracts, to wit:
  1. Contract of Haulage between Benguet Corporation (BC) and Acay Clan represented by Joeden Acay;
  2. Memorandum of Agreement between Benguet Corporation (BC) and Barangay Ampucao;
  3. Contract of Work between Benguet Corporation (BC) and Acay Clan;
  4. Contract of Work between Benguet Corporation (BC) and Tila-ok Construction;
- 11) Contract of Work between Benguet Corporation (BC) and Laliwet-W Builders.
- 12) Approved the 2021 Audited Financial Statements [Audited Consolidated Financial Statements (ACFS) and Audited Parent Financial Statements (APFS)] of the Company for the year ended

December 31, 2021. The Board also approved and authorized the issuance of the Company's 2021 ACFS and APFS as audited by Sycip Gorres Velayo and Company.

- 13) Approved and authorized the opening of bank accounts and the availment of cash management facilities with Philippine Veterans Bank and designation of authorized signatories.
- 14) Approved and authorized the establishment of SDMP account in compliance with MGB requirement with the Land Bank of the Philippines, Benavidez-Paseo branch under account name: Acupan Contract Mine Project – Social Development Mine Program (ACMP-SDMP) and designation of authorized signatories.
- 15) Approved the amendment of board resolution to update bank signatories and position of signatories for BDO and UCPB bank accounts in Session Road branch, Baguio City.
- 16) Approved the activation of bank account with BPI under account name “Benguet Corporation Dividend Account #135”, BPI Ayala-Paseo Branch (Philamlife Tower);
- 17) Authorized and approved the application for ₱200 Million revolving credit facility with Malayan Bank and amendment of bank signatories for use in the Company’s working capital requirements;
- 18) Authorized and approved the buy back of one unit helicopter identified as Eurocopter EC130 B4 aircraft, with S/N 3754, RP-C8868 from Marcventures Mining and Development Corp;
- 19) Approved the increase of BOD per diem from ₱15,000.00 to ₱25,000.00;
- 20) Approved and ratified the Contract of Lease with Smart Communications over the 300 sq.m. Ucab lot in Antamok for its cell site and designation of authorized signatories;
- 21) Approved the amendment of board resolution to update signatory in lieu of former retired President, Mr. Leopoldo Sison III, in Deed of Assignment to BC Property Management, Inc. (BCPM) and Agua de Oro Ventures Corp with regard to the capital increase and transfer of Kelly and Calhorr properties under tax free exchange;
- 22) Approved the amendment of board resolution to update signatories in BC’s membership in Wholesale Electricity Spot Market (WESM);
- 23) Approved the sale of old vehicles (Honda Civic UGW 145 and Mitsubishi Canter AAT 5083) awarded to Mr. Marlon Mahinay by the Asset Disposal Committee;
- 24) Approved and ratified contracts with various mining contractors and , to wit:
  1. ACMP Contract between Benguet Corporation (BC) and RMSSMAI;
  2. ACMP Contract between Benguet Corporation (BC) and IUSSMLAI;
  3. ACMP Contract between Benguet Corporation (BC) and OSSMAI;
  4. ACMP Contract between Benguet Corporation (BC) and KISIMLA;
  5. ACMP Contract between Benguet Corporation (BC) and SAPOMOI;
  6. ACMP Contract between Benguet Corporation (BC) and SSSMLOI;
  7. Contract of Work (TSF-2 Spillway Flip bucket and Penstock Extension) between Benguet Corporation (BC) and Tila-ok Construction;
  8. Contract of Work (Repair of TSF No. 3 Spillway) between Benguet Corporation (BC) and MK Construction;
  9. Contract of Work (TSF 2 Emergency Spillway and Reintegration of Old Spillway Wall) between Benguet Corporation (BC) and Laliwet-W Builders;
  10. Contract of Work (Repair of Old diversion Tunnels) between Benguet Corporation (BC) and Joeden C. Acay.
- 25) Approved the renewal of BC's application to possess and transport explosives, explosives ingredients and its accessories, firearms and/or parts, ammunitions and/or its components and designation of authorized signatories;
- 26) Approved and accepted the resignation of Atty. Jesse Hermogenes T. Andres as Common Class B director;
- 27) Approved the appointment of Mr. Andrew Julian K. Romualdez as Director representing Common Class B shares of stock;
- 28) Approved the extension and retention of Chairman Bernardo M. Villegas as Independent Director;
- 29) Approved to set November 9, 2022 as the schedule of the annual stockholders’ meeting and fixed September 19, 2022 as the record date for the determination of stockholders entitled to notice of and to vote at the annual stockholders meeting including the rules and procedure for holding of virtual ASM and participation of stockholders by remote communication and voting *in absentia/proxy*;

- 30) Approved the re-appointment of SGV & Co. as the Company's independent external auditor;
- 31) Approved the renewal of Memorandum of Agreement (MOA) between BC and Manila Water re water purchase agreement and designation of authorized signatories;
- 32) Approved the Memorandum of Understanding (MOU) Framework Agreement with Entoria Energy, Inc. for the Solar Project in Zambales and designation of authorized signatories;
- 33) Approved the amendment of board resolution to update authorized signatories in the Mortgage Trust Indenture (MTI) agreement between Benguet Corporation and Philippine National Bank (PNB) dated December 22, 1993;
- 34) Approved and authorized the execution of Contract of Work between Benguet Corporation and Sibugay United Small Scale Mining Cooperative (SUSSMICO) to do exploration shaft sinking and tunneling in BOLCO Project and designation of authorized signatories;
- 35) Approved the extension of the termination date of granting of stock options to 8 years from May 31, 2023 to May 31, 2031, subject to approval and ratification of the stockholders;
- 36) Approved and ratified contract between Benguet Corporation and Timber and Lime Multi-purpose Cooperative (TLMC) on operation of its lime kilns for its Irisan Lime Project and designation of authorized signatories;
- 37) Approved and ratified the following BGO contracts, to wit:
  1. Contract for Security Services between Benguet Corporation (BC) and Longinus' Spear Security Agency;
  2. Contract for Security Services between Benguet Corporation (BC) and Sidekick Force Investigation & Security Services, Inc.;
  3. Contract of Work between Benguet Corporation (BC) and NINETYONE BUILDERS;
  4. ACMP Contract between Benguet Corporation (BC) and 4JMLAI;
  5. ACMP Contract between Benguet Corporation (BC) and RMSSMAI;
  6. ACMP Contract between Benguet Corporation (BC) and CDGSSMAI;
  7. ACMP Contract between Benguet Corporation (BC) and SSSMLOI;

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 10, 2021 ANNUAL STOCKHOLDERS' MEETING, MANAGEMENT REPORT AND AUDITED FINANCIAL STATEMENTS FOR 2021 AND ALL ACTS, CONTRACTS, INVESTMENTS, RESOLUTIONS, AND PROCEEDINGS MADE AND ENTERED INTO BY MANAGEMENT AND/OR BOARD OF DIRECTORS DURING THE PERIOD SINCE 2021 ANNUAL STOCKHOLDERS' MEETING UNTIL THE DATE OF 2022 ANNUAL STOCKHOLDERS' MEETING.

MANAGEMENT RECOMMENDS A VOTE FOR THESE ABOVE-STATED MATERS.

**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 voting and voting tabulation procedures used in the previous Annual Stockholders' Meeting held on November 11, 2021:

In the 2021 Annual Stockholders' Meeting, votes were cast through ballots and proxies. Stockholders were given on or before November 9, 2021 to submit scanned copy of the ballot/proxy via email to [bccorpsec@benguetcorp.com](mailto:bccorpsec@benguetcorp.com) as provided in the Information Statement. The physical copies of the ballot/proxy were sent to the Office of the Corporate Secretary/Stockholders Relations Office at the Company's principal address. Proxies were validated and tabulated by 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 as well as copies of proxies

were further reviewed by the Company's independent external auditor, Sycip Gorres Velayo & Co. (SGV).

2. 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 ask questions and/or give comments through an email address designated by the Company. This instruction was incorporated in 2021 Definitive Information Statement's Annex "C". Such questions/comments will be raised during the Open Forum of the virtual meeting. For the last year's Annual Stockholders' Meeting, the Company did not receive any question and/or clarification through email or during the open forum.

3. The matters discussed and resolutions reached in the 2021 Annual Stockholders' Meeting:

The matters discussed and resolutions reached in the 2021 Annual Stockholders' Meeting are discussed in Item 15 of this Information Statement.

4. **A record of the voting results for each agenda item:**

Voting results for each agenda item was disclosed in Item 15 of this Information Statement.

5. List of directors, officers and stockholders who attended the 2021 Annual Stockholders' Meeting:

The directors and officers who attended the meeting are as follows:

**Directors:**

Bernardo M. Villegas  
 Reginald S. Velasco  
 Jesse Hermogenes T. Andres  
 Kwok Yam Ian Chan  
 Lina G. Fernandez  
 Anthony M. Te  
 Andrew Patrick R. Casiño  
 Rhodora L. Dapula  
 Jose Raulito E. Paras  
 Maria Remedios R. Pompidou  
 Luis Juan L. Virata

**Officers:**

Reynaldo P. Mendoza	-	Executive Vice President and Asst. Corporate Secretary
Max D. Arceno	-	Senior Vice President – Finance and Treasurer and Compliance Officer for Corporate Governance
Valeriano B. Bongalos, Jr.	-	Vice President/Resident Manager – Benguet District Operations
Pamela M. Gendrano	-	Asst. Vice President – Environmental Compliance and Chief Risk Officer
Hermogene H. Real	-	Corporate Secretary

Stockholders and PCD Beneficial Owners who were present in person (via livestreaming) or by proxy during the Annual Stockholders' Meeting held on November 10, 2021 were as follows:

1. House of Investments, Inc.	29. Estate of Alfonso Yuchengco	57. Enrique T. Yuchengco, Inc.
2. RP Land Development Corp.	30. Mico Equities, Inc.	58. Pan Malayan Mgt & Investment Corp.
3. RCBC T/A# 74-034-9	31. RCBC Securities, Inc.	59. RCBC Trust & Investment Corporation

4. The Pacific Fund, Inc.	32. Petroenergy Resources Corp.	60. Normita A. Panganiban
5. Rhodora S. Songayab	33. Rebecca R. Rapisura	61. Daisy Z. Abenoja
6. Miriam S. Nacario-San Pedro	34. Daisy A. Mejia	62. Virginia M. Rudio
7. Mercedesita M. Lozano	35. Tomas D. Malihan	63. Max D. Arceño
8. Francisco O. Flavier	36. BMC Marine, Inc.	64. Lina G. Fernandez
9. Lina L. Galing	37. Reynaldo P. Mendoza	65. E.Chua Chiacco Securities, Inc.
10. Petronilo V. Cancino	38. Herminia G. Albar	66. FEBTC T/A# 4113-00204-5
11. Rhodora L. Dapula	39. Felice M. Esmenda	67. Zaldy T. Soriano
12. Manuel R. Franco	40. Alberto M. Leaño	68. Equitiworld Securities, Inc.
13. Marilex Realty Development Corp.	41. Roland P. De Jesus	69. Benjamin L. Sucgang
14. Shirley S. Cueva	42. Pamela M. Gendrano	70. Erlinda O. Escusa
15. Sheila Cenit-Belgica	43. Milagros A. Talosig	71. Jose Carlos Fernandez
16. Ma. Ramona L. Sison	44. Strategic Equities Corp.	72. Benedicto Tumapang
17. Roy S. Ancheta	45. Zaldy T. Retig	73. Mariano M. Guieb, Jr.
18. Otilia D. Molo	46. Palm Avenue Holdings Company, Inc.	74. Palm Avenue Holdings Company &/or Palm Avenue Realty Corporation
19. Maybank ATR Kim Eng Securities, Inc.	47. Zoltan Domokos	75. Donald Dawson
20. Cynthia Manalili Manalang	48. Yao & Zialcita, Inc.	76. Lucky Securities, Inc.
21. Paulino R. Roque	49. Andrew Patrick R. Casiño	77. Perfecto A. Floresca
22. Reginald S. Velasco	50. Felicidad B. Villareal	78. Felicidad V. Razon
23. Mandarin Securities Corporation	51. Luys Securities Company, Inc.	79. Andrelita Navarro
24. Soledad M. Cagampang-de Castro	52. Soledad C. De Castro &/or Editha Soledad De Castro	80. Soledad C. De Castro &/or Perfecto de Castro
25. Pejjaits Realty Corporation	53. Arturo M. De Castro &/or Editha Soledad De Castro	81. Larrgo Securities Co., Inc.
26. Tower Securities, Inc.	54. Luis Juan L. Virata	82. Antonino L. Buenavista
27. Maria Remedios R. Pompidou	55. Abacus Securities Corporation	83. Jose Raulito E. Paras
28. Jesse Hermogenes T. Andres	56. Anthony M. Te	84. Hermogene H. Real

6. Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders.

The Company continues to further improve its current code of corporation governance practices, and develop efficient and effective evaluation system and processes to measure the performance of the Board of Directors and management, or determine the level of compliance of the Board of Directors and management with the Manual of Corporate Governance (the “Manual”) of the Company. The Company submitted its 2020 Integrated Annual Corporate Governance Report (2020 I-ACGR) to the Commission and the Exchange on June 30, 2021. The 2021 Integrated Annual Corporate Governance Report (2021 I-ACGR) was submitted to the Commission and the Exchange on May 30, 2022.

7. 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 2021 Annual Stockholders' Meeting on November 10, 2021 and in Items 4 and 19 of this Information Statement. The Corporate Secretary also informed the stockholders during the meeting that the stockholders as of record date September 17, 2021 were entitled to vote in the 2021 Annual Stockholders' Meeting.

8. Detailed, descriptive, balanced and comprehensive assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs.

The Company's performance is being regularly assessed by the Board of Directors and such results of these assessments are being reported in the Company's Annual Reports under SEC Form 17-A and Quarterly Reports under SEC Form 17-Q. These reports contained the management's discussion and analysis of financial position and results of operation.

9. Financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees.

Please refer to Annex H – Audited Consolidated Financial Statements for the period ended December 31, 2021 with Statement of Management's Responsibility for Consolidated Financial Statements and Independent Auditor's Report on Supplementary Schedules.

10. 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 2021 and 2020 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.

11. 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.

12. 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.

13. 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](http://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/](http://www.benguetcorp.com/corporate-governance/acgr/).

14. 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.

15. 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 from disclosure of material non-public information.

Further, the Company has not been a party in any transaction 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 2021 Audited Consolidated Financial Statement of the Company hereto attached by reference.

16. The profiles of directors nominated or seeking election or re-election.

Please see Item 5 of this Information Statement

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

1. Extension of Termination Date for Granting Stock Options to Eight (8) Years or until May 31, 2031 and the corresponding amendment to Paragraph 11 of the existing Plan.

Since 1975, the Company has existing Stock Option Plan (the "Plan") for its selected staff employees, directors and consultants of the Company and its subsidiaries. The Plan have been amended several times and among others, there have been several amendments to extend the termination date of granting stock options and the latest extension will expire on May 31, 2023. Under the existing Plan, no option shall be granted after May 31, 2023 but the expiration of granting stock options will not affect any previously granted options. Option is exercisable within the ten (10) year period from the date of the grant of the option.

Submitted for approval by the stockholders is the proposal to extend the termination date for granting stock options under the Plan. During the regular meeting of the Board of Directors held on August 24, 2022, the Board approved the recommendation of the Stock Option Committee to extend the termination date for granting stock options to eight (8) years or until May 31, 2031 and corresponding amendment to Paragraph 11 of the existing Plan. The Board believes that it will be beneficial to the Company and its subsidiaries to extend the termination date of granting stock options to maintain and continue providing the staff employees, directors, consultants of the Company and its Subsidiaries with greater incentive to promote the business interest of the Company and to remain in its employ.

A VOTE OF THE STOCKHOLDERS REPRESENTING MAJORITY OF THE OUTSTANDING CAPITAL STOCK IS REQUIRED FOR THE EXTENSION OF TERMINATION DATE FOR GRANTING STOCK OPTIONS TO EIGHT (8) YEARS OR UNTIL MAY 31, 2031 AND THE CORRESPONDING AMENDMENT TO PARAGRAPH 11 OF THE EXISTING PLAN.

MANAGEMENT RECOMMENDS A VOTE FOR THE EXTENSION OF TERMINATION DATE FOR GRANTING STOCK OPTIONS TO EIGHT (8) YEARS OR UNTIL MAY 31, 2031 AND THE CORRESPONDING AMENDMENT TO PARAGRAPH 11 OF THE EXISTING PLAN.

## **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 (via livestreaming), 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@benguetcorp.com](mailto:bccorpsec@benguetcorp.com) on or before 3:00 o'clock P.M. of November 8, 2022, which is the deadline for submission of ballots and proxies.

Before a stockholder can participate in the Meeting via livestreaming 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 9, 2022 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 10, 2021 Annual Stockholders' Meeting; **"FOR"** approval of Management Report and Audited Financial Statements for 2021; **"FOR"** approval of the extension of term/retention of Mr. Bernardo M. Villegas as Independent Director; **"FOR"** approval of extension of termination date of granting stock option to eight (8) years or until May 31, 2031, and the corresponding amendment to Paragraph 11 of the Amended Stock Option Plan of the Company; **"FOR"** approval of the re-appointment of Sycip Gorres Velayo and Company (SGV) as the independent external auditor of the Company; **"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 10, 2021 until the date of 2022 Annual Stockholders' Meeting; 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 9, 2022, the proxy will still be valid for ninety (90) days from said date, or up to February 7, 2023 and can still be exercised in the event the TRO is lifted after the November 9, 2022 Annual 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 therefore. 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 upon written request of stockholders is P60,000.00

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, 2022
3. Annex "C" - Rules and Procedure for Holding of, and Participation by Stockholders in the ASM by Remote Communication and Voting in Absentia
4. Annex "D" - Sworn Certificate of Qualification of Independent Director, Bernardo M. Villegas
5. Annex "E" - Sworn Certificate of Qualification of Independent Director, Reginald S. Velasco
6. Annex "F" - Sworn Certificate of Qualification of Independent Director, Rhodora L. Dapula
7. Annex "G" - 2021 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 September 30, 2022.

#### BENGUET CORPORATION

Issuer

By:

  
**REYNALDO P. MENDOZA**  
Executive Vice President and  
Assistant 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 2021 (Annex “G”) and the unaudited interim consolidated financial statements for the second quarter ended June 30, 2022 (Annex ‘B’) are attached to the Information Statement and are incorporated by reference. These are posted and available in the Company website [www.benguetcorp.com](http://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 are 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, 2021, 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, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended December 31, 2021, 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, 2021, and for all the other periods presented, have been made.

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

Consolidated net income for 2021 amounted to ₱1.42 billion, more than 3 times higher than the net income of ₱381.39 million in 2020, (twelve times higher than net income of ₱115.74 million in 2019 and ₱119.04 million in 2018). The increase in net income was the net effect of the following:

**Revenues**

The Company registered consolidated revenues of ₱3.84 billion, 138% higher than the ₱1.62 billion in 2020, 379% higher than ₱802.07 million in 2019 and 280% higher than ₱1.01 billion in 2018. Revenues were composed mainly of nickel, gold and lime sales.

Amounts in Millions	2021	2020	2019	2018
Nickel	₱2,766.48	₱818.34	₱64.65	₱226.52

Gold	942.43	700.80	575.36	614.78
Lime and others	132.98	100.59	162.06	167.4
Gross Revenue	₱3,841.89	₱1,619.73	₱802.07	₱1,008.70

Revenues went up significantly at the back of higher metal prices and shipment tonnage of nickel ore and higher gold production. Benguetcorp Resources Management Corporation (BRMC) sold 22 boatloads of 1.2% to 1.5% nickel ore aggregating 1,175,050 tons at an average price of US\$47.38/ton in 2021 versus 9 boatloads of 1.2% to 1.4% nickel ore aggregating 483,952 tons at an average price of US\$34.21/ton in 2020, (1 boatload of 1.5% nickel ore aggregating 55,000 tons sold at an average price of US\$22.50/ton in 2019 and 4 boatloads of 1.4% to 1.5% nickel ore aggregating 218,635 tons at an average price of US\$19.73 per ton in 2018). Nickel sales contributed 72% of gross revenues. Gold sales on the other hand contributed 25% on account of higher gold production and better gold price this year. The Acupan Gold Project (AGP) sold 10,685 ounces of gold at average price of US\$1,806.68/ounce in 2021 against 8,080.71 ounces of gold at an average price of US\$1,750.25/ounce in 2020, 8,236.65 ounces at US\$1,395.43/ounce in 2019 and 9,263 ounces of gold at an average price of US\$1,274.67/ounce in 2018.

#### Operating and Other Expenses

Cost and operating expenses increased to ₱2.27 billion in 2021 from ₱1.27 billion in 2020, (146% higher than ₱923.78 million in 2019 and 88% higher than ₱1.21 billion in 2018). The increase is mainly due to costs arising from higher shipment tonnage of nickel ore and higher gold ounces produced this year.

Cost of mine products sold in 2021 increased to ₱921.69 million in 2021 from ₱725.77 million in 2020, ₱504.27 in 2019 and ₱688.36 million in 2018. The increase is mainly due to higher production and sales of nickel laterite ores.

Costs of services and other sales increased to ₱74.84 million from ₱39.17 million in 2020, ₱49.79 million in 2019 and ₱67.98 million in 2018. The increase is due to the aggressive marketing strategy and additional COVID-related expenses necessary to carry out the Company's healthcare services.

Selling and general expenses significantly increased to ₱992.28 million in 2021 from ₱408.39 million in 2020, ₱340.34 million in 2019 and ₱407.62 million in 2018. The increase is mainly due to higher shipments of nickel laterite ores.

Excise taxes and royalty fees are taxes imposed by the government on the extraction of mineral resources. Excise taxes and royalty fees are charged 4% and 5% of revenues, respectively. Excise taxes and royalty fees increased to ₱284.28 million in 2021 from ₱101.03 million in 2020, ₱29.37 million in 2019 and ₱45.16 million in 2018. Increase in the account is mainly from higher revenues from nickel laterite ore.

Other income in 2021 amounted to ₱229.09 million, versus ₱141.03 income in 2020, ₱272.07 million in 2019 and ₱337.69 million in 2018. The other income this year is attributable to the gain on revaluation of investment properties amounting to ₱276.99 million compared with ₱154.81 million gain on revaluation of investment properties in 2020, (₱287.21 million gain on revaluation of investment properties, ₱68.59 million gain on sale of properties and ₱22.46 million gain on settlement of trade and other liabilities in 2019, ₱605.82 million gain on revaluation of investment properties and ₱52.98 million gain on settlement of trade and other liabilities partly offset by

provision for impairment of deferred mine exploration cost of ₱72.06 million, ₱95.37 million provision for impairment on other noncurrent assets and ₱60.40 million retirement of property plant and equipment in 2018).

Provision for income tax in 2021 amounted to ₱372.39 million versus ₱101.88 million in 2020, ₱32.59 million in 2019 and ₱13.40 million in 2018. The provision for income tax pertains to the Regular Income Tax (RCIT), Minimum Corporate Income Tax (MCIT) and Provision for deferred tax assets of Benguet Corporation (Parent company), Benguetcorp Resources Management Corporation (BRMC), Arrow Freight Corporation (AFC) and Keystone Port Logistics and Management Services Corporation (Keystone).

## **FINANCIAL POSITION**

### **Assets**

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

Cash and cash equivalent increased by 122% to ₱603.25 million in 2021 from ₱271.55 million in 2020, 681% higher than ₱77.17 million in 2019 and twice higher than ₱302.12 million in 2018. The increase came from cashflows from operating activities, offsetted by investments made and payments of obligations.

Trade and other receivables increased to ₱514.96 million in 2021 versus ₱475.25 million in 2020, ₱289.96 million in 2019 and ₱210.87 million in 2018. The increase pertains to the uncollected receivables from the sale of nickel ore and lime in 2021.

Inventories increased to ₱142.06 million in 2021 compared to ₱101.14 million in 2020, ₱132.16 million in 2019 and ₱128.99 million in 2018. The increase was mainly due to the increased production of nickel laterite ore to cope up with the increasing demand of nickel customers.

Financial assets at fair value through profit or loss (FVPL) amounting to ₱674.98 million pertains to investment in unit trust fund (UITF). In 2021, the Company invested in UITF amounting to ₱660.1 million while previously classified financial assets at FVOCI was reclassified. Total amount transferred amounted to ₱12.5 million. Other increase came from gain in relation to the change in value of UITFs.

Other current assets as of December 31, 2021, amounted to ₱481.69 million, 21% higher than ₱398.72 million in 2020, (53% higher than ₱314.15 million in 2019 and 24% lower than ₱632.11 million in 2018). The increase is attributable to the input tax on various purchases of goods and services incurred in 2021.

Property, plant and equipment (PPE) at cost, decline to ₱848.39 million from ₱942.00 million in 2020, ₱963.86 million in 2019 and ₱964.21 million in 2018. The decline was mainly due to the depletion and depreciation booked this year. Additions to PPE in 2021 totaled to ₱40.86 million.

Investment properties amounted to ₱2,910.66 million in 2021, 11% higher than ₱2,633.68 million in 2020, 17% higher than ₱2,478.86 million in 2019 and 31% higher than ₱2,217.57 million in 2018).

The increase is mainly from the ₱276.99 million gain on revaluation of investment properties in 2021, compared to the ₱154.82 million gain on revaluation of investment properties in 2020, (₱287.21 million and ₱605.82 million revaluation increment on land recognized in 2019 and 2018, respectively).

Deferred tax assets amounted to ₱11.6 million versus ₱6.7 million in 2020, (₱47.7 million in 2019 and ₱73.6 million in 2018). The increase against 2020 was mainly due to the realization of foreign exchange gains from previous year unrealized foreign exchange losses and excess of lease liabilities over right-of-use assets. The decrease versus 2019 and 2018 was mainly due to unused NOLCO and MCIT for which the deferred tax assets were not recognized as the Company believes that it is not probable that sufficient future taxable profit will be available against which the benefit of the deferred tax assets can be utilized.

### **Liabilities**

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

Trade and other payables amounted to ₱669.39 million in 2021 versus ₱620.72 million in 2020, ₱576.86 million in 2019 and ₱858.59 million in 2018. The increase versus 2020 and 2019 was mainly due to the downpayment received from nickel ore buyers. Decrease against 2018 is due to repayment of trade payables to suppliers and contractors.

Loans payable went down to ₱337.03 million in 2021 from ₱508.99 million in 2020, ₱507.89 million in 2019 and ₱530.67 million in 2018. The reduction was mainly due to the full payment of ₱185.0 million loan with Transmiddle East partly offset by accrual of interest.

Lease liabilities (current and noncurrent) amounted to ₱21.09 million versus ₱6.15 million in 2020, ₱8.06 million in 2019 and nil in 2018. The increase was due to several lease contracts entered into by the Company for additional working spaces in compliance with health protocols, road right of way and washbay rentals.

Liability for mine rehabilitation (current and noncurrent) amounted to ₱60.75 million against ₱105.61 million in 2020, ₱91.58 million in 2019, ₱90.32 million in 2018. Provision for Mine Rehabilitation costs represent the Company's mines estimated closure costs.

Income tax liability amounted to ₱137.82 million in 2021, higher than the ₱2.00 million in 2020, ₱0.72 million in 2019 and ₱0.02 million in 2018. The increase is due to the higher income generated in 2021.

Pension liability amounted to ₱73.35 million in 2021, ₱81.83 million in 2020, ₱62.56 million in 2019 and ₱54.13 million in 2018. The Company has a funded, noncontributory pension benefit plan covering all regular employees. The benefits are based on a certain percentage of the final monthly salary for every year of credited service of the employees. The defined pension benefit obligation is determined using the projected unit credit method. The Company's plan assets are being managed by a trustee bank. The retirement fund includes time deposits, shares of stocks, which are traded in the PSE, and unquoted shares of stocks.

Deferred tax liability amounted to ₱748.56 million in 2021, compared to ₱882.51 million in 2020, ₱848.02 million in 2019 and ₱725.72 million in 2018. Decrease pertains to the realization of revaluation increment on PPE.

Other noncurrent liabilities decreased to ₱291.80 million in 2021 from ₱391.41 million in 2020, ₱414.20 million in 2019 and ₱429.95 million in 2018. The decline was mainly due to the repayment made to Bright Mining Resources Corporation. Bright Mining provided advances to the Company against nickel ore shipment.

## **Equity**

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

Capital surplus increased by 5% to ₱409.93 million in 2021 from ₱388.97 million in 2020, ₱380.38 million in 2019 and ₱376.96 million in 2018. The increase was due to stock options exercised during the year.

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

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

## **Consolidated Cash Flow**

The net cash flows generated from operating activities for 2021 amounted to ₱1,347.26 million, compared to ₱252.87 million in 2020, (net cash used of ₱292.93 million in 2019 and net cash generated of ₱268.01 million in 2018). The net cash inflows generated was attributable mainly to the 22 boatloads of nickel ore and 10,685 ounces of gold sold this year. For 2020, net cash flows was due to the 9 boatloads of nickel ore and 8,080.71 ounces of gold sold. In 2019, cash was used to settle trade payables. In 2018, the net cash generated was derived from the tax refund amounting to ₱326.6 million obtained from the Bureau of Internal Revenue.

During the year, the Company invested ₱11.69 million in exploration activities and ₱40.86 million in mining and milling equipment for the expansion of its Acupan Gold Project and Sta Cruz Nickel Operation in Zambales. The Company also invested ₱660.09 million in unit trust funds during the year.

In 2020, the Company invested ₱10.81 million exploration activities and ₱27.31 million in mining and milling equipment for the expansion of its Acupan Gold Project and Sta Cruz Nickel Operation in Zambales.

In 2019, the Company generated ₱150.95 million from the sale of its real property and financial assets. The Company invested ₱4.02 million in exploration activities and ₱28.02 million in mining equipment for the expansion of its Acupan Gold Project.

In 2018, the Company generated ₱5.48 million from the sale of some disposable equipment and financial assets. The Company invested ₱5.55 million in exploration activities and ₱56.23 million in mining equipment for the expansion of its Acupan Gold Project.

Net cash flows used in financing activities amounted to ₱279.82 million versus ₱2.81 million in 2020, ₱29.85 million in 2019 and ₱44.15 million in 2018. During the year, the Company fully paid its outstanding loan with Transmiddle East amounting to ₱185.00 million and made some payment to Bright Mining Resources Corporation and other contractors amounting to ₱99.61 million. The usage was partly offset by the cash receipts from employees' exercise of stock options and issuance of stocks amounting to ₱9.81 million.

In 2019, the Company fully settled its loan payable to a local bank amounting to ₱22.78 million.

In 2018, the Company settled its loan payable to a local bank amounting to ₱57.22 million. During this year, the Company availed of short-term loan amounting to ₱10.0 million

## **B. OPERATIONAL OVERVIEW AND PLAN OF OPERATION**

### **MINING OPERATIONS**

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

During the year in review, AGP generated ₱942.43million revenue, 34% higher than the revenues of ₱700.8 million in 2020, 64% higher than ₱575.4 million in 2019 and 54% higher than ₱614.8 million in 2018. The higher revenue was due to higher volume of gold sold this year. Gold average selling price however increased by 3% averaging US\$1,806.68, as compared to average selling price of US\$1,750.25/oz in 2020, US\$1,395.43/oz in 2019 and US\$1,274.67/oz in 2018. As a result, AGP pre-tax income increased 44% this year to ₱153.57 million this year from ₱106.5 million pre-tax income in 2020, ₱34.3 million in 2019 and from the net loss of ₱27.0 million in 2018.

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

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



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

AGP has also been awarded by Department of Environmental and Natural Resources – Mines and Geosciences Bureau and The Philippine Mine Safety and Environment Association with Safest Underground Mining Operation Award Runner-Up on November 26, 2021 during the 67th Annual National Mine Safety and Environment Conference.

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

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

BRMC contributed revenue of ₱2.77 billion to the Company, over three times higher compared to ₱818.34 million revenue in 2020, ₱64.65 million revenue in 2019 and ₱226.52 million revenue in 2018, which was mainly attributable to increase in volume shipped and higher nickel ore sales price. This year, BRMC shipped a total of 22 boatloads of 1.2% to 1.5% nickel ore grades aggregating 1,175,050 tons, higher as compared to 9 boatloads of 1.2% to 1.4% nickel ore grades totaling 483,952 tons in 2020, 1 boatload of 1.5% nickel ore weighing 55,000 tons in 2019 and 4 boatloads of 1.4% to 1.5% nickel ore aggregating 218,635 tons in 2018. Nickel ore was sold at effective average price of US\$47.38/ton this year, versus US\$34.21/ton in 2020, US\$22.50/ton in 2019 and US\$19.73/ton in 2018. The increase in sales volume and price resulted to net income of ₱880.4 million this year, higher as compared to ₱169.9 million in 2020, and net losses of ₱191.2 million in 2019 and ₱169.3 million in 2018.

BRMC has been an ISO 14001:2015 certified by TUV Rheinland® since 2016. Its recent certification is valid until October 16, 2022. The scope of certification is nickel ore mining, hauling, barge loading and other port and mining activities.

**Irisan Lime Project (ILP) in Baguio City:**

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

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

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

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

## **EXPLORATION, RESEARCH AND DEVELOPMENT**

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

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

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

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

### **Pantangan Gold Prospect in Bagac, Bataan Province:**

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

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

### **Ampucao Copper-Gold Prospect in Itogon, Benguet Province:**

The Ampucao is a viable prospect for the discovery of deep-seated porphyry copper-gold deposit corresponding to surface and underground initial geological evaluation done by geologists of the Company. Copper bearing formation hosted by intensely silicified quartz diorite was delineated in outcropping on a river within the Hartwell claims and at the mine levels of 1500 and 2300 of BC's Acupan Mine. A one-(1) kilometer long deep hole of surface drilling has been suggested to probe the down-dip extension of the projected mineralization in the Ampucao prospect. This project is covered by the Company's Application for Production Sharing Agreement (APSA) which was reinstated per DENR's decision dated October 5, 2021 allowing the Company to comply with the requirements under DENR Memorandum Order No. 2010-04 (DENR Use it, Lose it Policy).

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

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

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

**Surigao Coal Project in Lianga, Surigao del Sur:**

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

**Financial Technical Assistance Agreement:**

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

**SUBSIDIARIES AND AFFILIATES****Arrow Freight Corporation (AFC)**

AFC a logistics provider of the Company generated ₱83.19 million revenue this year, higher as compared to revenues of ₱ 32.15 million in 2020 and ₱14.16 million in 2019 and ₱20.22 million in 2018. Increased revenue resulted to a net income of ₱17.89 million, higher than the net income of ₱11.59 million in 2020, ₱1.93 million in 2019 and net loss of ₱12.45 million in 2018. AFC purchased 5 units of dump truck to increase its operations hauling fleet to 11 units. To improve its profitability, AFC plans to purchase backhoes and more dump trucks to handle the ore loading and hauling requirements of BRMC, and eventually other mining companies operating in the area.

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

KPLMSC, the port and barging services provider of the Company generated ₱78.31 million revenue this year, higher as compared to ₱32.98 million revenue in 2020, ₱5.50 million in 2019 and ₱26.30 million in 2018 due to higher revenues from port usage on account of BRMC's 1,175,050 tons nickel ore exports handled this year against 483,952 tons nickel ore exports last year 55,000 tons in 2019 and 267,994 tons in 2018. As a result, KPLMSC reported net income of ₱48.43 million this year higher than net income of ₱13.88 million last year, compared to the net losses of ₱5.33 million in 2019 and ₱40.20 million in 2018.

**BMC Forestry Corporation (BFC)**

BFC manages the lime kiln operation of Irisan Lime Project and various real estate projects. BFC continues to develop and sell subdivision lots in its real estate project in Rosario, La Union, the Woodspark Subdivision, which market has been greatly affected by the COVID-19 pandemic. BFC reported net income of ₱1.80 million this year against the net loss of ₱0.45 million in 2020, net income of ₱1.61 million in 2019 and ₱0.27 million in 2018. The higher income in 2021 was mainly due to income from management fee amounting to ₱0.74 million, recovery of expected credit losses of ₱1.2 million and collection of amortizations from previously sold lots. BFC continues to sell the 5 remaining lots with an aggregate area of 1,763 square meters.

### **Kelly Ecozone Project (KEP)**

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

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

BCLI generated total revenue of ₱47.95 million this year, higher than the ₱33.14 million revenue reported last year, the ₱35.96 million in 2019 and ₱42.92 million in 2018. The increase in revenue is due to revenues from annual physical examination (APE) services, flu vaccination, continuing antigen swab testing, and increase in walk-in patients despite varying alert levels and health protocols in relation to the COVID-19 pandemic imposed by the government. As a result, BCLI reported a net income of ₱6.73 million this year a turn-around from the net losses of ₱3.94 million in 2020, ₱18.00 million in 2019 and ₱34.89 million in 2018.

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

BCLI maintained its ISO certification having passed another ISO audit last December 3, 2021. Since January 2018, BCLI has been ISO 9001:2015 – Quality Management System certified by an accredited certifying body TÜVRheinland®. BCLI's clinics – Centermall and Cyberzone were also granted the Safety Seal by the Baguio City LGU on January 4, 2022 and December 10, 2021 respectively.

### **BENGUETCORP INTERNATIONAL LIMITED (BIL) IN HONGKONG**

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

## **C. KEY PERFORMANCE INDICATORS**

The Company considered the following top five key performance indicators:

### **Working Capital**

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of December 31, 2021, the Company's current ratio is 2.08:1, 1.06:1 in 2020, 0.73:1 in 2019 and 0.92:1 in 2018.

### **Metal Price**

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

### **Tons Milled and Ore Grade**

Tons milled and ore grade are key measures of operating efficiency. A lower unit production cost both in ore milled and smelting operation will result in the Company meeting, if not exceeding, its

profitability targets. Gold ore tons milled totaled 56,753 in 2021 with average grade of 6.68 grams per ton of gold, compared to 43,756 in 2020 with average grade of 6.60 grams per ton of gold, 41,151 tons in 2019 with average grade of 6.18 grams per ton of gold and 44,073 tons in 2018 with average grade of 6.50 grams per ton of gold. Gold sold in 2021 were 10,685 ounces versus 8,081 ounces sold in 2020, 8,175 ounces sold in 2019 and 9,204 ounces sold in 2018.

In 2021, BRMC sold 1.2% to 1.5% grade nickel ore with an aggregate volume of 1,175,050 tons, higher than in 2020, with aggregate volume of 483,952 tons of 1.2% to 1.4% grade nickel ore, in 2019 with 55,000 tons of 1.5% grade nickel ore and in 2018 at 218,635 tons of nickel ore ranging from 1.4% to 1.5% Ni grade.

#### Foreign Exchange Rate

The Company's sales proceeds of its gold and nickel are mainly in U.S. dollars. A higher Philippine peso to U.S. dollar exchange rate means higher peso sales but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of December 31, 2021, the peso to dollar exchange rate was at ₱50.99, ₱48.021 in 2020, ₱50.635 in 2019 and ₱52.58 in 2018.

#### Earnings Per Share

The earnings per share ultimately reflects the Company's financial and operational growth as a result of its performance in cost management, productivity and will provide investors comparable benchmarks relative to similar companies. The increase in the sale of gold and shipment of nickel ore will have a favorable impact on the Company's net sales and income. The reported Company earnings per share in 2021 is ₱2.29 significantly better than the earnings per share of ₱0.62 in 2020, ₱0.19 in 2019 and ₱0.19 in 2018.

### **D. KNOWN TRENDS, EVENTS OR UNCERTAINTIES**

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

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

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

The known trends, demands, commitments, events or uncertainties that may have a material impact on net sales or revenues or income from continuing operations of the Company are the prices of nickel and gold in the world market, the dollar to peso exchange rate, changes in the

DENR's rules and regulations, and the present economic condition affected by the COVID-19 pandemic.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked. The Company could be contingently liable for lawsuits and claims arising from the ordinary course of business which are unlikely to be substantial and not presently determinable. Accordingly, efforts to reduce debt levels are continuing. The Parent Company's outstanding principal debt subject to the 1992 Restructuring Agreement was reduced to ₱85.06 million. The Company remains committed to a final and comprehensive settlement of all the old debt or to arrange a suitable restructuring of the remaining obligations.

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

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

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

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

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

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

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

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

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

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

### **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 Irian 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 in its Zamboanga Gold Prospect located in R.T. Lim Zamboanga del Sur, which are currently on care and maintenance basis.

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

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

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

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

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

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

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

### Legal Proceedings

As of December 31, 2021, the Company and its subsidiaries have no pending legal proceedings where claims exceed ten percent (10%) of total assets on a consolidated basis. The Company and its subsidiaries are involved in litigation on a number of cases and are subject to certain claims which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on each of the Company's operations.

## 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, 2022, 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, 2022, the public float is 45.9% of the total outstanding shares of the Company.
- As of August 31, 2022, of the 623,139,440 total outstanding shares of the Company, 13.48% are owned (84,054,961 common Class B shares) by foreign nationals.

### Market Price

As of August 31, 2022, the closing price in the PSE of the Company's common Class A share is ₱5.70 per share and the common Class B share is ₱5.71 per share. The closing price of the Company's Convertible Preferred Class A as of last trading day in the PSE as of March 31, 2022 is ₱47.30 per share.

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

	1 <sup>ST</sup> QUARTER		2 <sup>ND</sup> QUARTER		3 <sup>RD</sup> QUARTER		4 <sup>TH</sup> QUARTER		2022 1st Quarter	2022 2nd Quarter
	2021	2020	2021	2020	2021	2020	2021	2020		
<b>CONVERTIBLE PREFERRED CLASS A*</b>										
Highest Price/Share	<b>₱27.00</b>	₱-	<b>₱30.00</b>	₱-	<b>₱45.00</b>	₱-	<b>₱31.55</b>	₱12.00	<b>₱47.30</b>	<b>₱-</b>
Lowest Price/Share	<b>18.00</b>	-	<b>18.90</b>	-	<b>45.00</b>	-	<b>31.55</b>	12.00	<b>47.30</b>	-
<b>COMMON CLASS A</b>										
Highest Price/Share	<b>₱3.73</b>	₱1.30	<b>₱5.88</b>	₱1.46	<b>₱5.88</b>	₱3.12	<b>₱6.58</b>	₱3.50	<b>₱7.20</b>	<b>₱7.68</b>
Lowest Price/Share	<b>2.26</b>	0.96	<b>2.48</b>	0.70	<b>4.40</b>	1.09	<b>4.80</b>	2.45	<b>4.95</b>	<b>5.45</b>



COMMON CLASS B										
Highest Price/Share	<b>₱3.60</b>	₱1.20	<b>₱5.58</b>	₱1.39	<b>₱5.87</b>	₱3.03	<b>₱6.40</b>	₱3.30	<b>₱7.00</b>	<b>₱7.77</b>
Lowest Price/Share	<b>2.41</b>	0.89	<b>2.40</b>	0.95	<b>4.12</b>	1.14	<b>4.73</b>	2.34	<b>4.50</b>	<b>5.60</b>

(\*) No trading transactions in First, Second & Third Quarter of 2020 and Second Quarter of 2022.

Holders:

As of August 31, 2022, the total number of stockholders in the records of the Company's stock transfer agent, Stock Transfer Service Inc. (STSI) is 16,897 (consisting of 3,128 shareholders of Class A, 13,180 shareholders of Class B, and 589 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)	114,880,896	46.33%
Palm Avenue Realty and Development Co.	43,680,000	17.62%
Cede & Co.	29,674,860	11.97%
PCD Nominee (Non-Filipino)	29,213,079	11.78%
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 05/24/95FBO 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)	65,378	30.12%
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 four (4) most recent fiscal years 2021, 2020, 2019 and 2018 due to restrictions provided for in the Company’s loan agreements with creditor banks. Declared cash dividends (1958-1990) are as follows:

Stock	Amount	Record Date	Payable Date
Convertible Preferred	₱0.28	May 22, 1984	June 29, 1984
	₱0.28	March 16, 1987	April 30, 1987
	₱0.28	June 8, 1988	July 22, 1988
	₱0.28	June 9, 1989	July 24, 1989
Common Class A and B	₱0.30	October 13, 1958	December 1, 1958
	₱0.23	April 6, 1962	May 15, 1962
	₱0.15	August 15, 1962	September 17, 1962
	₱0.15	February 28, 1963	April 30, 1963
	₱0.20	December 22, 1964	March 15, 1965
	₱0.20	December 28, 1965	March 1, 1966
	₱0.50	July 1, 1974	August 31, 1974
	₱0.75	January 2, 1975	February 28, 1975
	₱0.50	July 1, 1975	August 31, 1975
	₱0.50	July 1, 1976	August 31, 1976
	₱0.25	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 four years ended December 31, 2021, 2020, 2019 and 2018:

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

Other than the above transactions, the Company has not sold or issued any securities within the past three years ended December 31, 2021, 2020, 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 SEC Resolution No. 5 Series of 2020 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 develop an efficient and effective evaluation system and processes to measure the performance of the Board of Directors and management, or determine the level of compliance of the Board of Directors and management with the Manual of Corporate Governance (the "Manual") of the Company. The Manual was adopted to institutionalize the principles of good corporate governance in the entire organization and in compliance with SEC Memorandum Circular No. 19, S2016, Corporate Governance Code for Publicly Listed Companies. The Company submitted its 2020 Integrated Annual Corporate Governance Report (2020 I-ACGR) to the Commission and the Exchange on June 30, 2021. The 2021 Integrated Annual Corporate Governance Report (2021 I-ACGR) was submitted to the Commission and the Exchange on May 30, 2022.

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

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

### **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 2021 (SEC Form 17-A) and/or the Company's Second Quarterly Report (SEC Form 17-Q) for the period ended June 30, 2022 as filed with the Securities and Exchange Commission. Such written request should be addressed to: THE MANAGER, Shareholder Relations Office, Benguet Corporation, 7<sup>th</sup> 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](http://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, 2022**

Information on the Company’s financial results and results of operations contained in the Interim Unaudited Consolidated Financial Statements for the period ended June 30, 2022 as filed with the SEC and PSE in the 2022 Second Quarter Report under SEC Form 17-Q are as follows:

**A. REVIEW OF FINANCIAL RESULTS**

The Company continued to render strong operating performance in the second quarter of 2022 brought about by high metal prices, increased export volume owing to good weather condition, and favorable foreign exchange. All operating units posted profits; notable of which are the nickel operation in Sta. Cruz, Zambales, gold operation in Itogon, Benguet, and lime operation in Irisan.

**a. Financial Performance**  
**SECOND QUARTER 2022 Vs. SECOND QUARTER 2021**

**CONSOLIDATED RESULTS OF OPERATIONS**

Consolidated net income for the second quarter of 2022 climbed 83% to ₱553.4 million from the ₱303.1 million net income for the same period in 2021. For the first semester of 2022, net income amounted to ₱974.1 million, 19% higher than the ₱821.7 million net income for the same period in 2021. The increase in net income was the net effect of the following:

**Revenues**

Consolidated revenues rose significantly to ₱1.47 billion for the second quarter of 2022 and ₱2.72 billion for the first half of 2022 from ₱999.6 million and ₱2.28 billion reported for the same respective periods in 2021. The increase in revenue both for the second quarter and first half of 2022 was mainly from higher number of nickel ore shipments made and higher metal prices. BRMC sold 8 boatloads of nickel with an aggregate volume of 427,193 tons valued at ₱1.18 billion in the second quarter and 16 boatloads of nickel ore with an aggregate volume of 851,208 tons valued at ₱2.15 billion for the first semester of 2022 compared to 7 boatloads with an aggregate volume of 363,293 tons valued at ₱726.5 million and 15 boatloads with an aggregate volume of 798,768 tons valued at ₱1.77 billion for the same respective periods in previous year. To-date June, nickel ore was sold at an average price of US\$47.90/ton versus US\$45.40/ton for the same period last year.

**Operating and Other Expenses**

Cost and operating expenses in the second quarter this year correspondingly increased to ₱748.4 million from ₱574.3 million for the same quarter in 2021 mainly due to the increase in cost of mine products sold, selling and general expenses and taxes on revenue. For the same reason, costs and operating expenses for the first semester this year went-up by 26% to ₱1,448.8 million from ₱1,145.4 million for the same period last year.

Cost of merchandise sold and services in the second quarter this year increased to ₱22.4 million from ₱13.0 million for the same quarter in 2021. Likewise, during the first semester this year, the costs of

merchandise sold and services increased to ₱41.9 million from ₱26.5 million for the same period in 2021. This is due to increase in laboratory services sold by the Company's healthcare services.

Selling and general expenses includes necessary expenses to sell and operate the Company's business. In the second quarter of this year, selling and general expenses increased to ₱277.6 million from ₱162.5 million while in the first semester this year, the selling and general expenses rose from ₱331.6 million to ₱594.8 million for the same period in 2021. This is mainly due to the higher sales of nickel laterite ore.

Taxes on revenue increased to ₱115.2 million for the second quarter this year and ₱211.3 million for the first half of 2022 from ₱73.9 million and ₱175.8 million for the same periods in 2021. Increase is attributable to higher revenues from the sale of nickel laterite ores. These revenues are subject to royalty fees and excise taxes of 5% and 4%, respectively.

Interest expenses consist of banking and finance charges incurred on transactions related to the export of the Company's nickel laterite ore. For the second quarter of this year, interest expenses decreased to ₱0.4 million from ₱1.2 million while for the first semester, interest expense decreased to ₱1.4 million from ₱1.8 million from the same period in 2021. The decrease is mainly attributable to the lower transaction charges being handled by the bank in relation to the export of the Company's sale of nickel ores.

Other income for the second quarter and first semester this year amounted to ₱16.7 million and ₱21.6 million, respectively. In contrast, other expenses for the second quarter and first semester of 2021 amounted to ₱17.3 million and ₱35.6 million, respectively. Complete turn-around of other income from 2021 came from the higher US dollar-peso exchange rate from the Company's export of nickel laterite ore.

Provision for income tax of ₱182.8 million and ₱322.2 million for the second quarter and first semester this year pertains to the regular corporate income tax of Benguet Corporation (BC), Benguetcorp Resources Management Corporation (BRMC), Arrow Freight Corporation (AFC), Keystone Port Logistics and Management Services Corporation (Keystone) and BMC Forestry Corporation (BFC).

## **SECOND QUARTER 2021 Vs. SECOND QUARTER 2020**

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.

### **CONSOLIDATED RESULTS OF OPERATIONS**

Consolidated net income for the second quarter of 2021 compared to same period in 2020 increased seven times from ₱42.0 million in 2020 to ₱303.1 million in 2021. 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 2020. 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 in 2020.

### **Operating and Other Expenses**

Cost and operating expenses in the second quarter of 2021 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 in 2021 went up by 96% to ₱1,145.4 million from ₱585.8 million for the same period in 2020.

Cost of mine products sold in the second quarter of 2021 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 of 2021, the cost of mine products sold went up to ₱611.5 million from ₱333.1 million for the same period in 2020.

Cost of merchandise sold and services in the second quarter of 2021 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 2021, 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 in 2021 increased to ₱162.5 million from ₱84.4 million for the same quarter in 2020. Likewise, the first semester in 2021, the selling and general expenses rose to ₱331.6.9 million from ₱189.9 million for the same period in 2020, the increase was mainly due to higher sales of nickel ore.

Taxes on revenue increase to ₱73.9 million for the second quarter of 2021 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 which is the basis for these taxes.

Other expenses incurred for the second quarter and first semester of 2021 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 of 2021 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).

## **b. FINANCIAL CONDITION**

### **FIRST SEMESTER 2022 Vs. YEAR ENDED DECEMBER 31 2021**

#### **Assets**

The Company ended the second quarter of 2022 with consolidated total assets of ₱9.56 billion, ₱810.8 million higher than the ₱8.75 billion consolidated assets as of December 31, 2021. The growth is the net effect of the following:

Cash and cash equivalent increased by ₱446.2 million to ₱1,049.4 million primarily from cash provided by operations net of investments in UITF and payment of various liabilities.

Trade and other receivables decreased to ₱478.8 million from ₱515.0 million in 2021, mainly due to the efficient collection of receivables from nickel customers.

Increased in Financial Assets at Fair Value through Profit and Loss (FVPL) pertains to additional placement in UITF.

Increase in other current assets to ₱502.7 million from ₱481.7 million in 2021 was mainly due to additional input taxes from the purchase of goods and services.

Decrease in other noncurrent assets to ₱319.3 million from ₱402.0 million was mainly due to the collection of nontrade receivables.

### **Liabilities**

Total consolidated liabilities as of June 30, 2022, decreased to ₱2.17 billion from ₱2.34 billion as of December 31, 2021. The decrease was due to the following:

Trade and other payables decreased by 23% to ₱513.0 million from ₱669.4 million in 2021 due to payment of various trade payables to suppliers and contractors to ensure uninterrupted operations.

Decline in current portion of lease liability is due to regular payments of various rentals/leases.

Income tax payable amounted to ₱190.5 million, 38% higher than last year of ₱137.8 million. The income tax liability pertains to the regular income tax liability of BC, BRMC, AFC and Keystone.

Pension liability was reduced to ₱68.4 million from ₱73.4 million due to the additional funding in the Company's pension fund.

Other noncurrent liabilities reduced by 19% to ₱235.9 million from ₱291.8 million mainly on account of the payments for nickel off-take advances to Bright Mining and LS Networks Co., Ltd.

### **Equity**

Retained earnings for the first half of this year rose to ₱4,995.9 million, 24% higher than ₱4,021.8 million in 2021. The increase was due to favorable result of operation.

Stockholders Equity for the first half this year amounted to ₱7,387.0 million, higher than ₱6,409.5 million in 2021. The increase is due to the net income generated during the first semester of this year amounting to ₱974.1 million.

### **Consolidated Cash Flows**

The net cash provided by operating activities for the second quarter and first semester this year amounted to ₱239.4 million and ₱935.5 million, respectively lower compared to ₱331.7 million and ₱959.9 million for the same periods in 2021.

The Company invested ₱14.4 million and ₱23.6 million in property, plant and equipment for the second quarter and first semester this year. ₱6.9 million and ₱13.7 million was spent for exploration activities and Final Mine Rehabilitation Fund of the Acupan Gold Operation for the second quarter and first semester this year, respectively. The Company placed ₱80.2 million and ₱470.6 million in UITF for the second quarter and first half this year.



Net cash used in financing activities amount to ₱42.8 million in the second quarter and ₱64.1 million for the first semester this year. Cash was used to pay outstanding liabilities with LS Networks Co. Ltd. and Bright Mining, funding the pension fund and payment of lease liabilities.

### **FIRST SEMESTER 2021 Vs YEAR ENDED DECEMBER 31, 2020**

#### **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 2021 amounted to ₱3,420.5 million, higher than ₱2,598.8 million in 2020. The increase was due to the net income generated during the first semester of 2021.

Stockholders Equity for the first half of 2021 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 2021 amounting to ₱821.7 million.

#### **Consolidated Cash Flow**

The net cash provided by operating activities for the second quarter and first semester of 2021 amounted to ₱331.7 million and ₱959.9 million, respectively. In contrast, the net cash used for the

second quarter in 2020 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 2021 respectively. ₱12.3 million and ₱12.9 million was spent for exploration activities for the second quarter and first semester of 2021, respectively. Net cash used in financing activities amounted to ₱138.0 million in the second quarter and ₱356.2 million for the first semester of 2021. 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

## **B. OPERATIONAL REVIEW**

### **Mining**

#### **Acupan Gold Project (AGP)**

Gold operations for the second quarter continued to show good results. Revenue slightly increased to ₱246.5 million from ₱243.4 million for the same quarter last year. For the first half of 2022, revenue went up by 10% to ₱496.08 million from ₱450.4 million from the same period in 2021. The positive variance is mainly due to higher gold price. Average price of gold rose to US\$1,879.41 per ounce for the first half this year against US\$1,807.61 per ounce for the same period last year. Total gold sales in the second quarter of 2022 reached 2,493.16 ounces, lower than 2,789.58 ounces sold for the same quarter last year. For the first half of 2022, gold sold reached 5,099.82 ounces versus 5,176.60 ounces for the same period in 2021.

AGP milled 13,218.99 tons with average grade of 5.87 grams per ton gold for the second quarter and 26,402.78 tons with average grade of 6.01 grams per ton for the first semester this year, compared to 13,908.02 tons with average grade of 6.24 grams per ton and 28,511.40 tons with average grade of 5.65 grams per ton for the same respective periods last year. Average milling rate for to-date Jun 2022 of 150 TPD is lower than the 162 TPD for the same period last year.

The improvement in revenue, however, was partly offset by higher operating cost due to higher power and fuel prices resulting to lower pre-tax income of ₱10.8 million for the second quarter and ₱41.4 million for the first half of 2022 versus ₱39.0 million and ₱69.1 million for the same respective periods in 2021.

AGP shall implement an increased milling charge to its contractors by August 1, 2022 to mitigate the increasing cost of fuel, power and other materials and supplies. The completed Tailings Storage Facility 2 (TSF2) dam embankment is regularly monitored for its stability and soundness. Study on use of TSF 3 as alternate tailings disposal facility is ongoing. AGP remains positive that it can improve and attain its production and financial goals for 2022 despite the challenges, while it takes advantage of higher gold price and favorable foreign exchange.

#### **Sta. Cruz Nickel Project (SCNP)**

Nickel operations under BRMC (formerly Benguetcorp Nickel Mines, Inc.) sustained its strong performance in the first half of 2022. In the second quarter of 2022, BRMC revenue grew by 59% at ₱1.2 billion versus ₱726.5 million for the same period in 2021. For the first half this year, revenue increased by 20% to ₱2.1 billion from ₱1.8 billion for the same period in 2021. The growth was driven by the increase in volume shipped and better nickel prices coupled with dollar appreciation. BRMC completed 16 shipments aggregating 851,208 tons for the first half this year. The nickel ore exported ranging from 1.2% to 1.4% grade were sold at an average price of US\$47.90/ton this year. For the same period in 2021, BRMC sold 15 boatloads aggregating 798,768 tons ranging from 1.2% to 1.4% nickel at an average price of US\$45.40/ton. The current year performance resulted to net income of

₱459.9 million in the second quarter and ₱770.6 million for the first semester of 2022, higher compared to ₱244.8 million and ₱677.4 million for the same periods in 2021.

During the MGBR3 Mining Summit in April 2022, BRMC received the following Awards and Recognition such as: (a) attaining the Highest Average Tenement, Safety and Health, Environment and Social Development (TSHES) Score for the Metallic Category in Region 3; (b) Best Recorded Improvement on its Mine Operations and Rehabilitation; and (c) Safety Award for Attaining 2 Million Man Hours Worked Without Any Lost Time Accident Up until the End of CY 2021.

#### **Irisan Lime Project**

The Company's ILP posted 33% growth in revenue at ₱26.5 million for the second quarter this year versus ₱20.0 million for the same period last year. For the six-month period, revenue generated amounted to ₱47.9 million, 29% higher than ₱37.1 million for the same period in 2021. Increase in revenue is attributed to higher lime price from ₱10,211 per metric ton in 2021 to ₱13,351 per metric ton this year. This resulted to a pre-tax income of ₱6.0 million and ₱9.4 million for the second quarter and first semester respectively this year, versus pre-tax income of ₱4.8 million and ₱11.7 million for the same respective periods in 2021.

#### **Benguet Antamok Gold Operation (BAGO)**

The revised Antamok Final Mine Rehabilitation and Decommissioning Plan (FMRDP) was endorsed by the MGB-CAR to the Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC) for approval based on new development, particularly on the actual rehabilitation needs considering the current physical status and condition of the area. The total cost to be incurred over a 4-year period of rehabilitation was reduced from ₱43 million to ₱30 million. The aim of the FMRDP is principally to mitigate environmental risks and provide a sustainable final land use over the area. It includes long-term programs including Minahang Bayan. The Company implemented various activities such as continuous propagation of various seedlings in nurseries and maintenance of its established reforestation areas. For this quarter, the Company spent a total of ₱110,900 for BAGO-Care and Maintenance Program (CMP).

### **EXPLORATION, RESEARCH AND DEVELOPMENT**

#### **Pantingan Project**

The Pantingan property remains to be a viable prospect for epithermal gold mineralization and aggregates. On the gold prospect, continuing core processing is being undertaken following completion of Phase 1 and Phase 2 drilling, such as but not limited to core-photography, geotechnical logging, core-logging, sample marking and tagging, core-cutting and sampling of half-cores from completed drillholes. One hundred and eleven (111) altered and mineralized samples and another five (5) samples for evaluation were dispatched and submitted for chemical analyses.

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

#### **Zamboanga Gold Prospect**

The Company is completing the requirements for conversion of its APSA to Exploration Permit Application, including securing Free, Prior and Informed Consent (FPIC) from the Indigenous People (IP) in compliance with DENR Administrative Order No. 2021-25.

### **Surigao Coal Project**

The Company is still completing all the documentary requirements for the application of a new Coal Operating Contract (COC) with the Department of Energy (DOE) such as local government unit (LGU) clearances. Fuel price increases have shifted on alternative energy sources which could present market opportunity for local coal.

## **SUBSIDIARIES AND AFFILIATES**

### **Logistics**

#### **Arrow Freight Corporation (AFC)**

AFC, the logistics provider of the Company generated revenue ₱23.5 million for the second quarter and ₱57.4 million for the first half this year, compared to the revenues of ₱25.3 million and ₱54.6 million for the same periods in 2021. Net income for the second quarter this year amounted to ₱14.1 million higher versus net loss of ₱3.0 million for the same quarter last year. For the first semester this year, net income amounted to ₱33.9 million, higher than ₱18.5 million for the same period in 2021.

AFC has current hauling fleet of 9 units dump truck. AFC plans to acquire earth moving equipment, additional dump trucks and 10-wheeler trucks to expand its logistics services and engage in construction business.

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

Keystone, the port and barging services provider of the Company reported revenue of ₱30.6 million for the second quarter and ₱60.3 million in the first half this year, compared to the revenue of ₱23.9 million and ₱52.5 million in the same respective periods last year. The variance is on account of the higher tonnage of nickel ore exports handled during the first semester this year of 851,208 tons from 798,768 tons for the same period in 2021. Net income for the second quarter and first semester of 2022 amounted to ₱16.4 million and ₱32.1 million, respectively, higher compared to the net income of ₱12.3 million and ₱26.9 million in the same respective periods in 2021.

Portion of the port is undergoing repair which is expected to be completed before the end of the year. To maximize usage of the port, Keystone plans to acquire/rent land near the port for additional stockpile area.

### **Real Estate**

#### **BMC Forestry Corporation (BFC)**

BFC, the real estate arm of the Company continuous to develop and sell subdivision lots in its real estate project in Rosario, La Union, the Woodspark Subdivision. BFC also manages the lime kiln operation of Irisan Lime Project. BFC reported a pre-tax income of ₱2.1 million for the second quarter and ₱2.5 million for the first half of this year, against pre-tax losses of ₱31 thousand and ₱159 thousand for the same periods in 2021.

It is selling its remaining 4 lots in Woodspark Subdivision with an aggregate area of 1,403 square meters valued at ₱7.09 million. BFC plans to acquire new property in La Union or nearby areas of Pangasinan for development of new housing project.

#### **Kelly Ecozone Project (KEP)**

On KEP, consultation with the project-affected-people is on-going. Coordination with the Baguio City Economic Zone (BCEZ) and collaboration with the newly elected Itogon LGU for the phased development and project social acceptability are being undertaken.

A satellite nursery for the propagation of agroforestry species as initial site development activity and as source of planting materials for the enhancement of disturbed areas during site development is being established.

## **Healthcare**

### **Benguetcorp Laboratories, Inc. (BCLI)**

BCLI reported revenue of ₱14.81 million for the second quarter and ₱27.55 million for the first half of this year, higher than the ₱11.2 million and ₱21.9 million for the same periods last year. Increase in revenues resulted to a net income of ₱5.21 million for the second quarter, more than three times the ₱1.45 million net income for the same quarter last year. For the same reason, net income for the first half of 2022 amounted to ₱6.6 million, almost three times the net income of ₱2.3 million in the same period last year. The positive variance is mainly due to the increase in walk-in patients due to easement of quarantine status and the Annual Physical Examination services to Texas Instruments and MOOG

BCLI is now on its final year of its clinic management and medical services contracts with Texas Instrument for Baguio City and Clark, Pampanga hubs. It continues to focus on its collaboration with Health Management Organizations (HMO) catering to corporate and institutional clients, both from the private and government sectors. On the other hand, it is in the second year of its two-year contract to provide full clinic management to MOOG. BCLI continues to serve its core customers, corporate clients in Baguio City, and government agencies and will implement more aggressive marketing approach for increased visibility and market share, using billboard advertisements in strategic areas, digital ads, as well as using radio and social media.

### **Benguetcorp International Limited**

The Company's Hongkong-based and 100% owned subsidiary for international operations, remains largely inactive. BIL's wholly owned subsidiary, BenguetCorp USA Limited's (BUSIA) is pursuing the re-application of its claims over 217 hectares of mineral property for gold/silver at Royston Hills, Nevada, USA.

## **C. ENVIRONMENTAL PROTECTION AND COMMUNITY RELATIONS**

The Company is committed to the protection and enhancement of the environment by ensuring that its mining operations are compliant with the strict regulations of the DENR-MGB (Mines & Geosciences Bureau) & DENR-EMB (Environmental Management Bureau) and other government regulatory agencies. It continues to implement various activities based on the approved ACMP-Annual Environmental Protection & Enhancement Program (AEPEP), BRMC-AEPEP, BC ILP-AEPEP and BAGO-Care and Maintenance Program (CMP) in close coordination with the Mine Rehabilitation Fund Committee (MRFC) and regularly monitored by the Multi-Partite Monitoring Team (MMT) composed of representatives from DENR, MGB, EMB, representatives from the community, Local Government Unit (LGU) and representatives from the Company.

Majority of the programs implemented deal with the enhancement of land resources which includes the progressive rehabilitation and maintenance of various environmental structures such as the Tailings Storage Facility (TSF) and its appurtenances, drainage tunnels and the strict implementation of hazardous and solid waste management. The Components of the AEPEP and Care and Maintenance Activities which are continuously carried-out consist of Nursery Development and Seedling Production, Mining Forest Program and Progressive Rehabilitation within Tenement, National Greening Program Outside Tenement, Establishment of Bamboo Plantation Areas, Implementation of the Sustainable Agroforestry Program-“Gulayan sa Minahan”, Coastal Area Protection and Management, River Protection and Air Water and Noise Quality Monitoring, Solid and Hazardous Waste Management. With

the above mentioned activities implemented during the quarter, the Company spent a total of ₱10 million. Accomplishment of these various programs shows the Company's commitment to environmental protection and sustainable development.

For the second quarter in review, the Company implemented a total of ₱4.4 million social development projects which supplement the general welfare programs provided by the national and local government. The Company provided its host communities in the provinces of Zambales and Benguet, education support to its 397 scholars, educational equipment and supplies, assistance to Child Development Programs, provision of medicines, vaccines, and medical equipment, providing farming equipment and fertilizer to farmers, assistance to infrastructure development and continuing support for various activities in Information Education Communication Program (IEC) and Development of Mining Technology and Geosciences (DMTG).

The Company's stakeholders recognized its efforts. Recently during the MGBR3 Mining Summit in April 2022, BRMC received the following Awards and Recognition such as: (a) attaining the Highest Average Tenement, Safety and Health, Environment and Social Development (TSHES) Score for the Metallic Category in Region 3; (b) Best Recorded Improvement on its Mine Operations and Rehabilitation; and (c) Safety Award for Attaining 2 Million Man Hours Worked Without Any Lost Time Accident Up until the end of CY 2021.

#### **D. KEY PERFORMANCE INDICATORS**

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

1. **Working Capital**  
Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of June 30, 2022, the Company's current ratio is 3.16:1 versus 1.66:1 for the same period in 2021.
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\$1,888.30 per ounce this second quarter of 2022, as compared to average price of US\$1,812.83 per ounce for the same period in 2021. Nickel ores were sold at average price of US\$52.01/ton this second quarter of 2022 against US\$40.72/ton for the same period in 2021.
3. **Tons Mill 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 second quarter of 2022, tons milled were 13,219 tons of ore with average grade of 5.87 grams per ton gold, as compared to 13,908 tons of ore with average grade of 6.24 grams per ton gold for the same period in 2021. Gold sold were 2,493.16 ounces this second quarter of 2022 versus 2,789.58 ounces for the same period in 2021. Nickel ores produced depend on customer specification or market demand which price is also dependent on the nickel content classified as high grade and low grade nickel ore. Nickel ores sold this second quarter of 2022 were 427,193 tons compared to 363,293 tons in the same period in 2021.

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, 2022, the peso to dollar exchange rate was at ₱54.975, as compared to ₱48.80 for the same period in 2021. The volatility of the foreign currency exchange rates will continue to affect the Company's operations in the foreseeable future.

5. Earnings Per Share

The Company's earnings per share ultimately reflects the Company's financial and operational growth as a result of its performance, cost management, productivity and will provide investors comparable benchmarks relative to similar companies. The reported Company earnings per share this first half is ₱1.56 as compared to ₱1.33 earnings per share in the same period in 2021.

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

## **E. KNOWN TRENDS, EVENTS OR UNCERTAINTIES**

The Company continuously complies with the quarantine levels imposed by the government to address the COVID-19 pandemic, reduce risks, safeguard the health and safety of its employees and indigent families in the host and neighboring communities, and to ensure business continuity. It continuously provides assistance and essentials for COVID-19 and other health concerns to Barangay Health Workers and frontliners to enhance the response capability of its host communities. For this quarter, total of ₱1.1 million of Social Development and Management Program (SDMP) funds were used for medicines and other medical supplies, protective equipment to frontliners and indigent families

The Company does not foresee any cash flow or liquidity problems over the next twelve (12) months. BRMC 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 coordinated effort between departments in the enhancement of milling processes, methods and equipment. 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 no significant change in the number of employees for the Pantingan project, BRMC, AFC and Keystone.

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 at midstream, the present economic condition affected by the Covid-19 pandemic and Russian-Ukraine war.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked although, the Company could be contingently liable for lawsuits and claims arising from 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 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.



**BENGUET CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022 AND DECEMBER 31, 2021**  
**(Amounts in Thousands)**

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P1,049,439	P603,248
Trade and other receivables	478,810	514,960
Inventories	146,970	142,059
Financial assets at fair value through profit or loss (FVPL)	1,145,626	674,977
Other current assets	502,687	481,690
<b>Total Current Assets</b>	<b>3,323,532</b>	<b>2,416,934</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment	2,524,970	2,551,791
Financial assets measured at fair value through other comprehensive income (FVOCI)	877	877
Deferred mine exploration costs	469,132	455,397
Investment property	2,910,663	2,910,663
Deferred tax assets - net	11,646	11,646
Other noncurrent assets	319,300	402,045
<b>Total Noncurrent Assets</b>	<b>6,240,530</b>	<b>6,332,419</b>
<b>TOTAL ASSETS</b>	<b>P9,560,120</b>	<b>P8,749,353</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loans payable	P337,035	P337,035
Trade and other payables	512,978	669,398
Current portion of liability for mine rehabilitation	6,573	6,573
Current portion of lease liability	5,959	9,181
Income tax payable	190,527	137,816
<b>Total Current Liabilities</b>	<b>1,053,072</b>	<b>1,160,003</b>
<b>Noncurrent Liabilities</b>		
Deferred income tax liabilities - net	749,703	748,578
Liability for mine rehabilitation	54,174	54,174
Pension liability	68,352	73,352
Noncurrent portion of lease liability	11,913	11,913
Other noncurrent liabilities	235,891	291,800
<b>Total Noncurrent Liabilities</b>	<b>1,120,033</b>	<b>1,179,817</b>
<b>Total Liabilities</b>	<b>2,173,105</b>	<b>2,339,820</b>
<b>Equity</b>		
Capital stock	624,015	624,015
Capital surplus	409,929	409,929
Cost of share-based payment	9,198	9,198
Other components of equity	1,355,937	1,352,561
Retained earnings	4,995,952	4,021,846
	7,395,031	6,417,549
Cost of 116,023 shares held in treasury, P69 per share	(8,016)	(8,016)
<b>Total Equity</b>	<b>7,387,015</b>	<b>6,409,533</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P9,560,120</b>	<b>P8,749,353</b>

**BENGUET CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
**(With Comparative Figures for the six months ended June 30, 2021)**  
**(Amounts in Thousands)**

	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>	
	<b>JUNE 30</b>		<b>JUNE 30</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
<b>REVENUES</b>	<b>₱1,468,308</b>	₱999,583	<b>₱2,724,795</b>	₱2,281,207
<b>COSTS AND OPERATING EXPENSES</b>				
Costs of mine products sold	333,120	324,752	600,719	611,507
Costs of merchandise sold and services	22,452	13,026	41,933	26,496
Selling and general	277,642	162,546	594,759	331,574
Taxes on revenue	115,217	73,989	211,349	175,822
	<b>748,431</b>	574,313	<b>1,448,760</b>	1,145,399
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>719,877</b>	425,270	<b>1,276,035</b>	1,135,808
<b>INTEREST EXPENSE</b>	<b>406</b>	1,161	<b>1,368</b>	1,804
<b>OTHER INCOME (EXPENSE)</b>				
Interest income	466	184	840	338
Foreign exchange gain (loss)	17,276	(900)	19,859	(5,461)
Miscellaneous – net	(1,011)	(16,603)	950	(30,516)
	<b>16,731</b>	(17,319)	<b>21,649</b>	(35,639)
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>736,202</b>	406,790	<b>1,296,316</b>	1,098,365
<b>PROVISION FOR INCOME TAX</b>	<b>182,773</b>	103,663	<b>322,310</b>	276,675
<b>NET INCOME (LOSS)</b>	<b>₱553,429</b>	₱303,127	<b>₱974,106</b>	₱821,690
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	<b>₱0.89</b>	₱0.49	<b>₱1.56</b>	₱1.33
<b>DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>₱0.88</b>	₱0.49	<b>₱1.55</b>	₱1.32

**BENGUET CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
**(With Comparative Figures for the six months ended June 30, 2021)**  
**(Amounts in Thousands)**

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	2022	2021	2022	2021
<b>NET INCOME (LOSS)</b>	<b>₱553,429</b>	<b>₱303,127</b>	<b>₱974,106</b>	<b>₱821,690</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Translation adjustment on foreign subsidiaries	2,945	307	3,376	647
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Unrealized gain (loss) on equity instruments designated at FVOCI	-	8	-	17
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>2,945</b>	<b>315</b>	<b>3,376</b>	<b>664</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱556,374</b>	<b>₱303,442</b>	<b>₱977,482</b>	<b>₱822,354</b>

**BENGUET CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
**(With Comparative Figures for the six months ended June 30, 2021)**  
**(Amounts in Thousands)**

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	December 31, 2021 (Audited)
<b>CAPITAL STOCK</b>	<b>₱624,015</b>	₱622,903	₱624,015
<b>CAPITAL SURPLUS</b>	<b>409,929</b>	391,220	409,929
<b>REVALUATION INCREMENT</b>	<b>1,305,820</b>	1,127,236	1,305,820
<b>CUMULATIVE TRANSLATION ADJUSTMENT</b>			
Balance at beginning of period	36,208	31,595	31,595
Translation adjustment	3,376	647	4,613
Balance at end of period	<b>39,584</b>	32,242	36,208
<b>COST OF SHARE-BASED PAYMENT</b>			
Balance at beginning of period	9,198	13,366	13,366
Stock options vested	–	–	13,778
Exercise of stock options	–	323	(12,726)
Cancellation of stock options	–	–	(5,220)
Balance at end of period	<b>9,198</b>	13,689	9,198
<b>UNREALIZED GAIN ON FINANCIAL ASSETS AT FVOCI</b>			
Balance at beginning of period	(275)	1,164	1,164
Transfer of fair value reserve on financial asset at fair value through other comprehensive income (OCI)	–	–	(1,454)
Other comprehensive income (loss)	–	17	15
Balance at end of period	<b>(275)</b>	1,181	(275)
<b>REMEASUREMENT LOSS ON PENSION LIABILITY</b>	<b>10,673</b>	9,590	10,673
<b>UNREALIZED GAIN ON INTANGIBLE ASSET</b>	<b>135</b>	135	135
<b>RETAINED EARNINGS</b>			
Balance at beginning of period	4,021,846	2,598,788	2,598,788
Transfer of fair value reserve on financial assets at FVOCI	–	–	1,454
Net income (loss) for the period	974,106	821,690	1,421,604
Balance at end of period	<b>4,995,952</b>	3,420,478	4,021,846
<b>TREASURY SHARES</b>	<b>(8,016)</b>	(8,016)	(8,016)
<b>TOTAL EQUITY</b>	<b>₱7,387,015</b>	₱5,610,658	₱6,409,533

**BENGUET CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022**  
**(With Comparative Figures for the six months ended June 30, 2021)**  
**(Amounts in Thousands)**

	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>	
	<b>JUNE 30</b>		<b>JUNE 30</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	<b>₱736,202</b>	₱406,790	<b>₱1,296,316</b>	₱1,098,365
Adjustments for:				
Depreciation, depletion and amortization	<b>17,878</b>	26,420	<b>50,378</b>	49,363
Unrealized foreign exchange loss (gain)	<b>1,908</b>	307	<b>4,501</b>	647
Decrease (increase) in:				
Trade and other receivables	<b>(55,751)</b>	105,336	<b>36,150</b>	79,041
Inventories	<b>72,333</b>	(34,482)	<b>(4,911)</b>	(90,355)
Prepaid expenses and other current assets	<b>(276,239)</b>	(137,956)	<b>(290,496)</b>	(198,830)
Decrease in				
Trade and other payables	<b>(256,942)</b>	(34,686)	<b>(156,420)</b>	21,701
	<b>239,389</b>	331,729	<b>935,518</b>	959,932
Net cash from (used in) operating activities				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (increase) in:				
Property, plant and equipment	<b>(14,391)</b>	(9,864)	<b>(23,557)</b>	(22,095)
Deferred exploration costs	<b>(6,918)</b>	(12,330)	<b>(13,735)</b>	3,597
Other assets	<b>87,603</b>	14,287	<b>82,745</b>	9,951
Financial assets at FVPL	<b>(80,216)</b>	-	<b>(470,649)</b>	-
Available for sale investments	-	-	-	(200)
Net cash from (used in) investing activities	<b>(13,922)</b>	(7,907)	<b>(425,196)</b>	(8,747)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of:				
Loans payable	-	-	-	(185,000)
Lease liabilities	<b>(1,670)</b>	(281)	<b>(3,222)</b>	(514)
Pension liability	-	-	<b>(5,000)</b>	-
Exercise of stock options	-	6,112	-	8,262
Decrease in other noncurrent liabilities	<b>(41,110)</b>	(143,802)	<b>(55,909)</b>	(178,902)
Net cash used in financing activities	<b>(42,780)</b>	(137,971)	<b>(64,131)</b>	(356,154)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>182,687</b>	185,851	<b>446,191</b>	595,031
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>866,752</b>	680,728	<b>603,248</b>	271,548
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱1,049,439</b>	₱866,579	<b>₱1,049,439</b>	₱866,579

## BENGUET CORPORATION AND SUBSIDIARIES

### EARNINGS PER SHARE COMPUTATION FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (Amounts in Thousands, Except for the Number of Shares)

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Net income (loss)	<b>₱974,106</b>	₱821,690

Number of shares for computation of:

	<u>June 30</u>	
	<u>2021</u>	<u>2021</u>
<u>Basic earnings per share</u>		
Weighted average common shares issued	623,132,094	617,288,177
Less treasury stock	348,069	348,069
Weighted average common shares outstanding	<b>622,784,025</b>	616,940,108
<u>Diluted earnings per share</u>		
Weighted average common shares issued	623,132,094	617,288,177
Less treasury stock	348,069	348,069
	<b>622,784,025</b>	616,940,108
Conversion of preferred stock	2,059,366	2,059,366
Exercise of stock options	3,137,502	5,096,952
	<b>627,980,893</b>	624,096,426
Basic earnings (loss) per share	<b>₱1.56</b>	₱1.33
Diluted earnings (loss) per share	<b>₱1.55</b>	₱1.32

**BENGUET CORPORATION AND SUBSIDIARIES****FINANCIAL SOUNDNESS INDICATORS****FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Profitability Ratio</b>		
Return on asset	<b>0.11:1</b>	0.10:1
Return on equity	<b>0.13:1</b>	0.15:1
Gross profit margin	<b>0.76:1</b>	0.64:1
Operating profit margin	<b>0.47:1</b>	0.50:1
Net profit margin	<b>0.36:1</b>	0.36:1
<b>Liquidity and Solvency Ratio</b>		
Current ratio	<b>3.16:1</b>	1.66:1
Quick ratio	<b>1.45:1</b>	1.09:1
Solvency ratio	<b>4.40:1</b>	3.33:1
<b>Financial Leverage Ratio</b>		
Asset to equity ratio	<b>1.29:1</b>	1.43:1
Debt ratio	<b>0.23:1</b>	0.30:1
Debt to equity ratio	<b>0.29:1</b>	0.43:1
Interest coverage ratio	<b>-948.60:1</b>	-609.85:1

**BENGUET CORPORATION AND SUBSIDIARIES****AGING OF RECEIVABLES**

AS OF JUNE 30, 2022

(Amounts in Thousands)

<b>TYPE OF RECEIVABLES</b>	<b>LESS THAN 30 DAYS</b>	<b>30 TO 60 DAYS</b>	<b>LESS THAN ONE YEAR</b>	<b>ONE TO TWO YEARS</b>	<b>THREE TO FIVE YEARS</b>	<b>MORE THAN FIVE YEARS</b>	<b>TOTAL</b>
Trade receivables	<b>₱101,674</b>	<b>₱7,033</b>	<b>₱3,754</b>	<b>₱12,630</b>	<b>₱12,562</b>	<b>₱22,864</b>	<b>₱ 60,517</b>
Allowance for doubtful accounts	–	–	–	(2,572)	(12,562)	(22,864)	(37,998)
Trade receivables – net	<b>101,674</b>	<b>7,033</b>	<b>3,754</b>	<b>10,058</b>	–	–	<b>122,519</b>
<b>Nontrade receivables:</b>							
Officers and employees	3,952	762	9,692	10,253	12,711	65,207	102,577
Others	3,826	2,221	22,212	10,649	13,941	276,274	329,123
Total	7,778	2,983	31,904	20,902	26,652	341,481	431,700
Allowance for doubtful accounts	–	–	–	–	–	(75,409)	(75,409)
Nontrade receivables - net	7,778	2,983	31,904	20,902	26,652	266,072	356,291
Trade and other receivables - net	<b>₱109,452</b>	<b>₱10,016</b>	<b>₱35,658</b>	<b>₱30,960</b>	<b>₱26,652</b>	<b>₱266,072</b>	<b>₱478,810</b>



**BENGUET CORPORATION AND SUBSIDIARIES**  
**NOTES TO UNAUDITED INTERIM CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2022 AND 2021**

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**1. Corporate Information**

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

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

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

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**2. Summary of Significant Accounting Policies**

Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for land and artworks classified as property, plant and equipment, which have been measured at revalued amounts, financial assets at fair value through other comprehensive income (FVOCI), financial assets at fair value through profit or loss (FVPL), intangible asset under "other noncurrent assets" and investment properties, which have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, the Company's functional currency under Philippine Financial Reporting Standards (PFRS) and as adopted by the Philippine SEC. All amounts are rounded to the nearest thousands (₱000), except when otherwise indicated.

Statement of Compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements of Benguet Corporation (the Company) and its subsidiaries (the Group) do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2021.

Changes in Accounting Standards and Interpretation

*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*

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

### Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial Assets

#### *Initial Recognition and Measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

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

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

#### *Subsequent Measurement*

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

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

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

- *Financial assets at FVPL*

This include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

The Group's financial assets at FVPL includes its investments in unit investment trust fund.

- *Financial assets designated at FVOCI (equity instruments)*

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

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

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

#### *Derecognition*

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

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

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

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

#### *Impairment*

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

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

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

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

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

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

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial Liabilities

#### *Initial Recognition and Measurement*

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

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

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

#### *Subsequent Measurement - Financial liabilities at amortised cost (loans and borrowings)*

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

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

This category generally applies to the Group's loans payable lease liabilities and non-interest bearing financial liabilities.

#### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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### **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.

#### *Assessing Provisions and Contingencies*

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

#### *Distinction between Investment Property and Owner-Occupied Property*

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

#### *Principal versus Agent Considerations*

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

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

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

#### Estimates and Assumptions

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

#### *Provision for Expected Credit Losses on Trade and Other Receivables*

The Group uses the simplified approach 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.

The carrying amount of trade and other receivables amounted to ₱478.81 million and ₱514.96 million as at June 30, 2022 and December 31, 2021, 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.

#### *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, 2022 and December 31, 2021, deferred mine exploration costs amounted to ₱469.13 million and ₱455.40 million, 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, 2022 and December 31, 2021, property, plant and equipment (at cost) amounted to ₱821.57 million and ₱848.39 million, respectively.

#### *Estimating Allowance for Inventory Obsolescence*

The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. 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, 2022 and December 31, 2021, the carrying value of inventories amounted to ₱146.97 million and ₱142.06 million, respectively.

#### *Assessing Impairment of Advances to Contractors under Other Current Assets and Loans Receivable, Nontrade and Input VAT under Noncurrent Assets*

The Group provides allowance for impairment losses on advances to contractors under other current assets and loans receivable, nontrade and input VAT under noncurrent assets when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for probable loss would increase recorded expenses and decrease other current and noncurrent assets.

The total carrying value of advances to contractors under other current assets and loans receivable, nontrade and input VAT under noncurrent assets amounted to ₱377.65 million as at June 30, 2022 and December 31, 2021, 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, 2022 and December 31, 2021, the appraised value of land and artworks, and investment properties amounted to ₱4,614.07 million.

#### *Estimating Liability for Mine Rehabilitation*

The Group estimates the costs of mine rehabilitation based on previous experience in rehabilitating fully mined areas in sections of the mine site. These costs are adjusted for inflation factor based on the average annual inflation rate as of adoption date or re-evaluation of the asset dismantlement, removal or restoration costs. Such adjusted costs are then measured at present value using the market interest rate for a comparable instrument adjusted for the Group's credit standing. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's liability for mine rehabilitation. Liability for mine rehabilitation amounted to ₱60.75 million as at June 30, 2022 and December 31, 2021.

#### *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 ₱9.20 million as at June 30, 2022 and December 31, 2021.

#### *Estimating Pension Benefits*

The cost of defined benefit pension and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the Philippines.

Net pension liability of the Group amounted to ₱68.35 and ₱73.35 million as at June 30, 2022 and December 31, 2021, respectively.

#### *Assessing Realizability of Deferred Tax Assets*

The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group recognized net deferred tax assets amounting to ₱100.84 million as at June 30, 2022 and December 31, 2021. 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.

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#### **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 availing of suppliers' credit. The long-term relationship of the Group to its suppliers gives it the advantage to negotiate the payment terms.

As part of its liquidity risk management, the Group has access to sufficient external funding (bank credit lines) and loans payable maturing within 12 months can be rolled over with existing lenders. It also continuously assesses conditions in the financial markets for opportunities to avail bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. As at June 30, 2022 and December 31, 2021, cash and cash equivalents may be withdrawn anytime while quoted FVPL may be converted to cash by selling them during the normal trading hours in any business day.

The tables below summarize the maturity profile of the Group's financial liabilities as at June 30, 2022 and December 31, 2021, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Company's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

	<b>June 30, 2022</b>				<b>Total</b>
	<b>On demand</b>	<b>0-90 days</b>	<b>91-365 days</b>	<b>More than one year</b>	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	<b>₱979,164</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱979,164</b>
Short-term deposits	<b>70,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,275</b>
Trade and other receivables					
Trade	<b>101,674</b>	<b>7,033</b>	<b>3,754</b>	<b>10,058</b>	<b>122,519</b>
Receivables from lessees of bunkhouses	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48</b>
Advances to contractors under "other current assets"	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,638</b>	<b>54,638</b>
Loans receivable under "other noncurrent assets"	<b>-</b>	<b>-</b>	<b>-</b>	<b>211,324</b>	<b>211,324</b>
FVPL	<b>1,145,626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,145,626</b>
FVOCI	<b>-</b>	<b>-</b>	<b>-</b>	<b>877</b>	<b>877</b>
	<b>₱2,296,787</b>	<b>₱7,033</b>	<b>₱3,754</b>	<b>₱276,897</b>	<b>₱2,584,471</b>
<i>Financial liabilities</i>					
Loans payable	<b>₱337,035</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱337,035</b>
Trade and other payables					
Trade	<b>-</b>	<b>329,669</b>	<b>-</b>	<b>-</b>	<b>329,669</b>
Nontrade*	<b>30,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,240</b>
Accrued expenses	<b>895</b>	<b>-</b>	<b>35,716</b>	<b>-</b>	<b>36,611</b>
Lease liabilities	<b>-</b>	<b>2,159</b>	<b>3,800</b>	<b>11,913</b>	<b>17,872</b>
Other noncurrent liabilities					
Equity of claimowner incontract operations	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,136</b>	<b>49,136</b>
	<b>₱368,170</b>	<b>₱331,828</b>	<b>₱39,516</b>	<b>₱61,049</b>	<b>₱800,563</b>
<b>Net financial assets (liabilities)</b>	<b>₱1,928,617</b>	<b>(₱324,795)</b>	<b>(₱35,762)</b>	<b>₱215,848</b>	<b>₱1,783,908</b>

\*Excluding statutory payables

	December 31, 2021				Total
	On demand	0-90 days	91-365 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	P552,236	P-	P-	P-	P552,236
Short-term deposits	51,012	-	-	-	51,012
Trade and other receivables					
Trade	-	-	183,120	-	183,120
Receivables from lessees of bunkhouses	45	-	-	-	45
Advances to contractors under "other current assets"	-	-	-	54,638	54,638
Loans receivable under "other noncurrent assets"	-	-	-	211,324	211,324
FVPL	674,977	-	-	-	674,977
FVOCI	-	-	-	877	877
	<b>P1,278,270</b>	<b>P-</b>	<b>P183,120</b>	<b>P266,839</b>	<b>P1,728,229</b>
<i>Financial liabilities</i>					
Loans payable	P337,035	P-	P-	P-	P337,035
Trade and other payables					
Trade	-	343,727	-	-	343,727
Nontrade*	27,050	-	-	-	27,050
Accrued expenses	849	-	33,698	-	34,547
Lease liabilities	-	2,159	6,475	12,497	21,131
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	<b>P364,934</b>	<b>P345,886</b>	<b>P40,173</b>	<b>P61,633</b>	<b>P763,490</b>
Net financial assets (liabilities)	<b>P913,336</b>	<b>(P345,886)</b>	<b>P142,947</b>	<b>(P205,206)</b>	<b>P915,603</b>

\*Excluding statutory payables

### Credit Risk

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

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

With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses and loans receivable under trade and other receivables, 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, 2022	December 31, 2021
Cash and cash equivalents		
Cash in banks	P978,456	P551,465
Short-term deposits	70,275	51,012
Trade and other receivables		
Trade	122,519	183,120
Receivables from lessees of bunkhouses	48	45
Advances to contractors under “other current assets”	54,638	54,638
	<b>P1,225,936</b>	<b>P840,280</b>

#### *Impairment of financial assets*

The Group has financial assets consisting of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses, advances to contractors under “other current assets” and loans receivable under “other noncurrent assets” that are subjected to ECL model.

#### General Approach

##### *Cash and cash equivalents*

The ECL relating to the cash of the Group is minimal as these are deposited in reputable banks which have good credit rating, and are considered to have lower credit risk.

##### *Lessees of bunkhouses, advances to contractors under “other current assets” and loan receivable under “other noncurrent assets”*

The Group provided a allowance for ECLs for these financial assets amounted to P101.38 million in 2022 and 2021.

#### Simplified Approach

##### *Trade receivables*

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

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

Below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

#### **June 30, 2022 and December 31, 2022**

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	3%	5%	19%	175%	200%	
Estimated total gross carrying amount at default	P67,528	P1,967	P4,480	P133,942	P13,950	P221,867
	<b>P697</b>	<b>P17</b>	<b>P65</b>	<b>P24,018</b>	<b>P13,950</b>	<b>P38,747</b>

## 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, 2022 and December 31, 2021, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans. The Group regularly monitors its interest due to exposure from interest rates movements.

The Group's unsecured loans payable are both payable on demand. Nominal interest rates vary from floating rate of 91-day Philippine Php T-bill rate for peso loans and 3-month LIBOR foreign loans, plus a margin of 2.5% for unsecured loans.

<u>June 30, 2022 and December 31, 2021</u>	<b>Change in interest rates (in basis points)</b>	<b>Sensitivity of pretax Income</b>
	+100	(P3,370)
	-100	3,370

### *Foreign Currency Risk*

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial performance and cash flows.

The Group has transactional currency exposures. Such exposure arises from the sale of gold and nickel ore and the purchase of certain goods and services denominated in US\$.

All sales of gold and nickel ore are denominated in US\$. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.

The Group's policy is to maintain foreign currency exposure within acceptable limits. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is involved. The Group did not seek to hedge the exposure on the change in foreign exchange rates between the US\$ and the Philippine peso. The Group believes that active currency hedging would not provide long-term benefits to stockholders.

The Group's foreign currency-denominated monetary assets and liabilities as at June 30, 2022 and December 31, 2021 follow:

	<u>June 30, 2022</u>		<u>December 31, 2021</u>	
	<u>US\$</u>	<u>Peso equivalent</u>	<u>US\$</u>	<u>Peso equivalent</u>
<u>Financial Assets</u>				
Cash in banks	\$10,851	P596,534	\$5,476	P279,221
Trade receivables under "trade and other receivables"	1,928	105,992	527	26,872
<b>Total monetary assets</b>	<b>\$12,779</b>	<b>P702,526</b>	<b>\$6,003</b>	<b>P306,093</b>

As at June 30, 2022 and December 31, 2021, the exchange rates of the Philippine peso to the US\$ based on the Bankers Association of the Philippines are P54.975 and P50.99, respectively.

The sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's income before income tax as at June 30, 2022 and December 31, 2021 is as follows:

<b>June 30, 2022</b>	<b>Change in foreign exchange rate</b>	<b>Income before income tax effect</b>
	<b>Strengthens by- 0.60%</b>	<b>₱4,215</b>
	<b>Weaken by -2.56%</b>	<b>(17,985)</b>
<b>December 31, 2021</b>	<b>Change in foreign exchange rate</b>	<b>Income before income tax effect</b>
	<b>Strengthens by- 0.60%</b>	<b>₱1,852</b>
	<b>Weaken by -2.56%</b>	<b>(7,826)</b>

#### *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.

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 2022 and 2021. The Group monitors capital using the parent company financial statements. As at June 30, 2022 and December 31, 2021, the Group has met its capital management objectives.

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

	<b>June 30, 2022</b>	December 31, 2021
Capital stock	<b>₱624,015</b>	₱624,015
Capital surplus	<b>409,929</b>	409,929
Retained earnings	<b>4,995,952</b>	4,021,846
Other components of equity	<b>1,365,135</b>	1,361,759
Treasury shares	<b>(8,016)</b>	(8,016)
	<b>₱7,387,015</b>	₱6,409,533

Further, the Group monitors capital using debt to equity ratio, which is total liabilities divided by total equity. Debt to equity ratios of the Group as at June 30, 2022 and December 31, 2021 are as follows:

	<b>June 30, 2022</b>	December 31, 2021
Total liabilities (a)	<b>₱2,173,105</b>	₱2,339,820
Total equity (b)	<b>7,387,015</b>	6,409,533
Debt-to-equity ratio (a/b)	<b>0.29:1</b>	0.37:1

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**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.

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**6. Events After End of Reporting Period**

There are no significant event after end of reporting period.



ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY  
(FOR THE SECOND QUARTER ENDED JUNE 30, 2022)

- i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2021 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 2022, 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 2022, 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 of 2022.
- v.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as of June 30, 2022 mainly consist sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱496.1 million and nickel ores amounting to ₱2,154.9 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 2021.

## ANNEX “C”

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

The 2022 Annual Stockholders’ Meeting (ASM) of Benguet Corporation (the “Company”) is scheduled on November 9, 2022 at 3:00pm and the Board of Directors of the Company has approved the holding of virtual ASM with record date September 19, 2022 for stockholders entitled to notice of and to vote at this meeting. Given the continuing threat brought about by spread of COVID-19 subvariants and to ensure the safety and wellbeing of our stockholders, 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

#### A. Registration:

Stockholders intending to participate by remote communication in the virtual ASM and to exercise their right to vote in absentia should notify the Company by registering at the Company’s <http://benquetcorp.com/investor-relations/> on or before November 3, 2022, 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 withhold 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@benquetcorp.com](mailto:bccorpsec@benquetcorp.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, 7<sup>th</sup> Floor Universal Re-Building, 106 Paseo de Roxas, Makati City by mail, or by email to [bccorpsec@benquetcorp.com](mailto:bccorpsec@benquetcorp.com) for validation. Ballot forms are downloadable in the Company's website at [www.benquetcorp.com](http://www.benquetcorp.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 8, 2022, to the Office of the Corporate Secretary / Stockholders Relatiion Office, Benguet Corporation, 7<sup>th</sup> Floor Universal Re-Building, 106 Paseo de Roxas, Makati City by mail or by email to [bccorpsec@benquetcorp.com](mailto:bccorpsec@benquetcorp.com) for validation. Proxy forms are downloadable in the Company's website at [www.benquetcorp.com](http://www.benquetcorp.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 ballots sent by email or by proxy.
- b.) Stockholders of record as of September 19, 2022 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 the stockholder upon request.
- e.) Electronic Copies of Relevant Documents – Pursuant to SEC Notice issued on 16 February 2022, electronic copies of the Notice of Meeting, Definitive Information Statement and Management Report, 2021 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.benquetcorp.com](http://www.benquetcorp.com) and through the PSE Edge Portal <https://edge.pse.com.ph>

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **BERNARDO M. VILLEGAS**, Filipino, of legal age and a resident of 496 Northwestern Street, 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 its independent director since 2002.
2. I am affiliated with the following companies or organizations:

<b>COMPANY/ORGANIZATION</b>	<b>POSITION/RELATIONSHIP</b>	<b>PERIOD OF SERVICE</b>
Benguetcorp Resources Management Corporation	Independent Director	2012 to present
Filipino Fund, Inc.	Chairman and Independent Director	2009 to present
Transnational Diversified, Inc.	Director and Consultant	1998 to present
Alaska Milk Corporation	Director and Consultant	1999 to present
PHINMA Properties	Director	2000 to present
Dualtech Foundation	Director	1998 to present
Manila Bulletin	Columnist	1964 to present
University of Asia and the Pacific	Professor	1989 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the 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 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 SEP 16 2022 at Makati City

  
**BERNARDO M. VILLEGAS**  
Affiant

SUBSCRIBED AND SWORN to before me this SEP 16 2022 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. 198 ;  
Page No. 40 ;  
Book No. II ;  
Series of 2022.

  
**SHEILA C. CENIT-BELGICA**  
Commission No. M-055  
Notary Public for Makati City  
Until December 31, 2023  
7F Universal Re Building  
106 Paseo de Roxas, Makati City  
Roll No. 53476  
IBP Life Member No. 014470 / 02.18.16  
PTR No. MKT 8869519 / 01.17.2022

**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 an 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
House of Representatives	Secretary General	July 25, 2022 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 have the required written permission or consent from the House of Representatives to be an Independent Director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

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 September 28, 2022 at Makati City.

  
**REGINALD S. VELASCO**

Affiant

SUBSCRIBED AND SWORN to before me this SEP 28 2022 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. 48 ;  
Page No. 11 ;  
Book No. XXXIII ;  
Series of 2022.

  
**MA. ESMERALDA R. CUNANAN**

Notary Public

Until December 31, 2023

App. No. M-002 (2022-2023) Attorney's Roll No. 34562

MCLC Compliance No. VII-0004035/7-19-2021

PTR No. 8852113/1-3-2022/Makati City

IBP Lifetime Member Roll No. 05413

Ground Level, Dela Rosa Carpark I

Dela Rosa St. Legaspi Village,

Makati City

### 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 its independent director 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 to serve as an Independent Director of the Company provided for in Section 38 of the 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 employed with any government 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 SEP 16 2022 at Makati City

  
**RHODORA L. DAPULA**  
 Affiant



SUBSCRIBED AND SWORN to before me this SEP 16 2022 at Makati City  
affiant personally appeared before me and exhibited to me her PRC Registration No. 0001110  
registered at PRC-Manila on 26 January 2011 valid until 03 December 2023.

Doc. No. 199 ;  
Page No. 40 ;  
Book No. 11 ;  
Series of 2022.

  
**SHEILA C. CENIT-BELGICA**  
Commission No. M-055  
Notary Public for Makati City  
Until December 31, 2023  
7F Universal Re Building  
106 Paseo de Roxas, Makati City  
Roll No. 53476  
IBP Life Member No. 014470 / 02.18.16  
PTR No. MKT 8869519 / 01.17.2022

**SECURITIES AND EXCHANGE COMMISSION**

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

**Receiving:** KRISTINE MAE DAGA-ANG

**Receipt Date and Time:** May 13, 2022 11:23:17 PM

## Company Information

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**SEC Registration No.:** 0000011341

**Company Name:** BENGUET CORP.

**Industry Classification:** G51000

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST1051320228387824

**Document Type:** Financial Statement

**Document Code:** FS

**Period Covered:** December 31, 2021

**Submission Type:** Consolidated

**Remarks:** None



BenguetCorp

### STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

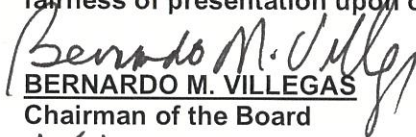
The management of BENGUET CORPORATION (the “Company”) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.


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

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

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

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

  
**BERNARDO M. VILLEGAS**  
Chairman of the Board

  
**LINA G. FERNANDEZ**  
President

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

Signed this March 29, 2022.

### ACKNOWLEDGMENT

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

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

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

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

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

1	1	3	4	1					
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**COMPANY NAME**

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

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

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	,	1	2	2	6	M			
a	k	a	t	i	C	i	t	y																		

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
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F

**COMPANY INFORMATION**

Company's Email Address	Company's Telephone Number	Mobile Number
BCCorpSec@benguetcorp.com	(02) 8812-1380	09166100630
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,901	First Wednesday in November	December 31

**CONTACT PERSON INFORMATION**

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

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

**CONTACT PERSON'S ADDRESS**

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

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

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



## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

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



### ***Valuation of Land at Fair Value***

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

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

#### *Audit Response*

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

### ***Recoverability of Deferred Mine Exploration Costs***

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

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

#### *Audit Response*

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



### ***Impairment Testing of Property, Plant and Equipment***

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

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

### ***Audit Response***

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

### **Other Information**

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

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

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

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

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



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

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

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

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

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

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





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

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

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

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

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

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

Tax Identification No. 301-106-741

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

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

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

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

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

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

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

March 29, 2022



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

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

*See accompanying Notes to Consolidated Financial Statements.*



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

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

*See accompanying Notes to Consolidated Financial Statements.*



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

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

*See accompanying Notes to Consolidated Financial Statements.*



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

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

See accompanying Notes to Consolidated Financial Statements.



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

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

(Forward)



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

*See accompanying Notes to Consolidated Financial Statements.*



**BENGUET CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**1. Corporate Information and Status of Business Operations**

Corporate Information

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

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

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

Status of Business Operations

Quasi-reorganization

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

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

For purposes of dividend declaration, the retained earnings of the Parent Company shall be restricted to the extent of the deficit wiped out by the revaluation increment amounting to ₱1.01 billion until the asset to which the revaluation increment relates is disposed. In addition, the retained earnings of the Parent Company shall be restricted further by the accumulated fair valuation gains of investment properties amounting to ₱1,319.83 million and ₱1,042.85 million as at December 31, 2021 and 2020, respectively (see Note 12).

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

a. Mining Projects

*Benguet Gold Operations (BGO)*

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





The Parent Company is currently working on exploration and drilling programs to upgrade BGO's capacity. The exploration and geology group completed the design for the surface and underground diamond drilling program for the Phase 1 of the Greater Acupan Project.

The related feasibility study for Greater Acupan Project was approved in 2013 and the Parent Company is still raising the necessary funds to start the execution of the project.

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

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

- Based on the mine audit report, there are no significant findings of violations that would warrant the suspension order.
- None of the alleged violations found pose imminent danger or threat to the community that would justify the suspension of operation.
- The deficiencies cited, which are mostly permitting issues or operational concerns, can easily be remediated without need of suspending the Parent Company's operation.

On February 14, 2017, the Parent Company received from DENR a cancellation order dated February 8, 2017 cancelling its authority to undertake mining operations under Patent Claim (PC-ACMP-002-CAR) in Itogon, Benguet for violation of certain provisions of mining and environmental laws, rules and regulations such as the following:

- Republic Act (RA) No. 6969, otherwise known as the 'Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990'
- DAO No. 2013-22 or the 'Revised Procedures and Standards for the Management of Hazardous Wastes'
- RA No. 7942, otherwise known as 'The Philippine Mining Act of 1995'
- DAO No. 2010-21 or the 'Revised Implementing Rules and Regulations of RA No. 7942'

On February 22, 2017, the Parent Company filed a Notice of Appeal before the Office of the President, which stayed the execution of the cancellation order. On March 22, 2017, the Parent Company submitted to the Office of the President its Appeal Memorandum. As of March 29, 2022, the Office of the President has not yet resolved the appeal.

On March 18, 2019, TUV Rheinland (TUVR), an independent evaluation and certification service body, issued to BGO the ISO 14001:2015, which is an internationally accepted certification and standard for environmental management system. BGO passed the recertification on March 15, 2022 making BGO fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Administrative Order (DAO) No. 2015-07.

In November 2019, the DENR directed the regional offices of the Mines and Geosciences Bureau (MGB) and Environmental Management Bureau (EMB) to validate the environmental compliance of BGO as input to early resolution of the appeal. In January 2020, MGB submitted a favorable validation report to DENR and recommended to set aside the cancellation order. Hence as at December 31, 2021, the Parent Company continues to mine and operate.



*Sta. Cruz Nickel Project (SCNP)*

On March 11, 2016, TUVR, an independent evaluation and certification service body, issued to the BRMC the ISO 14001:2015, which is an internationally accepted certification and standard for environmental management system. The issuance of the said certification, which is valid until March 10, 2019, makes the BRMC fully compliant with the requirement of Department of Environment and Natural Resources (DENR) Department Administrative Order (DAO) No. 2015-07. In 2019 to 2021, the BRMC passed the recertification audit by TUVR.

On July 8, 2016, BRMC received from the regional offices of the DENR, MGB, and EMB a joint suspension order, which suspended the mining operations in Sta. Cruz, Zambales based on the following grounds:

- Writ of Kalikasan case filed in the Supreme Court in the case filed by the Concerned Citizens of Sta. Cruz, Zambales
- Executive Order issued by the provincial government of Zambales declaring moratorium on mining operations in the said province
- Continuing complaints of various groups against alleged adverse impact of mining operations

The Writ of Kalikasan case was referred by Supreme Court to the Court of Appeals for trial proceedings.

On October 18, 2016, BRMC received the mining audit report dated October 3, 2016. The report states that BRMC violated several conditions of its Environmental Compliance Certificate and the provisions of several laws and regulations.

BRMC replied to the DENR taking strong exception to the mine audit report particularly on the recommendation to maintain the status quo of the Suspension Order issued by the DENR on July 7, 2016, on grounds summarized as follows:

- The conduct of the audit was irremediably flawed.
- The transparency and fairness of the audit report is under question because the audit team failed to follow its own protocol.
- Assuming the mine audit report was regularly conducted, it is very apparent that none of the findings of deficiencies therein were serious enough (even if taken collectively) to warrant the imposition or the continuance of the suspension order.
- The recommendation of status quo of the suspension order in the mine audit report will have far-reaching effect on its business, employees and the community.

On February 13, 2017, BRMC received from the DENR an order cancelling its MPSA. The cancellation order alleged that BRMC's operations had overlapped a watershed in the area and violated certain provisions of laws and regulations, majority of which were previously raised in the mine audit report.

On February 22, 2017, BRMC filed a Notice of Appeal before the Office of the President to set aside the cancellation order received. BRMC's nickel project is operated outside of any known critical or declared watershed. BRMC is operating within the Zambales Chromite Mineral Reservation, a mineral reservation which has been excluded from government declared watersheds. BRMC filed before the Office of the President its appeal memorandum on March 21, 2017.



On March 28, 2017, the local government of Zambales issued a Manifestation of Consent which lifted the moratorium and allowed BRMC to proceed with hauling and shipment of its nickel ore inventory, which was mined before the suspension took effect, to avoid any adverse impact on the environment.

On May 22, 2017, the Court of Appeals denied the petition for the Writ of Kalikasan case. Thereafter, the petitioners filed a Motion for Reconsideration.

On December 14, 2017, the Court of Appeals denied the Motion for Reconsideration. Accordingly, the prohibitory injunctive provisional Writ on the Kalikasan case issued by the Supreme Court was lifted.

On July 2, 2020, MGB Regional Office No. III in its Memorandum recommended granting the appeal of BRMC on the DENR order dated February 8, 2017 cancelling the MPSA agreement.

In August 2020, the DENR has determined that BRMC has fully addressed the violations and has complied with the recommendations of the Mining Industry Coordinating Council (MICC) Review Team. The recommendation was also approved by the Secretary of the DENR.

On October 29, 2020, BRMC received a Memorandum dated October 20, 2020 from DENR-MGB Regional Office No. III stating that the Regional Director DENR-MGB Regional Office No. III concurs with the directives of MGB Acting Director to lift the current suspension order still subject to its compliance with the certain requirements.

On November 17, 2020, BRMC further notified the MGB Regional Office No. III through letter dated November 18, 2020 the planned resumption of its mining operations on November 20, 2020.

BRMC now operates in Areas 2 and 3 of its MPSA, implementing activities pursuant to the Three-year Development and Work Program that it resubmitted on December 15, 2020, after getting the previous version approved last July 1, 2020 by the Director of MGB Regional Office No. III.

In 2021, the Company was able to fully operate its nickel mining project and continued to transport and hauled for shipment the ore inventory stockpiles in Areas 1 and 3 of the MPSA which were given Ore Transport Permit (OTP).

On June 11, 2021, BRMC's Board of Directors approved the following amendments in Articles of Incorporation:

- Amendment of Article I changing the name of the corporation from Benguetcorp Nickel Mines, Inc. to Benguetcorp Resources Management Corporation;
- Amendment of Article II adding the secondary purpose which is to develop, construct, own and operate electricity generation distribution facilities and/or hydroelectric, geothermal, wind, solar, and other renewable energy power plants, retail electricity supply facilities, or related businesses;
- Amendment of Article III its principal office from Monsalud Building, Lipay Sta. Cruz, Zambales to MJM Building Brgy. Lipay, Sta. Cruz, Zambales.

The amendments in BRMC's Articles of Incorporation and By-Laws were approved by the Philippine SEC on October 20, 2021.



*Irisan Lime Project (ILP)*

The Parent Company's ILP in Irisan, Baguio is engaged in the production and trading of quicklime. ILP produced 7,645 tons, 7,072 tons and 9,671 tons of quicklime in 2021, 2020 and 2019, respectively. On September 4, 2017, the Mineral Processing Permit (MPP) for the ILP was renewed for a period of five years or until September 3, 2022.

*Benguet Antamok Gold Operation (BAGO)*

The Parent Company's BAGO in Itogon, Benguet has been suspended since August 1998. BAGO has an estimated resource of about 12.4 million tons, averaging 3.45 grams of gold per ton, at the end of 1999. Pursuant to DAO No. 2010-04, the Parent Company's Application for Mineral Production Sharing Agreement (APSA) No. 009-Cordillera Administrative Region (CAR) was denied on February 8, 2011. Subsequently, the Parent Company filed an appeal on April 15, 2011 in MGB Central Office and elevated the appeal to the DENR.

In October 2016, a leak occurred in BAGO's tailings dam which affected the Liang River. On November 23, 2016, the Company received from DENR a letter requiring the Company to show cause why its operation should not be suspended and/or mining contract be cancelled in view of the tailings spill.

On December 26, 2016, the Parent Company argued that there was no negligence because the incident is due to force majeure and the tailings leak was immediately remediated. The Parent Company also emphasized that it has no existing mining operations in BAGO as it has long been suspended. The BAGO open pit mine and the BAGO underground mine have not operated since 1998 and 1989, respectively. The Parent Company contended that its infrastructure in BAGO has been under care and maintenance since then up to the present. On January 1, 2017, the case was elevated to the Pollution Adjudication Board (PAB) from the EMB out of which the Parent Company submitted a position paper on May 8, 2017.

On May 9, 2017 a technical conference hearing was held in PAB regarding the case and as a result, the Parent Company submitted a supplemental motion on June 9, 2017. On October 5, 2021, the DENR granted the appeal and the APSA was reinstated back to the Parent Company.

*Masinloc Chromite Operation (MCO)*

From 1934 to 2007, the Parent Company managed the Coto mines under an operating agreement with its claimowner, Consolidated Mines, Inc. (CMI). With the expiration of the operating agreement on July 8, 2007, the Parent Company has transferred back the mine to CMI. As at March 29, 2022, the Parent Company is still engaged in discussion with CMI over the liquidation of MCO's assets.

b. Exploration, Research and Development Projects

*Balatoc Tailings Project (BTP)*

The Parent Company's Board of Directors (BOD) approved an initial ₱10.0 million research and development fund for the Balatoc Tailings Project (BTP) in Itogon, Benguet for the study on the feasibility of reprocessing 16.7 million tons of tailings resource with an average of 0.69 grams gold per ton and is estimated to contain 371,000 ounces of gold. A core research and development team, together with the Beijing Geological Research Institute of Mining and Metallurgy, has done the analysis toward the preparation and completion of the bankable feasibility study.

On October 21, 2009, the Group appointed ATR Kim Eng Capital Partners, Inc. as financial advisor to raise additional development capital for the BTP.



On the same date, the Parent Company entered into a processing agreement with Balatoc Gold Resources Corporation (BGRC), a subsidiary, to implement the BTP. The Parent Company has completed the bankable feasibility study of the BTP and engaged external Competent Persons to prepare and review reports as required under the Philippine Mineral Reporting Code modeled after the Joint Ore Reserve Committee of Australia.

On September 2010, the Parent Company signed a Deed of Assignment with BGRC, to transfer MPP No. 13-2010-Cordillera Administrative Region covering the BTP subject to approval by the DENR. The MPP allows reprocessing of the impounded mill tailings from the Acupan mines for recovery of residual gold. In November 2011, the transfer of the MPP was approved by the DENR-MGB.

BGRC signed contracts and undertook activities for the detailed engineering of the project, rehabilitation of the tailings ponds and reinforcement of the silt dam. BGRC continued the activities on expansion and rehabilitation of its penstocks at Tailings Pond Nos. 2 and 3 and earthmoving works on the silt dam at Gold Creek and the Ambalanga River pumping station, and the ridge enhancement works on Tailings Ponds Nos. 2 and 3. The excavated materials from its expansion and rehabilitation activities will be used for the raising of the embankment of Tailings Ponds Nos. 2 and 3 to the level in which the BTP will be able to pump the tailings to a processing plant in Balatoc.

On January 17, 2013, the Parent Company's BOD authorized and approved the deed of exchange between the Parent Company and BGRC covering all of the Parent Company's rights and interest in BTP in exchange of BGRC's shares.

Following the expiration of MPP No. 13-2010-CAR, BGRC reconveyed to the Parent Company on March 16, 2016, all rights and interest in BTP, including liabilities to third parties, so that the reprocessing of tailings can be made part of the Acupan operation once more. The reconveyance was approved by the DENR-MGB on May 31, 2016.

#### *Antamok Tailings Project (ATP)*

The ATP, which targeted the BAGO mill tailings pond, was conceived as a possible additional resource that could be developed similar to BTP. The BAGO tailings pond, located a few hundred meters downstream from the BAGO open pit mine, contains some 7.64 million tons of tailings produced from the BAGO milling operations. In addition, a considerable tonnage of extraneous materials, estimated at about 1.95 million tons washed from the BAGO pit over the years from the Otek marginal grade material dump and from the numerous illegal miners' workings, found its way into the pond and is now resting on top of the tailings deposit. A preliminary sampling of these extraneous materials showed that these can be considered for exploitation together with the original tailings in the pond. More core drilling, however, may be required to firm up the resource estimate of these impounded materials.

The Parent Company has approved an initial ₱7.50 million research fund for the ATP for the feasibility study on the reprocessing. The Parent Company is conducting a feasibility study on the reprocessing of tailings from the BAGO, which are impounded in the tailings pond downstream of the old BAGO mill. The initial drilling conducted to test the impounded materials indicates a grade of 4.0 grams of gold per ton.

#### *Surigao Coal Prospect (SCP)*

Pre-development activities for the SCP were put on hold in 2011 due to DENR Circular Executive Order (EO) 23, series of 2011, which declares a moratorium on the cutting of timber in the natural and residual forests. The City Environment and Natural Resources Office of the



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

*Ampucao Copper-Gold Prospect (Ampucao Prospect)*

The Ampucao prospect is partly located inside the contract claims of Pugo Mining Company in the southern part of Benguet's Acupan gold mine. The initial exploration work conducted by the Parent Company's geologists indicates a porphyry copper-gold mineralization hosted in diorite below the 2000 level. Two test holes have been programmed to be drilled within the area, but have been put on-hold pending the resolution of the related APSA, which also covers the BAGO.

*Pantangan Copper Gold Prospect (PGP)*

The PGP in Balanga, Bataan consists of 1,410 hectares covered by MPSA No. 154-2000-III. The property is under an operating agreement with Option to Purchase, with Balanga Bataan Minerals Corporation, signed in March 1996. Surface mineralization consists of quartz and clay veins, ranging from 0.70 meters to 10 meters wide, with values as much as 1.0 gram of gold and 9.60 grams of silver. The Parent Company has implemented drilling programs in the property in 2020 and 2021.

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

The second phase drilling works on the Pantangan Gold Prospect has been completed and core samples were sent for the analysis. The Phase two drilling works targetted the lateral and vertical continuations of the V9SL and V2SL. On the aggregates prospect, the Parent Company continues to do topographical/road surveys and apply for permits including for road-right-of-way in the 40-hectares Quarry Permit Area (QPA) outside the MPSA. The large-scale quarry in PAB-1 and 2 within the MPSA still needs drilling for Declaration of Mining Project Feasibility (DMPF). The MGB has issued area clearance in the QPA, and the Parent Company is working on LGU consent, tree inventory, NCIP certification, and ECC process.

*Zamboanga Gold Prospect (ZGP)*

The ZGP in R.T. Lim, Zamboanga Sibugay consists of 340.3 hectares of land area and is under an operating agreement with Orelina Mining Corporation (OMC). A drilling program to evaluate the gold potential of the main structure at depth has been put on-hold pending the resolution of the APSA No. 000015- IX of OMC. The APSA which was denied on May 12, 2010 and subject of an appeal filed on January 30, 2013, was reinstated by the DENR November 4, 2020.

The Parent Company has obtained the consent of the claimowner, Orelina Mining Corporation, for the proposed Minahang Bayan arrangement where the small scale miners cooperative will be allowed to continue with their livelihood activities under a regulated system, subject to the conditions that the Parent Company can conduct exploration/drilling works in San Fernandino



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

*Financial or Technical Assistance Agreement (FTAA) Application*

The Parent Company and its subsidiary, Sagittarius Alpha Realty Corporation (SARC), have two pending FTAA applications consisting of land area totaling 72,806,291 hectares. The FTAA application in Ilocos Norte (denominated as AFTA-000003-I) and Apayao (denominated as AFTA No. 033-CAR) are undergoing Free, Prior and Informed consent requirement through the Regional Office of the National Commission of Indigenous Peoples. Exploration work for the two areas will be undertaken as soon as the applications have been approved by the Philippine government.

c. Water Projects

*Baguio City Bulk Water Supply Project (BCBWSP)*

On August 16, 2005, the BOD of the Baguio Water District (BWD) issued to the Parent Company a Notice of Award covering the BCBWSP. The Parent Company's proposal is to convert its mined-out 440 Vein Open Pit into a water reservoir with the capability of supplying, at least, 50,000 cubic meters of potable water per day to Baguio City.

On September 7, 2007, the BWD issued Board Resolution Number 30-2007, which resolved to terminate the bulk water supply contract negotiation and to scrap the project. The resolution cited grounds such as the irreconcilable differences of the parties on the contract provisions of parametric formula and rate rebasing, among others. On these issues, the BWD is concerned with the affordability and acceptability of the water tariff to the end-consumers. On the other hand, the Parent Company raised a concern on the delay in implementation and its effect on the viability of the project as justification for the contract provisions. The Parent Company has likewise requested the BWD to conduct a public hearing on these issues, which the BWD has deemed premature. The Parent Company filed a request for reconsideration on September 13, 2007.

On November 29, 2007, the BWD issued a Board Resolution denying the Parent Company's request for reconsideration. The Parent Company then filed a case against BWD with the Regional Trial Court.

In 2019, pursuant to a Memorandum of Agreement with Manila Water Company, Inc. (MWCI) regarding the assignment of water rights in Laboy River in connection with MWCI's bulk water supply proposal to Baguio City, the Parent Company has withdrawn the case for specific performance against BWD without prejudice to filing of a new case for recovery of cost and damages due to the aborted bidding award.

*Water Rights of Agua de Oro Ventures Corporation (ADOVC)*

ADOVC, a subsidiary of BMC, has water permits in various locations in Tuba, Benguet: Kairuz Spring granted on September 12, 2001, Amliang Spring granted on October 17, 2002, and Kias Creek granted on August 13, 2004.

The water permits give ADOVC water access to these water sources, except for Kairuz Spring. The owner sold the water source on August 2012. The new owner denied ADOVC to access the water source. In an order dated September 12, 2001, the transfer of the water permit was approved subject to the rights of ADOVC equivalent to 11.60 liters per second. The diversion of the water shall be from the source and for the purpose indicated in the permit and in no case should said use exceed the quantity and period indicated therein. As of March 29, 2022, management is still awaiting resolution of the issue.



As at December 31, 2021 and 2020, the cost and accumulated amortization of the water rights amounted to ₱4.59 million. ADOVC accrued and paid water permit fees amounting to nil and ₱0.03 million in 2021 and 2020, respectively.

d. Land Development Project

*Kelly Special Economic Zone (KSEZ)*

The Parent Company has approved an initial ₱4.9 million for the feasibility study covering the KSEZ and the potential of other real estate project of the Group. The Parent Company plans to transfer the said properties to BC Property Management, Inc. (BCPMI), a subsidiary of BMC. The capital expenditures related to the implementation of the project will then be infused as equity of the Parent Company in BCPMI. As at March 29, 2022, the said project has not yet materialized.

e. Logistics Services

On August 31, 2017, the BOD approved the dissolution of Calhorr 1 Marine Services Corporation (CMSC) and Calhorr 2 Marine Services Inc. (CMSI), wholly owned subsidiaries of KPLMSC, by shortening their corporate term until September 30, 2017. CMSC and CMSI are awaiting the clearance letter from the Bureau of Internal Revenue (BIR) before it could apply for liquidation with the Philippine SEC. Final liquidation will take place after the Philippine SEC's approval of the said application. In 2021, CMSC and CMSI received the clearance letter from the BIR. As at March 29, 2022, CMSC and CMSI have not yet filed the BIR clearance and application of liquidation with the Philippine SEC.

f. Health Care Services

The Parent Company spun off its Benguet Laboratories (BL) Division on September 19, 2012 through its wholly owned subsidiary, Benguetcorp Laboratories, Inc. (BLI), to undertake the expansion of BL into a distinct operating unit that can raise the necessary development funds and create value for the Group. BLI operates two full-fledged tertiary multi-specialty facilities in Baguio under the trade name Benguet Laboratories. BLI operates another facility under the trade name MedCentral in San Fernando City, Pampanga and Taytay, Rizal which started its operations on December 2012 and December 2013, respectively.

On a regular meeting of the BOD of BLI on January 27, 2016, the President informed the BOD that the Department of Health (DOH) license and Philhealth accreditation for a free-standing chemo infusion was not yet obtained. The management then suspended the operations of Oncology clinic.

Due to the continuous losses of the branches in Taytay and San Fernando, the BOD of BLI approved their closure on March 15, 2019 and August 15, 2019, respectively. As at December 31, 2021 and 2020, BLI has 2 clinics located in Baguio City.

Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were authorized for issuance by the BOD on March 29, 2022.





## 2. Summary of Significant Accounting Policies

### Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and artworks classified as property, plant and equipment, which have been measured at revalued amounts, financial assets at fair value through other comprehensive income (FVOCI), financial assets at fair value through profit or loss (FVPL), intangible asset under “other noncurrent assets” and investment properties, which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency. All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

### Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs) as issued by the Financial Reporting Standards Council (FRSC).

### Basis of Consolidation and Group Information

As at December 31, 2021 and 2020, the consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

	Nature of business	Country of incorporation	Effective percentage of ownership
Berec Land Resources Inc. (BLRI)*	Exploration and development	Philippines	100.00
BRMC	Exploration and development	Philippines	100.00
BMC*	Foundry	Philippines	100.00
BMC’s Subsidiaries:			
Arrow Freight Corporation (AFC)	Logistics	Philippines	100.00
Benguetrade, Inc. (BTI)*	Trading	Philippines	100.00
BMC Forestry Corporation (BFC)	Real estate	Philippines	100.00
ADOVC*	Selling of treated and untreated water	Philippines	100.00
BPGC*	Exploration and development	Philippines	100.00
BCPMI*	Management services	Philippines	100.00
KPLMSC	Logistics	Philippines	100.00
KPLMSC’s Subsidiaries:			
CMSC**	Logistics	Philippines	100.00
CMSI**	Logistics	Philippines	100.00
Media Management Corporation (MMC)*	Management services	Philippines	100.00
BenguetCorp International Limited (BIL)*	Holding company	Hong Kong	100.00
BIL Subsidiaries:			
Benguet United States of America (USA), Inc.*	Exploration and development	USA	100.00
Benguet Canada Limited*	Exploration and development	Canada	100.00
Pillars of Exemplary Consultants, Inc. (PECI)*	Professional services	Philippines	100.00
SARC*	Real estate holding	Philippines	100.00
SARC’s Subsidiary:			
BGRC*	Exploration and development	Philippines	100.00
BBMRC*	Exploration and development	Philippines	100.00
Ifaratoc Mineral Resources Corporation (IMRC)*	Exploration and development	Philippines	100.00
Acupan Gold Mines Inc.*	Exploration and development	Philippines	100.00
BLI	Health services	Philippines	100.00

\* Non-operating

\*\* In process of liquidation



Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group, using consistent accounting policies. All intercompany balances, transactions, unrealized gains and losses resulting from the intercompany transactions and dividends are eliminated in full.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2021. Adoption of these pronouncement did not have any significant impact on the Group's financial position or performance.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*



#### Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

#### *Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Group is currently assessing the impact of these amendments.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

#### *Effective beginning on or after January 1, 2023*

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

#### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

#### *Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

#### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

#### Presentation of Consolidated Financial Statements

The Group has elected to present all items of recognized income and expense in two statements: a consolidated statement of income and a consolidated statement of comprehensive income.



#### Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purposes of trading
- Expected to be realized within 12 months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities

#### Cash and Cash Equivalents

Cash consists of cash on hand and in banks. Cash in banks earns interest at the respective bank deposit rates. Cash equivalents include short-term deposits made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

#### Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial Assets

##### *Initial Recognition and Measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.



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

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

#### *Subsequent Measurement*

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

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

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

- *Financial assets at FVPL*  
This include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

The Group's financial assets at FVPL includes its investments in unit investment trust fund (UITF) (see Note 7).

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



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

The Group elected to classify irrevocably its quoted shares under this category (see Note 9).

#### *Derecognition*

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

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

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

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

#### *Impairment*

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

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

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses publicly



available ratings from (i.e. Standard and Poor's (S&P), Moody's and Fitch) to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

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

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

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

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

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

## Financial Liabilities

### *Initial Recognition and Measurement*

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

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

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



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

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

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

This category generally applies to the Group's loans payable lease liabilities and non-interest-bearing financial liabilities.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.





All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### Inventories

Inventories are valued at the lower of cost or net realizable value (NRV).

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Materials and supplies	-	at purchase price less purchase discount, returns and rebates on a first-in, first-out method
Beneficiated nickel ore	-	at cost on a moving average production method during the year exceeding a determined cut-off grade
Quicklime and slakelime	-	at cost on a moving average production method
Gold buttons	-	at cost on a moving average production method
Subdivision lots	-	at land costs, amounts paid to contractors for costs incurred in the development and improvement of the properties (planning and design costs, cost of site preparation, professional fees, property taxes, construction overheads and other related costs)

NRV for materials and supplies represents the current replacement cost. NRV for beneficiated nickel ore, quicklime and slakelime, gold bullions or buttons, and subdivision lots is the estimated selling price in the ordinary course of business less costs of completion and estimated costs necessary to make the sale.

#### Other Current and Noncurrent Assets

Other current and noncurrent assets include various prepaid expenses, advances to contractors, value-added tax (VAT), creditable withholding taxes (CWTs), and intangible asset.

#### *Prepaid Expenses*

Prepaid expenses pertain to advance payments for insurance, rent, other services and tax credit certificates (TCC) granted by the BIR to the Group. These are stated at cost.



#### *Advances to Contractors*

Advances to contractors comprise mainly of advance payments made by the Group relating to services, materials and supplies necessary for the Group's operations. These are noninterest-bearing and will be realized through offsetting against future billings from contractors, or cash payments, depending on the individual agreements.

#### *VAT*

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Deferred input VAT arises from the Groups' unsettled purchase of services and will be claimed as input VAT upon payment.

#### *CWTs*

CWTs are amounts withheld from income of the Group subject to expanded withholding taxes. CWTs can be utilized as payments for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules of Philippine income taxation.

#### *Intangible Asset*

The Group's intangible asset pertains to a non-proprietary golf club share. The golf club share was initially measured at cost. Following initial recognition, the intangible asset is carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible asset pertaining to a golf club share is not amortized, but is tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

A revaluation surplus is recorded in OCI and credited to the unrealized gain on intangible asset in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset recognized as unrealized gain on intangible asset in equity.

Upon disposal, any unrealized gain on intangible asset in equity is transferred to retained earnings.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.



### Deferred Mine Exploration Costs

Exploration and evaluation activity involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity include:

- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to consolidated statement of income as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. Exploration and evaluation expenditure is capitalized provided the rights to tenure of the area of interest is current and either: the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, then, any fulfillment exploration and evaluation expenditure is reclassified as mine and mining properties and mine development costs included as part of property, plant and equipment. Prior to reclassification, exploration and evaluation expenditure is assessed for impairment.

When a project is abandoned, the related deferred mine exploration costs are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

### Property, Plant and Equipment

Property, plant and equipment, except land and artworks, are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, depletion and amortization and accumulated impairment in value, if any. Such cost includes the cost of replacing part of such property, plant and equipment if the recognition criteria are met.



When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates, depletes and amortizes them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Construction in progress (CIP) is recorded at cost. This includes costs of construction and other direct costs. CIP is not depreciated until such time that the relevant asset is completed, transferred to the appropriate account and put into operational use. Land is carried at revalued amount less any impairment in value. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Artworks, which the Group holds for aesthetic purposes, are also stated at revalued amount less any accumulated depreciation and accumulated impairment in value. Depreciable amount is determined after considering the residual value. The initial cost of artworks includes purchase consideration, the fair value in the case of vested assets, and those costs that are directly attributable to bringing the asset to its location and condition necessary for its intended purpose.

#### *Right-of-Use Assets*

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term, as follows:

<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 manner intended by management. Depreciation, depletion and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The estimated useful lives, residual values and depreciation and amortization method are reviewed periodically to ensure these are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The useful lives and residual values are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until these are no longer in use. No further depreciation is charged to current operation for these items.

The carrying values of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

#### *Mine and Mining Properties*

Capitalized expenditure is assessed for impairment and is transferred from deferred exploration costs to mine development costs when it has been established that a mineral deposit is commercially mineable, development sanctioned, and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit).

After transfer of the deferred exploration costs, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in mine development costs. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalized, net of any proceeds received from selling any product while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of income.

No depletion is charged during the mine development phases.



When the Group has already achieved commercial levels of production, mine development costs are moved to mine and mining properties. Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued.

The carrying value of mine and mining properties represents total expenditures incurred to date on the area of interest, less accumulated depletion and any impairment.

When a mine construction project moves into the production phase, the capitalization of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Mine and mining properties are subject to depletion, which is computed using the units-of-production method based on the economically recoverable reserves. Mine and mining properties include the initial estimate of provision for mine rehabilitation and decommissioning, for which the Group is constructively liable.

#### Investment Properties

Investment properties pertain to properties, which are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of income in the period in which these arise. Fair values are determined based on the revaluation performed by an accredited external independent appraiser. Upon derecognition of the investment property, the portion of the revaluation increment realized in respect of previous valuation is released from the revaluation increment directly to retained earnings.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property and owner-occupied property do not change the carrying amount of the investment property transferred and they do not change the cost of the property.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group shall apply PAS 16, *Property, Plant and Equipment*, up to the date of change in use. The Group shall treat any difference at that date between the carrying amount of the property and its fair value in the same way as a revaluation in accordance with PAS 16. On subsequent disposal of the investment property, the revaluation surplus included in equity shall be transferred to retained earnings.



### Impairment of Non-financial Assets

The Group assesses, at the end of each reporting period, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to consolidated statement of comprehensive income. For such properties, the impairment is recognized in consolidated statement of comprehensive income up to the amount of any previous revaluation.

For the other assets, an assessment is made at the end of each reporting period to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, depletion or amortization, had no impairment loss been recognized for that asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

### *Deferred Mine Exploration Costs*

The Group assesses whether facts and circumstances suggest that the carrying amount of deferred mine exploration costs may exceed its recoverable amount. Below are some of the facts and circumstances, which the Group considers in determining whether there is impairment on deferred mine exploration costs:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area, and



- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the deferred mine exploration costs is unlikely to be recovered in full of successful development or by sale

Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or is abandoned, all revocable cost associated with the project and the related impairment provisions are written off.

Recovery of impairment losses recognized in prior years is recorded if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The recovery is recorded in the consolidated statement of income.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a Lessee

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### *Short-term Leases and Leases of Low-value Assets*

The Group applies the short-term lease recognition exemption to its short-term leases of clinic spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.





## Provisions

### *General*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the consolidated statement of income.

### *Liability for Mine Rehabilitation*

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine and mining properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognizes a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities include: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and re-vegetating affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development or construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognized as part of the related inventory item. Additional disturbances that arise due to further development or construction at the mine are recognized as additions or charges to the corresponding assets and rehabilitation liability when these occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in the consolidated statement of income as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognized as part of an asset measured in accordance with PAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.



Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income as part of interest expense.

For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of income.

Rehabilitation trust funds committed for use in satisfying environmental obligations are included in other noncurrent assets in the consolidated statement of financial position.

#### Capital Stock and Capital Surplus

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares less any incremental costs directly attributable to the issuance, net of tax, is credited to capital surplus.

#### *Deposits for Future Stock Subscriptions*

Deposits for future stock subscriptions represent advance payments of stockholders for subscriptions of shares to be issued in the future but for which the Group has no sufficient unissued authorized capital stock.

In instances where the Group does not have sufficient unissued authorized capital stock, the following elements should be present as of the reporting date in order for the deposits for future subscriptions to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the number of shares indicated in the contract
- There is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the Parent Company)
- There is stockholders' approval of said proposed increase and
- The application for the approval of the proposed increase has been presented for filing or has been filed with the Philippine SEC

Otherwise, these are recognized as noncurrent liabilities.

#### Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend declarations, prior period adjustments, effect of changes in accounting policies and other capital adjustments.

#### *Dividend Distribution*

Dividend distribution to the Parent Company's stockholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are declared and approved by the BOD.



### Components of Equity

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

- Revaluation increment - net of deferred tax
- Cumulative translation adjustment on foreign subsidiaries - net of deferred tax
- Cost of share-based payment
- Remeasurement gain on pension liability - net of deferred tax
- Unrealized gain on FVOCI
- Unrealized gain on intangible asset

### Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in capital surplus under the equity section of the consolidated statement of financial position.

### Revenue Recognition

The Group is principally engaged in the business of producing gold and nickel ore. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

### *Sale of Mine Products*

Revenue from sale of mine products is recognized at the point in time when the control of the asset is transferred to the customer which is normally at the time of shipment, and the selling prices are known or can be reasonably estimated. Revenue from sale of gold is measured at the prevailing international gold buying price and prevailing Philippine peso to United States dollar buying rate set by the BSP Treasury department on a daily basis and is recognized based on the initial weight and assay tests, which represent the best estimate. Revenue from sale of nickel ore is measured based on contract at the prevailing price at Ferro Alloy and prevailing Philippine peso to United States dollar buying rate and is recognized based on the initial weight and assay tests, which represent the best estimate. Subsequent adjustments to revenue due to quantity and/or quality changes are recognized upon determination of the final weight and assay tests.

### *BSP Refining Charges*

BSP refining charges are deducted from revenue to arrive at revenue from contracts with customers since BSP refining charges are necessary expenses by BSP in determining the final gold content.

### *Despatch/Demurrage*

Despatch/demurrage is added/deducted from revenue to arrive at revenue from contracts with customers. Despatch is earned when shipment is loaded earlier than the allowable lay time while demurrage is incurred when shipment is not loaded on time.

### *Medical and Dental Services*

The Group has contracts with customers to provide medical and dental services. Each individual service is either sold separately or bundled together with other medical services. In determining the transaction price for the sale of medical and dental services, the Group considers the effects of variable consideration.



Revenue from medical and dental services are recognized over the period in which the medical and dental services are provided.

#### *Trucking Services*

The Group provides trucking services for the transportation of mining materials and construction supplies.

Revenue from trucking services is computed as actual delivered cubic meters multiplied by the contract price. The Group has concluded that revenue from trucking services is recognized over time since the customers simultaneously benefits as the Group performs the services.

#### *Port Services*

Revenue from port service is recognized over time upon loading of ores to the vessel.

### Contract Balances

#### *Contract Assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

The Group does not have any contract asset as of December 31, 2021 and 2020.

#### *Trade Receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### *Contract Liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

### Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in "Other income - net" in the consolidated statement of income.

Other income not directly related to the Group's normal operations is recognized when the earnings process is virtually complete. These are classified under "Other income - net" in the consolidated statement of income.

### Rental Income

Rental income arising from lease agreements is accounted for on a straight-line basis over the lease terms. Rental income from other activities is recognized when earned. These are presented in "Revenues" and "Other income-net", respectively, in the consolidated statement of income.



#### Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when these arise following the accrual basis of accounting.

#### *Cost of Mine Products Sold*

Cost of mine products sold is incurred in the normal course of business and is recognized when incurred. It comprises mainly of outside services, materials and supplies, depreciation, depletion and amortization, personnel expenses, power and utilities and others, which are recognized as expenses in the period when the mine products are delivered.

#### *Cost of Services and Other Sales*

Cost of services and other sales incurred in the normal course of business are recognized when the services are rendered, the goods are delivered, or the earnings process is virtually complete.

Included under this caption is the cost of real estate sold. Cost of real estate sold is recognized when the control over the subdivision lots have been transferred to the buyer. This includes land cost, costs of site preparation, professional fees for legal services, property transfer taxes, and other related costs. The cost of real estate sold recognized in consolidated income statement on disposal is determined with reference to the specific costs incurred on the subdivision lot and an allocation of any non-specific costs based on the relative size of the subdivision lot.

#### *Selling and General Expenses*

Selling and general expenses pertain to costs associated in the marketing and general administration of the day-to-day operations of the Group. These are generally recognized when incurred.

#### *Excise Taxes and Royalty Fees*

Excise taxes and royalty fees pertain to the taxes paid or accrued by the Group arising from the production of gold and nickel ore. These taxes and royalties are recognized once revenue from the sale of the related mine product is recognized.

#### OCI

OCI comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the consolidated statement of income.

#### Pension and Other Post-employment Benefits

The Parent Company and AFC have separate, noncontributory, defined benefit pension plans, covering all permanent, regular and full-time employees.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.



Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which these occur. Remeasurements are not reclassified to consolidated statement of income in subsequent periods.

Past services costs are recognized in the consolidated statement of income on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under “costs of mine products sold”, “costs of services and other sales” and “selling and general expenses” in the consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

#### Share-based Payment Transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, in employee benefits expense.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The profit and loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits.

No expense is recognized for awards that do not ultimately vest, except for equity settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.



Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense computed based on the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately in the consolidated statement of income.

When the terms of an equity-settled award are cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an equity-settled award expires or is cancelled, its cost is transferred to capital surplus.

Forfeitures revise the expense to reflect the best available estimate of the number of equity instruments expected to vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### Foreign Currencies

The Group's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### *Transactions and Balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in consolidated statement of income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement of income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss on translation of non-monetary items measured at fair value of the item is treated in line with the recognition of the gain or loss arising on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or consolidated statement of income are also recognized in OCI or consolidated statement of income, respectively).



### *Foreign Subsidiaries*

On consolidation, the assets and liabilities of foreign operations are translated into Philippine peso at the rate of exchange prevailing at the reporting date and their statements of income are translated at the average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the consolidated statement of income.

### Income Taxes

#### *Current Tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the end of the reporting period in the country where the Group operates and generates taxable income.

Current tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

#### *Deferred Tax*

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss)
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.





Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized outside consolidated statement of income is recognized outside consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Uncertainty Over Income Tax Treatments

The Group assesses at the end of each financial reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and considering changes in relevant facts and circumstances. The Group then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Group concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings. If it is not probable that the taxation authority will accept a certain tax treatment, the Group measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentrated on one value) or 'expected value' method (better predicts uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value). The Group presents uncertain tax liabilities as part of current income tax liabilities or deferred income tax liabilities.

#### Earnings Per Share (EPS)

Basic EPS amount is calculated by dividing net income for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year.

Diluted EPS amount is calculated by dividing the net profit attributable to ordinary equity holders of the Parent Company (after deducting interest on the convertible cumulative preference shares) by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.

#### Operating Segments

The Group's operating businesses are recognized and managed according to the nature of the products or services offered, with each segment representing a strategic business unit that serves different markets.



Segment assets include operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories and property, plant and equipment, net of allowances and provisions.

Segment liabilities include all operating liabilities and consist principally of trade and other payables, accrued expenses and bank loans. Segment assets and liabilities do not include deferred taxes.

Segment revenue, expenses and profit include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in the consolidation.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial position but disclosed when an inflow of economic benefits is probable.

#### Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material

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### **3. Summary of Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Other disclosures relating to the Group's exposure to risks and uncertainties include capital management, financial risk management and policies and sensitivity analyses disclosures (see Note 34).

#### Judgments

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

#### *Assessing Provisions and Contingencies*

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



#### *Distinction between Investment Property and Owner-Occupied Property*

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

#### *Principal versus Agent Considerations*

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

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

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

#### Estimates and Assumptions

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

#### *Provision for Expected Credit Losses on Trade and Other Receivables*

The Group uses the simplified approach and general approach model in the assessment of the ECL for its trade and other receivables, respectively. An assessment of the ECL relating to these financial assets is undertaken upon initial recognition and each financial year and involves exercise of significant judgment. Key areas of judgment include defining default, determining assumptions to be used such as timing and amounts of expected net recoveries from defaulted accounts, determining debtor's capacity to pay, and incorporating forward looking information.

Provision for ECLs net of recoveries recognized in 2021, 2020, and 2019 amounted to ₱9.70 million, nil and ₱20.09 million, respectively (see Notes 5 and 24). The carrying amount of trade and other receivables amounted to ₱726.28 million and ₱475.25 million as at December 31, 2021 and 2020, respectively (see Notes 5 and 13).

#### *Estimating Ore Reserves*

Ore reserves estimates are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The Group also makes estimates and assumptions regarding a number of economic



and technical factors affecting ore reserves estimates, such as production rates, grades, foreign exchange rates, production and transport costs, and commodity prices.

These geological, economic and technical estimates and assumptions may change in the future in ways, which can affect the quality and quantity of the ore reserves. The Group reviews and updates estimates as required to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. These estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel or gold prices or production costs, and other factors.

Changes in the ore reserves estimates may impact the carrying values of mine and mining properties under “property, plant and equipment, liability for mine rehabilitation and decommissioning and depletion charges.

As at December 31, 2021 and 2020, carrying values of mine and mining properties amounted to ₱696.68 million and ₱769.46 million, respectively (see Note 10). Depletion charges recognized amounted to ₱73.60 million, ₱16.43 million and ₱11.79 million in 2021, 2020 and 2019, respectively (see Notes 10 and 26).

As at December 31, 2021 and 2020, carrying values of liability for mine rehabilitation amounted to ₱60.75 million and ₱105.61 million, respectively (see Note 17).

#### *Assessing Recoverability of Deferred Mine Exploration Costs*

The Group reviews the recoverability of deferred mine exploration costs when events or changes in circumstances indicate that the carrying amount of deferred mine exploration costs may exceed its estimated recoverable amount. The Group considers the following factors, among others, in its assessment:

- Status of each mine exploration project and plans on exploration and evaluation activities
- Validity of the licenses, permits and correspondences related to each mine exploration project
- Plans to abandon existing mine areas and plans to discontinue exploration activities
- Availability of information suggesting that the recovery of expenditure is unlikely

No impairment losses were recognized in 2021 and 2020. The Group recognized provision for impairment losses on deferred exploration costs in 2019 amounting to ₱94.9 million (see Note 27). In 2021 the group wrote off deferred exploration cost amounted to ₱16.51 million (see Notes 11 and 27). As at December 31, 2021 and 2020, deferred mine exploration costs amounted to ₱455.40 million and ₱456.81million, respectively (see Note 11).

#### *Estimating Recoverability of Property, Plant and Equipment*

The Group assesses impairment on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results
- Significant changes in the manner of use of the acquired assets or the strategy for overall business, and
- Significant negative industry or economic trends



In determining the present value of estimated future cash flows expected to be generated from the continued use of the property, plant and equipment, the Group is required to make estimates and assumptions such as commodity prices (considering current and historical prices, price trends and related factors), discount rates and foreign currency exchange rates, operating costs, future production levels and costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired or the impairment charge reduced with the impact recognized in the consolidated statement of income.

The Group did not recognize any impairment loss in 2021, 2020 and 2019 on property, plant and equipment.

As at December 31, 2021 and 2020, property, plant and equipment (at cost) amounted to ₱848.39 million and ₱942.00 million, respectively (see Note 10)

*Estimating Allowance for Inventory Obsolescence*

The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Decrease in the NRV of inventories resulting in an amount lower than the original acquisition cost is accounted for as an impairment loss that is recognized in profit or loss. As at December 31, 2021 and 2020, the carrying value of inventories amounted to ₱142.06 million and ₱101.14 million, respectively (see Note 6).

*Assessing Impairment of Advances to Contractors under Other Current Assets and Loans Receivable, Nontrade and Input VAT under Noncurrent Assets*

The Group provides allowance for impairment losses on advances to contractors under other current assets and loans receivable, nontrade and input VAT under noncurrent assets when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for probable loss would increase recorded expenses and decrease other current and noncurrent assets.

Provision for impairment losses net of recoveries recognized in 2021, 2020, and 2019 amounted to ₱18.40 million, nil and ₱8.71 million, respectively (see Notes 8, 13 and 27).

The total carrying value of advances to contractors under other current assets and loans receivable, nontrade and input VAT under noncurrent assets amounted to ₱377.65 million and ₱402.78 million as at December 31, 2021 and 2020, respectively (see Notes 8 and 13).

*Revaluation of Property, Plant and Equipment and Investment Properties*

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. In addition, it measures the land and artworks at revalued amounts, with changes in fair value being recognized in the consolidated statements of comprehensive income. The land, artworks and investment properties were valued using the sales comparison approach. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. As at December 31, 2021 and 2020, the appraised value of land and artworks, and investment properties amounted to ₱4,614.07 million and ₱4,306.97 million, respectively (see Notes 10 and 12).



#### *Unit-of-production (UOP) depreciation*

Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine-specific assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortization could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

As at December 31, 2021 and 2020, the carrying amount of mine and mining properties amounted to ₱611.31 million and ₱681.96 million, respectively. Carrying amount of mine rehabilitation asset amounted to ₱65.08 million and ₱77.51 million as of December 31, 2021 and 2020, respectively (see Note 10).

#### *Leases - Estimating the Incremental Borrowing Rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱21.09 million and ₱6.15 million as at December 31, 2021 and 2020, respectively (see Note 16).

#### *Estimating Liability for Mine Rehabilitation*

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

Liability for mine rehabilitation amounted to ₱60.75 million and ₱105.61 million as at December 31, 2021 and 2020, respectively (see Note 17).



#### *Estimating Cost of Share-Based Payment*

The Parent Company's Nonqualified Stock Option Plan grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The employee stock ownership incentive plan (ESOIP) recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations. Cost of share-based payment amounted to ₱9.20 million and ₱13.37 million as at December 31, 2021 and 2020, respectively (see Note 19).

#### *Estimating Pension Benefits*

The cost of defined benefit pension and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases, and pension increases are based on expected future inflation rates for the Philippines.

Further details about the assumptions used are provided in Note 30.

Net pension liability of the Group amounted to ₱73.35 million and ₱81.83 million as at December 31, 2021 and 2020, respectively (see Note 30).

#### *Assessing Realizability of Deferred Tax Assets*

The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management believes that there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Group recognized deferred tax assets amounting to ₱100.84 million and ₱113.30 million as at December 31, 2021 and 2020, respectively (see Note 31).

The Group did not recognize deferred tax assets totaling ₱432.50 million and ₱721.34 million as at December 31, 2021 and 2020, respectively, on the remaining unused NOLCO, MCIT and deductible temporary differences (see Note 31).



#### 4. Cash and Cash Equivalents

	2021	2020
Cash on hand and in banks	₱552,236	₱261,481
Short-term deposits	51,012	10,067
	<b>₱603,248</b>	<b>₱271,548</b>

Interest income from cash and cash equivalents amounted to ₱0.79 million, ₱0.66 million and ₱1.55 million in 2021, 2020, and 2019, respectively (see Note 27).

#### 5. Trade and Other Receivables

	2021	2020
Trade	₱221,867	₱206,465
Nontrade	229,503	214,199
Advances to officers and employees	93,142	74,029
ESOIP (Note 28)	58,416	58,416
Loan receivable	–	49,763
Receivables from lessees of bunkhouses	3,689	4,754
Others	21,704	21,045
	<b>628,321</b>	<b>628,671</b>
Less allowance for ECLs	113,361	153,420
	<b>₱514,960</b>	<b>₱475,251</b>

Trade receivables and receivables from lessees of bunkhouses are noninterest-bearing and are generally collectible within a period of one year. Advances to officers and employees are noninterest-bearing and are subject to liquidation.

Nontrade receivables pertain to advances made to suppliers by the Group relating to materials and supplies necessary in the Group's operation. These are noninterest-bearing and will be realized through offsetting against future billings from suppliers or will be settled in cash.

Other receivables comprise various receivable items from different debtors of the Group, while advances to officers and employees pertain to cash advances that are used in the operations of the Group.

No movement in allowance for ECL in 2020. Movements of allowance for ECL in 2021 are as follows:

	2021							Total
	Trade Receivables	Nontrade Receivables	Advances to officers and employees	ESOIP (Note 28)	Loans receivable	Receivables from lessees of bunkhouses	Others	
Balances at beginning of year	₱27,882	₱8,409	₱1,830	₱58,416	₱49,763	₱3,644	₱3,476	₱153,420
Provisions (Note 24)	11,492	–	–	–	–	–	–	11,492
Recoveries (Note 24)	(627)	–	–	–	–	–	(1,161)	(1,788)
Reclassifications (Note 13)	–	–	–	–	(49,763)	–	–	(49,763)
Balances at end of year	<b>₱38,747</b>	<b>₱8,409</b>	<b>₱1,830</b>	<b>₱58,416</b>	<b>–</b>	<b>₱3,644</b>	<b>₱2,315</b>	<b>₱113,361</b>

The Group recognized gain on recovered receivables amounting to ₱9.50 million in 2019 (see Note 27).





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

*Loan Receivable*

On March 3, 2010, MMC granted an unsecured loan facility to a third party amounting to ₱135.00 million with an interest rate of 9% per annum. Outstanding receivable from this loan, including accrued interest, amounted to ₱49.76 million, net of allowance amounting to ₱49.76 million as at December 31, 2020. MMC did not recognize any interest income in 2020 and 2019. In 2021, this loan was negotiated for a longer term with 1% annual interest income and was reclassified to other Noncurrent assets (see Note 13).

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**6. Inventories**

	2021	2020
At Cost:		
Beneficiated nickel ore	₱117,467	₱62,281
Quicklime and slakelime	1,446	3,682
Subdivision lots and housing units for sale	2,284	2,284
Gold button	–	8,638
	<b>121,197</b>	76,885
At NRV:		
Materials and supplies	196,364	199,757
Less allowance for impairment loss on materials and supplies	(175,502)	(175,502)
	<b>20,862</b>	24,255
	<b>₱142,059</b>	₱101,140

As at December 31, 2021 and 2020, the NRV of the Group's beneficiated nickel ore, gold button, quicklime and slakelime, and subdivision lots is higher than the related cost.

The gold button inventory represents gold and silver by-product produced by the Group in 2021 and 2020. These mineral products were immediately sold the following year. The gold button inventory includes depreciation and depletion related to the production of gold amounting to nil, ₱0.42 million and ₱0.31 million in 2021, 2020 and 2019, respectively (see Note 26).

The amount of beneficiated nickel ore inventory recognized as expense, included in the costs of mine products sold in the consolidated statements of income amounted to ₱238.36 million, ₱209.54 million and ₱31.29 million in 2021, 2020 and 2019, respectively.

The aggregate cost of beneficiated nickel ore inventory that decreased cost of mine products sold amounted to ₱40.56 million in 2021 and increased cost of mine products sold amounted to ₱35.39 million and ₱7.82 million in 2020 and 2019, respectively (see Note 22).

The NRV of materials and supplies amounted to ₱20.00 million and ₱24.26 million as at December 31, 2021 and 2020, respectively.



Movements of allowance for impairment loss on materials and supplies are as follows:

	2021	2020
Balances at beginning of year	P175,502	P310,272
Write-off	–	(134,770)
Balances at end of year	P175,502	P175,502

Materials and supplies amounting to nil and P134.77 million, which were already provided with allowance for impairment loss, were written off as the Group assessed that such can no longer be used as at December 31, 2021 and 2020, respectively.

The Group recognized gain on recovered materials and supplies amounting to P0.90 million in 2019 (see Note 27).

Materials and supplies charged to current operations amounted to P210.83 million, P140.53 million and P131.96 million in 2021, 2020 and 2019, respectively (see Notes 22, 23 and 24). There are no purchase commitments related to inventories or inventories pledged as security for liabilities as at December 31, 2021 and 2020.

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## 7. Financial Assets at FVPL

The Groups's financial assets at FVPL are investments in unit investment trust funds (UITF).

Movements in financial assets at FVPL are as follows:

	2021
Beginning balance	P–
Additions	660,089
Transfer from financial assets at FVOCI (Note 9)	12,499
Changes in fair value (Note 27)	2,389
	P674,977

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## 8. Other Current Assets

	2021	2020
Input VAT - net	P293,363	P219,928
Advances to contractors	102,610	102,610
Deferred input VAT	74,609	57,811
CWTs	46,124	35,778
Prepaid expenses	6,761	11,548
Others	6,195	19,017
	529,662	446,692
Less allowance for impairment losses	47,972	47,972
	P481,690	P398,720



In 2020, BRMC refunded a total amount of ₱34.45 million out of the total applied for VAT refund amounting to ₱39.65 million in 2018. The BIR disallowed input VAT claims amounting to ₱5.20 million (see Note 27). In 2021, BRMC refunded a total amount of ₱22.79 million out of the total applied for VAT refund amounting to ₱30.17 million in 2019. The BIR disallowed input VAT claims amounting to ₱7.38 million (see Note 27).

In 2014, 2015 and 2016, AFC applied for refund of CWTs totaling ₱61.16 million. On November 15, 2021, a notice of decision was received which partially granted as refundable amount representing excess and unutilized CWTs for the taxable year 2014 amounting to ₱15.59 million. As at December 31, 2021, AFC is still awaiting the Court of Tax Appeals' final decision.

In 2021, recognized provision for impairment loss on its CWTs amounted to ₱9.48 million (see Note 27).

Others include surety bonds and security deposits. Surety bonds pertain to the agreement to guarantee compliance with MGB in putting a trust fund for MOEP issuance. This is valid for one year and a subject for renewal. Security deposits are deposits to satisfy lease obligation of the Group. This are refundable at the end of the lease term.

No movement in allowance for impairment loss on advances to contractors in 2021. Movements in allowance for impairment loss on on advances to contractors in 2020 are as follows:

	2020
Balances at beginning of year	₱47,967
Provision (Note 27)	5
Balances at end of year	₱47,972

## 9. Financial Assets at FVOCI

Financial assets at FVOCI pertain to investments in nonlisted and listed shares of stock in the Philippine Stock Exchange and Toronto Stock Exchange, which are carried at fair value based on bid market prices.

Movements in financial assets at FVOCI in 2021 and 2020 are as follows:

	2021	2020
Balances at beginning of year	₱13,361	₱13,168
Change in fair value	15	193
Reclassification (Note 7)	(12,499)	-
Balances at end of year	₱877	₱13,361

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

The unrealized loss amounting to ₱0.28 million and gain amounting to ₱1.16 million representing the change in fair value of these financial assets as at December 31, 2021 and 2020 is shown as part of the other components of equity in the consolidated statements of financial position and in the consolidated statements of changes in equity. The fluctuations in value of these investments are also reported as part of other comprehensive income in the consolidated statements of comprehensive income.



Movements in unrealized gain (loss) on financial assets at FVOCI recognized as a separate component of equity are as follows (see Note 19):

	2021	2020	2019
Balances at beginning of year	<b>₱1,164</b>	₱971	₱1,013
Change in fair value	<b>15</b>	193	83
Transfer of fair value reserve on disposal of FA at FVOCI	-	-	(125)
Transfer of fair value reserve to retained earnings	<b>(1,454)</b>	-	-
<b>Balances at end of year</b>	<b>(₱275)</b>	<b>₱1,164</b>	<b>₱971</b>

In 2019 the Group sold financial assets at FVOCI with cost amounting to ₱3.04 million. Proceeds from these disposals amounted to ₱3.16 million, resulting in realized gain amounting to ₱0.12 million transferred directly to retained earnings.

In 2019 the Group acquired financial assets at FVOCI amounting to ₱5.45 million.

## 10. Property, Plant and Equipment

### a. Property, plant and equipment - at revalued amount

The Group's property, plant and equipment items carried at revalued amounts are as follows:

	2021	2020
Land	<b>₱1,651,264</b>	₱1,621,149
Artworks	<b>52,139</b>	52,139
	<b>₱1,703,403</b>	₱1,673,288

#### *Land - at revalued amount*

The Group adopted the revaluation model and engaged independent firms of appraisers to determine the fair value of its land and artworks classified under property, plant and equipment in the consolidated statements of financial position. The appraisers determined the fair value of the Group's land based on its market value in 2021 and is categorized under level 3. The assigned values were estimated using the sales comparison approach, which considers the sales of similar or substitute properties and their related market values and establishes value estimates through processes involving comparisons.

In 2021, the Group recognized revaluation increment on land amounting to ₱30.12 million. Correspondingly, amounts charged to the consolidated statement of comprehensive income amounted to ₱22.59 million, net of deferred tax liability of ₱7.53 million in 2019.



In 2019, the Group recognized revaluation increment on land amounting to ₱451.99 million. Correspondingly, amounts charged to the consolidated statement of comprehensive income amounted to ₱316.39 million, net of deferred tax liability of ₱135.60 million in 2019.

	<b>2021</b>		
	<b>Cost</b>	<b>Revaluation increment</b>	<b>Total</b>
<b>Balances at beginning of year</b>	<b>₱68,398</b>	<b>₱1,552,751</b>	<b>₱1,621,149</b>
<b>Change in fair value</b>	–	<b>30,115</b>	<b>30,115</b>
<b>Balances at end of year</b>	<b>₱68,398</b>	<b>₱1,582,866</b>	<b>₱1,651,264</b>

	<b>2020</b>		
	<b>Cost</b>	<b>Revaluation increment</b>	<b>Total</b>
<b>Balances at beginning and end of year</b>	<b>₱68,398</b>	<b>₱1,552,751</b>	<b>₱1,621,149</b>

*Artworks - at revalued amount*

Artworks owned by the Group are stated at revalued amounts. Independent revaluations are performed every three to five years by an independent appraiser. The latest appraisal was performed by Heritage Arts & Antiquities, Inc., an independent appraiser for the year ended December 31, 2019, in which the fair value measurement is categorized under Level 3. The assigned value was estimated using the sales comparison approach, which considers the sales of similar or substitute properties and related market values and establishes value estimates by processes involving comparisons. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.

Carrying values of artworks at revalued amounts amounted to ₱52,139 as at December 31, 2021 and 2020.

In 2019, the Group recognized revaluation increment on artworks amounting to ₱30.80 million. Correspondingly, amount charged to consolidated statement of comprehensive income amounted to ₱21.56 million, net of deferred tax liability of ₱9.24 million.

The artworks would have been recorded at ₱0.90 million in the consolidated statement of financial position had these been carried at cost.

Management assessed that the residual value of the artworks approximates the revalued amount as at December 31, 2021 and 2020, and therefore, no depreciation was recognized in both years.

Movements in the revaluation increment on land and artworks shown as part of other components of equity are as follows:

	<b>2021</b>	<b>2020</b>
Beginning balance	<b>₱1,127,236</b>	₱1,127,236
Revaluation during the year	<b>22,586</b>	–
Effect of change in tax rate	<b>155,998</b>	–
Ending balance	<b>₱1,305,820</b>	₱1,127,236



b. Property, Plant and Equipment - at cost

	2021							
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Right-of-use of assets	Total
Cost:								
Beginning balance	₱75,209	₱305,262	₱939,299	₱1,641,130	₱101,517	₱71,292	₱12,293	₱3,146,002
Additions	-	3,475	26,645	10,296	-	444	23,222	64,082
Retirement	-	-	-	-	-	-	(2,849)	(2,849)
Reclassification	-	2,653	28,754	-	-	(31,407)	-	-
Change in estimate of the liability for mine rehabilitation (Note 17)	-	-	-	(9,482)	-	-	-	(9,482)
Ending balance	75,209	311,390	994,698	1,641,944	101,517	40,329	32,666	3,197,753
Accumulated depreciation and depletion:								
Beginning balance	71,556	303,856	918,830	871,668	31,618	-	6,472	2,204,000
Depreciation and depletion (Note 26)	3,653	3,751	54,340	73,601	4,238	-	8,631	148,214
Retirement	-	-	-	-	-	-	(2,849)	(2,849)
Ending balance	75,209	307,607	973,170	945,269	35,856	-	12,254	2,349,365
Net book values	₱-	₱3,783	₱21,528	₱696,675	₱65,661	₱40,329	₱20,412	₱848,388



	2020							
	Land improvements	Buildings	Machinery, tools and equipment	Mine and mining properties	Port facilities	CIP	Right-of-use of assets	Total
Cost:								
Beginning balance	₱74,083	₱304,790	₱918,494	₱1,634,227	₱101,517	₱68,759	₱14,741	₱3,116,611
Additions	1,126	472	21,631	1,545	–	2,533	165	27,472
Disposals	–	–	(826)	–	–	–	–	(826)
Retirement	–	–	–	–	–	–	(2,613)	(2,613)
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	–	5,358	–	–	–	5,358
Ending balance	75,209	305,262	939,299	1,641,130	101,517	71,292	12,293	3,146,002
Accumulated depreciation and depletion:								
Beginning balance	68,663	300,648	895,377	855,238	27,382	–	5,439	2,152,747
Depreciation and depletion (Note 26)	2,893	3,208	24,279	16,430	4,236	–	3,646	54,692
Disposals	–	–	(826)	–	–	–	–	(826)
Retirement	–	–	–	–	–	–	(2,613)	(2,613)
Ending balance	71,556	303,856	918,830	871,668	31,618	–	6,472	2,204,000
Net book values	₱3,653	₱1,406	₱20,469	₱769,462	₱69,899	₱71,292	₱5,821	₱942,002



The Group's CIP includes the development of an enhanced mill production line in Balatoc, Benguet to increase the milling capacity of its gold operations.

Proceeds totaling nil, ₱0.04 million and ₱3.17 million in 2021, 2020 and 2019, respectively, from the disposal of property, plant and equipment items resulted in net gain of nil, ₱0.04 million, and nil in 2021, 2020 and 2019, respectively (see Note 27).

The cost of fully depreciated property, plant and equipment still being used in the Group's operations amounted to ₱464.39 million and ₱423.14 million as at December 31, 2021 and 2020, respectively.

Movements in mine and mining properties in 2021 and 2020 are as follows:

	2021			Total
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	
<b>Cost:</b>				
Balances at beginning of year	₱1,513,745	₱9,992	₱117,393	₱1,641,130
Addition	–	10,296	–	10,296
Change in estimate of the liability for mine rehabilitation (Note 17)	–	–	(9,482)	(9,482)
Balances at end of year	1,513,745	20,288	107,911	1,641,944
<b>Accumulated depletion:</b>				
Balances at beginning of year	831,787	–	39,881	871,668
Depletion (Note 26)	70,650	–	2,951	73,601
Balances at end of year	902,437	–	42,832	945,269
<b>Net book values</b>	<b>₱611,308</b>	<b>₱20,288</b>	<b>₱65,079</b>	<b>₱696,675</b>
	2020			
	Mine and mining properties	Mine development cost	Mine rehabilitation asset	Total
<b>Cost:</b>				
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
<b>Accumulated depletion:</b>				
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
<b>Net book values</b>	<b>₱681,958</b>	<b>₱9,992</b>	<b>₱77,512</b>	<b>₱769,462</b>





Movements in right-of-use of assets in 2021 and 2020 are as follows:

	2021				
	Office Space	Clinic Space	Machinery, tools and equipment	Land	Total
Cost:					
Balances at beginning of year	₱1,930	₱2,683	₱1,084	₱6,596	₱12,293
Additions	20,259	2,627	–	336	23,222
Retirement	(1,765)	–	(1,084)	–	(2,849)
Balances at end of year	20,424	5,310	–	6,932	32,666
Accumulated depreciation:					
Balances at beginning of year	1,478	2,530	896	1,568	6,472
Depreciation (Note 16)	6,908	518	188	1,017	8,631
Retirement	(1,765)	–	(1,084)	–	(2,849)
Balances at end of year	6,621	3,048	–	2,585	12,254
Net book values	₱13,803	₱2,262	₱–	₱4,347	₱20,412

	2020				
	Office Space	Clinic Space	Machinery, tools and equipment	Land	Total
Cost:					
Balances at beginning and end of year	₱4,378	₱2,683	₱1,084	₱6,596	₱14,741
Additions	165	–	–	–	165
Retirement	(2,613)	–	–	–	(2,613)
Balances at end of year	1,930	2,683	1,084	6,596	12,293
Accumulated depreciation:					
Balances at beginning of year	2,492	1,119	1,037	791	5,439
Depreciation (Note 16)	1,010	1,411	448	777	3,646
Retirement	(2,024)	–	(589)	–	(2,613)
Balances at end of year	1,478	2,530	896	1,568	6,472
Net book values	₱452	₱153	₱188	₱5,028	₱5,821

## 11. Deferred Mine Exploration Costs

Movements in deferred mine exploration costs are as follows:

	2021	2020
Balances at beginning of year	₱623,795	₱616,170
Additions	11,693	10,811
Translation adjustment	3,409	(3,186)
Write-off (Note 27)	(16,511)	–
	622,386	623,795
Less allowance for impairment losses	166,989	166,989
Balances at end of year	₱455,397	₱456,806

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

In 2021, BRMC written-off its deferred exploration costs amounting to ₱16.51 million.



since the Company no longer foresee the need to continue the study due to the current demand and marketability of the low-grade ores, from which the study was intended. As at December 31, 2021 and 2020, deferred mine exploration costs amounted to nil and ₱16.51 million, respectively. No additional exploration cost was incurred during the year.

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

*Recovery of Deferred Exploration Costs*

The Group's ability to realize its deferred exploration costs depends on the success of exploration and development work in proving the viability of its mining properties to produce minerals in commercial quantities, and the success of converting the Group's exploration permits to new mineral agreements, which cannot be determined at this time. The consolidated financial statements do not include any adjustment that might result from these uncertainties.

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## 12. Investment Properties

	2021	2020
Balances at beginning of year	₱2,633,677	₱2,478,862
Revaluation (Note 27)	276,986	154,815
Balances at end of year	<b>₱2,910,663</b>	₱2,633,677

In 2019, parcels of land in San Marcelino, Zambales with a revalued amount of ₱83.06 million were reclassified from property, plant and equipment to investment properties due to the change in use from being owner-occupied properties to being held for long-term capital appreciation (see Note 10). Portions of these properties amounting to ₱76.02 million were subsequently sold for ₱144.61 million, resulting in a gain of ₱68.59 million recognized in other income (see Note 27). Correspondingly, revaluation increment amounting to ₱50.39 and deferred tax liability on the revaluation increment from the portion sold amounting to ₱21.60 million were transferred to retained earnings.

Investment properties also include parcels of land located in Itogon, Benguet.

The Group engaged an independent appraiser to assess the fair market value of land under investment properties as at December 31, 2021 and 2020, respectively. The appraisal was performed by Cuervo Appraisers, Inc. The fair value of the investment properties was estimated using the sales comparative approach, which considers the sales of similar or substitute properties and related market values and establishes value estimates by processes involving comparisons (level 3).

Movements in accumulated fair valuation gains of investment properties are as follows:

	2021	2020
Balances at beginning of year	₱1,042,846	₱888,031
Revaluation (Note 27)	276,986	154,815
Balances at end of year	<b>₱1,319,832</b>	₱1,042,846

The Group recognized revaluation gain amounting to ₱276.99 million, ₱154.82 million and ₱287.21 million in 2021, 2020 and 2019, respectively, and were included as other income (see Note 27).

Direct operating expenses from these investment properties amounted to ₱0.76 million, ₱0.76 million and ₱0.88 million in 2021, 2020 and 2019, respectively.



### 13. Other Noncurrent Assets

	2021	2020
Loan receivable	<b>₱261,087</b>	₱–
Nontrade	<b>140,038</b>	362,618
Input VAT	<b>141,940</b>	137,412
Mine rehabilitation fund (MRF)	<b>67,239</b>	51,900
Prepaid rent	<b>2,149</b>	170
Intangible asset	<b>250</b>	250
Others	<b>9,394</b>	6,319
	<b>622,097</b>	558,669
Less allowance for impairment losses on other noncurrent assets	<b>220,052</b>	151,892
	<b>₱402,045</b>	₱406,777

Loan receivable pertains to unsecured loan facility granted by MMC to a third party with interest rate of 1% per annum and outstanding balance amounting to ₱208.86 million, net of allowance of ₱49.76 million. The loan is due on December 31, 2023. Interest earned for this loan amounted to ₱2.46 million in 2021 (see Note 27).

Nontrade noncurrent assets pertain to advances and prepayments of the Group to its contractors and suppliers for exploration and other related activities and projects that are expected to be settled beyond 12 months from the end of the reporting period.

MRF pertains to accounts opened with local banks in compliance with the requirements of DAO No. 2010-21, otherwise known as The Revised Implementing Rules and Regulations of the Philippine Mining Act of 1995. The MRF shall be used for physical and social rehabilitation of areas and communities affected by the mine operations, and for research in the social, technical and preventive aspects of the mine's rehabilitation. The funds earn interest at the respective bank deposit rates. Interest income earned from MRF amounted to ₱0.04, ₱0.16 million and ₱0.18 million in 2021, 2020 and 2019, respectively (see Note 27).

In 2019, the Group acquired the intangible asset at a cost of ₱0.11 million. This pertains to nonproprietary golf club shares that have been assessed as having an indefinite useful life. As at December 31, 2021 and 2020, the revalued amount of this intangible asset amounted to ₱0.25 million, after revaluation increment of ₱0.14 million, recognized in other comprehensive income. No impairment loss was recognized during the year for this intangible asset.

Others pertain to various assets of the Group, which are individually insignificant and are expected to be realized beyond 12 months after the reporting period.

No movement in allowance for impairment loss on other noncurrent assets in 2020. Movements in allowance for impairment loss on other noncurrent assets in 2021 are as follows:

	Loan Receivable	Nontrade	Input VAT	Total
Balances at beginning of year	₱–	₱151,892	₱–	₱151,892
Provision (Note 27)	–	–	30,251	30,251
Recoveries (Note 27)	–	(11,854)	–	(11,854)
Reclassifications (Note 5)	49,763	–	–	49,763
	<b>₱49,763</b>	<b>₱140,038</b>	<b>₱30,251</b>	<b>₱220,052</b>



#### 14. Loans Payable

	2021	2020
Unsecured loans	<b>₱85,063</b>	₱270,066
Accrued interest and penalties	<b>251,972</b>	238,932
	<b>₱337,035</b>	₱508,998

##### Unsecured loans

In 2015, BRMC obtained an interest-bearing loan from Trans Middle East Phils. Equities, Inc. amounting to ₱250.00 million. During the same year, BRMC paid ₱65.00 million of the outstanding principal balance, after which the parties agreed that the loan becomes due and demandable. In 2021, BRMC settled this loan in full. Outstanding principal amount of the loan amounted to nil and ₱185.00 million as at December 31, 2021 and 2020.

The Parent Company has various loans, which are being renegotiated and are undergoing restructuring. Nominal interest rates vary from floating rate of 91-day Philippine PhP T-bill rate for peso loans and 3-month London Interbank Offered Rate (LIBOR) foreign loans, plus margin of 2.5%. Remaining balance related to these loans amounted to ₱85.06 million as at December 31, 2021 and 2020.

No proceeds from these loans in 2021, 2020 and 2019. Total principal payments for these loans amounted to ₱182.32 million, ₱1.37 million, ₱22.78 million in 2021, 2020 and 2019, respectively.

Accrued interest and penalties represent cumulative interest and default charges as at December 31, 2021 and 2020. Total interest expense related to loans payable amounted to ₱2.29 million, ₱2.59 million and ₱1.21 million in 2021, 2020 and 2019, respectively.

#### 15. Trade and Other Payables

	2021	2020
Trade	<b>₱343,727</b>	₱330,949
Contract liabilities	<b>141,220</b>	96,342
Nontrade	<b>92,301</b>	95,660
Output VAT	<b>10,277</b>	26,802
Accrued expenses:		
Taxes and licenses	<b>9,883</b>	9,883
Payroll	<b>5,568</b>	12,286
Professional fees and contracted services	<b>849</b>	1,859
Others	<b>33,698</b>	21,757
Excise taxes and royalties	<b>4,012</b>	6,214
Others	<b>27,863</b>	18,967
	<b>₱669,398</b>	₱620,719

Trade payables include import and local purchases of equipment, inventories and various parts and supplies used in the operations of the Group. These are noninterest-bearing and are normally settled in 60 to 90 days' terms.

Contract liabilities include amounts from off-take agreements and cash advances from BRMC's customers. The Group received additional advances amounting to \$2.76 million (₱140.82 million) and \$1.99 million (₱95.45 million) which will be settled through future nickel ore shipments.



Meanwhile, significant terms and conditions of the related off-take agreements are in Note 18. Movements in contract liabilities are shown below:

	2021	2020
Balances at beginning of year	<b>₱406,618</b>	₱333,961
Additions during the year	<b>140,821</b>	95,446
Effect of foreign exchange gain	<b>11,139</b>	(12,586)
Payments	<b>(206,694)</b>	(10,203)
	<b>351,884</b>	406,618
Less noncurrent portion (Note 18)	<b>210,664</b>	310,276
Current portion	<b>₱141,220</b>	₱96,342

Nontrade payables represent other operating expenses that are payable to various suppliers and contractors and regulatory agencies which are normally settled within one year.

Accrued expenses pertain to liabilities for professional fees, administrative expenses and payables to officers and employees for unclaimed wages, accrued vacation and sick leave credits and payroll. These are normally settled within 30 days.

Excise taxes and royalties pertain to taxes payable by the Group for its legal obligation arising from the production of mine products.

Others include payables to government and individually insignificant payables, operating and administrative expenses which are normally settled within one year.

In 2020 and 2019, the Group recognized gain of ₱5.54 million and ₱22.46 million, respectively, from the settlement of its trade and other liabilities (see Note 27).

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## 16. Lease Commitments

### Lease Agreements

#### *Group as a lessee*

The Group has lease contracts for various office spaces, clinic spaces, machinery, tools and equipment, and land.

The Group also has certain leases of clinic space with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases. The Group's obligations under its leases are secured by the lessor's title to the leased assets.



The following are the amounts recognized in consolidated statement of income:

	2021	2020	2019
Depreciation expense of right-of-use assets included in property, plant and equipment (Note 10)	<b>₱8,631</b>	₱3,646	₱5,439
Expenses related to short-term leases included in selling and general expenses (Note 24)	<b>66,423</b>	43,717	6,193
Expenses related to short-term leases included in cost of services (Note 23)	<b>3,544</b>	1,655	5,471
Interest expense on lease liabilities	<b>1,596</b>	537	822
Gain on rent concession	<b>585</b>	-	-
Income from subleasing of right of use assets	-	-	(269)
<b>Total amount recognized in consolidated statement of income</b>	<b>₱80,779</b>	<b>₱49,555</b>	<b>₱17,656</b>

The rollforward analysis of lease liabilities follows:

	2021	2020
Balances at beginning of year	<b>₱6,154</b>	₱8,059
Interest expense	<b>1,596</b>	537
Additions	<b>23,222</b>	165
Gain on rent concession (Note 27)	<b>(585)</b>	-
Payments of:		
Interest portion	<b>(1,596)</b>	(537)
Principal portion	<b>(7,697)</b>	(2,070)
Balances at the end of the year	<b>21,094</b>	6,154
Less noncurrent portion	<b>11,913</b>	4,476
Current portion	<b>₱9,181</b>	₱1,678

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

	2021	2020
Lease payments due in:		
Less than one year	<b>₱8,634</b>	₱1,943
Between one to five years	<b>9,106</b>	3,046
More than five years	<b>3,391</b>	3,715
<b>Future minimum lease payments</b>	<b>₱21,131</b>	<b>₱8,704</b>

Non-cancellable lease agreements pertain to the Parent's lease of land in Itogon, Benguet for the easement and right of way agreement over the land which the Parent Company needs for its existing water pipelines, and other future installation it may deem desirable for its operations.



*Group as a lessor*

The Group rented its condominium units under investment properties condominium units as office spaces. The Group has entered into lease contracts, which typically have a lease term of one to three years. The lease agreements are renewable upon mutual agreement between the Group and its lessees. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Rent income from these leases amounted to ₱0.73 million, ₱0.76 million and ₱1.79 million in 2021, 2020 and 2019, respectively (Note 21).

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2021 and 2020 are as follows:

	<b>2021</b>	2020
1 year	<b>₱407</b>	₱729
more than 1 year to 2 years	<b>259</b>	160
more than 2 years to 3 years	–	140
	<b>₱666</b>	₱1029

## 17. Liability for Mine Rehabilitation

Movements in this account are as follows:

	<b>2021</b>	2020
Balances at beginning of year	<b>₱105,606</b>	₱91,582
Actual rehabilitation costs	<b>(30,958)</b>	–
Change in estimate:		
Recognized as adjustment to the mine rehabilitation asset (Note 10)	<b>(9,482)</b>	5,358
Recognized in consolidated statement of income (Note 27)	<b>(6,872)</b>	5,290
Accretion (Note 27)	<b>2,453</b>	3,376
	<b>60,747</b>	105,606
Less noncurrent portion	<b>54,174</b>	67,470
Current portion	<b>₱6,573</b>	₱38,136

This provision is based on the Group's estimates. Assumptions based on the current economic environment have been made, which management believes are reasonable bases upon which to estimate the future liability.

The final rehabilitation costs are uncertain and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in inflation rates (2.87% in 2021 and 2.68% in 2020) and changes in discount rates (1.57% in 2021 and 2.32% 2020).

These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provision established that could affect future financial results.



The provision at the end of each reporting period represents management best estimate of the present value of the future rehabilitation cost required. This estimate is reviewed regularly to take into account any material changes in the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. The timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future gold and nickel prices, which are inherently uncertain.

In 2019, the Group recognized additions that was charged in profit or loss amounting to ₱18.37 million (see Note 27).

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## 18. Other Noncurrent Liabilities

	2021	2020
Contract liabilities (Note 15)	<b>₱210,664</b>	₱310,276
Equity of claimowners in contract operations	<b>49,136</b>	49,136
Deposits for future stock subscription	<b>32,000</b>	32,000
	<b>₱291,800</b>	₱391,412

Contract liabilities of BRMC may be settled through future nickel ore shipments to its customers. The current portion of the said advances is presented as part of trade and other payables.

### *Nickel Off-take Agreements and other advances*

- a. On April 11, 2014, BRMC entered into an off-take agreement with a Korean trading company for a total amount of US\$6.00 million in exchange for future shipments. The advances under the said offtake agreement are noninterest-bearing and will be settled through deductions from the selling price of every shipment.

As at December 31, 2021 and 2020, the remaining balance of the advances amounted to US\$3.55 million (₱199.63 million) and US\$4.17 million (₱219.29 million) respectively.

- b. On August 24, 2011, BRMC signed a tri-partite off-take agreement with the Parent Company and a Chinese trading company, for the sale of nickel ore. In accordance with the agreement, the Chinese trading company shall extend a loan of US\$6.00 million to the Parent Company. BRMC will deliver and sell 1,800,000 tons of 1.8% grade laterite nickel ore over a period of 36 months at 600,000 tons per 12 months, to start six months after signing of the agreement. The Chinese trading company will deduct US\$3.33 per ton from the selling price of the nickel ore to be treated as repayment of the loan to the Parent Company.

As at December 31, 2021 and 2020, the remaining advances amounted to \$1.89 million (₱90.76 million) and \$1.89 million (₱90.76 million), respectively.

Equity of claim owners in contract operations pertain to the outstanding liability of the Parent Company to CMI. Discussions on the settlement of said liability are still on-going as at March 29, 2022.





As at December 31, 2021 and 2020, deposit for future stock subscriptions received by BLI from Almega Management and Investment, Inc. amounted to P32.00 million. The related increase in authorized capital stock of BLI has been approved by BLI's BOD and majority of its stockholders on March 16, 2016. As of March 29, 2022, BLI is yet to submit its application for increase in authorized capital stock to the Philippine SEC.

## 19. Equity

Capital stock as at December 31, 2021 and 2020 follows:

	2021		2020	
	No. of shares	Amount	No. of shares	Amount
<b>Authorized</b>				
Convertible Preferred				
Class A - P3.43 par value	19,652,912	P67,500	19,652,912	P67,500
Common Class A - P1 par value	430,380,000	430,380	430,380,000	430,380
Common Class B - P1 par value	286,920,000	286,920	286,920,000	286,920
	<b>736,952,912</b>	<b>P784,800</b>	736,952,912	P784,800
<b>Issued</b>				
Convertible Preferred Class "A"	217,061	P745	217,061	P745
Common Class "A"	375,307,052	375,307	371,220,254	371,220
Common Class "B"	247,963,396	247,963	245,250,197	245,250
Total shares issued and subscribed	<b>623,487,509</b>	<b>P624,015</b>	616,687,512	P617,215
<b>Treasury Shares</b>				
Common Class "A"	310,794	P7,158	310,794	P7,158
Common Class "B"	37,275	858	37,275	858
Total treasury shares	<b>348,069</b>	<b>P8,016</b>	348,069	P8,016
<b>Outstanding</b>				
Convertible Preferred Class "A"	217,061	P745	217,061	P745
Common Class "A"	374,996,258	368,149	370,909,460	364,062
Common Class "B"	247,926,121	247,105	245,212,922	244,392
Total outstanding shares	<b>623,139,440</b>	<b>P615,999</b>	616,339,443	P609,199

No movement in the Parent Company's authorized and treasury shares in 2021 and 2020. The movement in the Group's issued shares in 2021 and 2020 are as follows

	2021		
	Balance at beginning of year	Issuance of shares for stock options exercised (Note 20)	Balance at end of year
Convertible Preferred Class "A"	217,061	-	217,061
Common Class "A"	371,220,254	4,086,798	375,307,052
Common Class "B"	245,250,197	2,713,199	247,963,396
	<b>616,687,512</b>	<b>6,799,997</b>	<b>623,487,509</b>



2020			
	Balance at beginning of year	Issuance of shares for stock options exercised (Note 20)	Balance at end of year
Convertible Preferred Class "A"	217,061	-	217,061
Common Class "A"	371,050,755	169,499	371,220,254
Common Class "B"	245,068,497	181,700	245,250,197
	616,336,313	351,199	616,687,512

The two classes of common shares of the Parent Company are identical in all respects, except that ownership of Common Class A is restricted to Philippine nationals.

The convertible preferred shares are limited to Philippine nationals and convertible into Common Class A shares at a conversion premium of ₱10.42 per share. Each preferred share is convertible into nine (9) Common Class A shares. The convertible preferred shares are also entitled to have one vote for each full share of Common Class A stock into which such share of convertible preferred stock is, at any stockholders' meeting, then convertible. It does not enjoy the same dividend right as the two classes of common stock but is entitled to a fixed cumulative dividend of 8% a year if there is surplus profit and when declared by the BOD.

On March 21, 2018, the BOD approved the increase in the Parent Company's authorized capital stock from ₱717.30 million (consisting of 430,380,000 Common Class A shares and 286,920,000 Common Class B shares, both having a par value of ₱1.00 each) to ₱762.30 million (consisting of 475,380,000 Common Class A shares and 286,920,000 Common Class B shares, both having a par value of ₱1.00 each). After the amendment, the total authorized capital stock of the Parent Company has increased from ₱785.50 million to ₱830.50 million.

The application for the increase was approved by the stockholders during the annual meeting held on November 8, 2018. As at March 29, 2022, the Parent Company has not yet filed the application for the increase in authorized capital stock with the Philippine SEC.

In 2020, the Parent Company issued 158,999 Common Class A shares and 181,700 Common Class B shares as a result of employees' exercise of stock options at a total consideration of ₱0.63 million; ₱0.11 million of which were from 55,200 Common Class B at a selling price of ₱1.91 per share and ₱0.53 million from 158,999 Common Class A shares and 126,500 Common Class B shares at an average exercise price of ₱1.78 per share.

In 2021, the Parent Company issued 4,086,798 Common Class A shares and 2,713,199 Common Class B shares as a result of employees' exercise of stock options at a total consideration of ₱9.81 million; ₱1.37 million of which were from 431,198 Common Class A shares and from 334,176 Common Class B at an average selling price of ₱1.80 per share and ₱8.45 million from 3,655,600 Common Class A shares and 2,379,023 Common Class B shares at an average exercise price of ₱1.41 per share.



Below is the Parent Company's track record of registration of securities under the Philippine SEC:

Date of Registration (SEC Approval)	Description	Number of shares	Par value per share	Total amount (in 000's)
June 18, 1956	Capital upon registration: Common shares	18,000,000	₱1.00	₱18,000
November 25, 1960	Increase in number and par value of common shares: Common shares	20,000,000	2.00	40,000
November 9, 1964	Increase in par value of common shares: Common shares	20,000,000	3.00	60,000
October 22, 1968	Increase in number of common shares and introduction of preferred shares: Common shares Preferred shares	50,000,000 6,000,000	3.00 5.00	150,000 30,000
March 12, 1974	Split of common share into two classes and change in number and par value and addition of conversion feature to the preferred shares: Common class A Common class B Convertible preferred shares	30,000,000 20,000,000 19,652,912	3.00 3.00 3.43	90,000 60,000 67,500
July 27, 1989	Increase in number of common shares Common class A Common class B Convertible preferred shares	120,000,000 80,000,000 19,652,912	3.00 3.00 3.43	360,000 240,000 67,500
September 28, 2015	Increase in number of common shares Common class A Common class B Convertible preferred shares	143,460,000 95,640,000 19,652,912	3.00 3.00 3.43	430,874 287,135 67,500
July 29, 2016	Increase in number of common shares and reduction in par value Common class A Common class B Convertible preferred shares	430,380,000 286,920,000 19,652,912	1.00 1.00 3.43	430,874 287,135 67,500
<b>As at December 31, 2021</b>	<b>Common class A</b> <b>Common class B</b> <b>Convertible preferred shares</b>	<b>430,380,000</b> <b>286,920,000</b> <b>19,652,912</b>	<b>₱1.00</b> <b>1.00</b> <b>3.43</b>	<b>₱430,874</b> <b>286,920</b> <b>67,500</b>

As at December 31, 2021 and 2020, the Parent Company has 16,901 and 16,904 stockholders, respectively.

*Other Components of Equity*

	2021	2020
Revaluation increment	<b>₱1,305,820</b>	₱1,127,236
Cumulative translation adjustments of foreign subsidiaries	<b>36,208</b>	31,595
Remeasurement gain on retirement obligation (Note 30)	<b>10,673</b>	9,590
Unrealized gain (loss) on financial assets at FVOCI (Note 9)	<b>(275)</b>	1,164
Unrealized gain on intangible asset (Note 13)	<b>135</b>	135
	<b>₱1,352,561</b>	₱1,169,720

As at December 31, 2021 and 2020, the Parent Company has 348,069 shares held in treasury amounting to ₱8.02 million at ₱23 per share.



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## 20. Stock Option Plan

Under the 1975 Nonqualified Stock Option Plan (Plan), as amended, 9,906,661 shares of the unissued common stock of the Parent Company have been reserved for stock options to selected managers, directors and consultants of the Parent Company. The option price is payable on exercise date and should not be less than the fair market value of the shares quoted on the date of the grant. The Plan, valid up to May 31, 1998, allows a maximum of 632,500 shares to be available to any one optionee. On May 26, 1998, the BOD and the stockholders approved the extension of the Plan until May 31, 2003, which was extended further on December 18, 2002 with the BOD and the stockholders' approval until May 31, 2008. On December 18, 2007, the BOD and the stockholders approved a further extension of the Plan until May 31, 2013.

On March 23, 2012, the BOD and the stockholders approved the proposed amendments to the existing Amended Stock Option Plan and to extend the termination date of the existing Plan for five years or until May 31, 2018.

The amendments include an increase in the maximum award per employee from 200,000 shares over the life of the plan to 500,000 shares per grant and an increase in the shares reserved for issuance under the Plan from the total of 9,906,661 shares to 22,000,000 shares.

Options granted to Filipino optionees are exercisable in the form of 60% Common Class A and 40% Common Class B shares. Options for Common Class B shares may be exercised only if Common Class A shares had been previously or simultaneously exercised so as to maintain a minimum 60:40 ratio of Common Class A to Common Class B shares.

The options under the Plan are non-transferable and are exercisable to the extent of 30% after one year from the date of the grant, 60% after two years from the date of the grant, and 100% after three years from the date of grant. The options authorized under this plan is exercisable for a period of 10 years from the date of grant.

On November 8, 2018, the BOD and the stockholders approved the proposed amendment to the existing Amended Stock Option Plan to extend the termination date of the existing Plan for five years or until May 31, 2023.

On March 17, 2017, upon endorsement of the Stock Option Committee, the BOD approved a new stock option grant to the Group's qualified directors, officer, employees and consultant, provided they have rendered at least two years of service as of March 11, 2017. Total number of common shares available for distribution under the plan is 8,414,375 shares at an exercise price of ₱1.38 and ₱1.43 for Class "A" and Class "B" shares, respectively.

On March 18, 2021, upon endorsement of the Stock Option Committee, the BOD approved a new stock option grant to the Group's officer, employees and consultant and to all members of the BOD, provided they have rendered at least two years of service as of March 15, 2021. Total number of common shares available for distribution under the plan is 3,003,612 shares at an exercise price of ₱2.19 and ₱2.05 for Class "A" and Class "B" shares, respectively.



Exercisable share options per grant are as follows:

	Exercisable share options as at January 1, 2021	Additions	Expired in 2021	Exercised in 2021	Exercisable share options as at December 31, 2021
Class A - May 2011 Grant	851,999	-	(420,801)	(431,198)	-
- September 2012 Grant	306,000	-	-	-	306,000
- May 2014 Grant	648,000	-	-	-	648,000
- March 2017 Grant	-	5,048,625	(499,350)	(3,655,600)	893,675
- March 2021 Grant	-	-	-	-	-
Class B - May 2011 Grant	613,845	-	(279,669)	(334,176)	-
- September 2012 Grant	204,000	-	-	-	204,000
- May 2014 Grant	432,000	-	-	-	432,000
- March 2017 Grant	-	3,365,750	(332,900)	(2,379,023)	653,827
- March 2021 Grant	-	-	-	-	-
<b>Total</b>	<b>3,055,844</b>	<b>8,414,375</b>	<b>(1,532,720)</b>	<b>(6,799,997)</b>	<b>3,137,502</b>

	Exercisable share options as at January 1, 2020	Expired in 2020	Exercised in 2020	Exercisable share options as at December 31, 2020
Class A - May 2011 Grant	1,668,297	(646,799)	(169,499)	851,999
- September 2012 Grant	306,000	-	-	306,000
- May 2014 Grant	864,000	(216,000)	-	648,000
Class B - May 2011 Grant	1,226,745	(431,200)	(181,700)	613,845
- September 2012 Grant	204,000	-	-	204,000
- May 2014 Grant	576,000	(144,000)	-	432,000
<b>Total</b>	<b>4,845,042</b>	<b>(1,437,999)</b>	<b>(351,199)</b>	<b>3,055,844</b>

On August 31, 2016, the Parent Company's BOD approved the following amendments to the Plan due to the effect of the share split on July 29, 2016:

- change in the exercise price of outstanding options
- change in the maximum number of shares per grant from 500,000 to 1,500,000
- repricing of the unexercised share options brought about by the low turn-out in the availment of the grant due to high exercise price compared to market price. The repricing was based on the closing price on August 18, 2016 of Class A and Class B common shares amounting to ₱2.25 and ₱2.55, respectively, less 25% discount pursuant to the provisions of the amended stock option plan of the Parent Company.

The exercise prices of outstanding options consider the effect of the stock split and the change in exercise prices, are as follows:

	At grant date	After effect of stock split	As modified
Class A - May 2011 Grant	₱16.50	₱5.50	₱1.69
- September 2012 Grant	17.96	5.99	1.69
- May 2014 Grant	7.13	2.38	1.69
Class B - May 2011 Grant	17.50	5.83	1.91
- September 2012 Grant	17.63	5.88	1.91
- May 2014 Grant	7.13	2.38	1.91

Average exercise price per share in 2021 and 2020 amounted to ₱1.59 and ₱1.78, respectively. Total number of shares available for future option grants is 38,784,114 shares and 48,669,381 shares as at December 31, 2021 and 2020, respectively.



The change in exercise price of outstanding options is treated as a modification of the Plan terms, which resulted in an additional expense, measured as at the date of modification, for the increase in the total fair value of the outstanding share options. The table below shows the increase in fair value due to the change in the exercise price of each grant:

	Fair value after change in exercise price	Fair value before change in exercise price	Increase in fair value
Class A - May 2011 Grant	₱2,718	₱2,462	₱256
- September 2012 Grant	792	763	29
- May 2014 Grant	781	775	6
Class B - May 2011 Grant	2,075	1,920	155
- September 2012 Grant	604	587	17
- May 2014 Grant	593	591	2

Stock option expense relating to the Plan recognized amounted to ₱13.78 million in 2021 and nil in 2020 and 2019 (see Note 25).

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

	2021	2020
Outstanding at beginning of year	3,055,844	4,845,042
Additions	11,417,987	–
Expiration	(1,532,720)	(1,437,999)
Exercised during the year	(6,799,997)	(351,199)
Outstanding at end of year	6,141,114	3,055,844
Exercisable at end of year	6,141,114	3,055,844

The Parent Company used the binomial options pricing model to determine the fair value of the stock options.

The following assumptions were used to determine the fair value of the stock options:

	Share price	Exercise price	Expected volatility increase (decrease)y	Option life	Expected Dividends	Risk-free Interest rate	
May 3, 2011 Grant	A	16.50	16.50	91.20%	10 years	0.00%	6.46%
	B	17.50	17.50	155.57%	10 years	0.00%	6.46%
Sep 9, 2012 Grant	A	23.95	17.96	57.35%	10 years	0.00%	4.80%
	B	23.50	17.63	65.53%	10 years	0.00%	4.80%
May 26, 2014 Grant	A	9.50	7.13	77.28%	10 years	0.00%	3.90%
	B	9.50	7.13	84.29%	10 years	0.00%	3.90%
May 17, 2017 Grant	A	1.77	1.38	95.46%	10 years	0.00%	5.09%
	B	1.83	1.43	101.96%	10 years	0.00%	5.09%
May 18, 2021 Grant	A	2.60	2.19	(106.57%)	10 years	0.00%	4.44%
	B	2.94	2.05	92.75%	10 years	0.00%	4.44%

The expected volatility measured at the standard deviation of expected share price returns was based on the analysis of share prices for the past 365 days. The cost of share-based payment amounted to ₱9.20 million and ₱13.37 million as at December 31, 2021 and 2020, respectively (see Note 19).



## 21. Revenue

	2021	2020	2019
Revenue from contracts with customers:			
Sale of mine products	<b>₱3,787,403</b>	₱1,585,826	₱747,726
Sale of goods and services	<b>53,756</b>	33,137	47,140
Others	–	–	5,407
Total revenue from contracts with customers	<b>3,841,159</b>	1,618,963	800,273
Rental income (Note 16)	<b>729</b>	762	1,794
	<b>₱3,841,888</b>	₱1,619,725	₱802,067

Sale of mine products includes sales of nickel, gold, silver and lime, which are subject to 4% excise tax based on gross revenues in 2021, 2020 and 2019.

As a requirement under DAO No. 2010-21, ‘The Mining Act Implementing Rules and Regulations’, BRMC pays royalty to the MGB for every shipment of nickel ore equivalent to 5% of the peso equivalent of the nickel ore shipped since the SCNP is within a Mineral Reservation.

Excise taxes and royalty fees related to the sale of mine products amounted to ₱284.28 million, ₱101.03 million and ₱29.38 million in 2021, 2020 and 2019, respectively.

Set out below is the disaggregation of the Group’s revenue from contracts with customers in 2021, 2020 and 2019:

Segments	2021		Total
	Mining	Health Services	
<b>Type of product:</b>			
Gold	<b>₱942,427</b>	₱–	<b>₱942,427</b>
Nickel	<b>2,766,477</b>	–	<b>2,766,477</b>
Lime	<b>75,149</b>	–	<b>75,149</b>
Silver	<b>3,350</b>	–	<b>3,350</b>
Health services	–	<b>53,756</b>	<b>53,756</b>
<b>Total revenue from contracts with customers</b>	<b>₱3,787,403</b>	<b>₱53,756</b>	<b>₱3,841,159</b>
<b>Location of customer:</b>			
Within the Philippines	<b>₱1,020,926</b>	<b>₱53,756</b>	<b>₱1,074,682</b>
Outside the Philippines	<b>2,766,477</b>	–	<b>2,766,477</b>
<b>Total revenue from contracts with customers</b>	<b>₱3,787,403</b>	<b>₱53,756</b>	<b>₱3,841,159</b>
<b>Timing of revenue recognition:</b>			
Transferred at a point in time	<b>₱3,787,403</b>	₱–	<b>₱3,787,403</b>
Transferred overtime	–	<b>53,756</b>	<b>53,756</b>
<b>Total revenue from contracts with customers</b>	<b>₱3,787,403</b>	<b>₱53,756</b>	<b>₱3,841,159</b>



Segments	2020		
	Mining	Health Services	Total
Type of product:			
Gold	₱700,800	₱–	₱700,800
Nickel	818,337	–	818,337
Lime	63,160	–	63,160
Silver	3,529	–	3,529
Health services	–	33,137	33,137
<b>Total revenue from contracts with customers</b>	<b>₱1,585,826</b>	<b>₱33,137</b>	<b>₱1,618,963</b>
Location of customer:			
Within the Philippines	₱767,489	₱33,137	₱800,626
Outside the Philippines	818,337	–	818,337
<b>Total revenue from contracts with customers</b>	<b>₱1,585,826</b>	<b>₱33,137</b>	<b>₱1,618,963</b>
Timing of revenue recognition:			
Transferred at a point in time	₱1,585,826	₱–	₱1,585,826
Transferred overtime	–	33,137	33,137
Transferred over time	1,585,826	–	1,585,826
<b>Total revenue from contracts with customers</b>	<b>₱1,585,826</b>	<b>₱33,137</b>	<b>₱1,618,963</b>

Segments	2019				Total
	Mining	Health Services	Logistics	Others	
Type of product:					
Gold	₱575,363	₱–	₱–	₱–	₱575,363
Nickel	64,649	–	–	–	64,649
Lime	106,581	–	–	–	106,581
Health services	–	35,964	–	–	35,964
Port and barge management services	–	–	1,602	–	1,602
Trucking	–	–	4,969	–	4,969
Sale of goods	–	–	4,605	–	4,605
Real estate sales	–	–	–	5,407	5,407
Silver	1,133	–	–	–	1,133
<b>Total revenue from contracts with customers</b>	<b>₱747,726</b>	<b>₱35,964</b>	<b>₱11,176</b>	<b>₱5,407</b>	<b>₱800,273</b>
Location of customer:					
Within the Philippines	₱683,077	₱35,964	₱11,176	₱5,407	₱735,624
Outside the Philippines	64,649	–	–	–	64,649
<b>Total revenue from contracts with customers</b>	<b>₱747,726</b>	<b>₱35,964</b>	<b>₱11,176</b>	<b>₱5,407</b>	<b>₱800,273</b>
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
<b>Total revenue from contracts with customers</b>	<b>₱747,726</b>	<b>₱35,964</b>	<b>₱11,176</b>	<b>₱5,407</b>	<b>₱800,273</b>





## 22. Costs of Mine Products Sold

	2021	2020	2019
Outside services	<b>₱293,183</b>	₱227,949	₱208,382
Contractor fees	<b>188,885</b>	166,807	27,988
Materials and supplies (Note 6)	<b>154,524</b>	121,788	110,890
Personnel expenses (Note 25)	<b>99,398</b>	68,827	58,393
Depreciation and depletion (Note 26)	<b>97,372</b>	33,619	14,694
Power, rent and utilities	<b>62,700</b>	40,903	43,144
Taxes and licenses	<b>30,186</b>	26	50
Repairs and maintenance	<b>25,673</b>	22,605	17,272
Smelting, refining and marketing	<b>7,651</b>	6,604	6,199
Travel and transportation	<b>172</b>	229	523
Others	<b>2,500</b>	1,027	8,915
	<b>962,244</b>	690,384	496,450
Net change in beneficiated nickel ore (Note 6)	<b>(40,559)</b>	35,388	7,817
	<b>₱921,685</b>	₱725,772	₱504,267

Outside services pertain to the amounts paid to consultants involved in the mining operations of the Group.

Other expenses consist of various direct charges to cost of mine products, which are individually insignificant.

## 23. Cost of Services and Other Sales

	2021	2020	2019
Personnel expenses (Note 25)	<b>₱26,092</b>	₱14,269	₱14,495
Materials and supplies (Note 6)	<b>17,622</b>	7,937	10,543
Retainers and consultancy fees	<b>13,898</b>	8,031	3,697
Depreciation and depletion (Note 26)	<b>6,381</b>	3,469	9,372
Outside services	<b>4,517</b>	1,227	–
Rent (Note 16)	<b>3,544</b>	1,655	5,471
Professional fees	<b>1,258</b>	1,226	1,208
Travel and transportation	<b>429</b>	502	548
Repairs and maintenance	<b>251</b>	152	113
Taxes and licenses	<b>139</b>	144	–
Cost of real estate sold (Note 6)	–	–	2,245
Others	<b>711</b>	555	2,103
	<b>₱74,842</b>	₱39,167	₱49,795

Rent pertains to the expenses related to short-term leases (see Note 16).

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



## 24. Selling and General Expenses

	2021	2020	2019
Outside services	<b>₱523,733</b>	₱101,390	₱61,183
Personnel expenses (Note 25)	<b>156,244</b>	95,664	101,339
Rent (Note 16)	<b>66,423</b>	43,717	6,193
Depreciation and depletion (Note 26)	<b>44,461</b>	17,181	14,436
Materials and supplies (Note 6)	<b>38,684</b>	10,804	10,530
Community development programs	<b>29,480</b>	30,493	22,912
Taxes and licenses	<b>27,272</b>	32,806	11,295
Professional fees	<b>13,239</b>	9,909	18,475
Wharfage fees	<b>11,068</b>	4,923	538
Provision for impairment losses on receivables (Note 5)	<b>9,704</b>	–	20,085
Communication, light and power	<b>8,369</b>	6,750	12,650
Representation	<b>8,238</b>	11,347	29,340
Repairs and maintenance	<b>6,362</b>	14,217	6,232
Freight and handling	<b>3,631</b>	1,959	2,385
Transportation and travel	<b>2,961</b>	3,089	4,774
Insurance	<b>1,551</b>	1,046	1,217
Contract labor	–	3,333	–
Others	<b>40,861</b>	19,762	16,759
	<b>₱992,281</b>	₱408,390	₱340,343

Rent pertains to the expenses related to short-term leases (see Note 16).

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

## 25. Personnel Expenses

	2021	2020	2019
Salaries and wages	<b>₱209,608</b>	₱133,592	₱129,440
Benefits and allowances	<b>45,068</b>	34,989	32,214
Stock option expense (Note 20)	<b>13,778</b>	–	–
Pension expense (Note 30)	<b>13,280</b>	10,179	12,573
	<b>₱281,734</b>	₱178,760	₱174,227

Total personnel expenses were distributed as follows:

	2021	2020	2019
Cost of mine products sold (Note 22)	<b>₱99,398</b>	₱68,827	₱58,393
Cost of services and other sales (Note 23)	<b>26,092</b>	14,269	14,495
Selling and general expenses (Note 24)	<b>156,244</b>	95,664	101,339
	<b>₱281,734</b>	₱178,760	₱174,227



## 26. Depreciation and Depletion

Total depreciation and depletion are composed of the following (see Note 10):

	2021	2020	2019
Depreciation	<b>₱74,613</b>	₱38,262	₱27,018
Depletion	<b>73,601</b>	16,430	11,789
	<b>₱148,214</b>	₱54,692	₱38,807

Depreciation and depletion are broken down as follows:

	2021	2020	2019
Cost of mine products sold (Note 22)	<b>₱97,372</b>	₱33,619	₱14,694
Cost of services and other sales (Note 23)	<b>6,381</b>	3,469	9,372
Selling and general expenses (Note 24)	<b>44,461</b>	17,181	14,436
Gold button inventory (Note 6)	–	423	305
	<b>₱148,214</b>	₱54,692	₱38,807

## 27. Other Income - net

	2021	2020	2019
Gains (losses) on:			
Revaluation of investment properties (Note 12)	<b>₱276,986</b>	₱154,815	₱287,213
Foreign currency exchange	<b>(9,564)</b>	13,015	11,491
Disallowed input VAT and TCC (Note 8)	<b>(7,380)</b>	(5,195)	(6,704)
Rent concession	<b>585</b>	–	–
Settlement of trade and other liabilities (Note 15)	–	5,535	22,459
Deficiency tax (Note 13)	–	(19,596)	–
Disposal of property, plant and equipment (Note 10)	–	35	–
Sale of investment properties (Note 12)	–	–	68,592
Write-off of deferred mine exploration costs (Note 11)	<b>(16,511)</b>	–	–
Provision for impairment on:			
Other noncurrent assets - net (Note 13)	<b>(18,397)</b>	–	(1,838)
Other current asset (Note 8)	<b>(9,483)</b>	(5)	(8,714)
Deferred mine exploration cost (Note 11)	–	–	(94,930)
Change in estimate of liability for mine rehabilitation (Note 17)	<b>6,872</b>	(5,290)	9,672
Accretion on the liability for mine rehabilitation (Note 17)	<b>(2,453)</b>	(3,376)	(6,467)
Change in fair value of financial assets at FVPL (Note 7)	<b>2,389</b>	–	–
Interest income (Notes 4 and 13)	<b>3,293</b>	819	1,727
Noncapitalizable additions to liability for mine rehabilitation	–	–	(18,373)
Recovery of allowance for impairment loss	–	–	10,407
Sale of FVOCI (with recycling)	–	–	(2,462)
Others - net	<b>2,754</b>	271	–
	<b>₱229,091</b>	₱141,028	₱272,073



On August 19, 2020, the Parent Company received from the BIR the Final Decision on Disputed Assessment covering various tax assessments in relation to the Parent Company's 2013 deficiency taxes. Immediately on August 26, 2020, the Parent Company filed a Motion for Reconsideration as a protest to the assessment. On September 10, 2020, the Parent Company received the BIR's final assessment and was ordered to settle ₱19.60 million, covering basic taxes, interest and compromise penalties amounting to ₱9.15 million, ₱10.21 million and ₱0.24 million, respectively. In 2020, the Parent Company fully settled the final assessments.

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

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## 28. ESOIP

The ESOIP, as approved by the stockholders in 1986, allows employees of the Parent Company to buy up to 6,000,000 shares of the Common Class A shares of the Parent Company at either of two prices. If the shares are acquired by the Parent Company from a seller or are treasury shares, these can be bought at acquisition cost. If the shares are sourced from the authorized but unissued shares of the Parent Company, these can be bought at the average closing price quoted in the PSE on the last day that such shares were traded prior to the start of the purchase period. Payment for the shares purchased shall be advanced by the Parent Company on behalf of the employees and repaid through salary deduction without interest. The shares acquired by employees under the ESOIP may be subjected to a holding period from the date of purchase.

In January 1990, the BOD approved the Employees Stock Purchase Plan, which allows the employees of the Parent Company (but excluding directors of the Parent Company) to buy, basically under similar terms and conditions as that of the ESOIP, 2,000,000 shares of the Common Class A shares of the Parent Company.

The balance of the employees' stock ownership pursuant to the said plan shown as part of the trade and other receivables in the consolidated statements of financial position amounted to ₱58.42 million as at December 31, 2021 and 2020 and was provided an allowance for the same amount (see Note 5).

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## 29. Related Party Disclosures

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

The Group's related party transactions which are, individually or in aggregate over a 12-month period, 10% and above of the latest audited consolidated total assets are reviewed and evaluated by the Related Party Transaction Committee and Management Committee. Afterwards, these are approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the



independent directors' vote is not secured, the material related party transaction may be ratified by the majority vote of the shareholders, or two-thirds (2/3) of the outstanding capital stock.

All intercompany transactions are eliminated at the consolidated level. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under the Revised SRC Rule 68.

Compensation of Key Management Personnel of the Group

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

	2021	2020	2019
Short-term benefits	<b>₱19,025</b>	₱12,389	₱28,003
Post-employment benefits	<b>5,323</b>	3,479	5,438
	<b>₱24,348</b>	₱15,868	₱33,441

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

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### 30. Pension Benefits Plans

The existing regulatory framework, RA No. 7641, The Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Parent Company has a funded, noncontributory pension benefit plan, while AFC has an unfunded noncontributory pension benefit plan covering substantially all of their regular employees. The benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees in accordance with RA 7641. The defined pension benefit obligation is determined using the projected unit credit method.

The following tables summarize the components of net pension benefit in the consolidated statements of income and fund status, and the amounts recognized in the consolidated statements of financial position.

The component of pension expense are as follows:

	2021	2020	2019
Current service cost	<b>₱10,275</b>	₱7,108	₱6,465
Net interest cost	<b>3,005</b>	3071	3979
Past service cost	-	-	2,129
Pension expense	<b>₱13,280</b>	₱10,179	₱12,573

Pension liability as at December 31, 2021 and 2020 are as follows:

	2021	2020
Present value of defined benefit obligation	<b>₱99,035</b>	₱87,381
Fair value of plan assets	<b>(25,683)</b>	(5,550)
Pension liability	<b>₱73,352</b>	₱81,831



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

	2021	2020
Balances at beginning of year	<b>₱87,381</b>	₱63,131
Interest cost	<b>3,210</b>	3,099
Current service cost	<b>10,275</b>	7,108
Actuarial losses (gains)	<b>(312)</b>	16,843
Benefits paid	<b>(1,519)</b>	(2,800)
Balances at end of year	<b>₱99,035</b>	₱87,381

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

	2021	2020
Change in financial assumptions	<b>₱10,188</b>	(₱8,605)
Experience adjustments	<b>(9,876)</b>	(8,238)
	<b>₱312</b>	(₱16,843)

Fair value of plan assets of the Parent Company follows:

	2021	2020
Balances at beginning of year	<b>₱5,550</b>	₱569
Contribution	<b>20,000</b>	5,000
Remeasurement gain	<b>(72)</b>	(47)
Asset return in net interest cost	<b>205</b>	28
Balances at end of year	<b>₱25,683</b>	₱5,550

The plan assets of the Parent Company comprised mostly of cash in bank as at December 31, 2021 and 2020.

	2021	2020
Cash in bank	<b>100.00%</b>	89.75%
Investment in shares	<b>0.00%</b>	10.25%
	<b>100.00%</b>	100.00%

The Parent Company's plan assets are being managed by a trustee bank. The retirement fund includes time deposits, shares of stocks, which are traded in the PSE, and unquoted shares of stocks. The Parent Company has no transactions with its retirement fund and the retirement fund has no investments in shares of stocks of the Parent Company.

The Parent Company expects to contribute ₱20.93 million to the defined benefits retirement plan in 2021.



Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2021 and 2020:

Plan Year	2021	2020
Less than 1 year	<b>₱43,212</b>	₱23,753
More than 1 year to 5 years	<b>42,005</b>	41,198
More than 5 years to 10 years	<b>14,510</b>	16,134
More than 10 years to 15 years	<b>40,942</b>	32,421
More than 15 years to 20 years	<b>91,678</b>	67,903
More than 20 years	<b>632,349</b>	491,220
	<b>₱864,696</b>	<b>₱672,629</b>

The overall expected rate of return on assets is determined based on the market prices prevailing on the date applicable to the period over which the obligation is to be settled. The average duration of the defined benefit obligations of the Group is 13-19 years.

The principal assumptions used in determining the pension liability of the Group's plans are shown below.

	2021	2020
Discount rate	<b>4.88% to 4.98%</b>	3.21% to 3.69%
Salary increase rate	<b>5.00% to 11.00%</b>	5.00% to 11.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the pension liability as at the end of the reporting period, assuming if all other assumptions were held constant:

	Increase (decrease)	December 31, 2021
		Present value of the defined benefit obligation
<b>Discount rates</b>	<b>5.88% to 5.98% (+1.00%)</b>	<b>₱92,868</b>
	<b>4.88% to 4.98% (actual)</b>	<b>99,034</b>
	<b>3.88% to 3.98% (-1.00%)</b>	<b>106,640</b>
<b>Salary increase rate</b>	<b>6.00% to 12.00% (+1.00%)</b>	<b>₱106,176</b>
	<b>5.00% to 11.00% (actual)</b>	<b>99,034</b>
	<b>4.00% to 10.00% (-1.00%)</b>	<b>93,142</b>
	Increase (decrease)	December 31, 2020
		Present value of the defined benefit obligation
Discount rates	4.29% to 4.69% (+1.00%)	₱80,266
	3.21% to 3.69% actual	87,381
	2.21% to 2.69% (-1.00%)	96,016
Salary increase rate	6.00% to 12% (+1.00%)	₱95,433
	5.00% to 11% actual	87,381
	4.00% to 10% (-1.00%)	80,593



### 31. Income Taxes

The provision for current and deferred tax in 2021, 2020 and 2019 include the following:

	2021	2020	2019
Provision for current taxes:			
RCIT	₱364,195	₱23,147	₱1,385
MCIT	128	5,968	5,464
Effect of change in tax rate	(3,236)	-	-
	<b>361,087</b>	29,115	6,849
Provision for deferred taxes	<b>11,310</b>	72,768	25,743
<b>Total</b>	<b>₱372,397</b>	<b>₱101,883</b>	<b>₱32,592</b>

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

	Deferred tax assets - net		Deferred tax liabilities - net	
	2021	2020	2021	2020
Deferred tax assets on:				
Allowance for impairment losses on:				
Inventories	₱-	₱-	₱43,875	₱46,857
Trade and other receivables	3,679	4,415	16,122	18,071
Other current assets	-	-	9,813	11,053
Unrealized foreign exchange loss	3,284	148	662	-
Excess of liability for mine rehabilitation over mine rehabilitation asset	4,818	-	-	-
Excess of lease liabilities over ROU asset	4	5,205	145	-
Pension liability	699	931	17,639	23,625
	<b>12,484</b>	10,699	<b>88,256</b>	99,606
Deferred tax liabilities on:				
Unrealized foreign exchange gain	660	3,773	-	1,552
Cumulative translation adjustment of foreign subsidiaries	-	-	12,069	13,541
Excess of rental income over receipts	-	-	14	50
Excess of mine rehabilitation asset over liability for mine rehabilitation	-	-	5,721	-
Revaluation increment on property, plant and equipment	178	214	806,834	951,604
Revaluation increment on artworks	-	-	12,196	15,373
	<b>838</b>	3,987	<b>836,834</b>	982,120
<b>Net deferred tax assets (liabilities)</b>	<b>₱11,646</b>	<b>₱6,712</b>	<b>(₱748,578)</b>	<b>(₱882,514)</b>





The Group did not recognize deferred tax assets relating to the following temporary differences because management believes that it is more likely than not that the carry-forward benefits will not be realized in the near future:

	2021	2020	2019
Allowance for inventory loss, impairment loss and others	<b>₱353,936</b>	₱479,647	₱479,647
NOLCO	<b>60,498</b>	115,655	339,858
Share-based payment	<b>9,198</b>	13,689	21,670
Accrued expenses	<b>8,003</b>	8,002	8,002
Excess of lease liabilities over ROU asset	<b>387</b>	463	626
Straight-line amortization of accrued rent	<b>250</b>	–	–
MCIT	<b>226</b>	15,007	18,049
Accumulated accretion on liability for mine rehabilitation	–	65,236	54,170
Accumulated depletion on asset retirement obligation	–	24,564	20,766
	<b>₱432,498</b>	<b>₱722,263</b>	<b>942,788</b>

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current year	NOLCO Unapplied
2018	2019-2021	₱–	(₱18,974)	(₱39,513)	₱–
2019	2020-2022	–	–	(2,925)	37,312
		<b>₱394,896</b>	<b>₱–</b>	<b>(₱42,438)</b>	<b>₱149,248</b>

As of December 31, 2021, the Group has incurred NOLCO in taxable year 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current year	NOLCO Unapplied
2020	2021-2025	₱–	₱–	(₱24)	₱16,907
2021	2022-2026	–	–	–	6,279
		<b>₱23,210</b>	<b>₱–</b>	<b>(₱24)</b>	<b>₱23,186</b>



As of December 31, 2021, the Group has MCIT that can be applied against payment of regular income tax as follows:

Year Incurred	Availment Period	Amount	MCIT Applied Previous Year/s	MCIT Expired	MCIT Applied Current year	MCIT Unapplied
2018	2019-2021	₱3,973	₱-	(₱142)	(₱3,831)	₱-
2019	2020-2022	5,055	-	-	(5,036)	19
2020	2021-2023	4,504	-	-	(4,425)	79
2021	2022-2024	128	-	-	-	128
		<b>₱13,660</b>	<b>₱-</b>	<b>(₱142)</b>	<b>(₱13,292)</b>	<b>₱226</b>

Movements of NOLCO are as follow:

	2021	2020	2019
Balances at beginning of year	<b>₱115,655</b>	₱452,765	₱470,244
Additions	<b>6,279</b>	16,872	130,093
Expirations	<b>(18,974)</b>	(34,260)	(137,114)
Application	<b>(42,462)</b>	(319,722)	(10,458)
Balances at end of year	<b>₱60,498</b>	₱115,655	₱452,765

Movements of MCIT are as follow:

	2021	2020	2019
Balances at beginning of year	<b>₱15,007</b>	₱18,049	₱22,037
Effect of change in tax rate	<b>(1,475)</b>	-	-
Additions	<b>128</b>	5,980	5,464
Expirations	<b>(142)</b>	(164)	(9,452)
Application	<b>(13,292)</b>	(8,858)	-
Balances at end of year	<b>₱226</b>	₱15,007	₱18,049

The reconciliation of pretax income computed at the statutory income tax rate to provision for income tax shown in the consolidated statements of income is as follows:

	2021	2020	2019
Tax computed at statutory rate	<b>₱448,500</b>	₱144,980	₱44,499
Add (deduct) effects of:			
Changes in unrecognized deferred tax assets	<b>(62,746)</b>	(59,976)	5,556
Nontaxable income	<b>(69,247)</b>	(57,535)	(99,344)
Nondeductible expenses	<b>94,654</b>	32,645	31,813
Effect of change in tax rate	<b>(18,919)</b>	-	-
Application of MCIT	<b>(13,292)</b>	(8,858)	-
Application of NOLCO	<b>(10,616)</b>	-	-
Expiration of NOLCO	<b>4,744</b>	10,278	41,134
Interest income subject to final tax	<b>(823)</b>	(246)	(518)
Expiration of MCIT	<b>142</b>	164	9,452
Write-off of inventory allowance	-	40,431	-
	<b>₱372,397</b>	₱101,883	₱32,592



**Republic Act 11534 also known as “Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act”**

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

Since CREATE Act is considered enacted or substantively enacted on March 26, 2021; the income tax rate used in computing for the provision for income tax for the year ended December 31, 2021 is 25%.

The effect of the reduction of income tax rates was recognized in 2021. Details are as follows:

Provision for current income tax in 2021	<b>₱364,323</b>
Effect of change in income tax rate	<b>(3,236)</b>
Provision for current income tax as presented in the consolidated statements of income	<b>₱361,087</b>

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**32. Basic/Diluted EPS**

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

In computing for the 2021 and 2020 diluted EPS, the Parent Company considered the effect of stock options outstanding since these are dilutive. In 2019, the diluted EPS did not consider the effect of stock options outstanding since these were anti-dilutive.

	<b>2021</b>	2020	2019
Net income	<b>₱1,421,604</b>	₱381,385	₱115,737
Current dividends on preference shares	<b>(60)</b>	(60)	(60)
Adjusted net income	<b>₱1,421,544</b>	₱381,325	₱115,677



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

	2021	2020	2019
<b>Basic EPS</b>			
Weighted average common shares issued	<b>620,919,986</b>	616,687,512	616,119,252
Less: treasury shares	<b>348,069</b>	348,069	348,069
Weighted average common shares outstanding	<b>620,571,917</b>	616,339,443	615,771,183
<b>Diluted EPS</b>			
Weighted average common shares issued	<b>620,919,986</b>	616,687,512	616,119,252
Less: treasury shares	<b>348,069</b>	348,069	348,069
	<b>620,571,917</b>	616,339,443	615,771,183
Convertible preferred shares	<b>2,059,366</b>	2,059,366	2,059,366
Stock options	<b>3,137,502</b>	3,055,844	–
Weighted average common shares outstanding	<b>625,768,785</b>	621,454,653	617,830,549
Basic EPS	<b>₱2.29</b>	₱0.62	₱0.19
Diluted EPS	<b>₱2.27</b>	₱0.61	₱0.19

### 33. Segment Information

PFRS 8, *Operating Segments*, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, who is the President of the Parent Company.

For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, as follows:

- The mining segment is engaged in exploration, nickel and gold mining operations.
- The health services segment is engaged in the business of offering medical and clinical diagnostic examinations and health care services on pre-employment.
- The logistics segment is engaged in logistics services to the supply-chain requirements of various industries.
- The other segments are comprised of aggregated operating segments of the Group who are engaged in research, development, real estate and water projects.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with income or loss before income tax as reported in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Intersegment revenues are eliminated upon consolidation and reflected in the 'eliminations' column. All other adjustments and eliminations are presented in the table below.

Segment assets include operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories and property, plant and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade and other payables, accrued expenses and bank loans. Segment assets and liabilities do not include deferred taxes.



### Business Segments

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

2021							
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
<b>Revenue</b>							
External customers	₱3,787,403	₱53,756	₱-	₱729	₱3,841,888	₱-	₱3,841,888
Interest income	796	3	5	2,489	3,293	-	3,293
Inter-segment	-	-	161,496	-	161,496	(161,496)	-
Other income	460,352	758	2	57	461,169	(171,583)	289,586
	4,248,551	54,517	161,503	3,275	4,467,846	(333,079)	4,134,767
<b>Cost and Expenses</b>							
Interest expense	3,175	-	713	-	3,888	-	3,888
Direct costs	888,414	41,562	26,440	458	956,874	(64,100)	892,774
Selling and general expenses	1,153,406	5,362	20,804	31,082	1,210,654	(262,834)	947,820
Accretion expense	2,453	-	-	-	2,453	-	2,453
Depreciation, depletion and amortization (Note 26)	204,749	694	7,923	1,515	214,881	(66,667)	148,214
Excise taxes and royalty fees (Note 21)	284,282	-	-	-	284,282	-	284,282
Other expenses	30,838	59	26,066	4,155	61,118	217	61,335
Income (loss) before tax	1,681,234	6,840	79,557	(33,935)	1,733,696	60,305	1,794,001
Provision for income tax	356,191	127	16,047	32	372,397	-	372,397
Net income (loss)	₱1,325,043	₱6,713	₱63,510	(₱33,967)	₱1,361,299	₱60,305	₱1,421,604
Operating assets	₱11,852,791	₱40,525	₱482,082	₱1,393,090	₱13,759,005	(₱5,021,298)	₱8,737,707
Operating liabilities	(₱3,033,365)	(₱78,576)	(₱357,964)	(₱794,277)	(₱4,264,182)	(₱2,672,940)	(₱1,591,242)
<b>Other disclosure:</b>							
Capital expenditure	₱39,213	₱1,570	₱11,438	₱332	₱52,553	₱-	₱52,553

2020							
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
<b>Revenue</b>							
External customers	₱1,585,826	₱33,137	₱-	₱762	₱1,619,725	₱-	₱1,619,725
Interest income	811	3	1	4	819	-	819
Inter-segment	-	-	65,127	-	65,127	(65,127)	-
Other income	204,679	668	5,570	1	210,918	(37,008)	173,910
	1,791,316	33,808	70,698	767	1,896,589	(102,135)	1,794,454
<b>Cost and Expenses</b>							
Interest expense	3,130	-	-	-	3,130	-	3,130
Direct costs	714,219	26,712	10,967	477	752,375	(24,524)	727,851
Selling and general expenses	403,009	7,465	12,552	9,550	432,576	(41,367)	391,209
Accretion expense	3,376	-	-	-	3,376	-	3,376
Depreciation, depletion and amortization (Note 26)	105,746	3,503	4,355	7,332	120,936	(66,667)	54,269
Excise taxes and royalty fees (Note 21)	101,026	-	-	-	101,026	-	101,026
Other expenses	24,723	-	5,497	69	30,289	36	30,325
Income (loss) before tax	436,087	(3,872)	37,327	(16,661)	452,881	30,387	483,268
Provision for income tax	89,943	74	11,860	6	101,883	-	101,883
Net income (loss)	₱346,144	(₱3,946)	₱25,467	(₱16,667)	₱350,998	₱30,387	₱381,385
Operating assets	₱10,093,544	₱31,131	₱414,919	₱1,386,702	₱11,926,296	(₱4,553,726)	₱7,372,570
Operating liabilities	(₱2,617,380)	(₱75,897)	(₱365,202)	(₱861,777)	(₱3,945,752)	₱2,203,530	(₱1,742,726)
<b>Other disclosure:</b>							
Capital expenditure	₱34,889	₱-	₱3,229	₱-	₱38,118	₱-	₱38,118



	2019						
	Mining	Health services	Logistics	Others	Total	Eliminations	Consolidated
Revenue							
External customers	₱747,726	₱35,964	₱11,176	₱7,201	₱802,067	₱-	₱802,067
Interest income	177	10	37	1,503	1,727	-	1,727
Inter-segment	-	-	8,479	-	8,479	(8,479)	-
Other income	309,482	1,752	21,876	236,178	569,288	(159,454)	409,834
	1,057,385	37,726	41,568	244,882	1,381,561	(167,933)	1,213,628
Cost and Expenses							
Interest expense	2,084	202	-	3	2,289	(258)	2,031,547
Direct costs	489,243	27,962	13,787	2,417	533,409	(3,413)	529,996
Selling and general expenses	272,718	16,722	21,318	23,065	333,823	(7,916)	325,907,341,739
Accretion expense	6,467	-	-	-	6,467	-	6,467
Impairment losses	88,512	1,341	-	6,915	96,768	-	96,768
Depreciation, depletion and amortization (Note 26)	118,634	10,870	4,544	8,086	142,134	(103,632)	38,502,245,766
Excise taxes and royalty fees (Note 21)	29,375	-	-	-	29,375	-	29,375
Other expenses	36,823	1	70	15,951	52,845	(16,592)	36,253,156,531
Income (loss) before tax	(13,529)	(19,372)	1,849	188,445	184,451	(36,122)	148,329
Provision for income tax	32,139	16	(467)	904	32,592	-	32,592
Net income (loss)	(₱18,610)	(₱19,388)	₱2,316	₱187,541	₱151,859	(₱36,122)	₱115,737
Operating assets	₱9,478,109	₱26,811	₱465,472	₱1,285,064	₱11,255,456	(₱4,381,648)	₱6,873,808
Operating liabilities	(₱2,463,015)	(₱68,573)	(₱440,574)	(₱576,245)	(₱3,548,407)	₱1,886,533	(₱1,661,874)
Other disclosure:							
Capital expenditure	₱21,683	₱30	₱3,400	₱6,924	₱32,037	₱-	₱32,037

Notes to operating segments:

- Inter-segment revenue, cost and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'eliminations' column.
- Capital expenditures consist of additions to property, plant and equipment and deferred mine exploration costs.
- Further information of the Group's revenue about products and services as well as geographical areas are presented in Note 21.
- Gross revenues from each of the customers from the mining segment that exceeded 10% of the Group's revenue for the years ended December 31, 2021, 2020 and 2019 are presented below:

	2021	2020	2019
Customer 1	₱942,427	₱700,800	₱575,363
Customer 2	2,731,975	812,952	-
	₱3,674,402	₱1,513,752	₱575,363

### 34. Financial Risk Management Objectives and Policies

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



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

### Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and availing of suppliers' credit. The long-term relationship of the Group to its suppliers gives it the advantage to negotiate the payment terms.

As part of its liquidity risk management, the Group has access to sufficient external funding (*bank credit lines*) and loans payable maturing within 12 months can be rolled over with existing lenders. It also continuously assesses conditions in the financial markets for opportunities to avail bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. As at December 31, 2021 and 2020, cash and cash equivalents may be withdrawn anytime while quoted FVPL may be converted to cash by selling them during the normal trading hours in any business day.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2021 and 2020, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Company's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates

	2021				Total
	On demand	0-90 days	91-365 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	₱552,236	₱-	₱-	₱-	₱552,236
Short-term deposits	51,012	-	-	-	51,012
Trade and other receivables					
Trade	-	-	183,120	-	183,120
Receivables from lessees of bunkhouses	45	-	-	-	45
Advances to contractors under "other current assets"	-	-	-	54,638	54,638
Loans receivable under "other noncurrent assets"	-	-	-	211,324	211,324
FVPL	674,977	-	-	-	674,977
FVOCI	-	-	-	877	877
	<b>₱1,278,270</b>	<b>₱-</b>	<b>₱183,120</b>	<b>₱266,839</b>	<b>₱1,728,229</b>
<i>Financial liabilities</i>					
Loans payable	₱337,035	₱-	₱-	₱-	₱337,035
Trade and other payables					
Trade	-	343,727	-	-	343,727
Nontrade*	27,050	-	-	-	27,050
Accrued expenses	849	-	33,698	-	34,547
Lease liabilities	-	2,159	6,475	12,497	21,131
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	<b>₱364,934</b>	<b>₱345,886</b>	<b>₱40,173</b>	<b>₱61,633</b>	<b>₱2,239,399</b>
	<b>₱913,336</b>	<b>(₱345,886)</b>	<b>₱142,947</b>	<b>(₱205,206)</b>	<b>₱915,603</b>
Net financial assets (liabilities)	<b>913,336</b>	<b>388,597</b>			

\*Excluding statutory payables



	2020				Total
	On demand	0-90 days	91-365 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	₱261,481	₱-	₱-	₱-	₱261,481
Short-term deposits	51	10,016	-	-	10,067
Trade and other receivables					
Trade	-	-	178,583	-	178,583
Receivables from lessees of bunkhouses	1,110	-	-	-	1,110
Advances to contractors under “other current assets”	-	-	-	54,638	54,638
FVOCI	-	-	-	13,361	13,361
	₱262,642	₱10,016	₱178,583	₱67,999	₱519,240
<i>Financial liabilities</i>					
Loans payable	₱508,998	₱-	₱-	₱-	₱508,998
Trade and other payables					
Trade	-	330,948	-	-	330,948
Nontrade*	5,158	-	-	-	5,158
Accrued expenses	16,935	-	24,716	-	26,575
Lease liabilities	-	1,943	-	6,761	8,704
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	₱516,015	₱332,891	₱ 24,716	₱55,897	₱924,361
Net financial assets (liabilities)	(₱253,373)	(₱322,875)	₱153,867	₱222,828	(₱405,121)

### Credit Risk

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

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

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

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

	2021	2020
Cash and cash equivalents		
Cash in banks	₱551,465	₱260,546
Short-term deposits	51,012	10,067
Trade and other receivables		
Trade	183,120	178,583
Receivables from lessees of bunkhouses	45	1,110
Advances to contractors under “other current assets”	54,638	54,638
	₱840,280	₱504,944





*Impairment of financial assets*

The Group has financial assets consisting of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses, advances to contractors under “other current assets” and loans receivable under “other noncurrent assets” that are subjected to ECL model.

*General Approach*

*Cash and cash equivalents*

The ECL relating to the cash of the Group is minimal as these are deposited in reputable banks which have good credit rating, and are considered to have lower credit risk.

*Lessees of bunkhouses, advances to contractors under “other current assets” and loan receivable under “other noncurrent assets”*

The Group provided a allowance for ECLs for these financial assets amounted to ₱101.38 million in 2021 and 2020.

*Simplified Approach*

*Trade receivables*

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

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

Below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

**As at December 31, 2021**

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	3%	5%	19%	175%	200%	
Estimated total gross carrying amount at default	₱67,528	₱1,967	₱4,480	₱133,942	₱13,950	₱221,867
	₱697	₱17	₱65	₱24,018	₱13,950	₱38,747

**As at December 31, 2020**

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	1%	1%	1%	11%	200%	
Estimated total gross carrying amount at default	₱62,526	₱1,821	₱4,148	₱124,020	₱13,950	₱206,465
	₱391	₱10	₱37	₱13,494	₱13,950	₱27,882



Market Risks

*Interest Rate Risk*

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

As at December 31, 2020 and 2019, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans. The Group regularly monitors its interest due to exposure from interest rates movements.

The Group's unsecured loans payable are both payable on demand. Nominal interest rates vary from floating rate of 91-day Philippine Php T-bill rate for peso loans and 3-month LIBOR foreign loans, plus a margin of 2.5% for unsecured loans.

<u>2021</u>	<b>Change in interest rates (in basis points)</b>	<b>Sensitivity of pretax Income</b>
	+100	(₱3,370)
	-100	3,370
<u>2020</u>	<b>Change in interest rates (in basis points)</b>	<b>Sensitivity of pretax Income</b>
	+100	(₱5,090)
	-100	5,090

*Foreign Currency Risk*

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial performance and cash flows.

The Group has transactional currency exposures. Such exposure arises from the sale of gold and nickel ore and the purchase of certain goods and services denominated in US\$.

All sales of gold and nickel ore are denominated in US\$. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.

The Group's policy is to maintain foreign currency exposure within acceptable limits. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is involved. The Group did not seek to hedge the exposure on the change in foreign exchange rates between the US\$ and the Philippine peso. The Group believes that active currency hedging would not provide long-term benefits to stockholders.



The Group's foreign currency-denominated monetary assets and liabilities as at December 31, 2021 and 2020 follow:

	2021		2020	
	US\$	Peso equivalent	US\$	Peso equivalent
<u>Financial Assets</u>				
Cash in banks	\$5,476	₱279,221	\$1,280	₱61,469
Trade receivables under "trade and other receivables"	527	26,872	527	25,308
<b>Total monetary assets</b>	<b>\$6,003</b>	<b>₱306,093</b>	<b>\$1,807</b>	<b>₱86,777</b>

As at December 31, 2021 and 2020, the exchange rates of the Philippine peso to the US\$ based on the Bankers Association of the Philippines are ₱50.99 and ₱48.02, respectively.

The sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's income before income tax as at December 31, 2021 and 2020 is as follows:

	Change in foreign exchange rate	Income before income tax effect
<b>2021</b>		
	Strengthens by 0.60%	₱1,852
	Weaken by -2.56%	(7,826)
<b>2020</b>		
	Change in foreign exchange rate	Income before income tax effect
	Strengthens by 0.14%	₱118
	Weakens by 0.96%	(831)

#### *Equity Price Risk*

Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its quoted shares under financial assets at FVOCI.

The Group's policy is to maintain its risk to an acceptable level. Movement of share prices is monitored regularly to determine impact on the consolidated statement of financial position.

The table shows the sensitivity to a reasonably possible change in equity prices of quoted equity instruments as at December 31, 2021 and 2020, except equity-linked investments.

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



2020	Average change in market indices (in percentage)	Sensitivity to equity
	33.30%	₱144
	(33.30%)	(144)

The equity impact is arrived using the reasonably possible change of the relevant market indices and the specific adjusted beta of each stock the Group holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

#### Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2021, 2020 and 2019. The Group monitors capital using the parent company financial statements. As at December 31, 2021 and 2020, the Group has met its capital management objectives.

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

	2021	2020
Capital stock	<b>₱624,015</b>	₱617,215
Capital surplus	<b>409,929</b>	388,646
Retained earnings	<b>4,021,846</b>	2,598,788
Other components of equity	<b>1,361,759</b>	1,183,409
Treasury shares	<b>(8,016)</b>	(8,016)
	<b>₱6,409,533</b>	₱4,780,042

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

	2021	2020
Total liabilities (a)	<b>₱2,339,820</b>	₱2,599,240
Total equity (b)	<b>6,409,533</b>	4,780,042
Debt-to-equity ratio (a/b)	<b>0.37:1</b>	0.54:1

### 35. Changes in Liabilities arising from Financing Activities

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

	January 1, 2021	Cash flows	Foreign exchange movement	Additions	Reclassification	Others	December 31,2021
Loans payable	₱508,998	(₱182,323)	(₱2,680)	₱-	₱-	13,040	₱337,035
Lease liabilities-current	1,678	(7,697)			(7,437)	(585)	9,181
Lease liability-net of current portion	4,476	-	-	23,222	7,437	-	11,913
Other noncurrent liabilities	391,412	(89,798)	(9,814)	-	-	-	291,800
	<b>₱906,564</b>	<b>(279,818)</b>	<b>(12,494)</b>	<b>₱23,222</b>	<b>₱-</b>	<b>₱12,455</b>	<b>₱649,929</b>



	January 1, 2020	Cash flows	Foreign exchange movement	Additions	Reclassifi- cation	Others	December 31, 2020
Loans payable	₱507,893	₱-	₱-	₱1,105	₱-	₱-	₱508,998
Lease liabilities-current	2,476	(2,070)	-	165	1,107	-	1,678
Lease liability-net of current portion	5,583	-	-	-	(1,107)	-	4,476
Other noncurrent liabilities	414,201	(736)	(22,053)	-	-	-	391,412
	<b>₱930,153</b>	<b>(₱2,806)</b>	<b>(47,041)</b>	<b>₱1,270</b>	<b>₱-</b>	<b>₱-</b>	<b>₱906,564</b>

Others include interest expense, accretion expense, and changes in estimate of liability for mine rehabilitation (see Notes 14, 16 and 17).

### 36. Fair Value Measurement

#### Fair Values

Fair value is defined as the amount at which a financial instrument can be exchanged in an orderly transaction between market participants at the measurement date.

Set out below is a comparison by category and class of carrying amounts and estimated fair values of the Group's significant financial assets and liabilities as at December 31, 2021 and 2020:

	Carrying amounts		Fair values	
	2021	2020	2021	2020
<b>Financial Assets:</b>				
FVPL	<b>₱674,977</b>	₱-	<b>₱674,977</b>	₱-
FVOCI	<b>877</b>	13,361	<b>877</b>	13,361
Loan Receivable under "other noncurrent assets "	<b>211,324</b>	-	<b>211,324</b>	-
<b>Financial Liabilities:</b>				
Lease Liabilities	<b>21,094</b>	6,154	<b>20,042</b>	6,154
Loans payable	<b>₱337,035</b>	₱508,998	<b>₱337,035</b>	₱508,998

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

*Cash and cash equivalents, Trade receivables and receivable from lessees of bunkhouses under Trade and Other Receivables, Loan receivable and Advances under Other Current Assets, nontrade under Other Noncurrent Assets, trade and accrued expenses under Trade and Other Payables, and equity of claimowner in contract operations under Other Noncurrent Liabilities*

The fair values of these instruments approximate their carrying amounts as of reporting date due to the short-term nature.

#### *Loan Receivable*

The the estimated fair value of loans receivables is based on the discounted value of future cash flows using the interest rate of 1% per annum.

#### *Financial assets measured at FVTPL*

The fair value of investments are based on published net asset value per unit or the price per unit of the UITF.



*Financial assets measured at FVOCI*

The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date.

*Loans Payable*

Where the repricing of the variable-rate interest bearing loan is frequent (i.e., three-month repricing), the carrying value approximates the fair value. The fair value of other loans payable is determined by discounting the principal using the 3-month LIBOR rate of 0.58% plus credit spread of 5.42%.

*Lease Liabilities*

The fair value of lease liabilities is determined based on the discounted value of future cash flows using the interest rate of 2.67-4.85% per annum for a period of 1-12 years.

Fair Value Hierarchy

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

	2021		
	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land at revalued amounts	P-	P-	P1,651,264
Artworks at revalued amounts	-	-	52,139
Investment properties	-	-	2,910,663
Financial assets at FVTPL	674,977	-	-
Financial assets at FVOCI	877	-	-
Lease liabilities	-	-	21,094
Intangible asset under "Other noncurrent assets"	-	250	-
	2020		
	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land at revalued amounts	P-	P-	P1,621,149
Artworks at revalued amounts	-	-	52,139
Investment properties	-	-	2,633,677
Financial assets at FVOCI	13,361	-	-
Lease liability	-	-	6,154
Intangible asset under "Other noncurrent assets"	-	250	-

Sensitivity of the fair value measurements that are categorized within Level 3

A 5% increase (decrease) in internal factors used in determining the price per square meter, such as use, size and location would decrease (increase) the fair value of land by P1,110 million (P1,075 million) and P319.76 million (P86.59 million) as at December 31, 2021 and 2020, respectively.



A 5% increase (decrease) in leeway discount in determining the price of each artwork would increase (decrease) the fair value of artworks by ₱1.54 million (₱1.54 million) as at December 31, 2021 and 2020.

As at December 31, 2021 and 2020, the fair value of land at revalued amounts, artworks at revalued amounts and investment property are calculated using the sales comparative approach, which resulted in measurement being classified as Level 3 in the fair value hierarchy.

As at December 31, 2021 and 2020, the Group's financial assets at FVPL and FVOCI are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations.

As at December 31, 2021 and 2020, the Group's intangible asset under "other noncurrent assets" are classified under Level 2 of the fair value hierarchy. There are no other assets and liabilities measured at fair value using any of the valuation techniques as at December 31, 2021 and 2020. There were no transfers between levels in 2021 and 2020.

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### 37. Agreements and Contingencies

- a. The Parent Company and certain subsidiaries are contingently liable for liabilities arising from lawsuits or claims (mostly labor, civil, mines administrative and ports related cases) filed by third parties, which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.



## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Benguet Corporation and its subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated March 29, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial consolidated statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

Tax Identification No. 301-106-741

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

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

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

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

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

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

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

March 29, 2022



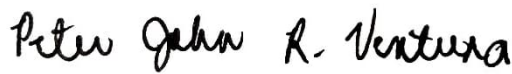


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Benguet Corporation and its subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 29, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. 0113172

Tax Identification No. 301-106-741

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

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

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

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

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

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

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

March 29, 2022



**BENGUET CORPORATION AND SUBSIDIARIES**  
**FINANCIAL RATIOS**  
**PURSUANT TO REVISED SRC RULE 68**  
**DECEMBER 31, 2021**

Ratio	Formula	2021	2020														
<b><u>Profitability Ratios:</u></b>																	
Return on assets	Net Income divided by total average assets	<b>17.63%</b>	5.33%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">₱1,421,604</td> </tr> <tr> <td>Divided by: Total average asset</td> <td style="text-align: right;">8,064,318</td> </tr> <tr> <td style="border-top: 1px solid black;">Return on assets</td> <td style="text-align: right; border-top: 1px solid black;">17.63%</td> </tr> </table>	Net income	₱1,421,604	Divided by: Total average asset	8,064,318	Return on assets	17.63%										
Net income	₱1,421,604																
Divided by: Total average asset	8,064,318																
Return on assets	17.63%																
Return on equity	Net income divided by total shareholder's equity	<b>22.18%</b>	7.98%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">₱1,421,604</td> </tr> <tr> <td>Divided by: Total shareholder's equity</td> <td style="text-align: right;">6,409,533</td> </tr> <tr> <td style="border-top: 1px solid black;">Return on equity</td> <td style="text-align: right; border-top: 1px solid black;">22.18%</td> </tr> </table>	Net income	₱1,421,604	Divided by: Total shareholder's equity	6,409,533	Return on equity	22.18%										
Net income	₱1,421,604																
Divided by: Total shareholder's equity	6,409,533																
Return on equity	22.18%																
Gross profit margin	Gross profit after excise tax divided by total revenue	<b>66.66%</b>	52.77%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total revenue</td> <td style="text-align: right;">₱3,841,888</td> </tr> <tr> <td>Less: Cost of mine products sold</td> <td style="text-align: right;">921,685</td> </tr> <tr> <td style="padding-left: 20px;">Cost of services and other sales</td> <td style="text-align: right;">74,842</td> </tr> <tr> <td style="padding-left: 20px;">Excise tax and royalties' fees</td> <td style="text-align: right;">284,282</td> </tr> <tr> <td style="border-top: 1px solid black;">Gross profit</td> <td style="text-align: right; border-top: 1px solid black;">1,280,809</td> </tr> <tr> <td>Divided by: Total revenue</td> <td style="text-align: right;">3,841,888</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">Gross profit margin</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">66.66%</td> </tr> </table>	Total revenue	₱3,841,888	Less: Cost of mine products sold	921,685	Cost of services and other sales	74,842	Excise tax and royalties' fees	284,282	Gross profit	1,280,809	Divided by: Total revenue	3,841,888	Gross profit margin	66.66%		
Total revenue	₱3,841,888																
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Divided by: Total revenue	3,841,888																
Gross profit margin	66.66%																
Operating profit margin	Operating income divided by total revenue	<b>40.83%</b>	21.32%														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total revenue</td> <td style="text-align: right;">₱3,841,888</td> </tr> <tr> <td>Less: Operating costs and expenses</td> <td style="text-align: right;">2,273,090</td> </tr> <tr> <td style="border-top: 1px solid black;">Operating income</td> <td style="text-align: right; border-top: 1px solid black;">1,568,798</td> </tr> <tr> <td>Divided by: Total revenue</td> <td style="text-align: right;">3,841,888</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">Operating profit margin</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">40.83%</td> </tr> </table>	Total revenue	₱3,841,888	Less: Operating costs and expenses	2,273,090	Operating income	1,568,798	Divided by: Total revenue	3,841,888	Operating profit margin	40.83%						
Total revenue	₱3,841,888																
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Net income	₱1,421,604																
Divided by: Total revenue	3,841,888																
Net profit margin	37.00%																
<b><u>Liquidity and Solvency Ratios:</u></b>																	
Current ratio	Total current assets divided by total current liabilities	<b>2.08:1</b>	1.06:1														
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total current assets</td> <td style="text-align: right;">₱2,416,934</td> </tr> <tr> <td>Divided by: Total current liabilities</td> <td style="text-align: right;">1,160,003</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">Current ratio</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">2.08</td> </tr> </table>	Total current assets	₱2,416,934	Divided by: Total current liabilities	1,160,003	Current ratio	2.08										
Total current assets	₱2,416,934																
Divided by: Total current liabilities	1,160,003																
Current ratio	2.08																

Ratio	Formula	2021	2020														
Quick ratio	Quick assets divided by total current liabilities	<b>0.96:1</b>	0.64:1														
	<table border="1"> <tr> <td>Total current assets</td> <td>₱2,416,934</td> </tr> <tr> <td>Less: Inventories</td> <td>142,059</td> </tr> <tr> <td>Other current assets</td> <td>1,156,667</td> </tr> <tr> <td></td> <td>1,298,726</td> </tr> <tr> <td>Quick assets</td> <td>1,118,208</td> </tr> <tr> <td>Divided by: Total current liabilities</td> <td>1,160,003</td> </tr> <tr> <td>Quick ratio</td> <td>0.96</td> </tr> </table>	Total current assets	₱2,416,934	Less: Inventories	142,059	Other current assets	1,156,667		1,298,726	Quick assets	1,118,208	Divided by: Total current liabilities	1,160,003	Quick ratio	0.96		
Total current assets	₱2,416,934																
Less: Inventories	142,059																
Other current assets	1,156,667																
	1,298,726																
Quick assets	1,118,208																
Divided by: Total current liabilities	1,160,003																
Quick ratio	0.96																
Solvency ratio	Total assets divided by total liabilities	<b>3.74:1</b>	2.84:1														
	<table border="1"> <tr> <td>Total assets</td> <td>₱8,749,353</td> </tr> <tr> <td>Divided by: Total liabilities</td> <td>2,339,820</td> </tr> <tr> <td>Solvency ratio</td> <td>3.74</td> </tr> </table>	Total assets	₱8,749,353	Divided by: Total liabilities	2,339,820	Solvency ratio	3.74										
Total assets	₱8,749,353																
Divided by: Total liabilities	2,339,820																
Solvency ratio	3.74																
<b>Financial Leverage Ratios:</b>																	
Asset to equity ratio	Total assets divided by total equity	<b>1.37:1</b>	1.54:1														
	<table border="1"> <tr> <td>Total assets</td> <td>₱8,749,353</td> </tr> <tr> <td>Divided by: Total equity</td> <td>6,409,533</td> </tr> <tr> <td>Asset to equity ratio</td> <td>1.37</td> </tr> </table>	Total assets	₱8,749,353	Divided by: Total equity	6,409,533	Asset to equity ratio	1.37										
Total assets	₱8,749,353																
Divided by: Total equity	6,409,533																
Asset to equity ratio	1.37																
Debt ratio	Total liabilities divided by total assets	<b>0.27:1</b>	0.35:1														
	<table border="1"> <tr> <td>Total liabilities</td> <td>₱2,339,820</td> </tr> <tr> <td>Divided by: Total assets</td> <td>8,749,353</td> </tr> <tr> <td>Debt ratio</td> <td>0.27</td> </tr> </table>	Total liabilities	₱2,339,820	Divided by: Total assets	8,749,353	Debt ratio	0.27										
Total liabilities	₱2,339,820																
Divided by: Total assets	8,749,353																
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Debt to equity ratio	Total liabilities divided by total equity	<b>0.37:1</b>	0.54:1														
	<table border="1"> <tr> <td>Total liabilities</td> <td>₱2,339,820</td> </tr> <tr> <td>Divided by: Total equity</td> <td>6,409,533</td> </tr> <tr> <td>Debt to equity ratio</td> <td>0.37</td> </tr> </table>	Total liabilities	₱2,339,820	Divided by: Total equity	6,409,533	Debt to equity ratio	0.37										
Total liabilities	₱2,339,820																
Divided by: Total equity	6,409,533																
Debt to equity ratio	0.37																
Interest coverage ratio	Earnings before interest and taxes divided by total interest expense	<b>462.42:1</b>	155.40:1														
	<table border="1"> <tr> <td>Income before income tax and interes</td> <td>₱1,797,889</td> </tr> <tr> <td>Divided by: Total interest expense</td> <td>3,888</td> </tr> <tr> <td>Interest coverage ratio</td> <td>462.42</td> </tr> </table>	Income before income tax and interes	₱1,797,889	Divided by: Total interest expense	3,888	Interest coverage ratio	462.42										
Income before income tax and interes	₱1,797,889																
Divided by: Total interest expense	3,888																
Interest coverage ratio	462.42																

## **BENGUET CORPORATION AND SUBSIDIARIES**

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### **INDEX TO THE SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

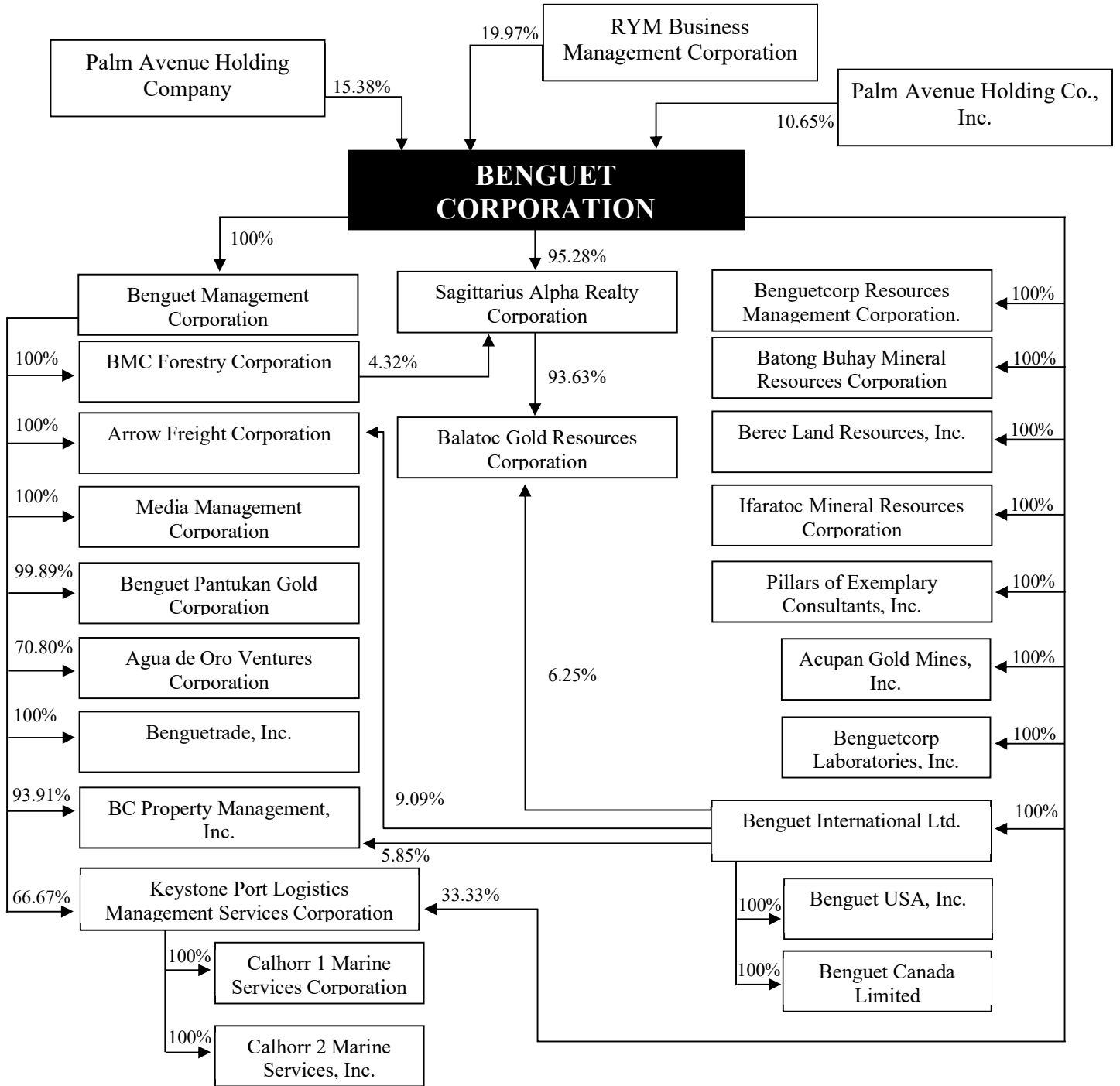
	<b><u>Schedule</u></b>
Reconciliation of retained earnings available for dividend declaration	I
A map showing the relationships of the Companies within the Group	II
Supplementary Schedules Required by Annex 68-J	
Financial assets	A
Amounts receivable from directors, officers, employees, related parties and principal stockholders	B
Amounts receivable from related parties which are eliminated during the consolidation of financial statements	C
Long-term debt	D
Indebtedness to related parties	E
Guarantees of securities of other issuers	F
Capital stock	G

**SCHEDULE I**  
**RECONCILIATION OF RETAINED EARNINGS**  
**AVAILABLE FOR DIVIDEND DECLARATION**  
**As at December 31, 2021**  
**(Amount in Thousands)**

**BENGUET CORPORATION**  
**7th Floor Universal Re-Building, 106 Paseo de Roxas, Makati City**

<b>Unappropriated Retained Earnings, beginning</b>	<b>₱2,522,201</b>
Effect of quasi-reorganization on revaluation increment	(1,010,848)
Accumulated fair value gains of investment properties	(1,042,846)
Adjustment for recognized deferred tax asset	(103,751)
<hr/>	
<b>Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning</b>	<b>364,756</b>
<hr/>	
<b>Add: Net income actually earned/ realized during the period</b>	
Net income during the period closed to Retained Earnings	447,897
<hr/>	
Less: Non-actual/unrealized income net of tax	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	8,855
Fair value adjustment of Investment Property resulting to gain	276,986
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRSs	92
Subtotal	285,933
<hr/>	
Add: Non-actual losses	
Net decrease in recognized deferred tax asset	1,262
Subtotal	1,262
<hr/>	
<b>Net income actually incurred during the period</b>	<b>163,226</b>
<b>Less:</b>	
Treasury shares	(8,016)
	<b>(8,016)</b>
<hr/>	
<b>TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND</b>	<b>₱519,966</b>
<hr/>	

**SCHEDULE II**  
**BENGUET CORPORATION AND SUBSIDIARIES**  
**A MAP SHOWING THE RELATIONSHIPS OF THE**  
**COMPANIES WITHIN THE GROUP**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2021**



**SCHEDULE A**

**BENGUET CORPORATION AND SUBSIDIARIES**  
**FINANCIAL ASSETS**  
**DECEMBER 31, 2021**  
**(Amounts in Thousands)**

Name of Issuing Entity and Association of Each Issue	Number of Share or Principal Amount of Bonds and Notes	Amount in the Statement of Financial Position	Income Received and Accrued
Financial assets at amortized cost			
A. Cash in banks			
BDO Unibank, Inc.		₱388,128	₱416
Malayan Savings Bank		88,888	95
Metropolitan Bank & Trust Company		4,661	5
Union Bank of the Philippines		69	-
China Banking Corporation		168	-
Philippine National Bank		6,210	7
Equitable PCI Bank		183	-
United Coconut Planters Bank		326	1
Landbank of the Philippines		261	-
Others		62,571	67
B. Short Term Deposits			
Malayan Savings Bank		50,960	197
Metropolitan Bank & Trust Company		52	-
C. Trade and Other receivables			
Trade		183,120	-
Receivables from lessees of bunkhouses		45	-
D. Advances to contractors under "other current assets"			
		54,638	-
E. Loan Receivable under "other noncurrent assets"			
		211,324	2,466
F. Financial assets at fair value through profit or loss (FVPL)			
Unit Investment Trust Fund	387,641,984.3ss5	674,977	-
G. Financial assets at fair value through Other Comprehensive Income (FVOCI)			
PLDT, Inc.	206	373	-
Sherwood Hills Development, Incorporated	1	100	-
TVI Pacific, Inc.	518,775	404	-
		<b>₱1,727,458</b>	<b>₱3,254</b>

**SCHEDULE B**

**BENGUET CORPORATION AND SUBSIDIARIES**  
**AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS**  
**(OTHER THAN RELATED PARTIES)**  
**DECEMBER 31, 2021**  
**(Amounts in Thousands)**

Name and Designation of Debtor	Balance at beginning period	Additions	Amounts collected / settlements	Amounts written off	Current	Not current	Balance at end period
Max D. Arceno <i>SVP - Accounting &amp; Treasurer</i>	₱552	₱-	₱100	₱-	₱452	₱-	₱452
Reynaldo P. Mendoza <i>EVP - Legal</i>	1,271	1	-	-	1,272	-	1,272
Cynthia Lazaro <i>Sec. Mgr - Insurance (Treasury)</i>	550	4	-	-	554	-	554
Sheena Irish Barra <i>Division Manager (Accounting)</i>	235	38	40	-	233	-	233
Camilo Bernaldo <i>Section Mgr - Gov't Liaison (Legal)</i>	46	-	46	-	-	-	-
Eden Barcelona <i>Section Manager-Stockholders Relation Office</i>	111	-	-	-	111	-	111
Neilsen D. Olfindo <i>HR &amp; Admin. Manager</i>	44	-	18	-	26	-	26
Pamela Gendrano <i>AVP - Compliance, COMREL &amp; Environmental</i>	13	-	-	-	13	-	13
Marlene Villanueva <i>Purchasing Asst (Materials)</i>	16	80	45	-	51	-	51
Lourdes O. Calub <i>Finance Manager (Finance)</i>	20	-	-	-	20	-	20
Harold Jacinto <i>Technical Assistant</i>	30	-	30	-	-	-	-
Jessa t. Repasa <i>Admin Assistant</i>	24	50	32	-	42	-	42
Maricel Ulep <i>Group Asst for SVP-Finance &amp; SVP Nickel Op'n</i>	119	-	-	-	119	-	119
Max D. Arceno <i>SVP - Accounting &amp; Treasurer</i>	552	-	100	-	452	-	452
Reynaldo P. Mendoza <i>EVP - Legal</i>	1,271	1	-	-	1,272	-	1,272



**SCHEDULE C**

**BENGUET CORPORATION AND SUBSIDIARIES  
AMOUNTS RECEIVABLE FROM RELATED PARTIES  
WHICH ARE ELIMINATED DURING THE  
CONSOLIDATION OF FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(Amounts in Thousands)**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts collected/ settlements	Amounts Written off	Current	Not Current	Balance at end period
Benguetcorp Resources Management Corporation.	(P612,042)	P7,081	P-	P-	(P604,961)	P-	(P604,961)
Balatoc Gold Resources Corporation	78,453	62	-	-	78,515	-	78,515
Benguetrade, Inc.	(43,879)	7,073	-	-	(36,806)	-	(36,806)
Benguetcorp Laboratories, Inc.	44,715	2,429	-	-	47,144	-	47,144
Berec Land Resources, Inc.	(35,127)	-	(90)	-	(35,127)	-	(35,127)
BC Property Management, Inc.	30,437	-	(91)	-	30,346	-	30,346
Ifaratoc Mineral Resources Corporation	29,897	136	-	-	30,033	-	30,033
Benguet-Pantukan Gold Corporation	29,634	21	-	-	29,655	-	29,655
BMC Forestry Corporation	(23,956)	-	(1,913)	-	(25,869)	-	(25,869)
Media Management Corporation	12,183	-	-	-	12,183	-	12,183
Arrow Freight Corporation	(6,618)	6,527	-	-	(91)	-	(91)
Benguet Management Corporation	65,881	30,280	-	-	96,161	-	96,161
Agua de Oro Ventures Corporation	12,177	178	-	-	12,359	-	12,359
Keystone Port Logistics Management Services Corporation	18,402	3,078	-	-	21,480	-	21,480
BenguetCorp International Limited	4,694	-	(229)	-	4,465	-	4,465
Sagittarius Alpha Realty Corporation	(33,835)	-	(9,023)	-	(42,858)	-	(42,858)
Batang Buhay Mineral Resources Corporation	2,487	131	-	-	2,618	-	2,618
Acupan Gold Mines, Inc.	(2,074)	101	-	-	(1,973)	-	(1,973)
Pillars of Exemplary Consultants, Inc.	739	42	-	-	781	-	781
	<b>(P427,832)</b>	<b>P57,143</b>	<b>(P11,346)</b>	<b>P-</b>	<b>(P382,035)</b>	<b>P-</b>	<b>(P382,035)</b>

**SCHEDULE D**

**BENGUET CORPORATION AND SUBSIDIARIES  
LONG-TERM DEBT  
DECEMBER 31, 2021  
(Amounts in Thousands)**

<u>Title of issue and type of obligation</u>	<u>Amount authorized by indenture</u>	<u>Amount shown under the caption 'Current Portion of long-term borrowings' in related balance sheet</u>	<u>Amount shown under the caption 'Long-term borrowings - net of current portion' in related balance sheet</u>
Unsecured loans, including interest	₱337,035	₱337,035	₱-
	₱337,035	₱337,035	₱-

**SCHEDULE E**

**BENGUET CORPORATION AND SUBSIDIARIES  
INDEBTEDNESS TO RELATED PARTIES  
(LONG-TERM LOANS FROM RELATED COMPANIES)  
DECEMBER 31, 2021**

Name of related party	Balance at beginning of period	Balance at end of period	
<table border="1"><tr><td>NOT APPLICABLE</td></tr></table>			NOT APPLICABLE
NOT APPLICABLE			

**SCHEDULE F**

**BENGUET CORPORATION AND SUBSIDIARIES  
GUARANTEES OF SECURITIES OF OTHER ISSUERS  
DECEMBER 31, 2021**

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
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NOT APPLICABLE

**SCHEDULE G****BENGUET CORPORATION AND SUBSIDIARIES  
CAPITAL STOCK  
DECEMBER 31, 2021**

The Parent Company's authorized share capital is ₱785.5 million divided into 737.0 million shares consisting of 19.7 million Convertible Preferred Class A shares with par value of ₱3.43 each and 430.4 million Class A common shares and 286.9 million Class B common shares with par value of ₱1.00 each. As at December 31, 2021, shares issued and outstanding totaled 623,139,440 held by 16,901 shareholders.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	No of shares held by:		
				Affiliates	Directors and Officers	Others
Convertible Preferred Stock						
Class A	19,652,912	217,061	–	–	–	217,061
Common Stock						
Class A	430,380,000	374,996,258	–	–	881,330	374,114,928
Class B	286,920,000	247,926,121	–	–	445,608	247,480,513