COVER SHEET

11341

SEC Registration Number

BENGUET CORPORATION

(Group's Full Name)

7th Floor, Universal Re BuilDing,

106 Paseo de Roxas, Makati City

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

Mr. Reynaldo P. Mendoza

(Contact Person)

8812-1380

(Group Telephone Number)

12 31

Month *Day*

(Calendar Year)

17-Q

(Form Type)

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

16,889

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 17-Q

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

1. For the quarterly period ended: **JUNE 30, 2024**

2. Commission identification number: **11341** 3. BIR Tax Identification No.: **000-051-037-000**

BENGUET CORPORATION

4. Exact name of issuer as specified in its charter

PHILIPPINES

5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: [ ] (SEC Use Only)

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

7. Address of issuer's principal office Postal Code

(632) 8812-1380

8. Issuer's telephone number, including area code

....

9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA.

	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Convertible Preferred Class A	217,061 shares
Common Class A Stock	375,120,008 shares*
Common Class B Stock	248,064,121 shares*

*Net of Treasury Shares

Total consolidated outstanding principal loans payable as of June 30, 2024 - ₱ 85.06 Million

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

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

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

Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [ ] No [X]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.
Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

PLEASE REFER TO ANNEX "A" on pages 21 to 45 which are incorporated and form part of this report (SEC Form 17-Q), as follows:

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

A. FINANCIAL PERFORMANCE

2024 SECOND QUARTER VS. 2023 SECOND QUARTER

CONSOLIDATED RESULTS OF OPERATIONS

Three Months Ended June 30, 2024
Comparative figures for June 30, 2024 and June 30, 2023
Amount in Millions

	2024	2023	Change	% of Change
Revenues	825.2	344.0	481.2	139.9%
Cost and Operating Expenses				
Costs of mine products sold	218.9	135.5	83.4	61.5%
Costs of merchandise sold and services	26.9	17.8	9.1	51.1%
Selling and general	277.5	177.2	100.3	56.6%
Taxes on revenue	65.2	21.7	43.5	200.5%
	588.5	**352.2**	**236.3**	**67.1%**
Income (Loss) from Operations	236.7	(8.2)	228.5	(2,786.6%)
Interest Expense	0	0.0	(0.0)	(0.0%)
Other Income (Expense)				
Interest Income	5.3	1.2	4.1	341.7%
Foreign Exchange gain	10.6	17.5	(6.9)	(39.4%)
Miscellaneous – net	17.3	22.7	(5.4)	(23.8%)
	33.2	**41.3**	**(8.1)**	**(19.6%)**
Income before income tax	269.9	33.1	236.8	715.4%
Provision for income tax	54.8	3.1	51.7	16.7%
Net Income	**215.0**	**30.0**	**185.0**	**616.%**

Six Months Ended June 30, 2024
Comparative figures for June 30, 2024 and June 30, 2023
Amount in Millions

	2024	2023	Change	% of Change
Revenues	1,295.3	1,603.2	(307.9)	(19.2%)
Cost and Operating Expenses				
Costs of mine products sold	409.8	342.4	67.4	19.7%
Costs of merchandise sold and services	46.4	45.2	1.2	2.6%
Selling and general	458.2	544.3	(86.1)	(15.8%)
Taxes on revenue	97.0	122.3	(25.3)	(20.7%)
	1,011.4	**1,054.2**	**(42.8)**	**(4.1%)**
Income (Loss) from Operations	283.9	548.8	(264.9)	(48.3%)
Interest Expense	0.0	0.3	(0.3)	(100.0%)
Other Income (Expense)				
Interest Income	7.8	1.9	5.9	310.5%
Foreign Exchange gain	25.6	3.4	22.2	652.9%
Miscellaneous – net	22.6	23.2	(0.6)	(2.6%)
	55.9	**28.6**	**27.3**	**95.4%**
Income before income tax	339.8	577.2	(237.4)	(41.1%)
Provision for income tax	72.0	138.6	(66.6)	(48.0%)
Net Income	**267.7**	**438.6**	**(170.9)**	**(39.0%)**

Consolidated net income for the second quarter of 2024 amounted to ₱215.0 million, over six times the net income of ₱30.0 million in the same quarter in 2023. Net income for the first six months of 2024, however, declined from ₱438.6 million in 2023 to ₱267.7 million in 2024. The increase/decrease in net income was the net effect of the following:

Revenues
Consolidated revenues in the second quarter of 2024 rose to ₱825.2 million more than twice the ₱344.0 million revenue in the same quarter in 2023. The increase this year is attributed to the seven boatloads of nickel ore sold during the quarter and the positive performance of the Acupan Gold Project in Itogon Province after restructuring its operation effective March 2024. For the first half of this year, consolidated revenues amounted to ₱1.3 billion, 19% lower compared to ₱1.6 billion for the same period in 2023. The decrease was due to lower price of nickel and lower volume of nickel ore sold in 2024. BRMC sold ten boatloads of nickel ore with aggregate volume of 537,000 tons valued at ₱944.4 million compared to eleven boatloads of nickel ore with aggregate volume of 586,294 tons valued at ₱1.2 billion for the first semester of 2023. To-date June, nickel ore was sold at an average price of US$30.938/ton versus US$38.313/ton last year.

Operating and Other Expenses
Cost and operating expenses in the second quarter this year amounted to ₱588.7 million, higher compared to ₱352.2 million for the same quarter in 2023. For the first semester this year, cost and operating expenses decreased by 4% against ₱1,054.2 million for the same period last year. The increase/decrease was the net effect of the following:

Cost of mine products sold increased by 62% during the quarter. The increase was due to higher volume of nickel ore exported this year.

Cost of merchandise sold, and services increased both for the second quarter and first semester this year. The increase is due to higher volume of nickel shipments managed by the Logistics Subsidiaries of the Company.

Selling and general expenses increased both for the second quarter and first semester this year, on account of higher volume of nickel ore sold.

Decrease in taxes on revenue this year is attributed to lower revenue from nickel ore shipments on account of lower nickel price.

Other income for the second quarter and first semester this year amounted to ₱33.2 million and ₱55.9 million, respectively. Comparatively, other income for the second quarter and first semester of 2023 amounted to ₱41.3 million and ₱28.6 million, respectively. Other income for the second quarter and first semester this year came from the foreign exchange gain on the Company's export of nickel ore exports.

Provision for income tax of ₱72.1 million for the first semester this year pertains to the regular corporate income tax of Benguet Corporation, Benguetcorp Resources Management Corporation (BRMC),Arrow Freight and Construction Corporation (AFCC), Keystone Port Logistics and Management Services Corporation (KPLMSC) and BMC Forestry Corporation (BFC).

FINANCIAL CONDITION

2024 FIRST SEMESTER VS. YEAR ENDED 31 DECEMBER 2023
Comparative Figures for June 30, 2024 and December 31, 2023
Amounts in Millions

	2024	2023	Change	% of Change
Assets				
Current Assets				
Cash and cash equivalent	772.8	774.2	(1.4)	(0.2%)
Trade and other receivables	753.4	746.7	6.7	(0.9%)
Inventories	215.2	248.0	(32.8)	(13.2%)
Financial assets at fair value through profit or loss (FVPL)	1,357.2	1,328.8	28.4	2.1%
Other current assets	748.5	660.6	87.9	13.3%
Total Current Assets	**3,847.2**	**3,758.2**	**89.0**	**2.4%**
Noncurrent Assets				
Property, plant and equipment	2,536.1	2,566.5	(30.4)	(1.2%)
Deferred mine exploration costs	542.5	520.4	22.1	4.2%
Investment property	2,997.9	2,997.9	0.0	0.0%
Deferred tax assets – net	5.6	5.6	0.0	0.0%
Other noncurrent assets	508.7	488.9	19.8	4.0%
Total Noncurrent Assets	**6,590.8**	**6,579.4**	**11.4**	**0.2%**
Total Assets	**10,438.0**	**10,337.6**	**100.4**	**0.9%**
Liabilities and Equity				
Current Liabilities				
Loans payable	339.2	339.2	0.0	0.0%
Trade and other payables	371.9	507.8	(135.9)	(26.8%)
Lease liabilities – current	3.6	4.2	(0.6)	(14.2%)
Liability for mine rehabilitation – current	17.6	17.8	(0.2)	(1.1%)
Income tax payable	47.4	33.3	14.1	42.3%
Total Current Liabilities	**779.8**	**902.4**	**(122.6)**	**(13.6%)**
Noncurrent Liabilities				
Lease liabilities – net of current portion	4.1	4.1	0.0	0.0%
Liability for mine rehabilitation – net of current portion	44.3	44.3	0.0	0.0%

Pension liability	56.5	58.2	(1.7)	(2.9%)
Deferred income tax liabilities – net	787.3	775.9	(11.4)	(1.5%)
Other noncurrent liabilities	128.4	185.7	(57.3)	(30.9%)
Total Noncurrent Liabilities	**1,020.7**	**1,068.2**	**(47.5)**	**(4.4%)**
Total Liabilities	**1,800.5**	**1,970.6**	**(170.1)**	**(8.6%)**
Equity				
Capital Stock	624.3	624.3	0.0	0.0%
Capital Surplus	415.5	415.5	0.0	0.0%
Cost of Share-Based payment	8.1	8.1	0.0	0.0%
Other components of equity	1,422.3	1,419.5	2.8	0.2%
Retained earnings	6,175.3	5,907.6	267.7	4.5%
	8,645.5	8,375.0	270.5	3.2%
Treasury shares	(8.0)	(8.0)	0.0	0.0%
Total Equity	**8,637.5**	**8,367.0**	**270.5**	**3.2%**
Total Liabilities and Equity	**10,438.0**	**10,337.6**	**100.4**	**1.0%**

Assets

The Company ended the second quarter of 2024 with consolidated total assets of ₱10.44 billion, higher than the ₱10.34 billion total assets in 2023. The increase is the net effect of the following:

Increase in Financial Assets at Fair Value through Profit and Loss (FVPL) pertains to increase in fair value of UITF.

Decrease in inventories is due to the sale of nickel ore.

Other current assets increased to ₱748.5 million from ₱660.6 million due to additional input tax from various purchases of goods and services and increase in short term investments.

Increase in deferred mine exploration expenses pertain to drilling expenses incurred in the Pantingan Gold Prospect in Bataan.

Increase in other noncurrent assets is attributed to additional long-term investments.

Liabilities

Total consolidated liabilities as of June 30, 2024, decreased to ₱1.8 billion from ₱1.97 billion as of December 31, 2023. The decrease was due to the following:

Trade and other payables decreased by 27% to ₱371.95 million from ₱507.8 million in 2023 due to payment of various payables to suppliers and contractors.

Decrease in lease liability is due to payment of rentals/leases.

Decline in income tax payable is attributed to payment of last year liability of ₱33.3 million.

Pension liability slightly decreased due to payment of retirement liability.

Increase in Deferred Income tax Liabilities pertain to deferred income tax in relation to the increase to Fair Value of UITFs.

Other noncurrent liabilities decreased by 31% to ₱128.4 million from ₱185.7 million in 2023 due to payment of advances from nickel off-taker.

Equity
Retained earnings increased by 5% from the net income from operation generated this first semester.

Equity increased from ₱8.4 billion in 2023 to ₱8.6 billion arising from net income generated during the first semester of this year amounting to ₱267.7 million.

Consolidated Cash Flows
The net cash provided by operating activities for the second quarter and first half of 2024 amounted to ₱146.9 million and ₱89.9 million, respectively. On the other hand, the net cash used by operating activities in the second quarter of 2023 amounted to ₱277.5 million while the net cash provided for the first semester amounted to ₱224.7 million.

For the first semester this year, the Company spent ₱22.2 million in exploration activities, and ₱15.3 million in other assets. In comparison, the Company spent ₱22.9 million in exploration activities, ₱25.0 million in acquisition of property, plant equipment, ₱21.9 million in other assets and placed ₱126.5 million in UITF in the first half of 2023.

Net cash used in financing activities amounted to ₱58.7 million in the second quarter and ₱59.8 million for the first semester this year. Payments were made on the outstanding liabilities with LS Networks Co., Ltd. and retirement liability.

OPERATIONAL REVIEW

Mining

Acupan Gold Project (AGP)
The restructuring of operation implemented in March, 2024, improved AGP's performance in the second quarter this year.

AGP reported higher revenue for the second quarter of 2024 amounting to ₱133.2 million compared to ₱119.8 million for the same quarter in 2023. For the first half this year revenue amounted to ₱285.8 million slightly lower against ₱288.4 million for the same period in 2023. Despite the lower volume of gold sold during the period, revenue increased due to higher price of gold. AGP sold 1,009.67 ounces for the second quarter and 2,313.06 ounces for the first semester in 2024. In contrast, AGP sold 1,074.08 ounces and 2,691.39 ounces for the same respective periods in 2023. Average price of gold in the second quarter 2024 rose to US$2,312.77 per ounce from the US$1,998.86 per ounce for the same quarter in 2023. Likewise, for the six months period this year, the average price of gold increased to US$2,181.88 per ounce from US$1,933.63 per ounce for the same period last year.

AGP milled 4,307 DMT with average mill grade of 8.79 grams per ton for the second quarter, lower compared to 6,700 DMT with average mill grade of 5.91 grams per ton for the same quarter last year. For the first semester this year, AGP milled 9,421 DMT with average mill grade of 8.95 grams per ton versus 14,841 DMT with average mill grade of 6.59 grams per ton for the same period in 2023. Pre-tax income of ₱12.96 million for the second quarter and ₱16.3 million for the first semester this year, is a turnaround from the pre-tax loss of ₱18.6 million and ₱4.6 million for the same respective periods last year.

Management is continuously reviewing its development and production plan with the objective of finding new areas that will yield higher volume and better grade of gold. Likewise, AGP is continuously reviewing its security and safety program to prevent the intrusion of illegal miners/squatters and occurrence of accidents in the area.

Sta. Cruz Nickel Project (SCNP)
The Sta. Cruz Nickel Operation in Zambales under its wholly owned subsidiary Benguetcorp Resources Management Corporation (BRMC), reported higher revenue in the second quarter and lower revenue in the first semester of 2024 compared to the same periods in 2023. Revenue for the second quarter amounted to ₱659.6 million more than three (3) times the ₱188.1 million revenue for the same period in 2023. For the first half this year, revenue decreased by 21% to ₱0.9 billion from ₱1.2 billion for the same period in 2023. The decline in revenue was due to lower nickel prices and volume sold this year. During the second quarter, BRMC sold seven boatloads of nickel ore aggregating 372,660 tons of 1.4% as against two boatloads of 109,080 tons ranging from 1.2% to 1.4% for the same quarter last year. For the first semester this year, ten boatloads were sold aggregating 537,000 tons versus eleven boatloads aggregating 586,294 tons for the same period last year. The average price of nickel ore for the first semester of 2024 decreased by 19% to US$30.928/ton from the average price of US$38.313/ton for the same period last year. Net income for the second quarter and first half this year amounted to ₱121.1 and ₱154.7 million, respectively higher compared to ₱19.8 million for the second quarter of 2023 and lower compared to ₱316.4 million for the first half of 2023.

Irisan Lime Project (ILP)
The Company's ILP revenue for the second quarter this year amounted to ₱20.0 million, lower than the ₱22.9 million revenue for the same period last year. For the six-month period of 2024, revenue slightly decreased to ₱44.3 million from ₱48.4 million for the same period in 2023. Decrease in revenue is attributed to lower volume of lime sold in 2024. ILP sold 2,821 metric tons of lime this year, lower compared to 3,083 metric tons in 2023. This resulted to lower pre-tax income of ₱3.6 million and ₱8.8 million for the second quarter and first semester respectively this year versus pre-tax income of ₱4.7 million and ₱12.2 million for the same respective periods in 2023.

Benguet Antamok Gold Operation (BAGO)
The Benguet Antamok Gold Operations (BAGO) received the approval of its Final Mine Rehabilitation and Decommissioning Plan (FMRDP) from the Mines and Geosciences Bureau – Cordillera Administrative Region (MGB-CAR) and the Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC) through a resolution signed by the Committee. The Resolution states that BAGO already accomplished most of the indicated rehabilitation activities under the Phase 1 Component amounting to ₱16.8 million while the remaining costs of ₱23.2 million will cover most of the rehabilitation activities in Phase 2.

Phase 1 activities are progressing within the framework of the Annual Care and Maintenance Programs, with total expenditures this quarter amounting to ₱0.09 million. For this quarter accomplishments which are reflected in the submitted 2024 Care and Maintenance Program, BAGO continuously implemented activities related to nursery maintenance, seedling propagation, reforestation, greening initiatives, water quality monitoring, watershed protection, and the maintenance of environmental structures like the Liang Dam emergency spillways and penstocks.

The FMRDP is an instrument to ensure the sustainability of previously operated mines through the implementation of comprehensive rehabilitation measures.

EXPLORATION, RESEARCH AND DEVELOPMENT
Pantingan Property
Gold Prospect
The Pantingan property, located in Bataan peninsula, is covered by MPSA No. 154-2000-III. It remains to be a viable prospect for epithermal gold mineralization and aggregates. During the quarter, the Company continued to implement its drilling program. The main purpose of the drilling program is to determine the possible extension of the potential gold veining system. In support of its exploration activities, the Company filed for the fifth renewal of Exploration Period under the MPSA. In addition, the Company also filed for the renewal of the MPSA.

Aggregates Prospect
On the aggregates prospect, the Company continue with its permitting activities including permit for road-right-of-way in the 30-hectares Quarry Permit Area (QPA) outside the MPSA. Permits of 6 QPAs areas are expected to be completed at year-end. The large-scale quarry in PAB-1 and PAB-2 still needs drilling to come up with the resource data for Declaration of Mining Project Feasibility (DMPF). In the QPA area, the MGB has issued an area clearance while the NCIP has issued a Certificate of Non-Overlap (CNO). The Company already obtained LGU Certificate of No Objection/endorsement the project. Tree inventory for Tree Cutting Permit and ECC review is still a work-in-progress.

Zamboanga Gold Prospect
The Zamboanga Gold Prospect covers 399.0288 hectares situated in the common boundary of R.T. Lim, Zamboanga Sibugay and Siocon, Zamboanga del Norte and is covered with Exploration Permit No. EP-012-2023-IX. The Company is currently doing exploration works which includes Tunneling and Shaft Sinking per approved Exploration Work Program. The Company continues to comply with the required documents for its Community Development Program. After which, the Company will implement the Information Education Campaign (IEC) to Local Government Unit (LGU) and Indigenous People's (IP) on the next quarters.

Surigao Coal Project
Surigao Coal Project is a coal property acquired by the Company in Surigao del Sur through a Royalty Agreement with Diversified Mining Company in 1981. The property consists of 12-coal blocks with a total area of 12,000 hectares. The Company applied for a new Coal Operating Contract wherein after review and evaluation of the submitted documents, the Department of Energy (DOE) approved the publication of the Company's Area of Interest (AOI) with invitation to challenge.

SUBSIDIARIES AND AFFILIATES
Logistics
Arrow Freight and Construction Corporation (AFCC)
AFCC, the logistics provider of the Company generated revenue of ₱29.1 million for the second quarter and ₱50.8 million for the first half this year, higher as compared to the revenues of ₱17.2 million in the second quarter of 2023 and lower compared to ₱62.1 million for the first half period in 2023. The revenue this quarter was attributed to the management fee earned in providing to BRMC the needed earthmoving equipment and dump trucks for its various mining activities, ore hauling using its own fleet and ore loading using its own backhoes. Net income for the second quarter and first semester this year amounted to ₱12.0 million and ₱21.1 million, respectively, compared to net income of ₱5.9 million and ₱28.9 million for the same respective periods in 2023.

AFCC will oversee the dredging activities of the Candelaria Port in September 2024.

AFCC has current operational hauling fleet of ten unit dump trucks, four backhoes, oil tanker and water truck. It also plan to acquire more earth moving equipment, dump trucks and 10-wheeler trucks to expand its logistics services and engage in construction business.

Keystone Port Logistics and Management Services Corporation (KPLMSC)
KPLMSC, the port and barging services provider of the Company reported revenue of ₱29.4 million for the second quarter and ₱41.9 million for the first half this year, lower as compared to the revenue of ₱8.1 million and ₱43.5 million for the same respective periods last year. The variance is on account of the lower tonnage of nickel ore exports managed from 586,294 tons in the first semester of 2023 to 537,000 tons for the same period in 2024. Net income for the second quarter and first semester of 2024 amounted to ₱13.6 million and ₱16.1 million, respectively, compared to the net income of ₱0.9 million and ₱20.2 million for the same respective periods in 2023.

Dredging of the Candelaria Port will start in September 2024.

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 reported a pre-tax income of ₱0.6 million for the second quarter and ₱0.8 million for the first half of this year, compared to pre-tax income of ₱0.4 million and ₱2.7 million for the same periods in 2023.

BFC continues to manage the lime kiln operation of Irisan Lime Project and sell the remaining three lots with an aggregate area of 1,043 square meters valued at P5.29 million. BFC is searching for new property to acquire and develop for its Woodspark Subdivision expansion.

Kelly Ecozone Project (KEP)

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

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

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

Healthcare

Benguetcorp Laboratories, Inc. (BCLI)

BCLI reported revenue of ₱10.6 million for the second quarter and ₱20.7 million for the first half this year, lower versus ₱12.8 million and ₱26.6 million for the same periods last year. BCLI generated a pre-tax income of ₱1.2 million for the second quarter, lower against ₱1.8 million pre-tax income for the same quarter last year. For the same reason, pre-tax income for the first half of 2024 amounted to ₱1.2 million, lower compared to pre-tax income of ₱3.2 million for the same period of 2023.

Benguetcorp International Limited

In 1988, the Company acquired BenguetCorp International Limited (BIL), a Hongkong-based and wholly owned subsidiary for international operations, which remains largely inactive. BIL's subsidiary, BenguetCorp USA Limited's (BUSA) renewed its claims over 217 hectares of mineral property for gold/silver in Royston Hills, Nevada, USA. The Company engaged the services of Burgex, Inc. to provide and perform services as needed to identify and evaluate mineral interests and opportunities available for the project.

B. 2023 SECOND QUARTER VS. 2022 SECOND QUARTER

Lower nickel prices on the back of oversupply from Indonesia coupled with subdued demand from China reduced the company's revenues resulting to a decline in net income in the second quarter of 2023.

CONSOLIDATED RESULTS OF OPERATIONS

<u>Three Months Ended June 30, 2023</u>

<u>Comparative figures for June 30, 2023 and June 30, 2022</u>

Amount in Millions

	2023	2022	Change	% of Change
Revenues	344.0	1,468.3	(1,124.3)	(76.6%)
Cost and Operating Expenses				
Costs of mine products sold	135.5	333.1	(197.6)	(59.3%)
Costs of merchandise sold and services	17.8	22.5	(4.7)	(20.9%)
Selling and general	177.2	277.6	(100.4)	(36.2%)

Taxes on revenue	21.7	115.2	(93.5)	(81.2%)
	352.2	**748.4**	**(396.2)**	**(52.9%)**
Income (Loss) from Operations	(8.2)	719.9	(728.0)	(101.1%)
Interest Expense	0.0	0.4	(0.4)	(99.0%)
Other Income (Expense)				
Interest Income	1.2	0.4	0.8	200.0%
Foreign Exchange gain	17.4	17.3	0.1	0.6%
Miscellaneous – net	22.7	(1.0)	23.7	2,370.0%
	41.3	**16.7**	**24.6**	**147.3%**
Income before income tax	33.1	736.2	(703.1)	(95.5%)
Provision for income tax	3.1	182.8	(179.7)	(98.3%)
Net Income	**30.0**	**553.4**	**(523.4)**	**(94.6%)**

Six Months Ended June 30, 2023
Comparative figures for June 30, 2023 and June 30, 2022
Amount in Millions

	2023	**2022**	**Change**	**% of Change**
Revenues	1,603.2	2,724.8	(1,121.6)	(41.2%)
Cost and Operating Expenses				
Costs of mine products sold	342.4	600.7	(258.3)	(43.0%)
Costs of merchandise sold and services	45.2	41.9	3.3	7.9%
Selling and general	544.3	594.8	(50.5)	(8.5%)
Taxes on revenue	122.3	211.3	(89.0)	(42.1%)
	1,054.2	**1,448.8**	**(394.5)**	**(27.2%)**
Income (Loss) from Operations	548.8	1,276.0	(727.2)	(57.0%)
Interest Expense	0.3	1.4	(1.1)	(78.6%)
Other Income (Expense)				
Interest Income	1.9	0.8	1.1	137.5%
Foreign Exchange gain	3.4	19.9	(16.5)	(82.9%)
Miscellaneous – net	23.2	0.9	22.3	2,477.8%)
	28.6	**21.6**	**6.9**	**31.9%**
Income before income tax	577.2	1,296.3	(719.1)	(55.5%)
Provision for income tax	138.6	322.2	(183.6)	(57.0%)
Net Income	**438.6**	**974.1**	**(535.5)**	**(55.0%)**

Consolidated net income for the second quarter and first semester of 2023 amounted to ₱30.0 million and ₱438.6 million, respectively, a decline of 94% and 55% from the net income of ₱553.4 million and ₱974.1 million for the same respective periods in 2022. The increase/decrease in net income was the net effect of the following:

Revenues
Consolidated revenues declined from ₱1.5 billion in the second quarter of 2022 and ₱2.7 billion in the first half of 2022 to ₱344.0 million and ₱1.6 billion for the same respective periods in 2023. The decrease in revenue both for the second quarter and first half of 2023 was attributed to the lower volume of nickel ore sold due to lower nickel ore prices and lower gold production. BRMC sold 2 boatloads of nickel ore with an aggregate volume of 109,080 tons valued at ₱188.1 million in the second quarter and 11 boatloads of nickel ore with aggregate volume of 586,294 tons valued at ₱1.2 billion in the first semester of 2023 compared to 8 boatloads of nickel ore with aggregate volume of 427,193 tons valued at ₱1.2 billion and 16 boatloads with aggregate volume of 851,208 tons valued at ₱2.1 billion for the same respective periods in 2022. To-date June of 2023, nickel ore was sold at an average price of US$38.31/ton versus US$47.80/ton for the same period in 2022.

Operating and Other Expenses

Cost and operating expenses in the second quarter of 2023 amounted to ₱352.2 million, lower compared to ₱748.4 million for the same quarter in 2022. For the first semester of 2023, cost and operating expenses dropped by 27% against ₱1,448.8 million for the same period in 2022. The increase/decrease was the net effect of the following:

Cost of mine products sold reduced by 59% during the second quarter of 2023. The decrease was mainly due to the decline in volume of nickel ore exported and lower gold production.

Cost of services and other sales decreased from ₱22.4 million to ₱17.8 million. The decrease is due to lower shipments of nickel ore handled by the logistics subsidiaries of the Company.

Selling and general expenses decreased during the second quarter of 2023 on account of lower sales of nickel laterite ore.

Decrease in excise taxes and royalty fees is due to lower nickel ore and gold sales during the second quarter of 2023.

Other income for the second quarter and first semester of 2023 amounted to ₱41.3 million and ₱28.6 million, respectively. On the other hand, other income for the second quarter and first semester of 2022 amounted to ₱16.7 million and ₱21.6 million, respectively. Other income for the second quarter of 2023 came mainly from fair value gain of financial assets at FVPL and foreign exchange gain on the Company's export of nickel ore.

Provision for income tax of ₱138.6 million for the first semester of 2023 pertains to the regular corporate income tax of Benguet Corporation, Benguetcorp Resources Management Corporation (BRMC), Arrow Freight and Construction Corporation (AFCC), Keystone Port Logistics and Management Services Corporation (KPLMSC) and BMC Forestry Corporation (BFC).

FINANCIAL CONDITION

2023 FIRST SEMESTER VS YEAR ENDED 31 DECEMBER 2022
Comparative figures for June 30, 2023 and December 31, 2022
Amount in Millions

	2023	**2022**	**Change**	**% of Change**
Assets				
Current Assets				
Cash and cash equivalent	977.8	1,002.8	(25.0)	(2.5%)
Trade and other receivables	729.0	782.5	(53.5)	(6.8%)
Inventories	230.6	180.6	50.0	27.7%
Financial assets at fair value through profit or loss (FVPL)	1,271.3	1,114.6	156.7	14.1%
Other current assets	387.4	352.4	35.0	9.9%
Total Current Assets	**3,596.1**	**3,432.9**	**163.2**	**4.8%**
Noncurrent Assets				
Property, plant and equipment	2,503.6	2,509.9	(6.3)	(0.3%)
Deferred mine exploration costs	515.4	492.5	22.9	4.6%
Investment properties	2,992.0	2,992.0	0	0.0%
Deferred tax assets – net	9.9	9.9	0	0.0%
Other noncurrent assets	493.8	471.9	21.9	4.6%
Total Noncurrent Assets	**6,514.7**	**6,476.2**	**38.5**	**0.6%**
Total Assets	**10,110.8**	**9,909.1**	**201.7**	**2.0%**

Liabilities and Equity				
Current Liabilities				
Loans payable	337.0	337.0	0.0	0.0%
Trade and other payables	470.4	555.7	(85.3)	(15.4%)
Current portion of liability for mine rehabilitation	10.5	10.5	0.0	0.0%
Current portion of lease liability	6.1	6.3	(0.2)	(3.2%)
Income tax payable	8.2	105.9	(97.7)	(92.3%)
Total current liabilities	**832.2**	**1,015.4**	**(183.2)**	**(18.0%)**
Noncurrent liabilities				
Deferred income tax liabilities – net	769.1	769.2	(0.1)	(0.01%)
Liability for mine rehabilitation	48.6	48.6	0	0.0%
Pension liability	56.0	56.0	0	0.0%
Noncurrent portion of lease liability	5.1	5.8	(0.7)	(12.1%)
Other noncurrent liabilities	185.1	237.8	(52.7)	(22.2%)
Total Noncurrent Liabilities	**1,063.9**	**1,117.4**	**(53.5)**	**(4.8%)**
Total Liabilities	**1,896.1**	**2,132.8**	**(236.7)**	**(11.1%)**
Equity				
Capital Stock	624.2	624.0	0.2	0.0%
Capital Surplus	415.2	415.1	0.1	0.0%
Cost of Share-Based payment	6.3	6.3	0	0.0%
Other components of equity	1,385.0	1,385.5	(0.5)	0.04%
Retained earnings	5,792.1	5,353.4	438.7	8.2%
	8,222.8	7,784.3	438.5	5.6%
Treasury shares	(8.1)	(8.1)	0	0.0%
Total Equity	**8,214.7**	**7,776.2**	**438.5**	**5.6%**
Total Liabilities and Equity	**10,110.8**	**9,909.0**	**201.8**	**2.0%**

Assets

The Company ended the second quarter of 2023 with consolidated total assets of ₱10.1 billion, higher than the ₱9.9 billion assets in 2022. The increase is the net effect of the following:

Cash and cash equivalent decreased by 2.5% or ₱25.0 million primarily from investments made in capital assets, exploration and financial asset at FVPL.

Trade and other receivables decreased from ₱782.5 million in 2022 to ₱729.0 million in 2023, mainly due to collection of receivables from nickel customers.

Increase in Financial Assets at Fair Value through Profit and Loss (FVPL) pertains to additional placement for UITF and increase in the Net Asset Value per unit by the group's existing investments.

Increase in inventories pertain to the nickel ore production in the on-going mining operation of nickel project in Sta. Cruz, Zambales.

Other current assets increased to ₱387.4 million from ₱352.4 million mainly due to additional input tax from various purchases of goods and services.

Increase in deferred mine exploration expenses pertain to drilling expenses incurred in the Pantingan gold prospect in Bataan.

Increase in other noncurrent assets is attributed to the additional Mine Rehabilitation Fund in compliance with the DENR/MGB requirements and advances to contractors.

Liabilities
Total consolidated liabilities as of June 30, 2023, decreased to ₱1.9 billion from ₱2.1 billion as of December 31, 2022. The decrease was due to the following:

Trade and other payables decreased by 15% to ₱470.4 million from ₱555.7 million in 2022 due to payment of various payables to suppliers and contractors.

Decline in income tax payable is attributed to payment of 2022 and first quarter of 2023 income tax liability of ₱236.3 million.

Decrease in current and noncurrent portion of lease liability is due to payment of various rentals/leases.

Other noncurrent liabilities decreased by 22% to ₱185.1 million from ₱237.8 million in 2022 mainly due to payment of nickel ore advances from nickel off-taker.

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

Equity increased from ₱7.8 billion in 2022 to ₱8.2 billion mainly from the net income generated during the first semester of 2023 amounting to ₱438.6 million.

Consolidated Cash Flows
The net cash used for the second quarter of 2023 amounted to ₱277.5 million, while the net cash provided by operating activities for the first semester of 2023 amounted to ₱224.7 million. On the other hand, the net cash provided by operating activities amounted to ₱239.4 million and ₱935.5 million for the same periods in 2022. The decline was mainly from the payments of trade payables and income tax liabilities.

For the first semester of 2023, the Company invested ₱25.0 million in property, plant, and equipment, spent ₱22.9 million in exploration activities and ₱21.9 million for Final Mine Rehabilitation Fund of the Acupan Gold Operation and other assets. The Company placed ₱126.5 million in UITF for the first half of 2023.

Net cash used in financing activities amounted to ₱13.0 million in the second quarter and ₱53.3 million for the first semester of 2023. Cash was used to pay outstanding liabilities with nickel off-taker.

OPERATIONAL REVIEW

Mining

Acupan Gold Project (AGP)
AGP generated revenue of ₱119.8 million for the second quarter and ₱288.4 million for the first half of 2023, lower against ₱246.5 million and ₱496.1 million for the same periods in 2022. The decrease in revenue is mainly due to lower gold output, lower ore milled and lower mill grade as development and rehabilitation of the underground mine progressed. Gold sold during the second quarter of 2023 reduced by 57% from 2,493.16 ounces in second quarter of 2022 to 1,074.08 ounces. For the first half of 2023, gold sold decreased by 47% to 2,691.39 ounces from 5,099.82 ounces for the same period in 2022.

AGP milled 6,700 DMT and 14,841 DMT for the second quarter and six months period of 2023 as against 13,219 DMT and 26,403 DMT for the same periods in 2022. Average mill grade for the second quarter and first semester of 2023 was at 5.91 grams per ton and 6.59 grams per ton, respectively. In comparison, average mill grade for the second quarter and first half of 2022 was at 7.06 grams per ton and 7.34 grams per ton. The decline in ore milled is attributed to the new areas initially developed but failed to produce the expected ore grades.

This resulted to a pre-tax loss of ₱18.6 million for the second quarter and ₱4.9 million for the first semester of 2023. In contrast, pre-tax income for the second quarter and six months period of 2022 amounted to ₱10.8 million and ₱41.4 million, respectively.

Management is implementing cost savings and control measure and studying scaledown of operation while looking for a new area to develop that will yield higher grade and volume of gold.

Sta. Cruz Nickel Project (SCNP)
SCNP under its wholly owned subsidiary Benguetcorp Resources Mineral Corporation (BRMC), reported lower revenue in the second quarter and first semester of 2023 compared to the same periods in 2022. Revenue for the second quarter of 2023 amounted to ₱188.1 million versus ₱1.2 billion for the same period in 2022. For the first half of 2023, revenue decreased by 43% to ₱1.2 billion from ₱2.2 billion for the same period in 2022. The decrease was due to lower volume of nickel ore shipped coupled with decline in nickel market prices. The decline in nickel ore prices coupled with lower demand of nickel ore during the quarter was due to growth in supply of nickel from Indonesia and sluggish demand from China. During the second quarter of 2023, BRMC sold 2 boatloads of nickel ore to China aggregating 109,080 tons ranging from 1.2% to 1.3% as against 8 boatloads or 427,193 tons ranging from 1.2% to 1.4% for the same quarter in 2022. For the first semester of 2023, 11 boatloads aggregating 586,294 tons were sold at an average price of US$38.31/ton. In 2022, BRMC sold 16 boatloads aggregating 851,208 tons at an average price of US$47.80. This resulted to net income of ₱19.8 million in the second quarter and ₱316.4 million for the first semester of 2023, lower compared to the ₱459.9 million and ₱770.6 million for the same periods in 2022.

Irisan Lime Project (ILP)
The Company's ILP revenue for the second quarter of 2023 amounted to ₱22.9 million, lower than the ₱26.5 million revenue for the same period in 2022. For the six-month period in 2023, revenue slightly increased to ₱47.9 million from ₱44.5 million for the same period in 2022. Increase in revenue is attributable to higher lime price from ₱13,391 per metric ton in 2022 to ₱15,747 per metric ton in 2023. This resulted to a pre-tax income of ₱6.3 million and ₱12.8 million for the second quarter and first semester respectively, in 2023 versus pre-tax income of ₱2.9 million and ₱6.0 million for the same respective periods in 2022.

Benguet Antamok Gold Operation (BAGO)
The Antamok Final Mine Rehabilitation and Decommissioning Plan (FMRDP) underwent review and evaluation of the MGB-CAR and the Contingent Liability and Rehabilitation Fund Steering Committee (CLRFSC). The document was subsequently revised and updated as per recommendation of the CLRFC. The implementation of Phase 1 activities are ongoing under the Annual Care and Maintenance Programs wherein ₱0.2 million was already spent for this quarter. Of the total FMRDP allocated amount of ₱43 million, BAGO already spent an approximate ₱13 million on the implementation of various rehabilitation measures i.e., Liang Emergency Spillway Channel, Reforestation activities, water quality monitoring and other environment related activities indicated on the submitted FMRDP. The FMRDP provides the Decommissioning and Rehabilitation Plans and established the funds that will be utilized for the implementation of measures to prevent and mitigate any identified risks and impacts brought by project operations and result in the development of sustainable final land use of said mine areas.

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, continuation of Phase 2 drilling program is being undertaken. Six (6) more drill holes were completed during this period to further verify the significant mineralized structures that were previously mapped and identified in the southern-half section of the mineral concession. The latest accomplishments bring now to a total of twenty-two (22) boreholes since the drilling program was started. Other works performed are the creation of more access roads and drill pads, hole-to-hole transfer and mobilization of the drill-rigs, coring operation, manual hauling of core-boxes, quick structural logging of cores, cutting of cores into halves and sampling.

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's Exploration Permit Application (EPA) is under evaluation by the Mines and Geosciences Bureau – Region IX after having submitted the additional documentary requirements. Once the EPA is approved, the Company will start exploration activities including drilling in San Fernandino vein. Following execution of the Memorandum of Agreement (MOA) with the Indigenous People, the National Commission on Indigenous People (NCIP) En Banc has reviewed the MOA and favorably endorsed the issuance of Certificate of Precondition (FPIC). The Company has an operating agreement with Oreline Mining Corporation to explore and operate the property situated about 150 kilometers from Zamboanga City.

Surigao Coal Project
The Company's application for a new Coal Operating Contract (COC) is under evaluation by the Department of Energy (DOE). The property consists of 12-coal blocks measuring total area of 12,000 hectares. Six-(6) coal blocks were extensively explored by way of mapping, trenching, drilling, electrical logging and topographic surveying. The ground evaluation works of the Company resulted in the delineation of seven-(7) coal seams of lignitic to sub-bituminous coal quality (steam grade). Market prospects for local coal with low BTU remains to be a concern, as well as DoE's preference for clean energy and global shift to net-zero emissions.

SUBSIDIARIES AND AFFILIATES

Logistics

Arrow Freight and Construction Corporation (AFCC)
AFCC, the logistics provider of the Company generated revenue of ₱17.2 million for the second quarter and ₱62.1 million for the first half of 2023, compared to the revenues of ₱23.5 million and ₱57.4 million for the same periods in 2022. The revenue during the second quarter of 2023 was sourced from the management fee earned in providing and supervising needed earthmoving equipment and dump trucks for BRMC's various mining activities, as well as ore hauling using its own dump trucks and ore loading using its own backhoes. Net income for the second quarter and first semester of 2023 amounted to ₱5.9 million and ₱28.9 million, respectively both lower versus net income of ₱14.1 million and ₱33.9 million for the same respective periods in 2022 due to lower volume of nickel ores hauled to port during the year of 2023.

AFCC has current operational hauling fleet of 10 units dump truck, 2 backhoes, oil tanker and water truck. AFCC plans to acquire more earth moving equipment, dump trucks and 10-wheeler trucks to expand its logistics services and engage in construction business.

Keystone Port Logistics Management and Services Corporation (KPLMSC)
KPLMSC, the port and barging services provider of the Company reported revenue of ₱8.1 million for the second quarter and ₱43.5 million for the first half of 2023, lower as compared to the revenue of ₱23.9 million and ₱52.5 million for the same respective periods in 2022. The decrease is on account of the lower tonnage of nickel ore exports handled from 851,208 tons in the first semester of 2022 to 586,294 tons for the same period in 2023. Net income for the second quarter and first semester of 2023 amounted to ₱0.9 million and ₱20.2 million, respectively, lower compared to the net income of ₱16.4 million and ₱32.1 million for the same respective periods in 2022.

Port repair is almost done and expected to be completed before the end of the third quarter of 2023.

Real Estate

BMC Forestry Corporation (BFC)
BFC the real estate arm of the Company continues to develop and sell subdivision lots in its various real estate project in Rosario, La Union, the Woodspark Subdivision. BFC reported a pre-tax income of ₱0.4 million for the second quarter and ₱2.7 million for the first half of 2023, compared to pre-tax income of ₱2.1 million and ₱2.5 million for the same periods in 2022.

BFC will continue to manage the lime kiln operation of Irisan Lime Project and sell its remaining 3 lots with an aggregate area of 1,043 square meters valued at ₱5.29 million. BFC plans to acquire new property in La Union and nearby areas of Pangasinan for Phase 2 development of Woodspark Subdivision.

Kelly Ecozone Project (KEP)
Social preparation (collaboration and coordination) with the LGU's and the project-affected-people (PAP) is continuing work in progress. Trial planting of fruit trees such as durian, coffee and mangosteen in KEP area as a component for agroforestry was implemented during second quarter of 2023.

Healthcare

Benguetcorp Laboratories, Inc. (BCLI)
BCLI posted revenue of ₱12.8 million for the second quarter and ₱26.6 million for the first half of 2023, lower than the ₱14.8 million and ₱27.6 million for the same periods in 2022. BCLI recorded a net income of ₱1.8 million for the second quarter of 2023, lower against ₱5.2 million net income for the same quarter in 2022. Net income for the first half of 2023 amounted to ₱3.2 million, lower compared to net income of ₱6.6 million for the same period of 2022, due to the expiration of contract with Texas Instruments for their Baguio and Pampanga branches.

BCLI two -year contract with MOOG to provide full clinic management which ended this April 30, 2023 was automatically renewed for another two years or until April 30, 2025. BCLI continues to serve its core customers, HMO (Health Maintenance Organization), 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
In 1988, the Company acquired BenguetCorp International Limited (BIL), a Hongkong-based and wholly owned subsidiary for international operations, which remains largely inactive. BIL's subsidiary, BenguetCorp USA Limited's (BUSA) renewed its claims over 217 hectares of mineral prospects for gold/silver in Royston Hills, Nevada, USA. The Company engaged the services of Burgex, Inc. to provide and perform services as needed to identify and evaluate mineral interests and opportunities necessary for the project.

C. ENVIRONMENTAL PROTECTION AND COMMUNITY RELATIONS

Benguet Corporation continues to demonstrate its commitment to environmental protection. In the second quarter of 2024, The Company showcased strong financial standing by spending approximately ₱14.7 million on its nickel operations' 2024 AEPEP initiatives. Additionally, its gold project spent ₱1.8 million on their programs while its lime project spent ₱1.2 million to implement its own environmental programs. The Company pursued robust environmental and social development objectives across all facets of its operations and integrated programs and projects that serve dual purpose – not only in safeguarding the environment but also in actively contributing to poverty alleviation endeavors. Such programs include Sustainable Agroforestry System Implementation, river rehabilitation, Mangrove Planting, environment structures rehabilitation, improvements and desilting of settling ponds, silt traps drainage canals, Solid and Hazardous Waste Management, Noise, Air and Water Quality Management, and Biodiversity Enhancement and Protection.

The Company also implemented various community services which supplement the general welfare programs provided by the national and local government. During the second quarter in review, the Company provided its host communities in the provinces of Zambales and Benguet, educational support to students and schools, continuing repairs of road infrastructures, capacity building for its community workers and local government officials, full participation in socio-cultural activities, support to peace keeping programs of the local government, support to the Child Development and Family Welfare Programs, and provided medical assistance including medicines to the host barangays. Total expenditures to implement these activities stood at ₱3.9 million.

D. KEY PERFORMANCE INDICATORS

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

1. Working Capital
   Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of June 30, 2024, the Company's current ratio is 4.93:1 versus 4.32:1, 3.16:1 and 1.66:1 for the same periods in 2023, 2022 and 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$2,312.77 per ounce this quarter, as compared to average price of US$1,998.89 per ounce, US$1,888.30 per ounce and US$1,812.83 per ounce for the same period in 2023, 2022 and 2021. Nickel ores were sold at average price of US$30.94/ton this quarter against US$29.78/ton, US$52.01/ton and US$40.72/ton for the same periods in 2023, 2022 and 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 quarter, tons milled were 4,307 tons of ore with average grade of 8.79 grams per ton gold, as compared to 6,700 tons of ore with average grade of 5.91 grams per ton gold, 13,219 tons of ore with average grade of 5.87 grams per ton gold and 13,908 tons of ore with average grade of 6.24 grams per ton gold for the same periods in 2023, 2022 and 2021. Gold sold this second quarter were 1,009.67 ounces versus 1,074.08 ounces, 2,493.16 ounces and 2,789.58 ounces for the same period in 2023, 2022 and 2021. Nickel ores produced depend on customer specification or market demand which price is also dependent on the nickel content classified as high grade and low grade nickel ore. Nickel ore

sold this 2024 second quarter were 372,660 compared to 109,080 tons, 427,193 tons and 363,293 tons in the same periods in 2023, 2022 and 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 ₱58.61 as compared to ₱55.20, ₱54.975 and ₱48.80 for the same period in 2023, 2022 and 2021. The volatility of the foreign currency exchange rates will continue to affect the Company's operations in the foreseeable future.

5. Earnings Per Share
The Company's earnings per share ultimately reflects the Company's financial and operational growth as a result of its performance, cost management, productivity and will provide investors comparable benchmarks relative to similar companies. The reported Company earnings per share this first half is ₱0.43 as compared to ₱0.70, ₱1.56 and ₱1.33 earnings per share in the same periods in 2023, 2022 and 2021.

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

E. KNOWN TRENDS, EVENTS OR UNCERTAINTIES

The Company does not foresee any cash flow or liquidity problems over the next twelve (12) months. BRMC will continue to market saleable nickel ores inventory from 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 change in the number of employees for the Pantingan project, BRMC, AFCC 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, effects of climate change, the present economic condition affected by global health issues, wars and military conflicts.

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.

PART II--OTHER INFORMATION

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

SIGNATURES

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

Issuer........................**BENGUET CORPORATION**..
By:

Signature and Title: **LINA G. FERNANDEZ**
President
Date: August 19, 2024

Signature and Title: **MAX . D ARCEÑO**
Senior Vice President – Finance & Treasurer
Date: August 19, 2024

Annex "A"

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2024 AND DECEMBER 31, 2023

(Amounts in Thousands)

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱772,795**	₱774,192
Trade and other receivables	**753,435**	746,726
Inventories	**215,242**	247,959
Financial assets at fair value through profit or loss (FVPL)	**1,357,241**	1,328,780
Other current assets	**748,507**	660,569
Total Current Assets	**3,847,220**	3,758,226
Noncurrent Assets		
Property, plant and equipment	**2,536,095**	2,566,549
Deferred mine exploration costs	**542,530**	520,367
Investment property	**2,997,953**	2,997,953
Deferred tax assets - net	**5,571**	5,571
Other noncurrent assets	**508,671**	488,952
Total Noncurrent Assets	**6,590,820**	6,579,392
TOTAL ASSETS	**₱10,438,040**	₱10,337,618

LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	**₱339,238**	₱339,238
Trade and other payables	**371,947**	507,801
Lease liabilities – current	**3,618**	4,238
Liability for mine rehabilitation – current	**17,580**	17,783
Income tax payable	**47,438**	33,340
Total Current Liabilities	**779,821**	902,400
Noncurrent Liabilities		
Lease liabilities – net of current portion	**4,093**	4,093
Liability for mine rehabilitation – net of current portion	**44,347**	44,347
Pension liability	**56,519**	58,194
Deferred income tax liabilities - net	**787,299**	775,867
Other noncurrent liabilities	**128,449**	185,732
Total Noncurrent Liabilities	**1,020,707**	1,068,233
Total Liabilities	**1,800,528**	1,970,633
Equity		
Capital stock	**624,277**	624,277
Capital surplus	**415,547**	415,547
Cost of share-based payment	**8,104**	8,104
Other components of equity	**1,422,295**	1,419,502
Retained earnings	**6,175,305**	5,907,571
	8,645,528	8,375,001
Cost of 116,023 shares held in treasury, ₱69 per share	**(8,016)**	(8,016)
Total Equity	**8,637,512**	8,366,985
TOTAL LIABILITIES AND EQUITY	**₱10,438,040**	₱10,337,618

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024
(With Comparative Figures for the six months ended June 30, 2023)
(Amounts in Thousands)

	THREE MONTHS ENDED JUNE 30		**SIX MONTHS ENDED JUNE 30**	
	2024	2023	**2024**	2023
REVENUES	**₱825,190**	₱344,031	**₱1,295,265**	₱1,603,158
COSTS AND OPERATING EXPENSES				
Costs of mine products sold	**218,888**	135,527	**409,783**	342,424
Costs of merchandise sold and services	**26,865**	17,826	**46,394**	45,187
Selling and general	**277,542**	177,203	**458,240**	544,289
Taxes on revenue	**65,237**	21,669	**96,992**	122,332
	588,532	352,225	**1,011,409**	1,054,232
INCOME (LOSS) FROM OPERATIONS	**236,658**	(8,194)	**283,856**	548,819
INTEREST EXPENSE	**–**	4	**–**	293
OTHER INCOME (EXPENSE)				
Interest income	**5,323**	1,168	**7,792**	1,901
Foreign exchange gain	**10,563**	17,461	**25.554**	3,449
Miscellaneous – net	**17,320**	22,713	**22,578**	23,246
	33,206	41,342	**55,924**	28,596
INCOME BEFORE INCOME TAX	**269,864**	33,144	**339,780**	577,229
PROVISION FOR INCOME TAX	**54,824**	3,121	**72,046**	138,604
NET INCOME	**₱215,040**	₱30,023	**₱267,734**	₱438,625
BASIC EARNINGS PER SHARE	**₱0.35**	₱0.05	**₱0.43**	₱0.70
DILUTED EARNINGS PER SHARE	**₱0.34**	₱0.05	**₱0.43**	₱0.70

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

(With Comparative Figures for the six months ended June 30, 2023)

(Amounts in Thousands)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2024	2023	**2024**	2023
NET INCOME (LOSS)	**₱215,040**	₱30,023	**₱267,734**	₱438,625
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified to profit or loss in subsequent periods:				
Translation adjustment on foreign subsidiaries	**2,083**	725	**2,793**	(486)
OTHER COMPREHENSIVE INCOME (LOSS)	**2,083**	725	**2,793**	(486)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱217,123**	₱30,748	**₱270,527**	₱438,139

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED JUNE 30, 2024
(With Comparative Figures for the six months ended June 30, 202)
(Amounts in Thousands)

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	December 31, 2023 (Audited)
CAPITAL STOCK	**₱624,211**	₱624,211	₱624,015
CAPITAL SURPLUS	**415,189**	415,189	415,110
REVALUATION INCREMENT	**1,362,051**	1,325,985	1,362,051
CUMULATIVE TRANSLATION ADJUSTMENT			
Balance at beginning of period	**41,064**	41,400	41,400
Translation adjustment	**2,793**	(486)	(336)
Balance at end of period	**43,857**	40,914	41,064
COST OF SHARE-BASED PAYMENT			
Balance at beginning of period	**8,104**	6,275	6,275
Stock options vested	**–**	–	2,260
Cancellation of stock options	**–**	–	(431)
Balance at end of period	**8,104**	6,275	8,104
UNREALIZED GAIN ON FINANCIAL ASSETS AT FVOCI			
Balance at beginning of period	**371**	328	328
Other comprehensive income (loss)	**–**	–	43
Balance at end of period	**371**	328	371
REMEASUREMENT LOSS ON PENSION LIABILITY	**15,908**	17,633	15,908
UNREALIZED GAIN ON INTANGIBLE ASSET	**108**	108	108
RETAINED EARNINGS			
Balance at beginning of period	**5,907,571**	5,353,428	5,353,428
Net income for the period	**267,734**	438,625	554,143
Balance at end of period	**6,175,305**	5,792,053	5,907,571
TREASURY SHARES	**(8,016)**	(8,016)	(8,016)
TOTAL EQUITY	**₱8,637,512**	₱8,214,681	₱8,366,985

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2024
(With Comparative Figures for the six months ended June 30, 2023)
(Amounts in Thousands)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2023	2023	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱269,864**	₱33,144	**₱339,780**	₱577,229
Adjustments for:				
Depreciation, depletion and amortization	**9,711**	9,712	**24,471**	31,262
Unrealized foreign exchange loss (gain)	**2,083**	966	**2,793**	(647)
Fair value gain on financial assets at FVPL	**(21,445)**	(30,157)	**(21,445)**	(30,157)
Decrease (increase) in:				
Trade and other receivables	**(23,195)**	18,652	**(6,709)**	53,543
Inventories	**70,902**	(51,280)	**32,717**	(49,990)
Prepaid expenses and other current assets	**(21,901)**	45,961	**(87,938)**	(35,000)
Decrease in trade and other payables	**(81,201)**	(68,219)	**(135,854)**	(85,296)
Payment of income tax	**(57,948)**	(236,283)	**(57,948)**	(236,283)
Net cash from (used in) operating activities	**146,870**	(277,504)	**89,867**	224,661
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Property, plant and equipment	**6,089**	(12,724)	**5,983**	(25,001)
Deferred exploration costs	**(17,910)**	(20,470)	**(22,163)**	(22,889)
Other assets	**(42)**	(6,582)	**(15,303)**	(21,859)
Financial assets at FVPL	**15,628**	(114,892)	**–**	(126,537)
Net cash from (used in) investing activities	**3,765**	(154,668)	**(31,483)**	(196,286)
CASH FLOWS FROM FINANCING ACTIVITIES				
Exercise of stock options	**–**	–	**–**	275
Increase (decrease) in:				
Lease liabilities	**(304)**	621	**(620)**	(846)
Liability for mine rehabilitation	**(203)**	–	**(203)**	–
Pension liability	**–**	–	**(1,675)**	–
Other noncurrent liabilities	**(58,225)**	(13,613)	**(57,283)**	(52,744)
Net cash used in financing activities	**(58,732)**	(12,992)	**(59,781)**	(53,315)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**91,903**	(445,164)	**(1,397)**	(24,940)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**680,892**	1,422,974	**774,192**	1,002,750
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱772,795**	₱977,810	**₱772,795**	₱977,810

BENGUET CORPORATION AND SUBSIDIARIES

EARNINGS PER SHARE COMPUTATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(Amounts in Thousands, Except for the Number of Shares)

	June 30	
	2024	2023
Net income	**₱267,734**	₱438,625

Number of shares for computation of:

	June 30	
	2024	2023
Basic earnings per share		
Weighted average common shares issued	**623,532,198**	623,368,323
Less treasury stock	**348,069**	348,069
Weighted average common shares outstanding	**623,184,129**	623,020,254
Diluted earnings per share		
Weighted average common shares issued	**623,532,198**	623,368,323
Less treasury stock	**348,069**	348,069
	623,184,129	623,020,254
Conversion of preferred stock	**2,059,366**	2,059,366
Stock options	**3,472,170**	2,637,086
	628,715,665	627,716,706
Basic earnings per share	**₱0.43**	₱0.70
Diluted earnings per share	**₱0.43**	₱0.70

BENGUET CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

	June 30	
	2024	2023
Profitability Ratio		
Return on asset	**0.03:1**	0.04:1
Return on equity	**0.03:1**	0.05:1
Gross profit margin	**0.65:1**	0.76:1
Operating profit margin	**0.22:1**	0.34:1
Net profit margin	**0.21:1**	0.27:1
Liquidity and Solvency Ratio		
Current ratio	**4.93:1**	4.32:1
Quick ratio	**1.96:1**	2.05:1
Solvency ratio	**5.80:1**	5.33:1
Financial Leverage Ratio		
Asset to equity ratio	**1.21:1**	1.23:1
Debt ratio	**0.17:1**	0.19:1
Debt to equity ratio	**0.21:1**	0.23:1
Interest coverage ratio	**0:1**	1,969.06:1

BENGUET CORPORATION AND SUBSIDIARIES

AGING OF RECEIVABLES

AS OF JUNE 30, 2024

(Amounts in Thousands)

TYPE OF RECEIVABLES	LESS THAN 30 DAYS	30 TO 60 DAYS	LESS THAN ONE YEAR	ONE TO TWO YEARS	THREE TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
Trade receivables	₱120,816	₱2,305	₱46,024	₱6,447	₱5,498	₱30,665	₱211,755
Allowance for doubtful accounts	–	–	–	–	(1,360)	(30,665)	(32,025)
Trade receivables – net	120,816	2,305	46,024	6,447	4,138	–	179,730
Nontrade receivables:							
Officers and employees	4,125	1,256	9,147	14,195	60,168	104,521	193,412
Others	7,892	3,214	21,456	245,591	11,087	216,226	505,466
Total	12,017	4,470	30,603	259,786	71,255	320,747	698,878
Allowance for doubtful accounts	–	–	–	–	–	(125,173)	(125,173)
Nontrade receivables - net	12,017	4,470	30,603	259,786	71,255	195,574	573,705
Trade and other receivables - net	₱132,833	₱6,775	₱76,627	₱266,233	₱75,393	₱195,574	₱753,435

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023

1. Corporate Information

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

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

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

Changes in Accounting Standards and Interpretation

Effective beginning on or after January 1, 2024

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

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

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

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

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

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

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

Subsequent Measurement

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

- *Financial assets at amortized cost (debt instruments)*

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

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

- *Financial assets at FVPL*

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

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

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

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent Measurement - Financial liabilities at amortized cost (loans and borrowings)
After initial measurement, interest-bearing loans, non-interest-bearing liabilities and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.
The Group's financial liabilities include loans payable, trade payables and accrued expenses under "trade and other payables", lease liabilities and equity of claim owners on contract operations under "other noncurrent liabilities".

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

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 **-** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 **-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 **-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

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

Determining Functional Currency

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

Assessing Provisions and Contingencies

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

Distinction between Investment Property and Owner-Occupied Property

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

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

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

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

Assessing Recoverability of Deferred Mine Exploration Costs
The Group reviews the recoverability of deferred mine exploration costs when events or changes in circumstances indicate that the carrying amount of deferred mine exploration costs may exceed its estimated recoverable amount. The Group considers the following factors, among others, in its assessment:

- Status of each mine exploration project and plans on exploration and evaluation activities
- Validity of the licenses, permits and correspondences related to each mine exploration project
- Plans to abandon existing mine areas and plans to discontinue exploration activities
- Availability of information suggesting that the recovery of expenditure is unlikely

The Group's ability to realize its deferred exploration costs depends on the success of exploration and development work in proving the viability of its mining properties to produce minerals in commercial quantities, and the success of converting the Group's exploration permits to new mineral agreements, which cannot be determined at this time. The consolidated financial statements do not include any adjustment that might result from these uncertainties.

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

Provision for Expected Credit Losses on Trade and Other Receivables
The Group uses the simplified approach in the assessment of the ECL for its trade receivables and general approach model for its other receivables excluding advances to officers and employees. An assessment of the ECL relating to this financial asset is undertaken upon initial recognition and each financial year and involves exercise of significant judgment. Key areas of judgment include defining default, determining assumptions to be used such as timing and amounts of expected net recoveries from defaulted accounts, determining debtor's capacity to pay, and incorporating forward looking information.

The carrying amount of trade and other receivables, excluding advances to officers and employees, amounted to ₱620.27 million and ₱601.91 million as at June 30, 2024 and December 31, 2023, respectively.

Estimating Ore Reserves

Ore reserves estimates are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The Group also makes estimates and assumptions regarding a number of economic and technical factors affecting ore reserves estimates, such as production rates, grades, foreign exchange rates, production and transport costs, and commodity prices.

These geological, economic and technical estimates and assumptions may change in the future in ways, which can affect the quality and quantity of the ore reserves. The Group reviews and updates estimates as required to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. These estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel or gold prices or production costs, and other factors.

Changes in the ore reserves estimates may impact the carrying values of mine and mining properties under "property, plant and equipment, liability for mine rehabilitation and decommissioning and depletion charges.

As at June 30, 2024 and December 31, 2023, carrying values of mine and mining properties amounted to ₱651.56 million. As at June 30, 2024, and December 31, 2023, carrying values of liability for mine rehabilitation amounted to ₱61.93 million and ₱62.13 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 (considering current and historical prices, price trends and related factors), discount rates and foreign currency exchange rates, operating costs, future production levels and costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired or the impairment charge reduced with the impact recognized in the consolidated statement of income.

As at June 30, 2024 and December 31, 2023, property, plant and equipment (at cost) amounted to ₱759.48 million and ₱789.94 million, respectively.

Estimating Allowance for Inventory Obsolescence
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Decrease in the NRV of inventories resulting in an amount lower than the original acquisition cost is accounted for as an impairment loss that is recognized in profit or loss.

As at June 30, 2024 and December 31, 2023, the carrying value of inventories amounted to ₱215.24 million and ₱247.96 million, respectively

Assessing Impairment of Input VAT under Other Current Assets and Advances to Contractors and Suppliers and Input VAT under Noncurrent Assets
The Group provides allowance for impairment losses on input VAT under other current assets and advances to contractors and supplies and input VAT under noncurrent assets when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for probable loss would increase recorded expenses and decrease other current and noncurrent assets.

The total carrying value of input VAT under other current assets and advances to contractors and suppliers and input VAT under noncurrent assets amounted to ₱524.10 million and ₱450.58 million as at June 30, 2024 and December 31, 2023, respectively.

Revaluation of Property, Plant and Equipment and Investment Properties
The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. In addition, it measures the land and artworks at revalued amounts, with changes in fair value being recognized in the consolidated statements of comprehensive income. The land, artworks and investment properties were valued using the sales comparison approach. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors.

As at June 30, 2024 and December 31, 2023, the appraised value of land and artworks, and investment properties amounted to ₱4,774.57 million.

Unit-of-production (UOP) depreciation
Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine-specific assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortization could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change.

Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Changes in estimates are accounted for prospectively.

As at June 30, 2024 and December 31, 2023, the carrying amount of mine and mining properties amounted to ₱615.86 million. Carrying amount of mine rehabilitation asset amounted to ₱35.70 million as at June 30, 2024 and December 31, 2023.

Leases – Estimating the Incremental Borrowing Rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱7.71 million and ₱8.33 million as at June 30, 2024 and December 31, 2023, respectively.

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

Liability for mine rehabilitation amounted to ₱61.93 million and 62.13 million as at June 30, 2024 and December 31, 2023, respectively.

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

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

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

Net pension liability of the Group amounted to ₱56.52 milliong and ₱58.19 million as at June 30, 2024 and December 31, 2023, respectively.

Assessing Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management believes that there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Group recognized deferred tax assets amounting to ₱105.07 million as at June 30, 2024 and December 31, 2023.

4. Financial Risk Management Objectives and Policies

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

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

Liquidity Risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and availment of suppliers' credit. The long-term relationship of the Group to its suppliers gives it the advantage to negotiate the payment terms.

As part of its liquidity risk management, the Group has access to sufficient external funding and loans payable maturing within 12 months can be rolled over with existing lenders. It also continuously assesses conditions in the financial markets for opportunities to avail bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. As at June 30, 2024 and December 31, 2023, cash and cash equivalents may be withdrawn anytime while quoted FVOCI may be converted to cash by selling them during the normal trading hours in any business day.

The tables below summarizes the maturity profile of the Group's financial liabilities as of June 30, 2024 and December 31, 2023, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Company's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

	June 30, 2024				
	On demand	**0-90 days**	**91-365 days**	**More than one year**	**Total**
Financial assets					
Cash and cash equivalents					
Cash on hand and in banks	**₱310,677**	**₱–**	**₱–**	**₱–**	**₱310,677**
Short-term deposits	**–**	**462,118**	**–**	**–**	**462,118**
Trade and other receivables*	**120,816**	**23,145**	**150,616**	**325,691**	**620,268**
FVPL	**1,357,241**	**–**	**–**	**–**	**1,357,241**
Short-term deposits under "other current assets"	**–**	**485,155**	**–**	**–**	**485,155**
FVOCI	**–**	**–**	**–**	**1,110**	**1,110**
	1,788,734	**970,418**	**150,616**	**326,801**	**3,236,569**
Financial liabilities					
Loans payable	**339,238**	**–**	**–**	**–**	**339,238**
Trade and other payables					
Trade	**–**	**235,437**	**–**	**–**	**235,437**
Nontrade**	**4,132**	**–**	**–**	**–**	**4,132**
Accrued expenses	**–**	**42,474**	**–**	**–**	**33,157**
Lease liabilities	**314**	**1,045**	**2,259**	**4,093**	**7,711**
Other noncurrent liabilities					
Equity of claimowner incontract operations	**–**	**–**	**–**	**49,136**	**49,136**
	343,684	**278,956**	**2,259**	**53,229**	**678,128**
Net financial assets (liabilities)	**₱1,445,050**	**₱691,462**	**₱148,357**	**₱273,572**	**₱2,558,441**

**Excluding advances to officers and employees*
***Excluding statutory payables*

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

**Excluding advances to officers and employees*
***Excluding statutory payables*

Credit Risk

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

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, trade receivables, receivables from lessees of bunkhouses and loans receivable under trade and other receivables and advances under other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure is shown at each instrument's carrying amount, before the effect of mitigation through the use of master netting and collateral agreements

	June 30, 2024	December 31, 2023
Cash and cash equivalents		
Cash in banks	**₱310,677**	₱630,028
Short-term deposits	**462,118**	143,382
Trade and other receivables, except advances to officers and employees	**620,268**	601,907
Short-term investments under "other current assets"	**485,155**	407,533
	₱1,878,218	₱1,782,250

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

General Approach

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

Other receivables and loans receivable
The Group provided an allowance for ECLs for these financial assets amounted to ₱122.56 million as at June 30, 2024 and December 31, 2023.

Simplified Approach

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

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

Below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of June 30, 2024 and December 31, 2023:

June 30, 2024 and December 31, 2024

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

Market Risks

Interest Rate Risk

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

As at June 30, 2024 and December 31, 2023, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans. The Group regularly monitors its interest due to exposure from interest rates movements.

The Group's unsecured loans payable are both payable on demand. Nominal interest rates vary from floating rate of 91-day Philippine Php T-bill rate for peso loans and 3-month SONIA foreign loans, plus a margin of 3.5% for unsecured loans. The Group has no material exposure to interest rate risk as at June 30, 2024 and December 31, 2023.

Foreign Currency Risk

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

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

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

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

The Group’s foreign currency-denominated monetary assets and liabilities as at June 30, 2024 and December 31, 2023 follow:

	June 30, 2024		December 31, 2023	
	US$	**Peso equivalent**	US$	Peso equivalent
<u>Financial Assets</u>				
Cash in banks	**494**	**₱28,953**	5,581	₱309,020
Trade receivables under “trade and other receivables”	**609**	**35,693**	238	13,178
Short-term investments	**6,068**	**339,936**	6,000	332,220
Interest receivables	**–**	**–**	34	1,883
Total monetary assets	**7,171**	**₱404,582**	11,853	₱656,301

As at June 30, 2024 and December 31, 2023, the exchange rates of the Philippine peso to the US$ based on the Bankers Association of the Philippines are ₱58.61 and ₱55.37, respectively.

The sensitivity to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group’s income before income tax as at June 30, 2024 and December 31, 2023 is as follows:

June 30, 2024	**Change in foreign exchange rate**	**Income before income tax effect**
	Strengthens by-1.14%	**₱4,791**
	Weaken by -1.65%	**(6,348)**

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

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group’s exposure to equity price risk relates primarily to its quoted shares under financial assets at FVOCI.

The Group’s policy is to maintain its risk to an acceptable level. Movement of share prices is monitored regularly to determine impact on the consolidated statement of financial position.

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

Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2024 and 2023. The Group monitors capital using the parent company financial statements. As at June 30, 2024 and December 31, 2023, the Group has met its capital management objectives. The following table summarizes the total capital considered by the Group:

	June 30, 2024	December 31, 2023
Capital stock	**₱624,277**	₱624,277
Capital surplus	**415,547**	415,547
Retained earnings	**6,175,305**	5,907,571
Cost of share-based payment	**8,104**	8,104
Other components of equity	**1,422,295**	1,419,502
Treasury shares	**(8,016)**	(8,016)
	₱8,637,512	₱8,366,985

Further, the Group monitors capital using debt to equity ratio, which is total liabilities divided by total equity. Debt to equity ratios of the Group as at June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Total liabilities (a)	**₱1,800,528**	₱1,970,633
Total equity (b)	**8,637,512**	8,366,985
Debt-to-equity ratio (a/b)	**0.21:1**	0.24:1

5. Seasonality and Cyclicality of Interim Operation

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

6. Events After End of Reporting Period

There are no significant event after end of reporting period.

ADDITIONAL DISCLOSURE TO THE FINANCIAL STATEMENTS OF THE COMPANY
(For the Second Quarter ended June 30, 2024)

i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2023 financial statements. Additional disclosures on the significant changes of accounts and subsequent events are presented in the Management Discussion and Analysis.

ii.) During the Second Quarter of 2024, there were no seasonal or cyclical aspects that materially affected 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 affected 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 2024, there were no securities sold by the Company which were not registered under the Securities Regulation Code (SRC) including the sales of reacquired securities, new issues, securities issued in exchange of property, services or other securities and new securities resulting from the modification of outstanding securities.

iv.) Dividends – Pursuant to the restrictions provided for in the Company's loan agreement with creditor banks, no cash dividends were declared during the Second Quarter 2024.

v.) Segment Information - The Company is principally engaged in mining. Its operating revenues as of June 30, 2024 mainly consist of sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱133.7 million and nickel ores amounting to ₱659.6 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, no business combinations, acquisition or disposal of subsidiaries and long-term investments and no substantial changes in contingent liabilities and contingent assets from 2023.