

COVER SHEET

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SEC Registration Number

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

(Group's Full Name)

7 t h F l o o r , U n i v e r s a l R e B u i l d i n g ,

1 0 6 P a s e o d e R o x a s , M A k A t i C i t y

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

Mr. Reynaldo P. Mendoza

(Contact Person)

8812-1380

(Group Telephone Number)

1 2

Month Day
(Calendar Year)

3 1

1 7 - Q

(Form Type)

Month

Day

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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**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: SEPTEMBER 30, 2024
2. Commission identification number: 11341 3. BIR Tax Identification No.: 000-051-037
- BENGUET CORPORATION**
4. Exact name of issuer as specified in its charter
METRO MANILA, 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 debt as of September 30, 2024 - ₱85.06 Million	

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

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No []

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 46, incorporated herein and form part of this report (SEC Form 17-Q) which contained the following reports:

<u>Description</u>	<u>Page No.</u>
1. Unaudited Interim Condensed Consolidated Statements of Financial Position (with audited comparative data for 2023)	> 21
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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

A. 2024 THIRD QUARTER Vs. 2023 THIRD QUARTER

FINANCIAL PERFORMANCE

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated net loss for the third quarter of 2024 amounted to ₱11.1 million, lower compared to the net loss of ₱25.8 million in 2023. Net income for nine months period of 2024 declined by 38% to ₱256.7 million from net income of ₱412.8 million in 2023. The decrease in net income was the net effect of the following:

Three Months Ended September 30, 2024

Comparative figures for September 30, 2024 and September 30, 2023

Amount in Millions

	2024	2023	Change	% of Change
Revenues	293.7	182.9	110.8	60.6%
Cost and Operating Expenses				
Costs of mine products sold	169.6	145.7	23.9	16.4%
Cost of merchandise sold and services	16.1	14.4	1.7	11.8%
Selling and general	122.7	82.3	40.4	49.1%
Taxes on revenue	10.1	6.0	4.1	68.3%
	318.4	251.5	66.9	26.6%
Income (Loss) from Operations	(24.8)	(68.5)	(43.7)	(63.8%)
Interest Expense	0.0	0.1	(0.1)	(100%)

Other Income (Expense)				
Interest income	15.3	2.9	12.4	427.6%
Foreign exchange gain	(20.8)	12.0	(8.8)	(73.3%)
Miscellaneous – net	11.8	15.0	(3.2)	(21.3%)
	6.4	29.9	(23.5)	(78.6%)
Income before income tax	(18.4)	(38.7)	(20.3)	(52.4%)
Provision for income tax	(7.4)	(12.9)	(5.5)	(42.6%)
Net income	(11.1)	(25.8)	(14.7)	(56.9%)

Nine Months Ended September 30, 2024

Comparative figures for September 30, 2024 and September 30, 2023

Amount in Millions

	2024	2023	Change	% of Change
Revenues	1,588.9	1,786.1	(197.2)	(11.0%)
Cost and Operating Expenses				
Costs of mine products sold	579.4	488.1	91.3	(18.7%)
Cost of merchandise sold and services	62.5	59.6	2.9	4.9%
Selling and general	580.9	629.6	(48.7)	(7.7%)
Taxes on revenue	107.1	128.4	(21.3)	(16.6%)
	1,329.9	1,305.7	24.2	1.9%
Income (Loss) from Operations	259.1	480.4	(221.3)	(46.1%)
Interest Expense	0.0	0.4	(0.4)	(100.0%)
Other Income (Expense)				
Interest income	23.1	4.8	18.3	381.3%
Foreign exchange gain	4.8	15.4	(10.6)	(68.8%)
Miscellaneous – net	34.4	38.3	(3.9)	(10.2%)
	62.3	58.5	3.8	6.5%
Income before income tax	321.4	538.5	(217.1)	(40.3%)
Provision for income tax	64.7	125.6	(60.9)	(48.5%)
Net income	256.7	412.8	(156.1)	(37.8%)

Revenues

Consolidated revenues in the third quarter of 2024 increased to ₱293.7 million from ₱182.9 million for the same period in 2023. The increase is attributed to the higher price of gold. Average price of gold in the third quarter was US\$2,502.58/ounce versus US\$1,914.39/ounce for the same period last year.

For the nine-months period of 2024, however, consolidated revenues declined by 11% from ₱1.8 billion in 2023 to ₱1.6 billion for the same period in 2024. The decrease was due to lower shipments and lower price of nickel ore. BRMC sold in 2024 10 boatloads of nickel ore with an aggregate volume of 537,000 tons valued at ₱944.3 million compared to 11 boatloads of nickel ore with an aggregate volume of 586,294 tons valued at ₱1,238.4 million for the same period in 2023. Average price of nickel ore is US\$30.928/ton versus US\$38.313/ton last year.

Operating and Other Income

Cost and operating expenses in the third quarter this year increased by 27% to ₱318.4 million from ₱251.5 million for the same period in 2023. For the nine months period of 2024, costs and operating expenses increased to ₱1.33 billion from ₱1.31 billion for the same period in 2023. The increase was due to the following:

Cost of mine products sold increased both for the third quarter and nine months period this year mainly due to the processing costs of gold.

Cost of merchandise and services slightly increase on account of increase in Healthcare Services and freight charges.

Selling and general expenses increased in the third quarter due to operating expenses incurred in gold operations while selling and general expenses decreased for the nine months period mainly due to lower expenses for shipments in nickel operations.

Lower taxes on revenue against last year is mainly due to decrease in volume of nickel ore sold.

Other income for the third quarter and nine months period this year amounted to ₱6.4 million and ₱65.3 million, respectively, higher than the other income of ₱29.9 million and ₱58.5 million for the same periods in 2023. Other income this year came from interest earned from money market placements, income from fair value gain of financial assets at FVPL and foreign exchange gain on the Company's export of nickel ore.

FINANCIAL CONDITION

2024 NINE MONTHS PERIOD VS YEAR-ENDED 31 DECEMBER 2023

NINE MONTHS-ENDED 2024 Vs. YEAR ENDED DECEMBER 31 2023 Comparative figures for September 30, 2024 and December 31, 2023 Amount in Millions

	Sept 30, 2024	Dec. 31, 2023	Change	% of Change
Assets				
Current Assets				
Cash and cash equivalent	742.4	774.2	(31.8)	(4.1%)
Trade and other receivables	614.2	746.7	(132.5)	(17.7%)
Inventories	223.1	248.0	(24.9)	(10.0%)
Financial assets at fair value through profit or loss (FVPL)	1,373.1	1,328.8	44.3	3.33
Other current assets	753.4	660.6	92.8	14.0%
Total Current Assets	3,706.1	3,758.2	(52.1)	(1.4%)
Noncurrent Assets				
Property, plant and equipment	2,535.9	2,566.5	(30.6)	(1.2%)
Deferred mine exploration costs	544.1	520.4	23.7	4.6%
Investment properties	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	546.5	488.9	57.6	11.8%
Total Noncurrent Assets	6,630.1	6,579.4	50.7	0.8%
Total Assets	10,336.2	10,337.6	(1.4)	(0.01%)
Liabilities and Equity				
Current Liabilities				
Loans payable	339.2	339.2	0.0	0.0%
Trade and other payables	338.0	507.8	(169.8)	(33.4%)
Lease liabilities -current	3.4	4.2	(0.8)	(19.0%)
Liability for mine rehabilitation – current	17.6	17.8	(0.2)	(1.1%)
Income tax payable	1.7	33.3	(31.6)	(94.9%)
Total current liabilities	700.0	902.4	(202.4)	(22.4%)
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	779.8	775.9	3.9	0.5%
Other noncurrent liabilities	127.2	185.7	(58.5)	(31.5%)
Total Noncurrent Liabilities	1,011.9	1,068.2	(56.3)	(5.3%)
Total Liabilities	1,711.9	1,970.6	(258.7)	(13.1%)
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	1,420.1	1,419.5	0.6	(0.04%)
Retained earnings	6,164.3	5,907.6	256.7	4.3%
	8,632.3	8,375.0	257.3	3.1%
Cost of 116,023 shares held in Treasury, P69 per share	(8.0)	(8.0)	0.0	0.0%
Total Equity	8,624.2	8,367.0	257.2	3.1%
Total Liabilities and Equity	10,336.2	10,337.6	(1.4)	(0.01%)

Assets

The Company ended the third quarter of 2024 with consolidated total assets of ₱10.336 billion, slightly lower than ₱10.338 billion as of December 31, 2023. The decrease is the net effect of the following:

Cash and cash equivalent slightly decreased primarily from cash used by operating activities.

Decrease in trade receivables pertain to collection of nickel ore sold last year.

Inventories decreased mainly due to sale of nickel ore.

Increase in other current assets from ₱660.6 million to ₱753.4 million pertain to input taxes from various purchases of goods and services.

Liabilities

Total consolidated liabilities as of September 30, 2024, decreased by 13% to ₱1.71 billion from ₱1.97 billion as of December 31, 2023. The decrease was due to the following:

Decrease in trade and other payables is due to payment of various payables to suppliers and contractors.

Decrease in lease liability (current and noncurrent portion) pertain to payment of various rentals/leases.

Decline in income tax payable is attributed to payment of Annual Income Tax for 2023 amounting to ₱33.3 million.

Decrease in other noncurrent liability pertain to the payment of advances from nickel off-taker.

Equity

Retained earnings increased by 4% mainly from the net income generated during the year.

Equity went up to ₱8.62 billion from ₱8.37 billion in 2023 mainly from the net income generated during the year.

Consolidated Cash Flows

The net cash provided by operating activities for the third quarter and nine months period in 2024 amounted to ₱31.2 million and ₱121.1 million, respectively. Comparatively, the net cash provided for the same periods last year amounted to ₱165.4 million and ₱390.1 million. Bulk of the cash provided during the year came mainly from the sale of gold and nickel ore.

For the nine months this year, the Company invested ₱23.7 million in mining exploration activities, ₱2.6 million in acquisition of property, plant, and equipment and ₱57.6 million in other assets. On the other hand, the Company spent ₱29.97 million in mining exploration activities, ₱33.0 million in acquisition of property, plant and equipment and ₱54.9 million in other assets.

The Company also invested in financial assets at FVPL amounting to ₱7.8 million for the nine months period this year compared to ₱193.6 million for the same period last year.

Net cash used in financing activities amounted to ₱61.2 million for the nine months period this year. Cash was used to pay outstanding liabilities with nickel off-taker retirement pay and lease rental. For the nine month period, the Company paid its outstanding liabilities with LS Networks Co., Ltd. amounting to ₱60.3 million and ₱50.7 million in 2024 and 2023 respectively.

OPERATIONAL REVIEW

Mining

Acupan Gold Project (AGP)

Gold production in the third quarter reached 1,737.92 ounces, higher than the 1,388.97 ounces produced last year. The Acupan Gold Project (AGP) milled 7,333 tons ore, compared to 7,352 tons in the same quarter in 2023. For the nine-month period, gold production slightly decreased to 4,050.98 ounces from 4,080.36 ounces for the same period last year.

The increased production and higher gold price enabled AGP to yield pre-tax earnings of ₱65.7 million this quarter and ₱82.0 million for the nine-month period. In comparison, it posted pre-tax losses of ₱2.9 million and ₱7.8 million during the same periods last year.

AGP is taking steps to continue to support and assist its mining contractors in their production efforts and ensure that milling processes, methods and equipment are continually improved to boost gold recovery and enhance milling efficiency.

Sta. Cruz Nickel Project (SCNP)

At the onset of third quarter, Zambales region experienced intense rains and high swell brought by typhoons and low pressure and other conditions. As such, no shipments of nickel ore were made by the Company's nickel subsidiary Benguetcorp Resources Management Corporation (BRMC).

This resulted to a net loss of ₱52.2 million for third quarter of 2024, higher compared to ₱17.2 million net loss for the same period in 2023.

For the nine months period this year, SCNP posted ₱0.9 billion revenues, 24% lower than the revenue of ₱1.2 billion for the same period in 2023. The revenue came from the 537,000 tons of nickel ore sold at an average price of US\$30.928/ton, lower than the 586,294 tons sold at an average price of US\$38.313 for the same period in 2023. This resulted to a net income of ₱102.5 million, 66% lower than ₱299.2 million for the same period in 2023.

Irisan Lime Project (ILP)

The Company's ILP generated revenue of ₱22.7 million and ₱66.9 million for the third quarter and nine months period of 2024, respectively, both lower compared to ₱22.9 million and ₱70.8 million for the same

periods in 2023. Decrease in revenue is attributed to lower volume of lime sold. ILP sold 1,443 tons of lime in the third quarter and 4,264 tons of lime for the nine months period this year, lower against 1,460 tons and 4,510 tons for the same periods in 2023. This resulted to lower pre-tax income of ₱5.0 million for the third quarter and ₱13.9 million for the nine months period of 2024, versus ₱6.2 million and ₱19.1 million for the same respective periods in 2023.

ILP is set to receive the Safest Mines Award for the Safest Mineral Processing - Calcining Plant Category on the Awards Night of the 70th Annual National Mine Safety and Environment Conference to be held on November 22, 2024 at CAP John Hay Trade and Cultural Center.

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 ₱17.0 million while the remaining costs of ₱23.0 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 Project

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. The Mines and Geosciences Bureau approved the renewal of the MPSA to Balanga Bataan Minerals Corporation with the Company as operator for another 25 years commencing on March 31, 2025. 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.

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 implementing 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 and submitted all the Bids document to Department of Energy and the Company is waiting for final evaluation of the Department of Energy Review Executive Committee.

SUBSIDIARIES AND AFFILIATES

Logistics

Arrow Freight and Construction Corporation (AFCC)

AFCC, the logistics provider of the Company, registered revenues of ₱6.6 million and ₱57.4 million in the third quarter and nine months period of 2024, respectively, compared to the revenue of ₱1.2 million and ₱63.3 million for the same periods last year. Net income for the third quarter of 2024 amounted to ₱1.6 million against net loss of ₱3.3 million for the same quarter in 2023. For the nine months period this year, net income amounted to ₱22.8 million, lower than the net income of ₱25.6 million for the same period in 2023.

AFCC has current operational hauling fleet of 10 units of dump trucks, 4 backhoes and 1 water truck. AFCC plans to purchase additional dump trucks and construction equipment to expand its logistic services and construction business.

Keystone Port Logistics Management and Services Corporation (KPLMSC)

KPLMSC, the port and barging services provider of the Company, reported revenue of ₱41.9 million for the nine months period of 2024, lower compared to the revenue of ₱43.5 million for the same period of 2023. The decrease is on account of lower tonnage of nickel ore export handled during the nine months period this year from 586,294 tons in 2023 to 537,000 tons for the same period in 2024. Net loss for the third quarter of 2023 amounted to ₱4.97 million against ₱3.0 million net loss for the same period in 2023. For the nine months period of 2024, net income amounted to ₱11.1 million, lower compared to the net income of ₱36.8 million for the same period in 2023.

Port dredging will start in the fourth quarter and expected to be completed before the end of the year.

Real Estate

BMC Forestry Corporation (BFC)

BFC, the real estate arm of the Company continues to develop and sell subdivision lots in its real estate project in Rosario, La Union. For the third quarter and nine months period this year, BFC posted a net income of ₱0.4 million and ₱0.98 million, respectively. The income in 2024 is lower compared to ₱0.8 million and ₱3.0 million for the same respective periods in 2023. BFC continues to collect monthly amortizations on sold lots and sell the remaining 3 lots with an aggregate area of 1,043 square meters valued at ₱5.3 million.

BFC plans to acquire new property to develop an expansion of its Woodspark Subdivision.

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 generated total revenues for the third quarter of ₱13.7 million and ₱34.4 million for the nine months period of 2024, compared to ₱10.97 million and ₱37.6 million, for the same respective periods in 2023. Net income in the third quarter of 2024 amounted to ₱1.9 million, higher than ₱0.5 million in the same period in 2023. Net income for the nine months period this year amounted to ₱3.1 million, compared to net income of ₱3.7 million for the same period last year.

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 (BUSU) 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.

B. 2023 THIRD QUARTER Vs. 2022 THIRD QUARTER

FINANCIAL PERFORMANCE

Unfavorable weather conditions arising from southwest monsoon and typhoon prevailed in Zambales nickel operation in the third quarter, prompting the temporary suspension of mining and shipping operations. On the other hand, the continuing underground development and rehabilitation in Acupan Gold Project have not yield satisfactory volume of profitable ore grades. These among others caused the decline of the Company's performance for the Third Quarter of 2023.

CONSOLIDATED RESULTS OF OPERATIONS

Three Months Ended September 30, 2023

Comparative figures for September 30, 2023 and September 30, 2022

Amount in Millions

	2023	2022	Change	% of Change
Revenues	182.9	236.4	(53.5)	(23%)
Cost and Operating Expenses				
Costs of mine products sold	145.7	159.6	(13.9)	(9%)
Cost of merchandise sold and services	14.4	13.2	1.2	9%
Selling and general	82.3	117.0	(31.7)	(27%)
Taxes on revenue	6.0	8.0	(2.0)	(25%)
	251.5	297.8	(46.4)	(16%)
Income (Loss) from Operations	(68.5)	(61.4)	(7.1)	(11%)

Interest Expense	0.1	0.3	(0.2)	(67%)
Other Income (Expense)				
Interest income	2.9	2.3	0.6	26%
Foreign exchange gain	12.0	21.4	(9.4)	(44%)
Miscellaneous – net	15.0	2.1	12.9	614%
	29.9	25.9	4.1	16%
Income before income tax	(38.7)	(35.8)	(2.9)	(8%)
Provision for income tax	(12.9)	(7.4)	(5.5)	(74%)
Net income	(25.8)	(28.4)	2.6	9%

Nine Months Ended September 30, 2023

Comparative figures for September 30, 2023 and September 30, 2022

Amount in Millions

	2023	2022	Change	% of Change
Revenues	1,786.1	2,961.2	(1,175.1)	(40%)
Cost and Operating Expenses				
Costs of mine products sold	488.1	760.3	(272.2)	(36%)
Cost of merchandise sold and services	59.6	55.1	4.5	8%
Selling and general	629.6	711.8	(82.2)	(12%)
Taxes on revenue	128.4	219.3	(90.9)	(41%)
	1,305.7	1746.5	(440.8)	(25%)
Income (Loss) from Operations	480.4	1,214.6	(734.2)	(60%)
Interest Expense	0.4	1.7	(1.3)	(76%)
Other Income (Expense)				
Interest income	4.8	3.2	1.6	50%
Foreign exchange gain	15.4	41.3	(25.9)	(63%)
Miscellaneous – net	38.3	3.1	35.2	1135%
	58.5	47.6	10.9	23%
Income before income tax	538.5	1,260.6	(722.1)	(57%)
Provision for income tax	125.6	314.8	(189.2)	(60%)
Net income	412.8	945.7	(532.9)	(56%)

Consolidated net loss for the third quarter of 2023 amounted to ₱25.8 million, lower compared to the net loss of ₱28.4 million in 2022. However, for the nine months period of 2023, the Company generated net income of ₱412.8 million, lower versus net income of ₱945.7 million for the same period in 2022. The decrease in net income was the net effect of the following:

Revenues

Consolidated revenues for the third quarter of 2023 decreased to ₱182.9 million from ₱236.4 million for the same period in 2022. The decrease was mainly due to lower gold production during the third quarter of 2023. Acupan sold 1,388.97 ounces of gold valued at ₱148.9 million during the third quarter of 2023 versus 2,021 ounces of gold valued at ₱197.8 million for the same quarter in 2022.

For the nine-months period of 2023, consolidated revenues declined by 40% from ₱2.9 billion in 2022 to ₱1.8 billion for the same period in 2023. The decrease was due to lower volume of nickel ore shipments and lower gold productions. BRMC sold 11 boatloads of nickel ore with aggregate volume of 586,294 tons valued at ₱1,238.6 million compared to 16 boatloads of nickel ore with aggregate volume of 851,208 tons valued at ₱2,154.9 million for the same period in 2022. AGP, on the other hand sold 4,080.40 ounces of gold at an average price of US\$1,927.18 during the nine months period in 2023 versus 7,120.90 ounces of gold sold at average price of US\$1,832.27 per ounce for the nine months period in 2022.

Operating and Other Income

Cost and operating expenses in the third quarter of 2023 decreased by 16% to ₱251.5 million from ₱297.8 million for the same period in 2022. For the nine months period of 2023, costs and operating expenses reduced by 23% to ₱1.3 billion from ₱1.7 billion for the same period in 2022. The decrease was due to the following:

Cost of mine products sold decreased mainly due to lower volume of nickel ore and gold sold partly offset by the increase in cost of power and supplies due to fuel price increase.

Cost of merchandise and services increased on account of build up of healthcare services and freight charges.

Selling and general expenses decreased mainly due to lower volume of nickel ore sold.

Lower taxes on revenue against year 2022 was mainly due to decrease in volume of nickel ore sold.

Other income for the third quarter and nine months period in 2023 amounted to ₱29.9 million and ₱58.5 million, respectively, higher than other income of ₱25.9 million and ₱47.6 million for the same periods in 2022. The increase was due to the higher interest earned from money market placements and income from fair value gain of financial assets at FVPL and foreign exchange gain from the Company's export of nickel ore.

FINANCIAL CONDITION

2023 NINE MONTHS PERIOD VS YEAR-ENDED 31 DECEMBER 2022

NINE MONTHS-ENDED 2023 Vs. YEAR ENDED DECEMBER 31 2022 Comparative figures for September 30, 2023 and December 31, 2022 Amount in Millions

	2023	2022	Change	% of Change
Assets				
Current Assets				
Cash and cash equivalent	980.8	1,002.8	(22.0)	(2.2%)
Trade and other receivables	613.7	782.5	(168.8)	(21.6%)
Inventories	197.8	180.6	17.2	9.5%
Financial assets at fair value through profit or loss (FVPL)	1,346.2	1,114.6	231.6	20.8%
Other current assets	397.2	352.4	44.8	12.7%
Total Current Assets	3,535.7	3,432.9	102.8	3.0%
Noncurrent Assets				
Property, plant and equipment	2,502.1	2,509.9	(7.8)	(0.3%)
Deferred mine exploration costs	522.5	492.5	30.0	6.1%
Investment properties	2,992.0	2,992.0	0.0	0.0%
Deferred tax assets – net	9.9	9.9	0.0	0.0%
Other noncurrent assets	526.8	471.9	54.9	11.6%
Total Noncurrent Assets	6,553.2	6,476.2	77.1	1.2%
Total Assets	10,089.0	9,909.1	179.3	1.8%
Liabilities and Equity				
Current Liabilities				
Loans payable	337.0	337.0	0.0	0.0%
Trade and other payables	527.6	555.7	(28.1)	(5.1%)

Current portion of liability for mine rehabilitation	10.5	10.5	0.0	0.0%
Current portion of lease liability	5.8	6.3	(0.5)	(7.9%)
Income tax payable	0.7	105.9	(105.2)	(99.3%)
Total current liabilities	881.6	1,015.4	(133.8)	(13.2%)
Noncurrent liabilities				
Deferred income tax liabilities – net	769.4	769.2	0.2	0.0%
Liability for mine rehabilitation	48.6	48.6	0.0	0.0%
Pension liability	56.0	56.0	0.0	0.0%
Noncurrent portion of lease liability	5.1	5.8	(0.6)	(10.3%)
Other noncurrent liabilities	138.1	237.8	(99.6)	(41.9%)
Total Noncurrent Liabilities	1,017.2	1,117.4	(100.0)	(8.9%)
Total Liabilities	1,899.0	2,132.8	(233.8)	(11%)
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	4.3	6.3	0.0	0.0%
Other components of equity	1,386.2	1,385.5	0.6	0.0%
Retained earnings	5,766.3	5,353.4	412.9	7.7%
	8,198.1	7,784.3	413.8	5.3%
Cost of 116,023 shares held in Treasury, P69 per share	(8.0)	(8.0)	0.0	0.0%
Total Equity	8,190.1	7,776.2	411.8	5.3%
Total Liabilities and Equity	10,089.0	9,909.0	180.0	1.8%

Assets

The Company's consolidated total assets increased by 1.8% from ₱9.9 billion as of December 31, 2022, to ₱10.1 billion as of September 30, 2023. The increase is the net effect of the following:

Cash and cash equivalent slightly decreased primarily from cash from operating activities, net of investments made and payment of obligations.

Trade receivables decreased by 21.6% from ₱782.5 million to ₱613.7 million in 2023, mainly due to collection of receivables from nickel customers.

Inventories increased to ₱197.8 million from ₱180.6 million on account of the nickel ore produced from mining in Sta. Cruz Nickel Operation in Zambales.

Increased in Financial Assets at Fair Value through Profit and Loss (FVPL) pertains to additional investments and fair value change of financial assets at FVPL.

Increase in other current assets from ₱352.4 million to ₱397.2 million pertain to input taxes from various purchases of goods and services.

Liabilities

Total consolidated liabilities as of September 30, 2023, decreased by 11.0% to ₱1.9 billion from ₱2.1 billion as of December 31, 2022. The decrease was due to the following:

Decrease in trade and other payables was due to payment of various payables to suppliers and contractors.

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

Decline in income tax payable was attributed to payment of Annual Income Tax for 2022 and first quarter

and second quarter of 2023 income tax liabilities amounting to ₱236.3 million.

Decrease in other noncurrent liability pertain to the repayment to nickel off-takers.

Equity

Retained earnings increased by 8% mainly from the net income generated during the nine month period of 2023.

Equity went up to ₱8.2 billion from ₱7.8 billion in 2022 mainly from the net income generated during year 2023.

Consolidated Cash Flows

The net cash provided by operating activities for the third quarter of 2023 amounted to ₱165.4 million, while the net cash provided by the operating activities for the nine months period of 2023 amounted to ₱390.1 million. In contrast, the net cash used for the third quarter in 2022 amounted to ₱214.4 million while for the nine months period, net cash provided amounted to ₱721.2 million. Bulk of the cash provided came from the sale of gold and nickel ore.

The Company invested ₱8.0 million and ₱33.0 million in property, plant, and equipment for the third quarter and nine months period of 2023, respectively versus ₱6.2 million and ₱29.7 million for the same periods in 2022. ₱7.1 million and ₱30.0 million was spent for the exploration activities for the third quarter and nine months period in 2023, respectively, compared to ₱7.1 million and ₱20.8 million for the same period in 2022. The Company also placed additional investment to Unit Investment Trust Funds (UITF) amounting to ₱67.0 million in the third quarter and ₱193.6 million for the nine months period in 2023 compared to ₱92.5 million and ₱563.2 million for the same periods in 2022.

Net cash used in financing activities amounted to ₱47.3 million in the third quarter and ₱100.6 million for the nine months period in 2023. Cash was used to pay outstanding liabilities with nickel off-taker and lease liabilities. In contrast to year 2022, ₱1.0 million was used to pay lease liabilities in the third quarter while for the nine months period, the Company used ₱55.9 million to pay its outstanding liabilities with nickel off-taker, ₱5.0 million was placed in the Company's Employees Retirement Fund and ₱4.2 million was used for lease liabilities.

OPERATIONAL REVIEW

Mining

Acupan Gold Project (AGP)

Revenues generated for the third quarter of 2023 amounted to ₱148.9 million, lower than the ₱197.8 million for the same period in 2022. Likewise, revenues for the nine months period in 2023 went down to ₱437.0 million from ₱693.9 million for the same period in 2022. The decrease was attributable to lower gold production.

AGP sold 1,388.97 ounces for the third quarter and 4,080.36 ounces for the nine months period in 2023. In contrast, AGP sold 2,021.08 ounces and 7,120.90 ounces of gold for the same respective periods in 2022.

AGP milled 7,352 DMT and 22,193 DMT for the third quarter and nine months period in 2023, respectively, both lower compared to 11,320 DMT and 37,823 DMT for the same periods in 2022. Averaged mill grade for the third quarter and nine months period in 2023 was at 5.88 grams per ton and 5.72 grams per ton, respectively, lower versus the averaged mill grade of 5.50 grams per ton and 5.86 grams per ton for the same respective periods in 2022. The decline in ore milled is attributed to the new areas being developed but failed to produce the expected ore grades.

This resulted to a pre-tax loss of ₱2.9 million for the third quarter and ₱7.8 million for the nine months period in 2023. In contrast, third quarter of 2022 reported a pre-tax income of ₱10.1 million. Pre-tax income for the nine months period of 2022 amounted to ₱51.5 million.

Management is implementing cost savings and control measure and at the same time, studying scale down of operation while looking for a new area to develop that will yield higher grade and volume of gold.

AGP is recipient of the runner-up award in the Safest Underground Mining Operation Award in 2023 Presidential Mineral Industry Environmental Award (PMIEA).

Sta. Cruz Nickel Project (SCNP)

At the onset of third quarter, Zambales experienced intense rains and high swell caused by typhoons and southwest monsoon. SCNP under its wholly-owned subsidiary, Benguetcorp Resources Management Corporation (BRMC), was not able to ship-out its stockpiled nickel ore during the third quarter of 2023.

This resulted to a net loss of ₱17.2 million for third quarter of 2023, lower compared to ₱23.7 million net loss for the same period in 2022.

For the nine months period of 2023, SCNP posted ₱1.2 billion revenue, 30% lower than the revenue of ₱2.2 billion for the same period in 2022. The revenue came from the 586,294 tons of nickel ore sold at an average price of US\$38.31/ton, lower than the 851,208 tons sold at an average price of US\$47.90 for the same period in 2022. This resulted to net income of ₱299.2 million, 60% lower than ₱739.6 million after tax net income for the same period in 2022.

During the MGB III Second Regional Mining Summit held on June 8, 2023, BRMC was awarded the Highest Tenement, Safety and Health, Environment and Social Development (TSHES) Score Award, and award for 4 Million Man-Hours Worked without Lost Time.

Irisan Lime Project (ILP)

The Company's ILP generated revenue of ₱22.9 million and ₱70.8 million for the third quarter and nine months period of 2023, respectively. These are both lower compared to ₱29.2 million and ₱77.1 million for the same periods in 2022. Decrease in revenue was attributed to lower volume of lime sold. ILP sold 4,510 tons of lime for the nine months period in 2023, lower against 5,347 tons for the same period in 2022. In spite of the lower volume sold, ILP reported pre-tax income of ₱6.2 million for the third quarter and ₱19.1 million for the nine months period in 2023, higher than ₱6.2 million and ₱15.6 million pre-tax income for the same respective periods in 2022.

ILP will be awarded runner-up under the Safest Mineral Processing Calcining Plant Category by the DENR-Mines and Geosciences Bureau on the Presidential Mineral Industry Environmental Awarding Ceremonies on November 17, 2023.

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 CLRFSC. The implementation of Phase 1 activities are ongoing under the Annual Care and Maintenance Programs wherein ₱0.14 million was already spent during the third quarter of 2023. Of the total FMRDP allocated amount of ₱43 million, BAGO already spent an approximate ₱13.14 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 for the Decommissioning and Rehabilitation Plans of Antamok and established 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 continuing exploration works of the Company in the Pantingan property have produced additional five (5) drillholes bringing a total of twenty seven (27) boreholes. These are part of the drilling program to verify the down-dip extension of the mapped and identified mineralized structures on the surface.

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, hauling of core-boxes, quick structural logging of cores, cutting of cores into halves and sampling.

On the aggregates prospect, the Company continues to apply for permits including road-right-of-way in the 40-hectares Quarry Permit Area (QPA) outside the MPSA. Permits of 6 QPAs are expected to be completed at year-end. 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, the NCIP has issued Certificate PreCondition (QPA) and the Company is working on LGU consent, tree inventory, 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. 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). Once the Exploration Permit (EP) is approved, the Company will start exploration activities including drilling in San Fernandino vein. The Company has an operating agreement with Orelina Mining Corporation to explore and operate the property situated about 150 kilometers from Zamboanga City.

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 logistic provider of the Company reported revenue of ₱1.2 million for the third quarter and ₱63.3 million for the nine months period of 2023, compared to the revenues of ₱1.3 million and ₱58.7 million for the same periods in 2022. Revenues came from the 12% management fee in providing and supervising needed earth moving equipment contracted for BRMC's various mining activities, hauling services using its own dump trucks, ore loading and environmental activities using its own backhoes and water truck.

Net loss for the third quarter of 2023 amounted to ₱3.3 million against net loss of ₱2.3 million for the same quarter in 2022. For the nine months period of 2023, net income amounted to ₱25.6 million, lower than the net income of ₱31.5 million for the same period in 2022.

AFCC has current operational hauling fleet of 10 units of dump truck, 4 backhoes and 1 water truck. AFCC plans to purchase additional dump trucks and construction equipment to expand its logistic services and construction business.

Keystone Port Logistics Management and Services Corporation (KPLMSC)

KPLMSC, the port and barging services provider of the Company, reported revenue of ₱43.5 million for the nine months period of 2023, lower compared to the revenue of ₱60.3 million for the same period of 2022. The decrease is on account of lower tonnage of nickel ore handled during the nine months period of 2023 from 851,208 tons in 2022 to 586,294 tons for the year. Net loss for the third quarter of 2023 amounted to ₱3.0 million, against ₱3.5 million net loss for the same period in 2022. For the nine months period of 2023, net income amounted to ₱36.8 million higher compared to the net income of ₱28.6 million for the same period in 2022.

Port repair is being completed in time for the scheduled shipments for the fourth 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 real estate project in Rosario, La Union. For the third quarter and nine months period of 2023, BFC posted a net income of ₱0.8 million and ₱2.7 million, respectively. The income in 2023 is higher compared to ₱0.6 million and ₱2.5 million for the same respective periods in 2022. BFC continues to collect monthly lot purchase amortizations and sell the remaining three (3) lots with an aggregate area of 1,043 square meters valued at ₱5.29 million.

BFC plans to acquire new property to develop to expand its Woodspark Subdivision in Rosario, La Union, to develop new project.

Kelly Ecozone Project (KEP)

Social preparation (collaboration and coordination) with the LGU's, and the project-affected-people (PAP) and implementation of agroforestry component of KEP is work in progress.

Healthcare

Benguetcorp Laboratories Inc. (BCLI)

BCLI generated total revenues for the third quarter of ₱11.0 million and ₱37.6 million for the nine months period of 2023, compared to ₱10.8 million and ₱38.4 million, for the same respective periods in 2022. Net income for the third quarter of 2023 amounted to ₱0.5 million lower than ₱1.1 million for the same period in 2022. Net income for the nine months period of 2023 amounted to ₱3.7 million, compared to net income of ₱7.8 million for the same period in 2022.

BCLI and Pag-Ibig Fund inked a Memorandum of Agreement in July 12, 2023 as the latter's newest Loyalty Card (LC) Plus partner. BCLI passed the evaluation after having complied with the requirements to qualify and be accredited as partner of Pag-Ibig LC Plus. BCLI will offer a 5% to 10% discount on its diagnostic services to members of the Pag-ibig LCPlus Card. This is one of BCLI's marketing strategy to expand its market share in the Baguio City area.

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 (BUS) renewed its claims over 217 hectares of mineral prospects for gold/silver in Royston Hills, Nevada, USA. The Company engaged the services of Burgex, Inc. to provide

and perform services as needed to identify and evaluate mineral interests and opportunities necessary for the project.

C. ENVIRONMENTAL PROTECTION AND COMMUNITY RELATIONS

The Company continues to demonstrate its commitment to environmental protection and community relations through substantial financial and operation efforts. In the third quarter of 2024, the Company achieved strong financial milestones, investing ₱18.0 million in BRMC's Annual Environmental Protection and Enhancement Programs (AEPEP) initiatives. AGP dedicated ₱4.2 Million while Irisan contributed ₱0.08 million during the quarter for these purposes.

The Company is committed to protect the environment with various initiatives including Sustainable Agroforestry System, River Rehabilitation, Mangrove Planting, Rehabilitation of Environmental Structures including but not limited to Tailings Storage Facilities (TSF), desilting of settling ponds, silt traps, and drainage canals.

The Company also regularly carried out water, air, noise quality monitoring. It also supports the government's National Greening Program (NGP) and Mining Forest Program (MFP) benefiting areas both within and beyond its tenements.

The Company also implemented various community services which supplement the general welfare programs provided by the national and local government. During the quarter in review, the Company provided its host communities in the provinces of Zambales and Benguet, educational support to students and schools benefiting 549 students in Zambales and 6 students in Benguet, support in social activities in 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, extending 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 during the third quarter of 2024 stood at ₱4.0 million.

D. KNOWN TRENDS, EVENTS OR UNCERTAINTIES

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

Within the next twelve months, the Company anticipates changes in the number of employees due to hiring of Project/Seasonal workers for the Pantangan project, BRMC, AFC and Keystone Port Logistics and Management Services Corporation (KPLMSC).

The known trends, demands, commitments, events or uncertainties that may have a material impact on net sales or revenues or income from continuing operations of the Company are the prices of nickel and gold in the world market, the dollar to peso exchange rate, changes in the DENR's rules and regulations, drastic change in power and fuel prices and the present economic condition affected by the global health issues, natural calamities, war and military conflicts.

Except for the Company's outstanding bank loans, there are no material events that will trigger direct or contingent financial obligations to the Company. As of September 30, 2024, the consolidated total outstanding principal debt amounted to ₱85.06 million. Accordingly, efforts to reduce debt levels are

continuing. The Company remains committed to a final and comprehensive settlement of all old debts or to arrange a suitable restructuring of the remaining obligations.

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

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

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

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

E. KEY PERFORMANCE INDICATORS

- 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. Current ratio for both periods are September 30, 2024 at 5.29:1 and September 30, 2023 at 4.01:1.
- 2.) *Metal Price* - The market price of gold in the Banko Sentral ng Pilipinas which is based on the world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. For the nine months period of 2024, the average market price for gold sold was at US\$2,338.00 per ounce compared to US\$1,927.18 per ounce for the same period in 2023. For the nine months period, nickel ore was sold at average price of US\$30.93/ton versus US\$38.31/ton for the same period in 2023. The favorable metal prices will also have a favorable impact on the Company's revenue.
- 3.) *Tons Mill and Ore Grade* - Tons milled and ore grade determine gold production and sales volume. The higher the tonnage and ore grade, the more gold produced and sold. For the nine months period of 2024, tons milled were 16,754.54 tons of ore with average grade of 6.79 grams per ton gold versus 22,193 tons with an average mill head of 5.74 grams per ton gold for the same period in 2023. Gold sold to-date of 4,050.98 ounces is lower than the 4,080.36 ounces of gold sold for the same period in 2023. BRMC sold nickel ore with an aggregate volume of 537,000 tons ranging from 1.35% to 1.45% Ni grade for the nine months period versus 586,294 tons of nickel ore with 1.2% to 1.4% Ni grade for the same period in 2023.
- 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 revenue, 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 up foreign exchange income on the loans. As of September 30, 2024, the peso to dollar exchange rate was at ~~P56.03~~, compared to P56.575 for the same period in 2023. The volatility in the foreign currency exchange rates will continue to affect the operations in the foreseeable future

5.) *Earnings Per Share* - The earnings per share reflect the Company's bottom line operating results expressed in amount per share of the Company's outstanding capital stock. Assuming a constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase. As of September 30, 2024, the Company's earnings per share is ₱0.41 per share versus ₱0.66 per share for the same period in 2023. The Company anticipates improvement in the earnings per share with the projected higher gold production of AGP and the continued marketing of saleable nickel ores stockpiles by BRMC and higher metal prices.

The Company's Key Performance Indicator Used for its subsidiaries is net income.

Benguet Management Corporation (BMC) and its subsidiaries reported consolidated net income of ₱25.71 million for the nine months period this year, as compared to consolidated net income of ₱120.01 million for the same period in 2023.

PART II--OTHER INFORMATION

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

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

SIGNATURES

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

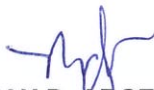
Issuer.....BENGUET CORPORATION.....

By:



Signature and Title: LINA G. FERNANDEZ
President

Date: November 18, 2024



Signature and Title: MAX D. ARCEÑO
Senior Vice President – Finance & Treasurer

Date: November 18, 2024

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(Amounts in Thousands)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P742,368	P774,192
Trade and other receivables	614,180	746,726
Inventories	223,086	247,959
Financial assets at fair value through profit or loss (FVPL)	1,373,076	1,328,780
Other current assets	753,401	660,569
Total Current Assets	3,706,111	3,758,226
Noncurrent Assets		
Property, plant and equipment	2,535,939	2,566,549
Deferred mine exploration costs	544,105	520,367
Investment property	2,997,953	2,997,953
Deferred tax assets - net	5,571	5,571
Other noncurrent assets	546,510	488,952
Total Noncurrent Assets	6,630,078	6,579,392
TOTAL ASSETS	P10,336,189	P10,337,618
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	P339,238	P339,238
Trade and other payables	338,023	507,801
Lease liabilities – current	3,434	4,238
Liability for mine rehabilitation – current	17,580	17,783
Income tax payable	1,740	33,340
Total Current Liabilities	700,015	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	779,782	775,867
Other noncurrent liabilities	127,194	185,732
Total Noncurrent Liabilities	1,011,935	1,068,233
Total Liabilities	1,711,950	1,970,633
Equity		
Capital stock	624,277	624,277
Capital surplus	415,547	415,547
Cost of share-based payment	8,104	8,104
Other components of equity	1,420,073	1,419,502
Retained earnings	6,164,254	5,907,571
	8,632,255	8,375,001
Cost of 116,023 shares held in treasury, P69 per share	(8,016)	(8,016)
Total Equity	8,624,239	8,366,985
TOTAL LIABILITIES AND EQUITY	P10,336,189	P10,337,618

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(With Comparative Figures for the nine months ended September 30, 2023)
(Amounts in Thousands)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	2024	2023	2024	2023
REVENUES	₱293,691	₱182,916	₱1,588,956	₱1,786,074
COSTS AND OPERATING EXPENSES				
Costs of mine products sold	169,570	145,700	579,353	488,124
Costs of merchandise sold and services	16,117	14,453	62,511	59,640
Selling and general	122,668	85,273	580,908	629,562
Taxes on revenue	10,096	6,033	107,088	128,365
	318,451	251,459	1,329,860	1,305,691
INCOME (LOSS) FROM OPERATIONS	(24,760)	(68,543)	259,096	480,383
INTEREST EXPENSE	–	102	–	395
OTHER INCOME (EXPENSE)				
Interest income	15,329	2,917	23,121	4,818
Foreign exchange gain	(20,799)	11,974	4,755	15,423
Miscellaneous – net	11,820	15,020	34,398	38,266
	6,350	29,911	62,274	58,507
INCOME BEFORE INCOME TAX	(18,410)	(38,734)	321,370	538,495
PROVISION FOR INCOME TAX	(7,359)	(12,956)	64,687	125,648
NET INCOME (LOSS)	(₱11,051)	(₱25,778)	₱256,683	₱412,847
BASIC EARNINGS PER SHARE	(₱0.02)	(₱0.04)	₱0.41	₱0.66
DILUTED EARNINGS PER SHARE	(₱0.02)	(₱0.04)	₱0.41	₱0.66

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(With Comparative Figures for the nine months ended September 30, 2023)
(Amounts in Thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
NET INCOME (LOSS)	(₱11,051)	(₱25,778)	₱256,683	₱412,847
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Translation adjustment on foreign subsidiaries	2,222	(24)	(571)	701
OTHER COMPREHENSIVE INCOME (LOSS)	2,222	(24)	(571)	701
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱8,829)	(₱25,802)	₱256,112	₱413,548

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(With Comparative Figures for the nine months ended September 30, 2023)
(Amounts in Thousands)

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
CAPITAL STOCK	₱624,277	₱624,211	₱624,277
CAPITAL SURPLUS	415,547	415,189	415,547
REVALUATION INCREMENT	1,362,051	1,325,985	1,362,051
CUMULATIVE TRANSLATION ADJUSTMENT			
Balance at beginning of period	41,064	41,400	41,400
Translation adjustment	571	701	(336)
Balance at end of period	41,635	42,101	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	256,683	412,847	554,143
Balance at end of period	6,164,254	5,766,275	5,907,571
TREASURY SHARES	(8,016)	(8,016)	(8,016)
TOTAL EQUITY	₱8,624,239	₱8,190,089	₱8,366,985

BENGUET CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(With Comparative Figures for the nine months ended September 30, 2023)
(Amounts in Thousands)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	2023	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	(P18,410)	(P38,734)	P321,370	P538,495
Adjustments for:				
Depreciation, depletion and amortization	8,713	9,587	33,184	40,849
Unrealized foreign exchange loss (gain)	1,693	1,582	4,486	935
Fair value gain on financial assets at FVPL	(15,019)	(7,894)	(36,464)	(38,051)
Decrease (increase) in:				
Trade and other receivables	139,255	115,230	132,546	168,773
Inventories	(7,844)	32,794	24,873	(17,196)
Prepaid expenses and other current assets	(4,894)	(4,349)	(92,832)	(39,349)
Decrease in trade and other payables	(33,924)	57,189	(169,778)	(28,107)
Payment of income tax	(38,339)	–	(96,287)	(236,283)
Net cash from operating activities	31,231	165,405	121,098	390,066
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in:				
Property, plant and equipment	(8,557)	(8,032)	(2,574)	(33,033)
Deferred exploration costs	(1,575)	(7,080)	(23,738)	(29,969)
Other assets	(42,255)	(33,015)	(57,558)	(54,874)
Financial assets at FVPL	(7,832)	(67,021)	(7,832)	(193,558)
Net cash used in investing activities	(60,219)	(115,148)	(91,702)	(311,434)
CASH FLOWS FROM FINANCING ACTIVITIES				
Exercise of stock options	–	–	–	275
Increase (decrease) in:				
Lease liabilities	(184)	(288)	(804)	(1,134)
Liability for mine rehabilitation	–	–	(203)	–
Pension liability	–	–	(1,675)	–
Other noncurrent liabilities	(1,255)	(47,015)	(58,538)	(99,759)
Net cash used in financing activities	(1,439)	(47,303)	(61,220)	(100,618)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,427)	2,954	(31,824)	(21,986)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	772,795	977,810	774,192	1,002,750
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P742,368	P980,764	P742,368	P980,764

BENGUET CORPORATION AND SUBSIDIARIES**EARNINGS PER SHARE COMPUTATION****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023****(Amounts in Thousands, Except for the Number of Shares)**

	<u>September 30</u>	
	<u>2024</u>	<u>2023</u>
Net income	₱256,683	₱412,847

Number of shares for computation of:

	<u>September 30</u>	
	<u>2024</u>	<u>2023</u>
<u>Basic earnings per share</u>		
Weighted average common shares issued	623,532,198	623,417,261
Less treasury stock	348,069	348,069
Weighted average common shares outstanding	623,184,129	623,069,192
<u>Diluted earnings per share</u>		
Weighted average common shares issued	623,532,198	623,417,261
Less treasury stock	348,069	348,069
	623,184,129	623,069,192
Conversion of preferred stock	2,059,366	2,059,366
Stock options	3,472,170	2,637,086
	628,715,665	627,765,644
Basic earnings per share	₱0.41	₱0.66
Diluted earnings per share	₱0.41	₱0.66

BENGUET CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

	September 30	
	2024	2023
Profitability Ratio		
Return on asset	0.02:1	0.04:1
Return on equity	0.03:1	0.05:1
Gross profit margin	0.53:1	0.69:1
Operating profit margin	0.16:1	0.27:1
Net profit margin	0.16:1	0.23:1
Liquidity and Solvency Ratio		
Current ratio	5.29:1	4.01:1
Quick ratio	1.94:1	1.81:1
Solvency ratio	6.04:1	5.31:1
Financial Leverage Ratio		
Asset to equity ratio	1.20:1	1.23:1
Debt ratio	0.17:1	0.19:1
Debt to equity ratio	0.20:1	0.23:1
Interest coverage ratio	0.00:1	-1362.28:1

BENGUET CORPORATION AND SUBSIDIARIES**AGING OF RECEIVABLES**

AS OF SEPTEMBER 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	₱17,500	₱16,313	₱741	₱277	₱4,367	₱32,516	₱71,714
Allowance for doubtful accounts	–	–	–	–	–	(32,516)	(32,516)
Trade receivables – net	17,500	16,313	741	277	4,367	–	39,198
Nontrade receivables:							
Officers and employees	6,868	760	2,433	14,195	60,168	104,521	188,945
Others	22,966	1,255	12,910	13,046	245,591	216,226	511,994
Total	29,834	2,015	15,343	27,241	305,759	320,747	700,939
Allowance for doubtful accounts	–	–	–	–	–	(125,957)	(125,957)
Nontrade receivables - net	29,834	2,015	15,343	27,241	305,759	194,790	574,982
Trade and other receivables – net	₱47,334	₱18,328	₱16,084	₱27,518	₱310,126	₱194,790	₱614,180

BENGUET CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 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 is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

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

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

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

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

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

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

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

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

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

Financial Liabilities

Initial Recognition and Measurement

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

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

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

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

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

Derecognition

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

Offsetting of Financial Instruments

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

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

Determining Functional Currency

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

Assessing Provisions and Contingencies

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

Distinction between Investment Property and Owner-Occupied Property

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

Principal versus Agent Considerations

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

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

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

Assessing Recoverability of Deferred Mine Exploration Costs

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

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

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

Estimates and Assumptions

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

Provision for Expected Credit Losses on Trade and Other Receivables

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

The carrying amount of trade and other receivables, excluding advances to officers and employees, amounted to ₱425.24 million and ₱601.91 million as at September 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 September 30, 2024 and December 31, 2023, carrying values of mine and mining properties amounted to ₱594.09 million. As at September 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 September 30, 2024 and December 31, 2023, property, plant and equipment (at cost) amounted to ₱771.94 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 September 30, 2024 and December 31, 2023, the carrying value of inventories amounted to ₱223.09 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 ₱484.56 million and ₱450.58 million as at September 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 September 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 September 30, 2024 and December 31, 2023, the carrying amount of mine and mining properties amounted to ₱594.09 million. Carrying amount of mine rehabilitation asset amounted to ₱35.70 million as at September 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 ₱7.53 million and ₱8.33 million as at September 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 September 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 million and ₱58.19 million as at September 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 September 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 September 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 at September 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.

	September 30, 2024				Total
	On demand	0-90 days	91-365 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	P263,669	P-	P-	P-	P263,669
Short-term deposits	-	478,699	-	-	478,699
Trade and other receivables*	40,466	17,568	13,651	340,227	411,912
FVPL	1,373,076	-	-	-	1,373,076
Short-term deposits under "other current assets"	-	478,564	-	-	478,564
FVOCI	-	-	-	1,110	1,110
	1,677,211	974,831	13,651	341,337	3,007,030
<i>Financial liabilities</i>					
Loans payable	339,238	-	-	-	339,238
Trade and other payables					
Trade	-	200,073	-	-	200,073
Nontrade**	16,065	-	-	-	16,065
Accrued expenses	-	53,005	-	-	53,005
Lease liabilities	314	942	2,178	4,093	7,527
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	355,617	254,020	2,178	53,229	665,044
Net financial assets (liabilities)	P1,321,594	P720,811	P11,473	P288,108	P2,341,986

*Excluding advances to officers and employees

**Excluding statutory payables

	December 31, 2023				Total
	On demand	0-90 days	91-365 days	More than one year	
<i>Financial assets</i>					
Cash and cash equivalents					
Cash on hand and in banks	P630,810	P-	P-	P-	P630,810
Short-term deposits	-	143,382	-	-	143,382
Trade and other receivables*	108,233	284,816	208,858	-	601,907
FVPL	1,328,780	-	-	-	1,328,780
Short-term deposits under "other current assets"	-	-	407,533	-	407,533
FVOCI	-	-	-	1,110	1,110
	2,067,823	428,198	616,391	1,110	3,113,522
<i>Financial liabilities</i>					
Loans payable	339,238	-	-	-	339,238
Trade and other payables					
Trade	-	345,933	-	-	345,933
Nontrade**	4,958	-	-	-	4,958
Accrued expenses	-	11,060	13,082	-	24,142
Lease liabilities	-	929	2,788	6,719	10,436
Other noncurrent liabilities					
Equity of claimowner incontract operations	-	-	-	49,136	49,136
	344,196	357,922	15,870	55,855	773,843
Net financial assets (liabilities)	P1,723,627	P70,276	P600,521	(P54,745)	P2,339,679

*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

	September 30, 2024	December 31, 2023
Cash and cash equivalents		
Cash in banks	₱262,876	₱630,028
Short-term deposits	478,699	143,382
Trade and other receivables, except advances to officers and employees	411,912	601,907
Short-term investments under “other current assets”	478,564	407,533
	₱1,632,051	₱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 ₱125.96 million and ₱122.56 million as at September 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 September 30, 2024 and December 31, 2023:

September 30, 2024

	Current	Past due			Specific Identification	Total
		30 days	60 days	>90 days		
Expected credit loss rate	2%	7%	6%	23%	100%	
Estimated total gross carrying amount at default	₱17,500	₱13,050	₱4,894	₱6,897	₱29,373	₱71,714
	₱350	₱914	₱294	₱1,586	₱29,373	₱32,516

December 31, 2024

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

Market Risks

Interest Rate Risk

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

As at September 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 September 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 September 30, 2024 and December 31, 2023 follow:

	September 30, 2024		December 31, 2023	
	US\$	Peso equivalent	US\$	Peso equivalent
<u>Financial Assets</u>				
Cash in banks	211	₱11,822	5,581	₱309,020
Trade receivables under "trade and other receivables"	–	–	238	13,178
Short-term investments	6,206	347,722	6,000	332,220
Interest receivables	–	–	34	1,883
Total monetary assets	6,417	₱359,545	11,853	₱656,301

As at September 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 ₱56.03 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 September 30, 2024 and December 31, 2023 is as follows:

	Change in foreign exchange rate	Income before income tax effect
September 30, 2024		
	Strengthens by- 1.14%	₱4,099
	Weaken by -1.65%	(5,932)
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 September 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:

	September 30, 2024	December 31, 2023
Capital stock	₱624,277	₱624,277
Capital surplus	415,547	415,547
Retained earnings	6,164,254	5,907,571
Cost of share-based payment	8,104	8,104
Other components of equity	1,420,073	1,419,502
Treasury shares	(8,016)	(8,016)
	₱8,624,239	₱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 September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024	December 31, 2023
Total liabilities (a)	₱1,711,950	₱1,970,633
Total equity (b)	8,624,239	8,366,985
Debt-to-equity ratio (a/b)	0.20:1	0.24:1

5. Seasonality and Cyclicity of Interim Operation

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

6. Events After End of Reporting Period

On October 22, 2024, the Parent Company executed with the remaining creditors of its outstanding loans, namely: Wilshire Business Consulting Corporation and Armstrong Capital Holdings Corporation and with Philippine Veterans Bank as Trustee, a Mutual Rescission Agreement which terminated the Debt Restructuring Agreement dated December 20, 1993 and the loan security of Mortgage Trust Indenture dated December 20, 1993, Real Estate Mortgage dated March 18, 1994 and Chattel Mortgage dated March 18, 1993. The syndicated loans from 23 creditor banks and financial institutions in the original principal amount of over ₱1.4 billion was restructured in 1993 and since then, the Parent Company has settled substantial portion of the loans over the years. The Mutual Rescission Agreement finally closes the chapter on the loan obligation of the Parent Company and releases from mortgage its real estate assets after 30 years. The remaining creditors have opted to transact directly with the Parent Company including leveraging the debts for investment purposes.

On October 29, 2024, the Parent Company's Board of Directors approved the declaration of cash dividends equivalent to ₱0.28 per share for the outstanding convertible preferred shares Class "A" stocks and ₱0.20 per share for the outstanding Common Class "A" and "B" stocks to stockholders of record as of November 14, 2024 and with payment date set on December 10, 2024. The cash dividend will be paid from the unrestricted retained earnings as of December 31, 2023.

On October 29, 2024, the Parent Company's Board of Directors approved the proposal for a Private Placement by Red Earth Mineral Resources Corporation in the Company. The private placement calls for the subscription of a total of 110 million shares in two tranches. The first tranche is for the subscription of 90 million shares from the unissued shares broken down into 53 million shares of Class "A" and 37 million shares of Class "B" The 2nd tranche is for the subscription of 13 million of Class A" and 7 million of Class "B" shares from future capital increase.

On November 5, 2024, the Parent Company received ₱280 million as partial payment for the first tranche of subscription. The balance will be paid after the stockholder's meeting approval on December 20, 2024. Further, another ₱20 million was received as deposit for future stock subscription for the 2nd tranche of the transaction with the balance to be paid after the approval of the Philippine SEC of the capital increase.

ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY

(For the Third Quarter Ended September 30, 2024)

- i.) The disclosure on significant accounting principles, policies, and practices is 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 Third Quarter of 2024, there were no seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, and no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows.
- iii.) Issuances, Repurchases, Repayments of Debt and Equity Securities – During the Third 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 Third Quarter 2024.
- v.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as of September 30, 2024 mainly came from sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱536.82 million and exports of nickel ores amounting to ₱ 949.25 million.
- vi.) Subsequent Material Events – All material events subsequent to the end of the quarter were properly disclosed in the unaudited interim financial statements for the period.
- vii.) There were no changes in the composition of the Company, business combinations, acquisition or disposal of subsidiaries and long-term investments and no substantial changes in contingent liabilities and contingent assets from 2023.