

2013
FIRST QUARTER REPORT
BENGUET CORPORATION
AND SUBSIDIARIES

Benguet Corporation showed modest results for the first quarter of 2013 amid softening nickel and gold prices. Production continued its steady climb with gold production, jumping 84% from the same period last year while Benguetcorp Nickel Mines, Inc. (BNMI) on its first full year of operations produced a total of 1,521,360 tons and 647,702 tons in the first quarter.

Consolidated Results

Consolidated net earnings for this quarter amounted to ₱36,226,000 (US\$888,000) or ₱0.22 (US\$0.005) per share, higher than the net earnings of ₱26,471,000 (US\$617,000) or ₱0.16 (US\$0.004) per share for the same period in 2012. The improvement is attributed to the income from BMC subsidiaries logistic services and income from settlement of liabilities.

Operating revenues for this quarter amounted to ₱653,440,000 (US\$16,015,000), higher than the ₱219,524,000 (US\$5,113,000) for the same period in 2012.

Mining

Acupan Gold Project (AGP) sold 2,965 ounces this quarter, generating ₱198,634,000 (US\$4,871,000) in revenue higher compared with 1,525 ounces sold for the same period last year valued at ₱113,132,000 (US\$2,775,000) Gold production improved to 2,965 ounces from 1,525 ounces or 94% better than the first quarter last year due to increase in mill tonnage by 104%. AGP milled 17,138 tons containing 6.21 grams of gold per tons for the quarter, compared to 8,429 tons containing 6.76 grams of gold per ton for the same quarter in 2012. Low metal prices, continuous exploration and development costs to allow access to and inventory of additional reserves, coupled with start-up costs associated with the continuous mill process, have contracted operating margins, resulting in a loss of ₱11,988,000 (US\$294,000) for the period, as against net earnings of ₱37,112,000 (US\$864,000) last year. By the third quarter, it is expected that improvement in the mill process and availability of new ore sources from Go for Gold (GG) vein amenable to bulk mining, will contribute to a turn-around. Meanwhile, AGP's expansion program continued by converting more resource into mineable tonnage. Drilling at L-2000 is ongoing. Six (6) bore holes with a total drilling meterage of 646.70 meters were drilled targeting GG orebody as source of ore.

BNMI's Sta. Cruz Nickel Project (SCNP) sold 269,412 tons from 5 shiploads in the first quarter of 2013 valued at ₱401,431,000 (US\$ 9,832,000), 543% higher than last year's revenue of ₱73,895,000 (US\$1,721,000). Cash contribution margin provided to the BC group this quarter amounted to ₱101,578,000 (US\$2,487,000) compared with ₱30,227,000 (US\$706,000) for the same period last year. BNMI also provides substantial income to your Company's logistics and port operation subsidiaries. There is softening of nickel prices due to continuous dumping of Indonesian ore into the market and China's slow down, and the trend is expected to persist up to the third quarter. Cost reduction measures and operating/logistics efficiencies are being implemented to counter the negative impact. Loss after income tax this quarter amounted to ₱30,976,000 (US\$758,000) compared to income of ₱3,551,000 (US\$87,000) last year. Volume produced this quarter aggregated 504,236 wet metric tons (WMT) of grades $\geq 2.0\%$ to $\geq 1.5\%$ to service existing and off-take agreements, 12% higher compared to 448,808 WMT of grades $\geq 1.8\%$ to $\geq 1.5\%$ for the same period last year. A PMRC compliant resource report covering the entire SCNP is due for release next quarter as part of the requirements in the feasibility study for a nickel processing plant.

The Irisan Lime Project (ILP) generated net earnings of ₱2,854,000 (US\$70,000) this quarter, lower than the net earnings of ₱3,205,000 (US\$75,000) posted for the same period

in 2012 mainly due to lower sales volume of 1,975 tons this quarter versus 2,868 tons sold during the same period last year.

Exploration, Research & Development

Balatoc Gold Resources Corporation (BGRC), a wholly owned subsidiary of your Company and the operator of the Balatoc Tailings Project (BTP), expects completion of the engineering and design of BTP processing plant by the third quarter. The construction and equipment installation is for bidding within the year.

For your Company's Greater Acupan Drilling Project which aimed to test and validate the GG potential, a total of 9 boreholes aggregating a total of 1,677.87 meters of drilling using surface drill rig have been completed. Two (2) of the completed boreholes targeting the GG-3 was drilled for this quarter. The drilling program will explore the fringes of the plug along the contact with the older rocks from the surface down to L-3250, to test and validate the lateral and vertical projections of the GG from where mining was previously undertaken.

Healthcare Services

Your Company's Benguet Laboratories (BL) generated net earnings of ₱713,000 (US\$17,000) this quarter, 42.6% lower than the net earnings of ₱1,243,000 (US\$29,000) for the same period last year. The decrease in net earnings is mainly due to higher cost despite maintained rates and lesser walk-in-clients. Clinic operations of BL which are based in Baguio have been recently consolidated under the new subsidiary BenguetCorp Laboratories, Inc. (BCLI).

BCLI was incorporated in September 2012 to undertake the Company's further expansion in the healthcare services industry. Its third clinic facility and first under the trade name MedCentral successfully opened in SM City San Fernando Pampanga in the latter half of December 2012, and has since been steadily growing its walk-in patient and corporate client base. MedCentral clinic operations are expected to contribute substantial earnings in the future, thereby adding value to BC and its shareholders. Expansion plans are already underway to build four more primary care facilities within Metro Manila and the Luzon corridor within 2013, extending to other areas in the Visayas and Mindanao region. This is in line with your Company's vision to create centers of excellence in outpatient medical services and ensure accessibility of effective healthcare services to its target market.

Subsidiaries & Affiliates

Benguet Management Corporation (BMC), a wholly owned subsidiary of your Company, and its subsidiaries, reported consolidated net earnings of ₱15,963,000 (US\$391,000) this quarter, lower than the ₱29,755,000 (US\$693,000) net earnings posted during the same period last year. The income in first quarter 2012 includes non-recurring gain of ₱27.1 million for settlement of liabilities.

Arrow Freight Corporation (AFC) first quarter operation accounted for most of the income generated by the BMC group, with its reported after tax income of ₱15,565,000, higher than the net income of ₱4,255,000 for the same period last year. AFCs is the exclusive equipment contractor of your Company's nickel project, and also provides logistics services to the Company's gold projects.

BMC Forestry Corporation (BFC) reported net earnings of ₱1,220,000 this quarter, higher than the ₱239,000 (US\$6,000) reported in the first quarter of 2012. BFC continues to develop the Woodspark Rosario Subdivision Project in La Union. Total lot sales and *dacion en pago* stand at 249 lots, with an aggregate area of 32,881 square meters. On February 28, 2013, the

Housing and Land Use Regulatory Board (HLURB) granted BFC its Certificates of Completion for both the Main Project and Socialized Housing Project. The Rosario Local Government Unit also approved and signed the Deed of Donation of the subdivision road lots and common areas, and the homeowners' association likewise accepted the transfer and turn-over of the administration and maintenance of the subdivision amenities and facilities.

The newly re-organized Benguetrade, Inc. (BTI) started taking over the purchasing function for major materials needed by AGP in the first quarter. As a result, BTI reported net earnings of ₱82,000 this quarter, a turnaround from loss of ₱328,000 incurred during the same period in 2012. BTI also provided substantial savings for AGP in terms of cheaper products and services that were supplied during the period.

Kingking Copper Gold Corporation (KCGC) whose name changed to Keystone Port Logistics and Management Services Corporation is being undertaken reported net earnings of ₱6,700,000 this quarter compared to ₱268,000 net loss for the same period last year. The income is attributable to the increase in its port rental revenues.

Environmental Protection

Your Company continues to implement various activities based on approved Annual Environmental Protection and Management Programs (AEPMP) in close coordination with and monitored by the Mine Monitoring Teams, the Mine Rehabilitation Fund Committees, the MGB, the Local Government Units, and the Environment Management Bureau. Continuous nursery maintenance and rehabilitation are being carried out in AGP and BNMI to expand seedling production and propagation for its massive reforestation projects and community-based agro-

forestry program. The company's various operating units remain compliant with all environmental regulatory requirements.

Community Services

In coordination with local government units, relevant government agencies and host communities, the BenguetCorp has earmarked this year various improvements in the delivery of its Social Development and Management Programs (SDMP). These community assistance programs and activities continue to benefit residents within the Company's areas of operations in Benguet and Zambales.

Human resource and institution building, assistance to infrastructure and health have been prioritized this quarter, with trainings conducted for community leaders, water systems developed, rehabilitation of waterways in time for the rainy season and regular medical consultations/medical missions to host and neighboring communities.

Outlook

As we continue to strengthen our mining operations, BenguetCorp remain committed to expand into promising industries that would enhance the Company's income stream. Along with the planned investments in the mining operations, additional investments will also be made to support the expansion plans of BCLI and the research and development work for the other businesses that the Company is looking into.

BENJAMIN PHILIP G. ROMUALDEZ
President & Chief Executive Officer

BENGUET CORPORATION & SUBSIDIARIES

Consolidated Results of Operations

In Thousands (Except Per Share Data) – Unaudited

PHILIPPINE PESOS	THREE MONTHS ENDED MARCH 31	
	2013	2012
Operating Revenue	₱653,440	₱219,524
Operating Profit (Loss)	24,505	1,476
Other Income (Expenses) – Net	11,722	24,995
Net Income (Loss)	36,227	26,471
Earnings (Loss) Per Share (a)	₱0.22	₱0.16
US DOLLARS (b)		
Operating Revenue	\$16,015	\$5,113
Operating Profit (Loss)	601	35
Other Income (Expenses) – Net	287	582
Net Income (Loss)	888	617
Earnings (Loss) Per Share (a)	\$0.005	\$0.004

(a) Earnings per share are based on the weighted average number of common shares outstanding of 163,793,954 in 2013 and 163,708,909 in 2012.

(b) Benguet is a Philippine corporation and its books of accounts are kept in Philippine pesos. US Dollar figures are shown purely for convenience and were computed based on the interbank guiding rate at March 31 of ₱40.80 to US\$1.00 in 2013 (₱42.934 to US\$1.00 in 2012).



2013 FIRST QUARTER REPORT