BenguetCorp

SEC Reg. No. 11341

May 19, 2015

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA
Greenhills, Mandaluyong City

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

PHILIPPINE STOCK EXCHANGE
3rd Floor Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

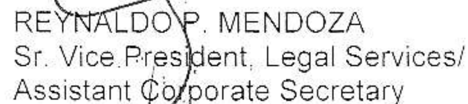
In compliance with the reportorial requirements of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), attached is Benguet Corporation's 2015 First Quarter Report ended March 31, 2015.

Please note that on May 14, 2015, we requested for extension of deadline to submit the said report under SEC Form 17-L for SEC and a written request for PSE.

We hope that you will find everything in order.

Very truly yours,

BENGUET CORPORATION
By:



REYNALDO P. MENDOZA
Sr. Vice President, Legal Services/
Assistant Corporate Secretary

Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City Philippines
MCPO Box 3488 • Phone: +632.812.1380 • Fax: +632.752.0717

COVER SHEET

1 1 3 4 1

SEC Registration Number

BENGUET CORPORATION

(Group's Full Name)

7th Floor, Universal Re Building,
106 Paseo de Roxas, Makati City

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

Mr. Reynaldo P. Mendoza

(Contact Person)

812-1380

(Group Telephone Number)

1 2	3 1
Month	*Day*

(Calendar Year)

17-Q

(Form Type)

Month	*Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **MARCH 31, 2015**

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

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) 812-1380 / 751-9137**

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	117,428,790 shares*
Common Class B Stock	77,614,394 shares*

(*) – Net of Treasury Shares as of March 31, 2015.

Total consolidated outstanding principal debt as of March 31, 2015 - ₱405 Million

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

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

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

Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [ ] No [X]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

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

PLEASE REFER TO ANNEX "A" on pages 9 to 36 incorporated herein and form part of this report (SEC Form 17-Q) which contained the following reports:

	Description	Page No.
1.	Unaudited Interim Condensed Consolidated Statements of Financial Position (with audited comparative data for 2014)	9 - 10
2.	Unaudited Interim Condensed Consolidated Statements of Income	11
3.	Unaudited Interim Condensed Consolidated Statements of Changes in Equity	12
4.	Unaudited Interim Condensed Consolidated Statements of Cash Flows	13
5.	Earnings Per Share Computation	14
6.	Financial Soundness Indicators	16
7.	Aging of Receivables	17
8.	Notes to Unaudited Interim Condensed Consolidated Financial Statements	
	8.1 Summary of Significant Accounting Policies	18 - 27
	8.2 Summary of Significant Accounting Judgments, Estimates & Assumptions	27 - 31
	9.3 Financial Risk Management Objectives & Policies	31 - 38

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

A. CONSOLIDATED RESULTS OF OPERATIONS

2015 First Quarter Vs. 2014 First Quarter

Consolidated net income for the first quarter of 2015 jumped by 433% to ₽354.7 million from ₽66.6 million for the same period in 2014. The increase in net income was the net effect of the following:

The Company generated consolidated revenues of ₽1.5 billion for the first quarter of 2015, 51.6% higher than the ₽1.0 billion for the same quarter in 2014 mainly due to increase in average nickel price from $28.33 to $41.08 per ton and shipment tonnage from 539,619 tonnes in1st quarter 2014 to 694,744 tonnes in 2015.

Cost and operating expenses increased to ₽1,109.2 million in the first quarter 2015 from ₽905.6 million for the same quarter in 2014 mainly due to increase in selling and general expenses as a result of higher tonnage of nickel ore sold in the first quarter 2015.

Interest expense decreased by 70% or ₽14 million from ₽20.2 million in the first quarter 2014. The decrease is mainly due to the settlement of the Amsterdam Trade Bank (ATB), Malayan Bank and PhilExim loan.

Other income of ₽53.2 million in 2015 is higher than the P8.0 million income for the same quarter in 2014. The other income this quarter is mainly attributable to gain on sale of Arrow Freight Corporation property in Valenzuela.

Provision for income tax in the first quarter of 2015 amounted to ₽133.0 million much higher than the ₽13.9 million income tax for the same period last year. The increased is mainly due to the higher income tax expense of BNMI amounting to ₽115 million.

2014 First Quarter Vs. 2013 First Quarter

Consolidated net income for the first quarter of 2014 jumped 84% to ₱66.6 million, from net ₱36.2 million for the same quarter in 2013, on higher revenues from mining and logistics services.

Consolidated operating revenues rose 57% to ₱1.0 billion from ₱653.4 million for the same quarter in 2013. The increase is attributable to the 10 boatloads or 539,622 wet metric tons of nickel ore shipped this quarter compared to 5 boatloads or 269,421 wet metric tons of nickel ore for the same period in 2013.

Operating costs and expenses for the first quarter of 2014 increased to ₱906 million from ₱629 million for the same quarter in 2013 mainly due to higher selling and general expenses, cost of services and taxes on revenue for the quarter.

For the first quarter in 2014, other income amounted ₱8.0 million, compared with the other income of ₱63 million for the same quarter in 2013. In 2013, other income includes ₱54 million gain from debt settlement.

B. FINANCIAL POSITION

2015 First Quarter Vs. Year Ended 31 December 2014

Assets

The Company ended the first quarter of 2015 with consolidated total assets of ₱6.8 billion, slightly lower than ₱7.1 billion in 2014. The slight decrease is the net effect of the following:

Cash and cash equivalents slightly increased by ₱3.9 million mainly from cash collection of nickel ore.

Receivables decreased by 31% from ₱713.2 million to ₱495.5 million, mainly from collection of nickel ore shipped in 2014 and first quarter 2015.

Inventories decreased by ₱35.0 million or 37% from the 2014 level of ₱94.9 million to ₱59.9 million in the first quarter 2015 mainly due to the sale of nickel ore.

Decreased in assets classified as held for sale pertains to the sale of property of Arrow Freight Corporation (AFC) in Valenzuela City.

Liabilities

Total consolidated liabilities as of March 31, 2015 amounted to ₱2,977.0 million, 18% lower than ₱3,610.3 million as of December 31, 2014. The decreased was due to the following:

Trade and other payables decreased by ₱386.3 million mainly due to payment made to contractors, suppliers and nickel ore customers.

Loans payable decreased by ₱236.6 million or 27% on account of the final repayment of Amsterdam Trade Bank (ATB) loan and BDO export packing credit and amortization of the PhilExim and Malayan Savings Bank loan.

Increased in income tax payable is attributed to higher income tax expense of BNMI amounting to ₱115 million.

Obligations under finance lease decreased on account of the repayment made during the year with BDO Leasing.

Decreased in other noncurrent liabilities to ₱300.4 million from ₱388.9 million in 2014 pertain to offsetting of receivables against additional advance payment received from nickel customers.

Equity
Stockholders Equity at year-end amounted to ₱3,829.9 million 9% higher than ₱3,511.9 million in 2014. The variance is attributed to the increased in retained earnings by 21% than 2014 level of ₱1,713.0 million due to the registered net income of ₱354.7 million in the first quarter 2015.

Consolidated Cash Flow
The cash provided by operating activities improved to ₱335.0 million in the first quarter 2015 versus ₱281.3 million for the same period in 2014 primarily due to higher income posted by the nickel operations in Zambales.

During the quarter, the Company invested ₱11.2 million in various exploration activities and ₱17.0 million in mine equipment for the expansion of its Acupan Gold Project and Sta. Cruz Nickel Operation. The net cash used in investing activities, was partly offset by the proceeds from the sale of Company property in Valenzuela of ₱57 million.

With the improved results of operation and the proceeds from the sale of Valenzuela property, the Company was able to reduced debt by ₱362.0 million.

2014 First Quarter Vs. Year Ended 31 December 2013

Assets
The Company ended the first quarter of 2014 with consolidated assets of ₱7.3 billion, higher than end-December 2013 level of ₱7.2 billion.

Cash and cash equivalents slightly decreased to ₱324 million from ₱358 million in 2013.

Receivables decreased to ₱674 million from ₱706 million in 2013, mainly from collection of nickel ore shipped in 2013.

Decreased in inventories is attributed to the sale of low grade nickel ore for the quarter.

Other current assets slightly increased to ₱559 million from ₱557 million in 2013.

Deferred exploration costs increased to ₱1.1 billion from ₱840 million in 2013 mainly due to expenses incurred in Balatoc Tailings Project, Sta. Cruz Nickel Project and Acupan Gold Project (AGP). Other non-current assets slightly increased to ₱631 million from ₱583 million in 2013.

Liabilities
Accounts payable and accrued expenses slightly increased to ₱1.07 billion from ₱1.02 billion million in 2013 while consolidated outstanding bank loans (inclusive of interest and penalties as of March 31, 2014 decreased to ₱1.477 billion from ₱1.635 billion in 2013, mainly due to settlement of debt amortization during the quarter.

Increased in income tax payable in the first quarter of 2014 pertains to income tax payable of Benguetcorp Nickel Mines, Inc.(BNMI), a wholly-owned subsidiary. Increased in non-current liabilities to ₱293 million from ₱140 million in 2013 pertains to the advances/downpayment of various nickel ore buyers.

Retained earnings improved to ₱1.682 billion from ₱1.616 billion in 2013 mainly due to the net income for the first quarter of 2014.

Equity
Stockholders Equity increased to ₱3.456 billion from ₱3.388 billion in 2013.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

The Company foresees improvement in its cash flow as the Company's AGP continues to improve its gold production, steady market of quicklime from ILP and assured market for nickel ores of Sta. Cruz Nickel Project due to the signing of off-take agreements and higher nickel prices.

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 March 31, 2015, the consolidated total outstanding principal debt amounted to ₱405 million.

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.

For the quarter in review, the Company continues to fund the capital requirements of its Acupan Gold Project expansion program, nickel and gold tailings projects in Zambales and Benguet Provinces, respectively. The anticipated increase production of gold at AGP, higher quicklime sales from ILP and shipment of nickel ores from its Sta. Cruz Nickel Project will have a favorable impact on the Company's net sales and income.

As of March 31, 2015, except for what has been noted in the preceding, there are 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:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company.

KEY PERFORMANCE INDICATORS

1.) *Working Capital* - Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of March 31, 2015, the Company current ratio is 0:84:1 versus 0.85:1 for the same period in 2014. The Company is moving forward in the expansion of its gold operations. It remains optimistic that the coming year will show robust net income performance, which will ultimately benefit all stakeholders.

2.) *Metal Price* - The market price of gold in the Banko Sentral ng Pilipinas which is based from the world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. This quarter, the average market prices for gold sold were at US$1,221 per ounce compared to US$1,294 per ounce for the same quarter in 2014. The decline in metal prices will have an unfavorable 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 are produced and sold. This quarter, tons milled were 31,691 tons of shared ore with average grade of 4.04 grams per ton gold. Gold sold were 3,215.67 ounces. For the same quarter in 2014, tons milled were 27,640 tons of shared ore with average grade of 4.82 grams per ton gold. Gold sold were 3,615 ounces.

4.) *Foreign Exchange Rate* – The volatility in the foreign currency exchange rates will continue to affect the operations in the foreseeable future. As the Company's sales proceeds are mainly in U.S. dollars, a higher Philippine peso to U.S. dollar exchange rate means higher peso sales but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of March 31, 2014, the peso to dollar exchange rate was at ₱44.70, lower than the ₱44.82 for the same period in 2014.

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 a Company's earnings increase, the earnings per share correspondingly increase. This quarter, the Company's earnings per share is ₱1.82 versus ₱0.38 per share for the same

period of 2014. With the projected higher gold production of AGP and assured market of nickel ores of SCNP, the Company anticipates improvement in the earnings per share.

The Company's key performance indicator used for its subsidiaries is Net Income.

Benguet Management Corporation (BMC) and its subsidiaries reported a consolidated net income of ₱70.5 million for the first quarter of 2015, higher than the ₱7.5 million net earnings posted for the same period in 2014.

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: **HERMOGENE H. REAL -** Corporate Secretary

Principal Financial/Accounting Officer/Controller:

Signature and Title: **RENATO A. CLARAVALL** – SVP-Chief Finance Officer

Annex "A"

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2015AND DECEMBER 31, 2014
(Amounts in Thousands)

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱262,023**	₱258,113
Trade and other receivables	**495,547**	713,293
Inventories	**59,924**	94,886
Other current assets	**706,922**	719,577
Total Current Assets	**1,524,416**	1,785,869
Assets classified as held for sale	–	53,544
	1,524,416	1,839,413
Noncurrent Assets		
Property, plant and equipment	**3,983,313**	3,992,785
Available-for-sale (AFS) investments	**11,453**	11,423
Deferred mine exploration costs	**627,068**	615,850
Investment property	**166,693**	166,693
Othernoncurrentassets	**493,947**	496,016
Total Noncurrent Assets	**5,282,474**	5,282,767
TOTAL ASSETS	**₱6,806,890**	₱7,122,180
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of loans payable	**₱646,234**	₱882,838
Trade and other payables	**1,002,131**	1,388,477
Obligations under finance lease	**12,834**	12,532
Income tax payable	**160,649**	30,170
Total Current Liabilities	**1,821,848**	2,314,017
Noncurrent Liabilities		
Loans payable - net of current portion	–	33,575
Deferred income tax liabilities - net	**718,305**	734,064
Liability for mine rehabilitation	**50,513**	50,513
Pension liability	**73,017**	73,017
Obligations under finance lease - net of current portion	**12,886**	16,210
Other noncurrent liabilities	**300,388**	388,872
Total Noncurrent Liabilities	**1,155,109**	1,296,251
Total Liabilities	**2,976,957**	3,610,268

(Forward)

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Equity		
Capital stock		
Convertible preferred Class A - ₱3.44 par value		
Authorized - 19,652,912 shares		
Issued and outstanding - 217,061shares in 2015 and 2014	**₱745**	₱745
Common Class A - ₱3.00 par value		
Authorized - 120,000,000 shares		
Issued and outstanding -117,532,388shares in 2015 and 2014	**352,597**	352,597
Common Class B - ₱3.00 par value		
Authorized - 80,000,000 shares		
Issued and outstanding -77,626,819 shares in 2015 and 2014	**232,880**	232,880
Capital surplus	**269,844**	269,844
Other components of equity:		
Revaluation increment - net of deferred income tax liability	**800,780**	800,780
Cumulative translation adjustments of foreign subsidiaries	**41,541**	41,449
Cost of share-based payment	**65,331**	65,331
Unrealized gain on AFS investments	**1,029**	1,010
Remeasurement loss on pension liability	**5,494**	5,494
Retained earnings	**2,067,708**	1,713,027
Revaluation increment of assets held for sale	**–**	36,771
	3,837,949	3,519,928
Cost of 116,023 shares held in treasury, ₱69 per share	**(8,016)**	(8,016)
Total Equity	**3,829,933**	3,511,912
TOTAL LIABILITIES AND EQUITY	**₱6,806,890**	₱7,122,180

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2015
(With Comparative Figures for the three months ended March 31, 2014)
(Amounts in Thousands)

	THREE MONTHS ENDED MARCH 31	
	2015	2014
REVENUES		
Sale of mine products	**₱1,516,911**	₱978,888
Sale of merchandise and services	**32,930**	43,752
	1,549,841	1,022,640
COSTS AND OPERATING EXPENSES		
Costs of mine products sold	**333,726**	438,306
Costs of merchandise sold and services	**15,061**	39,704
Selling and general	**663,197**	372,461
Taxes on revenue	**97,249**	55,115
	1,109,233	905,586
INCOME FROM OPERATIONS	**440,608**	117,054
INTEREST EXPENSE	**6,153**	20,247
OTHER INCOME		
Interest income	**113**	4
Foreign exchange gain (loss)	**(351)**	(2,727)
Miscellaneous – net	**53,449**	10,742
	53,211	8,019
INCOME BEFORE INCOME TAX	**487,666**	104,826
PROVISION FOR INCOME TAX	**132,985**	38,241
NET INCOME	**₱354,681**	₱66,585
BASIC EARNINGS PER SHARE	**₱1.82**	₱0.38
DILUTED EARNINGS PER SHARE	**₱1.81**	₱ 0.33

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2015
(With Comparative Figures for the three months ended March 31, 2014)
(Amounts in Thousands)

	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)	December 31, 2014 (Audited)
CAPITAL STOCK	**₱586,222**	₱532,222	₱586,222
CAPITAL SURPLUS	**269,844**	161,844	269,844
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION	**–**	162,000	–
REVALUATION INCREMENT	**800,780**	836,679	800,780
CUMULATIVE TRANSLATION ADJUSTMENT			
Balance at beginning of period	**41,449**	41,357	41,357
Translation adjustment	**92**	1,054	92
Balance at end of period	**41,541**	42,411	41,449
COST OF SHARE-BASED PAYMENT			
Balance at beginning of period	**65,331**	58,183	58,183
Options vested during the period	–	–	7,148
Balance at end of period	**65,331**	58,183	65,331
UNREALIZED GAIN ON AFS INVESTMENTS			
Balance at beginning of period	**1,010**	749	749
Unrealized gain (loss) on AFS investments	**19**	194	261
Balance at end of period	**1,029**	943	1,010
REMEASUREMENT LOSS ON PENSION LIABILITY	**5,494**	(12,201)	5,494
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of period	**1,713,027**	1,615,817	1,615,817
Net income for the period	**354,681**	66,585	97,210
Balance at end of period	**2,067,708**	1,682,402	1,713,027
REVALUATION INCREMENT OF ASSET HELD FOR SALE	–	–	36,771
TREASURY SHARES	**(8,016)**	(8,016)	(8,016)
TOTAL EQUITY	**₱3,829,933**	₱3,456,467	₱3,511,912

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2015
(With Comparative Figures for the three months ended March 31, 2014)
(Amounts in Thousands)

	THREE MONTHS ENDED MARCH 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**₱487,666**	₱104,826
Adjustments for:		
Depreciation, depletion and amortization	**28,715**	26,584
Unrealized foreign exchange loss (gain)	**351**	2,727
Gain on sale of property, plant and equipment	**(58,239)**	–
Income taxes paid	**(2,506)**	(2,658)
Decrease (increase) in:		
Trade and other receivables	**217,746**	32,733
Inventories	**34,962**	63,660
Prepaid expenses and other current assets	**12,655**	(2,301)
Increase (decrease) in trade and other payables	**(386,346)**	55,791
Net cash from (used in) operating activities	**335,004**	281,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Property, plant and equipment	**40,010**	–
Deferred exploration costs	**(11,218)**	(262,096)
Other assets	**2,069**	(48,278)
Net cash from (used in) investing activities	**30,861**	(310,374)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of loans payable	**(273,471)**	(159,113)
Decrease in other noncurrent liabilities	**(88,484)**	153,462
Net cash from (used in) financing activities	**(361,955)**	(5,651)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,910**	(34,663)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**258,113**	358,415
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱262,023**	₱323,752

BENGUET CORPORATION AND SUBSIDIARIES

EARNINGS PER SHARE COMPUTATION

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

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

	March 31	
	2015	2014
Net income	**₱354,681**	₱66,585

Number of shares for computation of:

	March 31	
	2015	2014
Basic earnings per share		
Weighted average common shares issued	**195,159,207**	177,376,268
Less treasury stock	**116,023**	116,023
Weighted average common shares outstanding	**195,043,184**	177,260,245
Diluted earnings per share		
Weighted average common shares issued	**195,159,207**	177,376,268
Less treasury stock	**116,023**	116,023
	195,043,184	177,260,245
Conversion of preferred stock	**686,455**	686,455
Exercise of stock option	**92,527**	4,126,607
Exercise of stock option	**–**	18,000,000
	195,822,166	200,073,307
Basic earnings per share	**₱1.82**	₱0.38
Diluted earnings per share	**₱1.81**	₱0.33

BENGUET CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	March 31	
	2015	2014
Profitability Ratio		
Return on asset	0.05:1	0.91:1
Return on equity	0.09:1	1.93:1
Gross profit margin	0.77:1	53.26:1
Operating profit margin	0.32:1	12.23:1
Net profit margin	0.23:1	6.51:1
Liquidity and Solvency Ratio		
Current ratio	0.84:1	0.85:1
Quick ratio	0.42:1	0.47:1
Solvency ratio	0.13:1	0.02:1
Financial Leverage Ratio		
Asset to equity ratio	1.78:1	2.12:1
Debt ratio	0.44:1	0.53:1
Debt to equity ratio	0.78:1	1.12:1
Interest coverage ratio	80.26:1	6.18:1

BENGUET CORPORATION AND SUBSIDIARIES

AGING OF RECEIVABLES

AS OF MARCH 31, 2015
(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	₱126,449	₱32,401	₱23,780	₱46,935	₱39,666	₱5,997	₱275,228
Allowance for doubtful accounts	–	–	–	–	(1,381)	(5,997)	(7,378)
Trade receivables – net	126,449	32,401	23,780	46,935	38,285	–	267,850
Nontrade receivables:							
Officers and employees	425	2,323	13,454	6,540	34,299	7,888	64,929
Others	1,345	443	29,960	49,767	115,539	105,734	302,788
Total	1,770	2,766	43,414	56,307	149,838	113,622	367,717
Allowance for doubtful accounts	–	–	–	(1,562)	(24,836)	(113,622)	(140,020)
Nontrade receivables - net	1,770	2,766	43,414	54,745	125,002	–	227,697
Trade and other receivables - net	₱128,219	₱35,167	₱67,194	₱101,680	₱163,287	₱–	₱495,547

1. Corporate Information

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for land at revalued amounts and AFS investments and investment property, which are measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, the Company's functional currency under Philippine Financial ReportingStandards (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, 2014.

Changes in Accounting Standards and Interpretation

The Group will adopt the standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have significant impact on its consolidated financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

Issued but not yet effective

- PFRS 9, *Financial Instruments* – Classification and Measurement (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial

assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the FRSC. Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation, when it becomes effective, will not have any impact on the consolidated financial statements of the Group.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits – Defined Benefit Plans*: *Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010–2012 cycle)
The Annual Improvements to PFRSs (2010–2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. These include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition.
  - A performance target must be met while the counterparty is rendering service.
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
  - A performance condition may be a market or non-market condition.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment in future business combinations.

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The amendments affect disclosures only and have no impact on the Group's financial position or performance

- PAS 16, *Property, Plant and Equipment,* and PAS 38*, Intangible Assets – Revaluation Method: Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures – Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011–2013 cycle)
The Annual Improvements to PFRSs (2011–2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. These include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  The Group shall consider this amendment in future business combinations.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (*or PFRS 9, as applicable*).

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016 and are not expected to have any impact on the Group since it has no investments in associates and joint ventures.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.
  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012–2014 cycle)
The Annual Improvements to PFRSs (2012–2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment will not have an impact to the Group.

- PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be providedfor any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 – *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
-

- PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting – Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments* – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

  The adoption of PFRS 9 is not expected to have any impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 affects disclosures only and have no impact on the Group's financial position or performance.

The following new standard issued by the IASB has not yet been adopted by the FRSC

- IFRS 15 *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Financial Instruments
Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

All regular way purchases and sales of financial assets are recognized on the settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. Financial assets under PAS 39 are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments andAFSfinancial assets. The Group's financial assets are of the nature of loans and receivables and AFS financial assets. As of March 31, 2015 and December 31, 2014, the Group has no financial assets at FVPLand HTM investments. Also under PAS 39, financial liabilities are classified as FVPL or other financial liabilities. The Group's financial liabilities are of the nature of other financial liabilities. As of March 31, 2015 and December 31, 2014, the Group has no financial liabilities at FVPL.

Loans and Receivables
Loans and receivables are nonderivativefinancial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, designated as AFS financial assets or designated as at FVPL. This accounting policy relates to the statement of financial position captions "Cash and cash equivalents" and "Trade and other receivables".

Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, receivables are measured at amortized cost using the effective interest rate method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included in the "Other income (charges)" caption in the consolidated statement of income. The losses arising from impairment of receivables, if any, are recognized as "Provision for impairment losses" under "Selling and general expenses" in the consolidated statement of income. The level of allowance for impairment losses is evaluated by management on the basis of factors that affect the collectibility of accounts (see accounting policy on Impairment of Financial Assets).

Loans and receivables are classified as current assets when they are expected to be realized within twelve months after the reporting date or within the normal operating cycle, whichever is longer.Otherwise, they are classified as noncurrent assets.

AFS Financial Assets
AFS financial assets are nonderivativefinancial assets that are either designated in this category or not classified in any of the other categories. AFS financial assets are those purchased and held indefinitely and may be sold as the need arises. They are included in noncurrent assets unless management intends to dispose of the investment within twelve months from the reporting date. Included in this category are equity investments in publicly listed and private companies other than subsidiaries and associates. These are shown as a separate line item in the consolidated statement of financial position.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported as "Unrealized gain (loss) on AFS investments" account in the equity section of the consolidated statement of financial position. They are also reported as other comprehensive income in the consolidated statement of comprehensive income.

AFS financial assets whose fair value cannot be reliably established are carried at cost less an allowance for any possible impairment. This is normally applied to equity investments that are unquoted and whose cash flows cannot be reasonably and reliably determined.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated statement of income. Where the Group holds more than one investment in the same security, the disposal is deemed on a first-in first-out basis. Any interest earned on holding AFS financial assetsis reported as interest income using the effective interest rate. Any dividend earned on holding AFS financial assets is recognized in the consolidated statement of income when the right of payment has been established. Any loss arising from impairment of such investments is recognized in the consolidated statement of income.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Other financial liabilities are initially recorded at fair value, less directly attributable transaction cost. After initial measurement, other financial liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities, if any, are recognized in "Foreign currency exchange gain (loss)" in the consolidated statement of income.

This accounting policy relates to the Group's "Loans payable", "Trade and other payables" and "Other noncurrent liabilities".

Other financial liabilities are classified as current liabilities when they are expected to be settled within twelve months from the financial position date or the Group has an unconditional right to defer settlement for at least twelve months from financial position date. Otherwise, they are classified as noncurrent liabilities.

Determination of Fair Value
The fair value of financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques and comparison to similar instruments for which market observable prices exist.

Fair Value of Financial Instruments
Financial instruments recognized in fair value are analyzed based on:
- Level 1 - quoted prices in active markets for identical asset or liability;
- Level 2 - those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - those with inputs for asset or liability that are not based on observable market date (unobservable inputs).

When the fair value of listed equity and debt securities at the end of the reporting date are based on quoted market prices or binding dealer price quotations without any deduction for transaction costs, the instruments are included within Level 1 of the fair value hierarchy.

For all other financial instruments, the fair value is determined using valuation technique. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models and other relevant valuation model. For these financial instruments, inputs into models are market observable and are therefore included within Level 2 of the fair value hierarchy.

Derecognition of Financial Instruments
Financial Assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where 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 a derecognition of the original liability and the recognition of a new liability,

and the difference in the respective carrying amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or assumed is recognized in the consolidated statement of income.

Impairment of Financial Assets
The Group assesses at each reporting date whether an asset or a group of assets is impaired.

Assets Carried at Amortized Cost
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss shall be recognized in consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

AFS Investments
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity investments classified as AFS, this would include a significant or prolonged decline in the fair value of the investments below its cost. The Group treats 'significant' generally as 30% or more of the original cost of investment, and 'prolonged' as greater than twelve months.If an AFS investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to the consolidated statement of income as part of the "Provision for impairment losses" account. Reversals in respect of equity instruments classified as AFS are not recognized in consolidated statements of income.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

'Day 1' Profit or Loss
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit or loss) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit or loss amount.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle the liability simultaneously.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the 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. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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 judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Determining Functional Currency
The Company, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be the Philippine peso. It is the currency of the primary economic environment in which the Company primarily operates.

Determining Operating Lease Commitments - Group as Lessee
The Group has entered into leases on its various locations. The Group has determined that it does not retain all the significant risks and rewards of ownership of these properties which are leased on operating leases.

Determining Operating Lease Commitments - Group as Lessor
The Group has entered into property leases on its mine infrastructure. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Assessment Whether an Agreement is a Finance or Operating Lease
Management assesses at the inception of the lease whether an arrangement is a finance or operating lease based on who bears substantially all the risk and benefits incidental to the ownership of the leased item.

Based on management's assessment, the risk and rewards of owning the items leased by the Group are retained by the lessor and therefore accounts for such lease as operating lease.

Assessing Recoverability of Deferred Exploration Costs
A valuation allowance is provided for estimated unrecoverable deferred explorationcosts based on the Group's assessment of the future prospects of the mining properties, which areprimarily dependent on the presence of mineral reserves in those properties, and metalprices in the market which is the primary driver of returns on the production.

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 currently does not believe that these proceedings will 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.

Assessing Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:

- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period of testing of the property, plant and equipment;
- ability to produce ore in saleable form; and
- ability to sustain ongoing production of ore.

The Group did not perform any assessment of production start date during the year.

Classification of Financial Instruments
The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Group has no intention of selling its investments in stocks in the near term. These are being held indefinitely and may be sold in response to liquidity requirements or changes in market condition. Accordingly, the Group has classified its investments in stocks as AFS investments. The Group has no plans to dispose its AFS investments within twelve (12) months from the end of the reporting date.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Real Estate Revenue and Costs Recognition
The Group's revenue and the costs related to the sale of real estate are recognized based on the percentage of completion and are measured principally on the basis of estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Estimating Allowance for Impairment Losses on Trade and Other Receivables and Loan Receivables
The Group evaluates specific accounts where the Group has information that certain customers are unable to meet their financial obligations. Factors, such as the Group's length of relationship with the customers and the customer's current credit status, are considered to ascertain the amount of reserves that will be recorded in the receivables account. In addition to specific allowances against individually significant accounts, the Group also makes a collective impairment assessment against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any past collection experiences, the current economic conditions, and average age of the group of receivables. Allowance is re-evaluated and adjusted as additional information is received.

Estimating Impairment Losses on Inventories
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs.

Estimating Mineral Reserves and Resources
Mineral reserves and resources estimates for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions. The Group estimated the Nickel laterite ore reserves of SCNP to be roughly 16.2 million tons.

Assessing Impairment of Property, Plant and Equipment, Investment Property, Deferred Exploration Costs and Other Noncurrent Assets
PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the value of property, plant and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the property, plant and equipment is

impaired. Any resulting impairment loss could have a material adverse impact on the consolidated financial condition and results of operations.

Estimating Impairment of AFS Investments
The determination of impairment loss for AFS investments requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In applying this judgment, the Group evaluates the financial health of the issuer, among others. In the case of AFS equity instruments, objective evidence of impairment includes a significant or prolonged decline in the fair value of the investments below its cost. The Group treats “significant” generally as 30% or more and “prolonged” as greater than twelve months. The Group expands its analysis to consider changes in the issuer’s industry and sector performance, legal and regulatory framework, changes in technology, and other factors that affect the recoverability of the Group’s investments.

Estimating Useful Lives of Property, Plant and Equipment
The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Determining the Appraised Value of Land
The appraised value of land is based on a valuation by an independent appraiser firm, which management believes, holds a recognized and relevant professional qualification and has recent experience in the location and category of the land being valued. The appraiser firm used the market data approach in determining the appraised value of land.

Estimating Provision 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.

Estimating Cost of Share-Based Payment
The Groups’s Executive Stock Option Plan, or ESOP, grants qualified participants the right to purchase common shares of the Company at a grant price. The ESOP recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations.

Estimating Pension Benefits
The determination of the Group's obligation and cost for pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with PAS 19, actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. 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 pension and other pension obligations.
Assessing Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group has deductible temporary differences excess MCIT and unused NOLCO for which deferred income tax assets were not recognized as it is not probable that sufficient taxable profit will be available against which the benefit of the deferred income tax assets can be utilized.

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise unsecured and secured bank loans. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has financial instruments such as cash and cash equivalents, trade and other receivables and trade and other payables, which arise directly from its operations. Other financial asset includes Short-term investment (STI) and AFS investments.

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

Liquidity Risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial liabilities. The Group's objective is to maintain a balance between continuity of funding in order to continuously operate and support its exploration activities. The Group considers its available funds and liquidity in managing its immediate financial requirements.

As of March 31, 2015 and December 31, 2014, cash and cash equivalents may be withdrawn anytime while quoted AFS investments may be converted to cash by selling them during the normal trading hours in any business day. The tables below summarize the maturity profile of the Group's financial assets as of March 31, 2015 and December 31, 2014:

	March 31, 2015	December 31, 2014
Cash and cash equivalents	**₱262,023**	₱258,113
Trade and other receivables	**343,121**	419,522
Loans receivable	**49,767**	49,767
AFS investments	**11,453**	11,423
Total credit risk exposure	**₱666,364**	₱738,825

The tables below summarize the maturity profile of the Group's financial liabilities based in contractual undiscounted payments as of March 31, 2015 and December 31, 2014:

March 31, 2015

	On demand	**More than 90 days**	**More than 1 year**	**Total**
Loans payable	**₱521,234**	**₱125,000**	**₱–**	**₱646,234**
Trade and other payables*	**703,954**	**104,323**	**25,513**	**833,790**
Equity of claimowner in contract operations	**–**	**–**	**49,136**	**49,136**
Total	**₱1,225,188**	**₱229,323**	**₱74,649**	**₱1,529,160**

Excludes statutory payables

December 31, 2014

	On demand	More than 90 days	More than 1 year	Total
Loans payable	₱457,026	₱425,812	₱33,575	₱916,413
Trade and other payables*	761,173	98,974	25,513	885,660
Equity of claimowner in contract operations	–	–	49,136	49,136
Total	₱1,218,199	₱524,786	₱108,224	₱1,851,209

**Excludes statutory payables*

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations as they fall 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, 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 component of the consolidated statements of financial position. The maximum exposure is shown at gross amount, before the effect of mitigation through the use of master netting and collateral agreements.

March 31, 2015

	Neither Past Due Nor Impaired				
	High Grade	**Standard Grade**	**Past Due But Not Impaired**	**Impaired**	**Total**
Cash and cash equivalents	**₱261,156**	**₱–**	**₱–**	**₱–**	**₱261,156**
Trade and other receivables					
Trade	**171,883**	**16,956**	**153,687**	**7,342**	**349,868**
Others	**–**	**–**	**595**	**31,581**	**32,176**
Loans receivable	**–**	**49,767**	**–**	**–**	**49,767**
AFS investments	**6,414**	**5,009**	**–**	**–**	**11,423**
Total credit risk exposure	**₱528,535**	**₱121,234**	**₱145,836**	**₱38,923**	**₱833,401**

December 31, 2014

	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Cash and cash equivalents					
Cash in banks	₱210,395	₱–	₱–	₱–	₱210,395
Short-term deposits	46,781	–	–	–	46,781
Trade and other receivables					
Trade	199,408	65,832	153,687	7,342	426,269
Others	–	–	595	31,581	32,176
Loans receivable	–	49,764	–	–	49,764
AFS investments	6,414	5,009	–	–	11,423
Total credit risk exposure	₱462,998	₱120,605	₱154,282	₱38,923	₱776,808

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

a. Cash and cash equivalents and MRF are assessed as high grade since these are deposited in reputable banks, which have a low probability of default.

b. Trade receivables, which pertain mainly to receivables from sale of nickel ore, and loans receivable were assessed as standard grade. These were assessed based on past collection experience and the debtors' ability to pay. Other than receivables which were fully provided with allowance, there were no history of default on the outstanding receivables as of March 31, 2015 and December 31, 2014.

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 of March 31, 2015 and December 31, 2014, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans and unsecured bank loans with floating interest rates. The Group regularly monitors its interest due to exposure from interest rates movements.

The Group's secured and unsecured loans payable are both payable on demand while other loans payable are payable within 3 years. Nominal interest rates vary from floating rate of 91-day Philippine Treasury Bill (PhP T-bill) rate for peso loans and 3-month LIBOR foreign loans, plus a margin of 2.5% for unsecured loans and 3.5% for secured loans.

The following table sets forth, for the years indicated, the impact of changes of interest rate on the consolidated statements of income:

March 31, 2015

	Change in interest rates (in basis points)	Sensitivity of pretax income
PHP	**+100**	**(₱5,979)**
PHP	**-100**	**5,979**
USD	**+100**	**(348)**
USD	**-100**	**348**

December 31, 2014

	Change in interest rates (in basis points)	Sensitivity of pretax income
PHP	+100	(₱6,126)
PHP	-100	6,126
USD	+100	(3,016)
USD	-100	3,016

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income. Based on the historical movement of the interest rates, management believes that the reasonably possible change for the next quarter would result in an increase (decrease) of 100 basis points for USD LIBOR and PhP T-bill.

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, nickel ore and beneficiated chrome ore and the purchase of certain goods and services denominated in USD. All sales of gold and nickel ore are denominated in USD.

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 USD and the Philippine peso. The Group does not generally believe that active currency hedging would provide long-term benefits to stockholders.

The Group's foreign currency-denominated monetary assets and liabilities as of March 31, 2015 and December 31, 2015 follow:

	March 31, 2015		December 31, 2014	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Financial Assets				
Cash	**$4,644**	**₱207,587**	$2,056	₱91,929
Trade receivables	**2,829**	**126,456**	6,418	287,000
Available-for-sale (AFS) investments	**40**	**1,788**	40	1,789
Total financial assets	**7,513**	**335,831**	$8,514	380,718
Financial Liabilities				
Other loans	**3,563**	**159,266**	4,750	212,430
Secured bank loans	**–**	**–**	2,000	89,440
Total financial liability	**3,563**	**159,266**	6,750	301,870
Net financial asset (liability)	**($3,950)**	**(₱176,565)**	$1,764	₱78,848

As of March 31, 2015 and December 31, 2014, the exchange rates of the Philippine peso to the USD are ₱44.70and₱44.72, respectively.

The sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before income tax as of March 31, 2015 and December 31, 2014 is as follows:

March 31, 2015	Change in foreign exchange rate	Sensitivity of pretax income
	Strengthens by Php0.40	**₱1,580**
	Weakens by Php0.41	**(1,620)**

December 31, 2014	Change in foreign exchange rate	Sensitivity of pretax income
	Strengthens by Php0.40	(₱705)
	Weakens by Php0.41	722

Based on the historical movement of the foreign exchange rates, management believes that the reasonably possible change for the next quarter would result in an increase (decrease) of ₱0.40 (₱0.41).

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 AFS investments in quoted shares.

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

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

Fair Values of Financial Instruments

Fair value is defined as the amount at which a financial instrument can be exchanged in a current transaction between knowledgeable willing parties in an arm'slength transaction, other than in a forced sale or liquidation.

Set out below is a comparison by category and class of carrying amounts and estimated fair values of the Group's significant financial assets and liabilities as of March 31, 2015 and December 31, 2014:

	March 31, 2015		December 31, 2014	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets:				
AFS investments:				
Quoted	**6,414**	**6,414**	6,414	6,414
Unquoted	**5,009**	**5,009**	5,009	5,009
Financial Liabilities:				
Loans payable	**₱646,234**	**₱646,234**	₱916,413	₱916,413

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, trade and receivable from lessees of bunkhouses under "Trade and Other Receivables", and trade and accrued expenses under "Trade and Other Payables"
The fair values of these instruments approximate their carrying amounts as of reporting date due to the short-term nature.

Loans Receivable
The fair value of loans receivable approximate their carrying amounts as of reporting date due to the short-term nature. Loans receivable carry interest at 9% per annum and are due and demandable.

AFS Investments
The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date. The fair value of unquoted AFS equity investments cannot be reliably measured and accordingly measured at cost, net of impairment.

Loans Payable
Where the repricing of the variable-rate interest bearing loan is frequent (i.e., three-month repricing), the carrying value approximates the fair value. The fair value of other loans payable is determined by discounting the principal using the 3-month LIBOR rate of 0.58% plus credit spread of 5.42%.

As at March 31, 2015 and December 31, 2014, the Group had quoted AFS investments amounting to ₱6.4 million and ₱4.9 million, respectively, carried at fair value in the consolidated statement of financial position. The quoted AFS investments are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations. The Group has no financial instruments measured at fair value under Levels 2 and 3 of fair value hierarchy. There were no transfers between levels in 2015 and 2014.

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, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2015 and 2014. The Group monitors capital using its parent company financial statements. As at March 31, 2015 and December 31, 2014, the Group has met its capital management objectives.

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

	March 31, 2015	December 31, 2014
Capital stock	**₱586,222**	₱586,222
Capital surplus	**269,844**	269,844
Other components of equity	**914,175**	950,835
Retained earnings	**2,067,708**	1,713,027
Treasury shares	**(8,016)**	(8,016)
	₱3,829,933	₱3,511,912

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 March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015	December 31, 2014
Total liabilities (a)	**₱2,976,957**	₱3,610,268
Total equity (b)	**3,829,933**	3,511,912
Debt-to-equity ratio (a/b)	**0.78:1**	1.03:1

5. Seasonality and Cyclicality of Interim Operation

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

6. Events After End of Reporting Period

There are no significant event after end of reporting period.