



BenguetCorp

June 18, 2014

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

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

Gentlemen:

This is in response to your letter dated June 18, 2014, seeking clarification and/or confirmation regarding the news article entitled "Benguet Nickel Mines ore transport ops suspended in Zambales" posted in Business World Online on June 18, 2014. The article reported in part as follows:

"The Environmental Management Bureau (EMB) said it suspended the Zambales ore transport operations of a Benguet Corp. unit and those of a second miner after laterite nickel sediment was discovered in agricultural land and coastal areas.

The Region III office of the EMB, which has jurisdiction over Zambales, said the suspension order dated June 9 covers Benguet Nickel Mines Inc. (BNMI), and Eramen Minerals, Inc. (EMI).

Lormelyn E. Claudio, the EMB regional director, told Business World in a phone interview yesterday that the order focused on transport operations because it was believed the trucks used to haul the ore to port contributed to the environmental damage.

Both orders follow impact evaluation of waterways and the shores of Sta. Cruz, Zambales on April 24-25 and May 20-22 conducted by the EMB-Region III with the Concerned Citizens of Sta. Cruz, Zambales, local and provincial government representatives and the Department of Public Works and Highways (DPWH).

The suspension orders also found that BNMI's dredged laterite ore materials were 'improperly stockpiled' along the Alinsaog River and downstream of adjoining Inmalpay Creek, with EMI 'contributing' to siltation.

The investigation showed that the Sta. Cruz coastline, rivers and their tributaries had significant laterite nickel ore sediment, ranging from four to 18 inches in depth, as did farmlands and fishponds near the waterways which had sediment as much as a foot thick.

Ms. Claudio added that conditions for lifting of the hauling suspension included documentary requirements as well as compliance that both firms must show to EMB

parent agency Department of Environment and Natural Resources (DENR) and the respective stakeholders.

These include de-silting affected areas and removing piled laterite ore along waterways to mine facilities or the port area, and paying a penalty for violating Republic Act (RA) 9275, or the Philippine Clean Water Act of 2004 as well as several conditions and an EMB Region III order issued on May 2.

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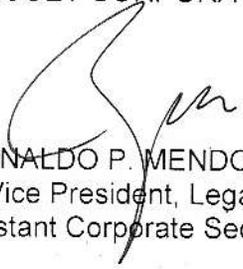
We confirm that a suspension order was issued by EMB Region III to our Zambales subsidiary, Benguet Nickel Mines, Inc. (BNMI), which operates the nickel project. The order is limited to the transport of ore only, and did not affect the mining operations of BNMI. Upon receipt of the order, BNMI immediately filed a Request for Reconsideration on the ground that the environmental remediation activities ordered to be undertaken by the EMB have already been substantially performed. Among others, de-silting of farmlands and dredging of waterways, were jointly undertaken by BNMI with other mining companies in Sta. Cruz, Zambales, by way of assistance to the affected communities. The order came during this time when BNMI is slowing down its mining activities in Zambales due to the start of the rainy season. It is expected that the suspension will be lifted soon as validation of BNMI's compliance is scheduled this week.

We hope that we have clarified the above matter to your satisfaction.

Very truly yours,

BENGUET CORPORATION

By:


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