

**BENGUET CORPORATION**  
**MINUTES**  
**OF THE ANNUAL STOCKHOLDERS' MEETING**  
**30 MAY 2013**

The annual stockholders' meeting of Benguet Corporation (the "Company") was held at the Fairways Dining Room, Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City, on Thursday, 30 May 2013.

**I. Call to Order**

Mr. Daniel Andrew G. Romualdez, Chairman of the Board, presided over the meeting. The meeting was called to order at 3:15 in the afternoon. Atty. Hermogene H. Real, the Corporate Secretary, recorded the minutes of the meeting.

**II. Proof of Notice of the Meeting**

Upon query of the Chairman if notice of the meeting had been sent to the stockholders of the Company, the Corporate Secretary certified that written notices of the meeting, together with the Proxy Statement, were sent either by mail or through messenger services at the respective addresses indicated in the books of the Company to each stockholder of record as of April 12, 2013, at least thirty (30) days before the annual meeting date in compliance with the Company's Amended By-Laws. The same notices were also published in People's Journal and People's Tonight, both newspapers of general circulation, on Saturday, May 25, 2013. [The Sworn Affidavit of Service/Mailing of the Notice to resident and non-resident stockholders, and a complete set of the notice and proxy materials are attached to the original of the Minutes of this meeting.<sup>1</sup>]

**III. Determination of Quorum**

The Chairman requested the Corporate Secretary to confirm the presence of a quorum at the meeting. The Corporate Secretary certified that a quorum existed for the transaction of business, there being present in person or represented by proxy a total of 110,041,752 shares or 61.92% of the Company's outstanding capital stock of 164,395,364 shares. [Appended to the original of the Minutes is the report dated May 30, 2013 of SGV & Co., the Company's external auditors, showing the results of tabulation of the number of shares

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<sup>1</sup>Annex "A" - Affidavit, Notice and proxy Materials

present at the meeting.<sup>2</sup> ]

There being a quorum present, the Chairman declared that the meeting was ready to proceed with the transaction of business. He then introduced to the stockholders each member of the Board of Directors present.

#### **IV. Approval of the Minutes of the Last Regular Annual Stockholders' Meeting**

The Chairman requested the Corporate Secretary to read the Minutes of the Annual Stockholders' Meeting held on May 29, 2012.<sup>3</sup> Considering that copies of the Minutes of said meeting had earlier been furnished to the stockholders, upon motion duly made and seconded, the reading of said Minutes of the last Annual Stockholders' Meeting was dispensed with, and the stockholders unanimously adopted the following resolution:

“**RESOLVED**, as it is hereby resolved, that the Minutes of the Stockholders' Meeting held on May 29, 2012 be, as they are hereby, approved as presented.”

#### **V. Presentation of the President's Report**

The Chairman announced that the next order of business was the review of the Company's operations for the years 2012 - 2013 with some interim updates on BC's mineral production/exploration projects. He stated that copies of the Annual Report as well as SEC 17-A with the 2012 Audited Financial Statements were distributed in advance to the stockholders together with the Proxy Statement prior to the meeting, thus any questions on the report will be entertained after the presentation.

He then called the President to present the 2012 Annual Report of the Company and to report the significant highlights of the Company's operations as well as its current activities, to wit:

“Benguet Corporation maintained its sustained and dynamic growth in 2012 with a consolidated net income of P637 million from revenues of P1.8 billion. This was spurred by the improvement in the operating revenues of the Acupan Gold Project (AGP) of Balatoc Gold Resources Corporation (BGRC) and

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<sup>2</sup>Annex "B" - Quorum Tabulation

<sup>3</sup>Annex "C" – Minutes of the Annual Stockholders Meeting held on August 25, 2010

substantial revenue from the Sta. Cruz Nickel Project (SCNP) of BenguetCorp Nickel Mine Inc. (BNMI).

Your Company foresees further acceleration of its operational profitability in the medium term, with the continued ramp up of the gold milling operation of AGP, as well as the enhancement of the operational efficiency and quality of ore by BNMI for increased shipments of nickel ore to service existing and new off-take agreements over the next three years.

Under its diversification strategy, your Company provided the impetus for the strategic capital re-structuring and re-organization of its non-mining subsidiaries, as well as created new business units that will provide additional income streams.

#### Consolidated Results

Operating revenues increased to P1.8 billion (US\$44.3 million), 83% higher than 2011 due to continuous improvement in production volume. Gold production rose by 35% to 6,238 ounces from 4,625 ounces in 2011. The nickel operation contributed P1.1 billion in its first year of operation as compared to the P501 million in 2011.

Consolidated net earnings amounted to P637 million (US\$15.5 million) or P3.89 (US\$0.095) per share for 2012, inclusive of P440 million non-recurring gain from debt settlement. In 2011, consolidated earnings amounted to P1.4 billion (US\$31.5 million) or P8.50 (US\$0.19) per share, inclusive of a non-recurring gain of P797 million from debt settlement and P411 million gain from the sale of Kingking interest.

Consolidated earnings declined as a result of lower non-recurring gains but operating income is almost at the same level as in previous year. Despite the increase in sales volume, the operating income was maintained at the same level as last year because the increase in revenues was partly offset by the increase in gold production cost and ramp-up expenses.

#### Mining

The Acupan Gold Project (AGP) generated net earnings of P41 million (US\$1.0 million) lower by 72% than 2011. The decrease was partly due to the increase in production cost and ramp-up expenses, despite higher gold production of 6,238 ounces this year versus 4,625 ounces in 2011 and favorable gold price averaging US\$1,673/oz in 2012 against US\$1,589/oz in 2011. Continuously increasing its milling capacity, AGP averaged 149 tons per day this year against 128 tons per day in 2011. To upgrade AGP's resource capacity, your Company is also currently working with Roscoe, Postle and Associates (RPA), a Canada-based third party competent person, for the exploration and drilling programs.

Despite weather condition and local challenges in its first year of operation, your Company's wholly owned nickel subsidiary, Benguetcorp Nickel Mines, Inc. (BNMI) shipped 735,190 tons of varying nickel ore grades from 1.56% to 1.82% in five months last year, which is equivalent to 15 boatloads. Total volume shipped amounted to 1,488,415 tons, generating around \$27.9 million or P1.1 billion in revenues for BNMI, more than doubling the prior year's P501 million. BNMI reported a net income of P38.6 million (US\$0.94 million), lower than the previous year's net income of P141 million (US\$3.2 million). It was BNMI's first year of operations, enabling it to recognize as revenues the tonnage shipped from its mines, hence the marked top-line growth. On the

other hand, the softening of nickel prices in 2012 compared with the prior year coupled with non-capitalized start-up costs contracted margins resulted in the decrease in net income. Meanwhile, cash dividends of P150 million or P0.12 per share was declared and paid during the year.

BNMI's port operations, currently being expanded to accommodate five barges loading simultaneously, takes pride in being the only port operation in Sta. Cruz and Candelaria areas in Zambales certified by DENR-EMB Region 3 as environmentally compliant.

#### Exploration, Research and Development

Your Company's Exploration and Geology Department completed the design of the diamond drill program for the Phase I of the Greater Acupan Project (GAP), which is intended to test the ore potential of the GW vein mineralization. The program's major component is the drilling to be conducted both on the surface and underground. Under this revised Phase I Program, some 49 drill holes aggregating 9,913 meters will be drilled on the surface, while 35 drill holes aggregating 9,465 meters will be drilled underground.

Balatoc Gold Resources Corporation (BGRC), a wholly owned subsidiary and operator of the Balatoc Tailings Project (BTP), continues the expansion and rehabilitation of its penstocks at Tailings Ponds Nos. 2 and 3 and earthmoving works, the silt dam at the Gold Creek, the Ambalanga River pumping station, and the ridge enhancement works on Tailings Ponds Nos. 2 and 3. The excavated materials from the expansion and rehabilitation activities will be used for raising the embankment of Tailings Ponds Nos. 2 and 3 to the level in which BTP will be able to operate its processing plant in Balatoc.

BGRC has engaged People's Asia, an engineering service provider to do the process and instrumentation diagram (P&ID) for the BTP. The engagement was completed in the first quarter of 2013 and shall form the basis for the detailed engineering set to commence by the second quarter of 2013. BTP's application for duty-free importation of its process equipment has been approved by the Incentive Department of the Board of Investments.

Your Company and its wholly owned subsidiary, Sagittarius Alpha Realty Corporation (SARC), have two pending Financial Technical Assistance Agreement (FTAA) applications covering a total of 72,806.291 hectares: one within the province of Ilocos Norte (AFTA No. 003) and within Apayao (AFTA No. 033). Exploration work within the two areas will be undertaken as soon as the applications are approved by the government.

#### Subsidiaries and Affiliates

Consolidated net earnings from Benguet Management Corporation (BMC), a wholly owned subsidiary of your Company and its subsidiaries amounted to P88.0 million (US\$2.1 million), an improvement of 138% over 2011. The increase in income is due to the logistics services provided by BMC's subsidiaries to BNMI and gains resulting from full settlement of all remaining bank debts this year.

BMC undertook a quasi-reorganization and capital restructuring which was approved by the Securities and Exchange Commission in December 2012. These restored its positive retained earnings and primed the company toward its role as logistics provider.

Arrow Freight Corporation (AFC) is a wholly owned subsidiary of BMC specializing in mining logistics. It , generated net earnings of P32.6 million (US\$0.79 million) from a record high annual revenue of P501.9 million. As the general contractor of BNMI in its Sta. Cruz Nickel Project in Zambales, AFC has been supplying BNMI's mining equipment through its subcontractors since November 2011.

Earnings from Benguetrade, Inc. (BTI), a wholly owned subsidiary of BMC, amounted to P1.0 million, lower than its earnings in 2011. Re-organized in December 2012, BTI is expanding its marketing product mix to offer lines and services and increase its market scope and coverage, not only to BC's various mining operations, but other industries as well. BTI is likewise taking a major role in promoting the sale of the Company's various products and services and disposable idle assets.

BMC Forestry Corporation (BFC), a wholly owned subsidiary of BMC, reported net earnings of P0.9 million, compared to a loss of P0.1 million in 2011. BFC continues to develop the Woodspark Rosario Subdivision Project in La Union. Total lot sales and reservations to date stand at 233 lots with an aggregate area of 31,722 square meters.

Benguet Laboratories, a healthcare provider of your Company for 87 years, reported net earnings of P3.9 million (US\$0.096 million), a decline of 22% from 2011. The decrease in earnings is due to lower sales to corporate accounts. In September 2012, your Company spun off the business and created a wholly owned subsidiary, BenguetCorp Laboratories, Inc. (BCLI), as a distinct corporate unit to create value for your Company and its shareholders. BCLI currently operates three full-fledged tertiary multi-specialty facilities: two clinics in Baguio City under the trade name Benguet Laboratories and the new MedCentral, which was opened in December 2012 in San Fernando, Pampanga. MedCentral clinic operations are expected to contribute substantial earnings in the future. Expansion plans are already underway to build four more primary care facilities within Metro Manila and the Luzon corridor within 2013, extending to other areas in the Visayas and Mindanao region.

BenguetCorp International Limited (BIL), your Company's Hong Kong-based and 100% owned subsidiary for international operations, still remains largely inactive. BIL's wholly owned subsidiaries, BenguetCorp Canada Limited (BCL) in Vancouver, B.C. and BenguetCorp USA Limited (BUS) in Nevada, U.S.A., continue to hold interest in mining properties for gold/silver in Royston Hills, Nevada.

#### Land Development

Your Company has land assets comprising of mineral land in Itogon, Benguet, agricultural land in Zambales and commercial real estate in Metro Manila, Baguio City, Laguna and Zambales. The land holdings in Itogon are being reviewed to determine the best land options for each particular area.

Your Company pursued the implementation of Presidential Proclamation No. 1248 declaring Kelly as a Special Economic Zone (SEZ) in Itogon. The Philippine Export Zone Authority (PEZA) issued a Certificate of Registration to Benguet Corporation as developer. The planning process is on-going for an industrial complex consisting of light-to-medium manufacturing enterprises and business processing outsourcing companies, to be supported by commercial and administrative services and infrastructure facilities.

Your Company owns and/or controls more than a thousand hectares of agricultural land in Zambales, primarily consisting of a mango farm. Feasibility studies are being conducted on best development options, such as agro-industrial tourism.

During its 70 years concession in Bokod, Benguet, your Company reforested some 20,000 contiguous hectares with 20 million pine trees, and this area has become a well-preserved second-growth forest. Your Company is working with the local government and DENR towards the grant of a long-term Special Agreement for Protected Areas (SAPA) to enable the development of an ecotourism project as the best development option for the area.

#### Environmental Protection and Community Services

Your Company ensures that its mining operations are compliant with the strict regulations of DENR-MGB and other government agencies and continues to implement various activities based on approved Annual Environmental Protection and Management Programs. It implemented various structural enhancements to ensure continuous compliance with government standards and regulations. With the heavy rainfall in Benguet and Zambales, mitigating and contingency measures were closely monitored to adequately receive and channel the run-off to the nearby receiving body of water in your Company's AGP and SCNP. Moreover, in support of the National Greening Program of the government, a total of 100,000 seedlings were planted in your Company's mining areas, thus exceeding the 3-year target of the Mines and Geosciences Bureau of 50,000 trees.

Your Company continues to fulfill its social development obligations to communities in Benguet and Zambales through the implementation of various Social Development and Management Programs (SDMP) of Benguet Gold Operation and BNMI. It continues its High School, Vocational Technical and College Scholarship programs. New equipment and educational materials were provided to several schools situated within its areas of operation through its Adopt a School Program. It conducted medical outreach programs of various services, deworming and supplemental feeding programs, and provided basic health equipment to health centers. Your Company likewise generates local employment opportunities and various livelihood projects for its host communities.

#### Good Corporate Governance

Your Company adheres to the principles and practices of good corporate governance, as embodied in its Revised Manual on Corporate Governance and related Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) circulars. In October 2012, the Board approved the Audit Committee Charter. The annual performance review of the Audit Committee is based on its Charter pursuant to the mandate of SEC's Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange. Your Company annually submits to SEC and PSE a Certification of Compliance with the Manual on Corporate Governance and a Corporate Governance Disclosure Report. It regularly posts corporate disclosures and reports on its website for transparency and easy access and reference of stakeholders.

#### Other Corporate Developments

In January 2012, the Secretary of the Department of Environment and Natural Resources (DENR) approved the transfer/assignment of the Mineral Production

Sharing Agreement denominated as MPSA No. 226-2005-III from Benguet Corporation to BNMI, a wholly owned subsidiary and operator of your Company's Sta. Cruz Nickel Project in Zambales.

In May 2012, your Company sold 13,235,310 common shares consisting of 7,941,240 shares of Class "A" and 5,294,070 shares of Class "B" for a total consideration of P180 million pursuant to a Private Placement with RYM Business Management Corporation (RBMC). The funds will be utilized for general corporate purposes, and partly for the funding of the development of your Company's various mining projects, including BTP and AGP. In turn, the income that will be generated from these projects will be used to advance other mineral properties of your Company and to acquire or enter into joint venture arrangements for promising properties and/or projects.

In July 2012, your Company signed a US\$20 million Pre-Export Financing Facility Agreement with Amsterdam Trade Bank N.V. and Maybank Philippines Inc., to be used for working capital and capital expenditure requirements.

In October 2012, the Board approved the additional capital investment of your Company in its wholly owned subsidiary, Benguet Management Corporation (BMC). The cash infusion in the amount of Php205 million is for the purpose of subscribing to the proposed capital increase of BMC pursuant to the quasi-reorganization and capital restructuring plan that BMC will implement.

In September 2012, your Company engaged Stock Transfer Service, Inc. (STSI) as its new stock transfer agent/registrars. Bank of the Philippine Islands (BPI), your Company's former stock transfer agent/registrars has decided to confine its services to affiliates, and thus discontinued its stock transfer/registrars services to external clients."

The President likewise presented the outlook for 2013-2014 and he further stated that the Company is moving forward in the expansion of its gold and nickel operations even in the midst of difficult times. BC is committed to be the pioneer in gold tailings reprocessing. Management had embarked on a program of revitalizing not only the Company's mining services business lines but also its various non-mining projects.

After a brief review of the highlights of the Company's operations for the years 2012-2013, as well as the Company's projections in 2013, the Chairman then declared the table open for questions concerning the President's Statement, the Annual Report for the year 2012, the interim quarterly reports for the year 2013, and the 2012 Audited Financial Statements.

A stockholder stood up and asked what the Company intends to do about its real properties as reported that the Company has a large landbank, particularly commercial and industrial.

The President replied that the Company created a team to study the various options for the development of BC properties. They are tasked to study the marketability of projects appropriate to best land use also to consider the needs of the community. He mentioned previous experience of the Company where it converted some of the lands into subdivisions and managed successfully land development such as townhouses in Baguio and Rosario, La

Union. With respect to lands in Itogon Municipality, management is coordinating with the LGU on issues of land use where the land is no longer needed for mining operations.

There being no further comments or questions, upon motion duly made and seconded, said reports were noted and approved by the stockholders through the following resolution:

“**RESOLVED**, as it is hereby resolved, that the Annual Report containing the Management Report in SEC Form 17-A, together with the consolidated financial statements for the calendar year ended 2012 be, as they are hereby, approved as presented.”

**VI. Confirmation and ratification of All Acts, Contracts, Resolutions, Investments and Proceedings Made and Entered into by Management and/or the Board of Directors during the period from May 29, 2012 to May 30, 2013**

The Chairman took up the next item in the Agenda which was the confirmation and ratification of all acts, contracts, resolutions, investments and proceedings of the Board of Directors and its Corporate Officers for the period from May 29, 2012 to May 30, 2013.

On motion duly made and seconded, there being no objections, the stockholders unanimously adopted the following resolution:

“**RESOLVED**, as it is hereby resolved that all acts, resolutions, contracts and investments made by Management and/or the Board of Directors for the period from May 29, 2012 to May 30, 2013, be as they are hereby confirmed, ratified and approved .”

**VII. Election of Directors**

The Chairman proceeded to the next item in the Agenda which is the election of the Board of Directors of the Company for the years 2013-2014. He informed the stockholders that there are no other nominees for independent directors submitted to the Corporate Secretary and, as indicated in the Company's Proxy Statement, no further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting since the period for nominations of independent directors has lapsed which is not later than forty five (45) days prior to the stockholders' meeting. As disclosed in the Proxy Statement, the election of directors is still enjoined under the Temporary Restraining Order (TRO) issued by the Supreme Court.

At this point, the Corporate Secretary referred the stockholders to the Notice of Annual Meeting of Stockholders and Information Statement, particularly on page 4 thereof labelled as Status of the TRO, where it was stated that “as of



the date of this statement, the election of directors is still enjoined under the Temporary Restraining Order (TRO) issued by the Philippine Supreme Court. Unless such TRO is set aside to allow an election, no election can be held.”

She then informed the body that as of the date and time of this meeting, no order lifting the TRO has been received by the Company. Hence, no election of directors could be held.

The Chairman declared and announced that the incumbent members of the Board of Directors of the Company shall continue to hold office on a hold-over capacity until such time that their successors shall have been duly elected and qualified, as follows:

- (1) To represent Common Class "B" Stock:  
Benjamin Philip G. Romualdez  
Andres G. Gatmaitan  
Isidro C. Alcantara, Jr.  
Bernardo M. Villegas, as independent director
- (2) To represent the Convertible Preferred Class "A" and Common Class "A" Stocks:  
Daniel Andrew G. Romualdez  
Dennis R. Belmonte  
Maria Remedios R. Pompidou  
Luis Juan L. Virata  
Rogelio C. Salazar  
Alberto C. Agra, as independent director

**VIII. Award of Plaque of Appreciation to the late Mr. Salvador P. Pabalan, former SVP-Audit and Treasurer**

The Chairman informed the shareholders that the Company is deeply saddened by the untimely death of Mr. Salvador P. Pabalan last January 3, 2013 due to sickness. The Company recognized the almost five (5) decades (or 49 years) of dedicated service that Mr. Pabalan had rendered to the Company. He then called the President to present to the family of Mr. Pabalan the Plaque of Appreciation, embodying the Resolution of Appreciation passed by the Company's Board of Directors in its meeting held on January 17, 2013, as follows:

**“RESOLUTION OF APPRECIATION**

**WHEREAS, MR. SALVADOR P. PABALAN,** started in Benguet Corporation on August 1, 1975 (with carry-over of his services in Engineering Equipment, Inc. (EEI) from 1964-1975) as Asst. Treasurer, and through conscientious work, dedication to service and merit, was promoted to Vice President-Finance in May, 1994, a position he held until he retired on December 25, 1995, then the Company extended his services, and in June, 1997, he rose to Senior Vice President-Finance and Treasurer, and from February 2012 to current, he became Senior Vice President-Audit;

**WHEREAS**, his service to the Company for almost forty-nine (49) years, from 1964 up to his demise on January 3, 2013, was performed with marked distinction exemplified by genuine loyalty, firm dedication, capable professional competence, and a unique professional life that endeared him to our employees and business partners;

**WHEREAS**, during his distinguished and exemplary tenure as Company officer, the Company was able to carry on through a difficult period in the history of the mining industry in the Philippines and overcome serious threats to its business operations;

**WHEREAS**, Mr. Pabalan peacefully joined his Creator at the age of 77 on January 3, 2013;

**NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, That the Board of Directors, on behalf of the Company and its shareholders and employees, expresses its deep gratitude and heartfelt appreciation for the invaluable service that Mr. SALVADOR P. PABALAN rendered to the Company.

**BE IT RESOLVED ALSO**, That a plaque of appreciation embodying the full text of this Resolution be presented to the family of the late Mr. SALVADOR P. PABALAN.

Makati City, Metro Manila, 17 January 2013.

The President stated that Mr. Pabalan, or "Buddy" was a very important figure in the Company for over 49 years especially during the darkest period of BC. He thanked the family for letting Mr. Pabalan spent much of his life with the Company. In turn, Mr. Pabalan's wife, Mrs. Rose Pabalan, expressed their appreciation and stated that the family is deeply honored by the tribute and she mentioned that her husband chose to stay with Benguet because that is where he rose to the full potential of his professional career.

## **IX. Other Business**

### **A. Conversion Premium for Convertible Preferred "A" shares**

The Chairman informed the shareholders that for the year 2013, the conversion premium for converting Convertible Preferred "A" shares into Common Class "A" shares is P24.28 per share.

### **110<sup>th</sup> Anniversary of BC**

The Chairman informed the stockholders that the Company will be celebrating its 110<sup>th</sup> year anniversary on August 14, 2013 and that the Company is preparing its plans and programs to observe the occasion and have lined up activities to highlight the Company's 110 years history and contribution to the mining industry.

**IX. Adjournment**

The Chairman inquired from the stockholders if there are other matters that they would like to take up.

There being no other question and no other business to transact, upon motion duly made and seconded, the meeting was adjourned at 4:10 p.m.

Prior to the adjournment, the Chairman informed the body that since the TRO has not been lifted as of the date of this meeting, the 2013 annual stockholders' meeting will be adjourned for up to ninety (90) days or until August 30, 2013 to allow the election of directors in the event that the TRO is lifted anytime during the said 90-day period; and that the proxies for the May 30, 2013 Annual Stockholders' Meeting will still be valid for ninety (90) days from the date of the said meeting.

**HERMOGENE H. REAL**  
Corporate Secretary

**ATTEST:**

**DANIEL ANDREW G. ROMUALDEZ**  
Chairman