



BENGUET CORPORATION

... The Natural Resource Company

Benguet Corporation is a 100 year-old company. Established in 1903, it pioneered modern gold mining operation in the Philippines and ushered the beginning of the Philippine mining industry. It opened its first gold mining operation in 1906 in Antamok, and in 1927 acquired and operated the gold mines in nearby Balatoc and Acupan, all located in the Benguet province, from where it got its corporate name. The Company expanded into refractory chromite operation in 1934 and copper production in 1971. Until the late 1980s, Benguet Corporation was known as the biggest gold mining company in the Philippines and the sixteenth largest in the world. Similarly, its chromite operation in Masinloc, Zambales, known internationally as “Masinloc Ore”, and its highly profitable Dizon Copper-Gold operation in San Marcelino, Zambales were the largest in the country.

The dramatic [100-year history](#) of Benguet Corporation reveals a dynamic organization with a distinct capability to overcome and survive extremely difficult conditions, such as World War II, countless natural disasters, political upheavals and cyclical economic turmoil.

A Century of Facts

- First American mining company in the Philippines, established on August 12, 1903. Original incorporators were Metcalfe Clarke, Nelson Peterson and Henry C. Clyde.
- Benguet Consolidated Mining Company was its first corporate name, derived from the name of Benguet province where its first mining claims were located.
- BenguetCorp's history is closely intertwined with the, building of Kennon Road (1903), founding of Baguio City (1909), and two of its historic institutions, Camp John Hay (1903) and Baguio, Country Club (1905).
- First in the country to operate a modern mine and mill facility in its Antamok Mine in 1906.
- First to install a three-stamp mill and amalgamated plate in the Philippines 1905.
- Pioneered the present-day Philippine mining industry.
- First dividend of P100,000 or US\$ 50,000 paid to shareholders in 1916

- First mining company to introduce, in 1916, a liberal labor policy, providing employees with free housing, water, light and fuel, schooling, hospitalization, rice ration and Christmas bonus, which has become a model for the industry.
- Produced over P1 M in gold-bullion in 1920.
- "Richest gold mine in the Orient" (1921 trade publication)
- First reforestation, project in Benguet highland 1921
- When the Manila Stock Exchange opened in August 1927, Benguet and Balatoc stocks were two of the six mining companies listed.
- First in the industry, to use modern rock hammer operated by compressed air in 1929.
- First to introduce ballmill ore crushing technology in the 1930s
- First mining company to diversify by acquiring Heald Lumber in 1934 to control supply of timber requirements for mining operations.
- Built the longest (80 aerial kms) overhead tramline in Asia with 45 towers three power stations.
- First contract mining agreement with Consolidated Mines Inc.. to mine refractory chromite at Masinloc, Zambales in July 1934, which remains to this day.
- MCO is the biggest refractory chromite mining and, milling operation in the Philippines up to the present.
- First to resume mining operation in the Philippines after devastation from World War II: chromite mining operation in Masinloc in 1946 and gold mining operation in Antamok, Acupan and Balatoc in 1947.
- Established in 1947 a 3,400 ton/day centralized milling plant in Balatoc to handle gold ore from its Acupan and Antamok Mines. Mill was connected to both mines by an underground and surface railway system.
- First Philippine mining company to be listed at the New York Stock Exchange - 1949.
- Pionerred the semi-mechanized underground mining operation or "trackless mining" in the Philippines at. MCO. I
- Philippine Gold Subsidy Bill' enacted in June 1954, where Benguet was biggest beneficiary as the largest mining company in the Philippines and Far East.

- Benguet Consolidated Mining Company ceased to exist on June 18, 1956, but received now identity as Benguet Consolidated Inc. for a second 50-year life, and was renamed Benguet Corporation in 1980.
- Acquisition of majority interest in Engineering Equipment Inc. 1959, its principal subsidiary for 34 years with outstanding success in overseas construction, alloy steel foundry casting and machinery sales.
- Since 1960, gold bullion produced was shipped to London for refining, with refined gold delivered to Bank of England for credit to the Central Bank of the Philippines.
- Arrow Forwarding Corporation was organized in 1962 as an 80-percent-owned subsidiary to engage in freight haulage between Manila and Northern Luzon.
- In 1962 and at 95 years of age, John W. Haussermann, the moving spirit of the Company for some 50 years, turned over the Presidency to Ralph W. Crosby.
- Ralph W. Crosby arrived in the Philippines and joined the Company in 1924 till 1930. He re-joined in 1948 as Asst. General Manager to Mr. Haussermann to oversee post-war operations and lead the Company until 1974. He stayed with the Company as Director and Special Consultant until his retirement in 1976, spending 68 years of his life in the Philippines.
- Largest gold producer and biggest gold cyanidation mill in the Philippines and the Far East in 1965.
- In 1969, second most active stock in New York Stock Exchange, where nearly 25 million of its shares crossed the tape of the “big board “.
- Benguet International, S.A. was organized in 1969 to direct expansion into businesses outside the Philippines.
- By 1970, the Company’s gold production accounted to about 50 percent of the Philippines total gold production.
- With the termination of parity rights, Jaime V. Ongpin became the first Filipino President in 1974 until 1986, when he steered the company into profitable heights in both mining and non-mining operations.
- In 1975, the Company embarked on a grand program of exploration and metallurgical Investigation on the DCSMI property in San Marcelino, Zambales. Commercial production commenced 1980 and ceased in 1997. Property turned over to DCSMI same year.

- Benguet' Management Corporation (BMC), a wholly owned subsidiary of Benguet Corp, was organized in 1980 to diversify into "non-mining businesses". It acquired full ownership of Heald Lumber Company and Arrow Forwarding Corporation and entered into contracts to manage other non-mining projects of the Company.
- BMC Marine Inc., a wholly owned subsidiary of BMC, acquired in 1981 its first vessel, MV Balatoc, a 6,046-ton ore carrier, and its second vessel MV Antamok in 1984 to carry the Dizon copper concentrates to Japan and other bulk cargo to other countries in Asia.
- BenguetCorp Foundation, Inc. (BFI) was established in 1980 as the Company's corporate social services arm in its mining and logging communities in the provinces of Benguet, Zambales and Camarines Norte. It was later renamed as Jaime V. Ongpin Foundation, Inc. (JVOFI) in 1988.
- The Company explored for coal in Lianga, Surigao del Sur in 1980 and Malangas, Zamboanga in 1981.
- First to use a Semi-Autogeneous Grinding (SAG) mill at Dizon Copper-Gold Operation (DCO) measuring 28 feet in diameter by 13 feet - 1981
- In 1981, the Company and its subsidiaries grossed US\$ 243M, of which US\$195 M consisted of gold or foreign exchange earnings equivalent to 4 percent of total Philippine exports. Among the top three most profitable private sector corporations in the country.
- In 1982, BMC embarked on the first real estate venture of the Company by developing a high-end 56-unit condominium "Woodstown" in Baguio City.
- Completion of its corporate headquarters, a Leandro V. Locsin-designed Benguet Centre, in Mandaluyong In 1984.
- Peak of operations was in 1986 with over 23,000 employees on a consolidated basis.
- The Bobok Timber Project with an, annual production of about 18 million board feet furnished virtually all the timber requirements of BCI's gold operation and those of the other mining companies in Benguet and Mountain Province.
- The Employees Stock Ownership Incentive Plan (ESOIP) of the Company was the first of its kind in the industry and launched in 1986.
- The Masinloc Chromite Operation is the first mining and milling operation in the country that is ISO 9002 certified.

- Paracale Gold Operation in Camarines Norte commenced productive operation in 1988.
- The Company acquired in 1988 a Philippine-owned, Hongkong-based company and named it BenguetCorp International, Ltd. (BIL)
- BMC took over in 1988 the assets and operations of the Foundry Division of EEI. The plant, located in Alaminos, Laguna, is the largest commercial foundry in the country, producing a wide range of alloys for domestic and international markets.
- In 1990, its US subsidiary, BenguetCorp USA, Inc, started exploration drilling in its gold prospect in Esmeraldo Country, Nevada, USA.
- In 1990, Ebara Benguet Inc. was organized as a joint venture between BMC and Ebara Corporation of Japan for the manufacture of CRASS castings and centrifugal pumps for local and foreign markets and went on stream in 1993.
- Multi-awarded recipient for reforestation (Best Mining Forest for 3 consecutive years); energy management operation (Hall of Fame - Emilior Abello Award); mine rescue and safety (industry-sponsored contests and national calamities); Mining processes and professionals (industry-sponsored contests); and community service.
- First in the industry to convert its mining facilities into tourism, and launched Benguet Mine Tourism Village in 1997 as the first and only one of its kind mining tourism attraction in the country.
- First in the industry to take an innovative and viable approach to after-mine life rehabilitation through the conversion of mined-out open pit in Antamok into a water reservoir, capable of supplying up to 120,000 cubic meters of water per day, as an essential component of the Company's bulk water supply project.
- First in the industry to develop a unique community-based Acupan contract mining partnership, elevating small-scale mining into a safe, environmentally sound and legitimate livelihood, which has become a model for a Government-led Intervention over a small-scale mining area in Mindanao.
- BenguetCorp turns 100 years and is moving into the next century with confident optimism and unrelenting determination to be a leading total natural resources development conglomerate in the services of its host communities and country

EXPLORATION PROJECTS (MINERAL PROPERTIES)



ACUPAN GOLD MINE

- Located at Itogon, Benguet
- Epithermal ; bonanza veins, breccias and stockworks
- Mining tenements covering 1,524 hectares
- Produced at least 5.54 million oz (172 tonnes) gold from 1927-1992.
- Maintained yearly reserves of 0.51Mt @ 6.27g/t Au during regular underground operations.
- Suspended operations in November 1992 due to low metal prices, high production costs and flooding caused by July 1990 earthquake.

AMPUCAO COPPER PROJECT

- Located at Itogon, Benguet
- Porphyry copper prospect; related to Acupan Mine epithermal gold vein deposit
- Located at southern lower levels the Acupan Mine;
- covers a total area of 1,121 hectares
- Drill intercepts averaged 0.1-0.2% Cu and 0.9-1.0g/t Au

LIMESTONE PROSPECTS:

ALAMINOS LIMESTONE PROJECT

- Located in Alaminos, Pangasinan
- With a valid quarry permit
- Supplied crushed limestone to the National Power Corporation's (NPC) coal-fired power plant in Sual, Pangasinan.
- Resource @ 36Mt with 52.84% Total CaO, 94.43% CaCO₃, 0.33% Fe

GEMCOR LIMESTONE PROJECT

- Located in Alaminos, Pangasinan
- Has an approved Mineral Production Sharing Agreement (MPSA)
- With a valid quarry permit within the MPSA
- Supplied crushed limestone to the National Power Corporation's (NPC) coal-fired power plant in Sual, Pangasinan.
- Resource @ 100Mt with 93.00% Total CaO, 95.00% CaCO₃

SANTA CRUZ LIMESTONE PROSPECT

- Located in Sta. Cruz, Zambales.
- With an MPSA application, pending approval at the Mines and Geosciences Bureau.
- Resource @ 40Mt with 53.52% Total CaO, 94.70% CaCO₃, 0.25% Fe

TUBA LIMESTONE PROSPECT

- Located in Tuba, Benguet (near Mt. Santo Tomas)
- Resource @ 15Mt with 53.00% Total CaO, 95.52% CaCO₃

SANTA CRUZ NICKEL LATERITE PROJECT

- Deposit type: Nickel laterite
- Location: Campsite (Coto Mine) is located in Coto, Masinloc in Zambales; 239km north of Manila
- Status: Approved MPSA
- Previous work: Explored by Benguet until 1976 and later by Falconbridge Nickel Mines 1,299 testpits (8,622m total) dug and 101 auger drill holes (817m total) drilled
- Resource: 11.93Mt @ 1.68% Ni and 0.047% Co (Cut-off grade @ 1.5% Ni); 16Mt (Cut-off grade @ 1% Ni); Part of 57Mt Ni resource in the Sta. Cruz Ni Laterite District
- Excellent BC-controlled pier site at Masinloc
- Abundant water supply

MASINLOC CHROMITE OPERATION

- Deposit type: Refractory chromite
- Location: Santa Cruz, Zambales
- Status: With an approved MPSA covering 2,698.77 hectares; Owned by Consolidated Mines Inc. under royalty agreement with Benguet (mine operator)
- Resource: Mineable reserve of 2.45 Mt @ 34.57% Cr₂O₃ and 4.59% SiO₂
- Chromite products shipped out from the Benguet-controlled wharf at Masinloc Bay, (draft of 11m and can accommodate up to 30,000dwt ships)
- Port may be operated 24 hours a day and has a loading capacity of 200 tonnes per hour.

MASINLOC ROCK AGGREGATES

- Past mining operations in Coto has created a readily available stockpile of at least **20 million cubic meters** of broken material in its mine waste dumps.
- Increasing demand for aggregates inspired the company to venture into concrete aggregate production and marketing at the Masinloc minesite.
- Benguet supplied aggregates to the National Power Corporation's coal plant construction.
- Can supply different sized aggregates (e.g., -3/4", + 1/4", -2", + 3/4"), and boulders up to 1.5m in diameter.
- Plant crushing capacity at 30,000t per month

PANTINGAN GOLD PROJECT

- Gold-bearing vein-type epithermal deposit.
- Located at Barangay Pantingan, Bagac, Bataan.
- Acquired by Benguet through a Royalty Agreement covering 1,410.25 hectares.
- Approved MPSA No. 154-2000-III
- Quartz-sulfide veins, 0.70-20.0m wide
- 0.01 to 1.10g/t Au and 0.25 to 9.60g/t Ag
- Bonanza-style mineralization that theoretically develops just above the boiling zone and below the current surface could be well preserved at depth.

SURIGAO COAL PROJECT

- Steaming-grade coal
- Located at Marihatag and San Miguel, Surigao del Sur
- Tenement consists of twelve (12) coal blocks measuring 1,000 hectares each
- Acquired by Benguet under a royalty agreement with Diversified Mining Company in 1980.
- Coal blocks covered by a Coal Operating Contract with the government through the Department of Energy
- In-situ resource estimated at 31.7 million tonnes of sub-bituminous coal. Initial washing tests have indicated the coal to contain 8,500 BTU, 15% ash, 2% sulfur and 15% moisture.

KINGKING COPPER-GOLD PORPHYRY PROJECT

- Gold-rich porphyry copper system
- Located at Kingking, Pantukan, Compostela Valley
- Most southerly of gold and copper deposits along a 75-km long NNW-trending
- Nationwide Development Corporation (Nadecor) is the claim owner covering 1,656 hectares;
- Benguet Corp. is the operator by virtue of a Royalty Agreement
- With an approved MPSA; currently being converted to an FTAA (Financial & Technical Assistance Agreement)
- 89,600m of core and reverse circulation drilling
- Resource @ 1,040Bt averaging 0.306% Total Cu and 0.410g/t Au; measured resource of aboy 353Mt @ 0.385% Total Cu and 0.439g/t Au
- One of the largest among the 23 priority mineral development projects in the Philippines
- Most advanced level of geological information among local copper porphyries in the Philippines, given long exploration history
- Strategic location with close proximity to key Asian markets
- Low cost mining potential given planned open pit mining, abundant water supply, access to nearby Pantukan port, relatively cheap power and low cost skilled labour availability

KINGKING EPITHERMAL GOLD PROJECT

- Epithermal; low sulfidation quartz-carbonate-base metal gold system.
- Located 3km northeast of the Kingking Porphyry Copper Project; Pantukan, Compostela Valley.
- Part of the 1,656-hectare Kingking Group of claims of Nadecor
- Located within the boundaries of the Kingking MPSA No. 009-92-XI; approved on May 27, 1992
- Initial 1-month field work generated 68,831t at 8.02g/t Au

BENGUET CORP FTAA APPLICATIONS

ILOCOS NORTE FTAA APPLICATION

- Proponent** : **Benguet Corporation**
- Location** : Municipalities of Carasi, Vintar, Solsona, Pagudpud, Adams, Nueva Era, Espiritu, Province of Ilocos Norte.
- Area** : 32,613 hectares consisting of 4 (four) individual parcels.

Date and Place Filed: February 09, 2005; MGB-Region I, San Fernando, La Union

APAYAO FTAA APPLICATION

- Proponent** : **Sagittarius Alpha Realty Corporation**
(a subsidiary of Benguet Corporation)
- Location** : Municipalities of Calanasan, Luna, Kabugao, Province of Apayao.
- Area** : 80,990 hectares consisting of 2 (two) individual parcels.

Date and Place Filed: March 03, 2005; MGB- CAR, Baguio City

SLEEPER II PROJECT, NEVADA, USA

- Deposit type: Sedimentary-hosted (disseminated) gold/silver prospect in a basin-and-range depositional environment
- Location: Royston Hills, Nye County, Nevada, U.S.A.; about 30mi SE of Tonopah, Nv (T7N, R39E)
- Status: 31 standard lode claims; total area is about 640.5 acres (259 hectares)
- Previous work: Geological mapping and geochemical sampling by Benguet in 1991; Initial surface assays generally range from 0.1 to 0.7g/t Au; up to 2.97g/t Au in breccia zones and up to 4.18g/t Au in stringer zones.

BULK WATER SUPPLY PROJECT



BenguetCorp is now developing 50 to 100 MLD options using permitted water sources and the pit for impoundment

GENERAL OBJECTIVE

To address the perennial water shortage problem by providing sufficient supply of potable and quality water to the residents of Itogon and other communities in the BLIST area through the sustainable use of rehabilitated mined-out facility

SPECIFIC OBJECTIVE

- ☞ Convert the open pit into a water reservoir
- ☞ Address the perennial water shortage problem of Itogon and the rest of the BLIST area
- ☞ Implement the alternative rehabilitation plan for the Antamok mined-out open pit