COVER SHEET

1	0	1							

S.E.C. Registration Number

LEPANTO CONSOLIDATED MINING CO

(Company's Full Name)

21ST FLOOR LEPANTO BUILDING
8747 PASEO DE ROXAS
MAKATI CITY

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

ODETTE A. JAVIER	815-9447
Contact Person	Company Telephone Number

12 31	17-Q	3rd Monday of April
Month Day	FORM TYPE	Month Day
Fiscal Year		Annual Meeting

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 I.D.

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: **September 30, 2017**

2. Commission identification number: **101**   3. BIR Tax Identification No.: **000-160-247**

4. Exact name of issuer as specified in its charter:

LEPANTO CONSOLIDATED MINING COMPANY

5. Province, country or other jurisdiction of incorporation or organization:
Makati City, Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office:

21st Floor, Lepanto Building
8747 Paseo de Roxas, Makati City, Philippines

8. Issuer's telephone number, including area code:

(632) – 815-9447

9. Former name, former address and former fiscal year, if changed since last report: **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding:
Class "A"	**32,815,484,914**
Class "B"	**21,881,305,295**

Amount of Debt Outstanding: **Please refer to the attached Balance Sheet (Annex "B")**

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.

Philippine Stock Exchange   **Classes "A' and "B"**

12. 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:**	*Income Statement*	- ***Annex "A"***
		Balance Sheet	- ***Annex "B"***
		Statement of Cash Flow	- ***Annex "C"***
		Stockholders' Equity	- ***Annex "D"***
		Notes to Financial Statements	- ***Annex "E"***
		Aging of Accounts Receivable-Trade	- ***Annex "F"***
Item 2.	**Management's Discussion and Analysis of Financial Condition and Results of Operations**		- ***Annex "G"***
Item 3.	**Impact of Current Global Financial Condition**		- ***Annex "H"***
Item 4.	**Financial Ratios**		- ***Annex "I"***

PART II- OTHER INFORMATION (None)

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	:	**LEPANTO CONSOLIDATED MINING COMPANY**
Signature	:	**RAMON T. DIOKNO**
Title	:	Chief Finance Officer
Date	:	November 16, 2017
Signature	:	**ODETTE A. JAVIER**
Title	:	Vice President/Assistant Corporate Secretary
Date	:	November 16, 2017

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017
(With Comparative Figures for 2016)
(Amounts In Thousand , Except Loss Per Share)

	FOR THE THIRD QUARTER		FOR NINE MONTHS ENDED SEPTEMBER 30	
	2017	**2016**	**2017**	**2016**
REVENUES				
Sale of metals	P 415,930	P 388,411	P 1,068,289	P 1,046,847
Service fees and other operating income	(14,254)	38,653	34,325	74,348
	401,676	427,064	1,102,614	1,121,195
COSTS AND EXPENSES				
Mining, milling, smelting, refining and and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges	(585,354)	(592,882)	(1,651,544)	(1,658,721)
LOSS FROM OPERATIONS	(183,678)	(165,818)	(548,930)	(537,526)
FINANCE COST, net	(5,117)	(4,961)	(15,945)	(16,010)
FOREIGN EXCHANGE GAINS (LOSS) - net	(2,764)	938	(8,507)	802
OTHER INCOME, net	(1,280)	1,856	1,576	79,961
SHARE IN NET LOSSES OF ASSOCIATES	(122)	(247)	(856)	(21,468)
LOSS BEFORE INCOME TAX	(192,961)	(168,232)	(572,662)	(494,241)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
CURRENT	44	349	118	6,309
DEFERRED	56	(38)	(6)	0
	100	311	112	6,309
NET LOSS	P (193,061)	P (168,543)	P (572,774)	P (500,550)
Attributable to:				
Stockholders of the parent company	(193,013)	(168,495)	P (572,417)	P (500,387)
Non-controlling interests	(48)	(48)	(357)	(163)
Net Loss	P (193,061)	P (168,543)	P (572,774)	P (500,550)
LOSS PER SHARE attributable to stockholders of the parent company				
Basic & Diluted	(0.00376)	(0.00328)	(0.01115)	(0.00974)
	(-P193,013,195 / 51,355,248,170 shares)	(-P168,495,091 / 51,355,248,170 shares)	(-(P572,417,761) / 51,355,248,170 shares)	(-P500,387,010 / 51,355,248,170 shares)

ANNEX "B"

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands)

	SEPTEMBER 30 2017	*DECEMBER 31 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalent	P 138,467	P 86,234
Receivables, net	308,746	241,474
Inventories, net	503,694	430,008
Advances to suppliers and contractors	491,809	335,866
Other current assets	703,967	641,493
Total current assets	2,146,683	1,735,075
NON-CURRENT ASSETS		
Property, plant and equipment, net	7,216,682	7,195,819
Available-for-sale financial assets	188,027	188,027
Investments and advances in associates	573,808	561,205
Mine exploration cost	6,491,711	6,302,261
Deferred income tax assets	417,273	419,371
Other noncurrent assets	102,175	77,174
Total non-current assets	14,989,676	14,743,857
Total assets	P 17,136,359	P 16,478,932
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	P 1,984,952	P 1,511,539
Short-term borrowings	228,811	68,065
Unclaimed dividends	26,695	26,695
Income tax payable	133	5,561
Total current liabilities	2,240,591	1,611,860
NON-CURRENT LIABILITIES		
Advances from Far Southeast Services Limited	5,974,948	5,933,221
Long-term borrowings	156,609	-
Liability for mine rehabilitation cost	66,995	64,748
Retirement benefit obligations	1,606,127	1,682,674
Deferred income tax liabilities	224,888	224,894
Stock subscriptions payable	11,443	11,443
Deposit for future stock subscriptions	69,200	69,200
Total non-current liabilities	8,110,210	7,986,180
Total liabilities	10,350,801	9,598,040
EQUITY		
Capital stock	5,469,706	5,134,706
Additional paid-in capital	4,499,345	4,336,231
Re-measurement loss on retirement plan	(418,303)	(416,988)
Cumulative changes in fair values of AFS investments	38,665	38,665
Deficit	(3,061,043)	(2,469,268)
	6,528,370	6,623,346
Non-controlling interests	257,188	257,546
Total equity	6,785,558	6,880,892
Total liabilites and equity	P 17,136,359	P 16,478,932

* - **AUDITED**

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

(With comparative figures for 2016)
(Amounts in thousand pesos)

	FOR THE QUARTER ENDED ENDED SEPTEMBER 30		FOR NINE MONTHS ENDED SEPTEMBER 30	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	P (192,961)	F (168,232)	P (572,662)	F (494,241)
Adjustments for:				
Depreciation and depletion	210,886	184,871	577,856	567,057
Equity in net losses of affiliated companies	121	247	856	889
Foreign exchange losses (income), net	8,507	(1,552)	8,507	(1,416)
Provision for retirement benefit cost	379	1,231	2,910	3,481
Re-measurement gain on retirement plan	(1,315)	-	(1,315)	-
Deferred income tax assets, net	2,154	(38)	2,092	-
Loss (gain) on sale of asset	1,535	-	1,535	(4)
Interest income	(39)	(18)	(140)	(54)
Interest expense	5,117	4,961	15,945	16,010
Provision for income tax	(100)	(311)	(112)	(6,309)
Operating income before changes in working capital	34,284	21,159	35,473	85,414
Decrease (Increase) in:				
Receivables and advances to suppliers	(105,282)	(4,183)	(223,643)	(11,996)
Inventories and PPE	(61,621)	146,285	(143,247)	442,965
Prepayments and other assets	(1,565)	(20,790)	(87,475)	(21,294)
Increase (Decrease) in:				
Accounts payable and accrued expenses	547,266	70,892	438,457	341,185
Liability for mine rehabilitation cost	749	720	2,247	2,161
Cash generated from operations	413,831	214,083	21,811	838,434
Retirement benefits paid	(30,538)	(21,591)	(79,457)	(67,505)
Interest received	39	18	140	54
Net cash provided by (used in) operating activities	383,332	192,510	(57,506)	770,983
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments, net	(13,030)	-	(13,030)	-
Acquisition of property and equipment	(234,751)	(117,318)	(530,693)	(425,744)
Unrecovered exploration costs and other assets	(104,434)	(109,755)	(189,450)	(442,373)
Net cash used in investing activities	(352,215)	(227,073)	(733,173)	(868,117)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Borrowings	6,448	13,020	41,727	71,889
Payments of:				
Borrowings	11,745	19,924	317,355	19,924
Interest	(2,460)	(5,136)	(14,283)	(16,169)
Capital and other reserves	(1,874)	-	498,114	-
Net cash provided by financing activities	13,859	27,808	842,913	75,644
NET INCREASE (DECREASE) IN CASH	44,976	(6,755)	52,233	(21,490)
Beginning of period	93,492	51,652	86,234	66,387
CASH AT END OF THE PERIOD	P 138,467	P 44,897	P 138,467	F 44,897

ANNEX "D"

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2017 & 2016
(Amounts in thousands)

	SEPTEMBER 30 2017	SEPTEMBER 30 2016
Authorized - P 6.64 billion Share capital at par value	P 5,135,525	P 5,135,525
Subscribed capital (net of subscriptions receivable)	334,181	(819)
Share premium	4,499,345	4,336,231
Cumulative changes in fair values of AFS investments	38,664	(44,735)
Re-measurement loss on retirement plan	(418,303)	(521,258)
Retained earnings Beginning balance	(2,488,625)	(1,728,478)
Net loss for the period	(572,417)	(500,387)
	(3,061,042)	(2,228,865)
Equity attributable to the Stockholders of the Parent Company	6,528,370	6,676,079
Non-controlling interests	257,188	250,160
	P 6,785,558	P 6,926,239

ANNEX "E"

LEPANTO CONSOLIDATED MINING COMPANY

NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2017 and DECEMBER 31, 2016

Note 1 - General information

Lepanto Consolidated Mining Company (parent company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 8, 1936 primarily to engage in the exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas and coal and their related by-products. On January 29, 1985, the SEC approved the extension of the parent company's corporate term for another fifty (50) years after the expiration of its original term on September 8, 1986.

The Parent company's shares are listed and traded in the Philippine Stock Exchange. In January 1999, the Parent Company and the Bank of New York, as depository, formed a depository receipt facility to facilitate secondary market trading in the international capital markets of the parent company's class "B" common shares. On January 28, 2005, the Company formally closed the depository receipt facility.

On January 14, 1997, the Parent Company was registered with the Board of Investments (BOI) under Executive Order No. 226 as a new export producer of gold bullion on a preferred non-pioneer status. This registration entitles the Parent Company to a four (4) year income tax holiday (ITH), which can be further extended for another three (3) years subject to compliance with certain conditions, and lower tariff rates on acquisition of capital equipment. The Parent Company is required to maintain a base equity of at least 25% as one of the conditions of the registration.

On April 1, 1997, the Parent company started the commercial operations of its Victoria Project gold mine. Consequently, in October 1997, the parent company temporarily ceased operating its copper concentrate roasting plant facilities in Isabel, Leyte for an indefinite period. The Roasting plant facility was also registered with the Philippine Economic Zone Authority (PEZA) on December 17, 1985 pursuant to the provisions of Presidential Decree No. 66, as amended, and Executive Order No. 567 as a zone export enterprise to operate a roasting plant for the manufacture of copper calcine at the Isabel Special Export Economic Processing Zone.

On March 30, 2000, the Parent Company registered its copper flotation with the BOI as a new producer of copper concentrates on a preferred non-pioneer status. This registration entitles the Parent Company to a four (4) year ITH, subject to compliance with certain conditions, simplified customs procedures, additional deduction for labor expense, and unrestricted use of consigned equipment for a period of ten (10) years. It is required to maintain a base equity of at least 25% as one of the conditions of the registration. The Copper Flotation project has been suspended at the end of 2001; BOI registration was cancelled on July 11, 2006.

On April 10, 2001, the BOI approved the Parent Company's request for ITH bonus year for a period of one year from April 2001 to March 2002 for its gold bullion project. On

June 21 and September 21, 2005, the Parent Company obtained necessary approval for the ITH bonus years of April 2002 to March 2003 and April 2003 to March 2004, respectively.

On January 5, 2004, the Parent Company was registered with the BOI under Executive Order No. 226 as new export producer of gold bullion on a non-pioneer status, for its Victoria II (renamed Teresa) Project, located also in Mankayan, Benguet, Philippines. This registration entitles the Parent Company to ITH with the same incentives that were granted on their registration with the BOI on January 14, 1997. The Teresa Project commenced its commercial operations in April 2004.

On November 21, 2006, the Parent Company was registered with the BOI under Executive Order No. 226 as new export producer of copper-gold concentrate on a non-pioneer status for its copper-gold flotation project located also in Mankayan, Benguet, Philippines. This registration entitles the Company to ITH for four (4) years, which can be further extended for another three (3) years subject to compliance with certain conditions, and duty-free importation of equipment, spare parts and accessories for five (5) years.

On May 20, 2009, the BOI approved the Parent Company's request for ITH bonus year for the period April 2008 to March 2009 for its Teresa Project.

The registrations mentioned above enable the Parent Company and its subsidiaries to avail of the rights, privileges, and incentives granted to all registered enterprises.

The Parent Company currently operates the Victoria Project gold mine in Mankayan, Benguet, Philippines and has also commenced commercial operation of its Copper-Gold Project in third quarter of 2017.

The Parent Company has its principal office at the 21st Floor, 8747 Lepanto Building, Paseo de Roxas, Makati City.

Note 2 – Compliance with Generally Accepted Accounting Principles

The consolidated financial statements of Lepanto Consolidated Mining Company Group (the Group) have been prepared in accordance with the accounting principles generally accepted in the Philippines. The Group prepared its consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) except for the exemption from the fair value requirement of the Philippine Accounting Standards (PAS) 39, Financial Instruments: Recognition and Measurement, on long term commodity hedging contracts entered into by the parent company and outstanding as of January 1, 2005, which was permitted by the SEC.

The accounting policies adopted in the preparation of the financial statements are consistent with the most recent annual financial statements.

Note 3 – Cash and Cash Equivalents

	09/30/2017	12/31/2016
Cash on hand	**3,374**	1,383
Cash in banks	**135,093**	84,850
	138,467	86,234

Cash in banks earn interest at the respective bank deposit rates.

Note 4 – Receivables

	09/30/2017	12/31/2016
Trade	**165,176**	116,376
Nontrade	**137,015**	137,543
Advances to officers and employees	**21,290**	3,694
	323,480	257,614
Less: Allowance for impairment losses	**14,734**	16,139
	308,746	241,474

The Parent Company's trade receivables arise from its shipments of gold and silver metals and copper - gold concentrate to a refinery and smelter customer based on contract/agreement.

Trade and nontrade are non-interest bearing and are generally collectible on demand. Nontrade receivables comprise mainly of receivables from subcontractors and other third parties, while receivables from officers and employees pertain to cash advances made by employees for the operations of the Group.

Receivables from officers and employees are non-interest bearing and are generally subject to liquidation. Unliquidated receivables from officers and employees are collectible on demand or considered as salary deduction.

Note 5 – Inventories

	09/30/2017	12/31/2016
Copper-gold concentrate	**62,348**	-
Parts and supplies	**441,346**	430,008

Inventories include production cost of copper-gold concentrate in bags totaling 494 dry metric ton warehoused at Mankayan, Benguet and San Fernando City, La Union. Materials and supplies are stored in Metro Manila, Bulacan, Benguet, Surigao del Norte and Leyte. The increase in the amount of P73.7 million represents the copper-gold concentrate and the restocking of imported materials for use in operations.

Note 6 – Advances to suppliers and contractors

Advances to suppliers and contractors are non-financial assets arising from advanced payments made to suppliers and contractors before goods and services have been received or rendered. These are classified as current since these are expected to be offset against future short-term billings and are recognized in the books at the amounts initially paid.

Advances to suppliers and contractors are attributable to contracts generally requiring advance payments. Amounts deposited will be applied as part of the full payment of the contract price upon completion of the contract or consummation of transactions and receipt of all related documents.

Note 7 – Other current assets

	09/30/2017	12/31/2016
Input VAT	**643,240**	594,898
Deferred costs	**2,508**	14,302
Prepayments	**55,082**	29,157
Others	**3,136**	3,136
	703,966	641,493

By virtue of Revenue Memorandum Order 9-2000 dated March 29, 2000, all sales of goods, property and services made by a Value Added Tax (VAT) - registered person to the Parent Company, being a one hundred percent (100%) exporter, are automatically zero-rated for VAT purposes effective August 8, 2001.

Input VAT represent VAT paid on purchases of applicable goods and services, net of output VAT, which can be claimed for refund or recovered as tax credit against certain future tax liability of the Company upon approval by the Philippine Bureau of Internal Revenue (BIR) and/or the Philippine Bureau of Customs.

Deferred costs represent cost of withdrawn tubings to be used in drilling operations. Aforesaid costs are amortized based on meters drilled.

Prepaid expenses include advance payments for taxes, insurance, rent and other services.

Note 8 – Trade and other payables

Composed of trade, due to related parties, accrued expenses and other liabilities, trust receipts, employee related expenses, unclaimed dividends, payables to regulatory authorities, accrued utilities and accrued production tax.

Nature, terms and conditions of the Group's liabilities:

- Trade payables include import and local purchases of equipment and inventories such as various parts and supplies used in the operations of the Group. These are non-interest bearing and are normally settled on sixty (60) days' terms.
- Accrued expenses and other liabilities are noninterest-bearing and are normally settled on a 30 to sixty (60) days' term. These include other operating expenses that are payable to various suppliers and contractors.
- Trust receipts refer to arrangements of the Group with banks related to its importations of inventories and various equipment which are interest bearing and have an average term of ninety (90) to one hundred twenty (120) days.

- Employee related expenses include unclaimed wages, accrued vacation and sick leave and accrued payroll. These are non-interest bearing and are payable in thirty (30) days' term.
- Unclaimed dividends pertain to unpaid cash dividends declared by the Parent Company to its stockholders. These are non-interest bearing and are payable upon demand of the payee.
- Payables to regulatory agencies include withholding taxes and other government contributions related to employees of the Group. These are non-interest bearing and are normally remitted within ten (10) days from the close of each month.
- Accrued utilities pertain to unpaid billings for power, communication, light and water charges. These are non-interest bearing and are normally settled within thirty (30) to ninety (90) days.
- Accrued production taxes pertain to excise taxes on metal sales. These are non-interest bearing and are settled within fifteen (15) days after the end of each quarter.

Note 9 - Business Segments

The Group derives revenue from the following main operating business segments:

Mining activities –This segment engages in exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas, and coal and related by-products.

Investment activities – This segment derives its income as a general agent, broker or factor of any insurance company or as a commercial broker, agent or factor of any person, partnership, corporation or association engaged in any lawful business, industry or enterprise. Income is derived from commissions, which represent income on non-life insurance policies underwritten by a subsidiary for certain principals.

Hauling and Leasing activities – This segment engages in handling all kinds of material, products and supplies in bulk and maintaining and operating terminal facilities such pier and warehouses. Income is derived mainly from hauling fees and warehouse rentals.

Insurance activities – This segment derives its revenues from premiums from short duration insurance contracts, which are recognized over a period of the contracts using the 24th month method.

Drilling activities – This segment derives its income from drilling services to its related and outside parties.

Manufacturing and Trading – This segment derives its revenue from manufacturing, distributing, selling and buying machinery and equipment, general merchandise and articles related to diamond core drilling industry.

The assets, liabilities and results of the business segments of the LCMC Group for the 3rd quarter of the year 2017 and 2016 are as follow:

Mining activities

	2017 (in thousands)	2016 (in thousands)
CURRENT ASSET	1,808,262	1,655,806
NON-CURRENT ASSET	14,734,665	14,727,606
CURRENT LIABILITES	2,002,645	1,666,665
NON-CURRENT LIABILITIES	7,870,382	7,897,374
GROSS INCOME	1,068,289	1,046,847
NET INCOME / (LOSS)	(538,630)	(508,896)

Investment activities

	2017 (in thousands)	2016 (in thousands)
CURRENT ASSET	155	5,283
NON-CURRENT ASSET	201,349	204,144
CURRENT LIABILITES	89,204	88,989
NON-CURRENT LIABILITIES	18,763	18,763
GROSS INCOME	-	-
NET INCOME / (LOSS)	(4,496)	(157)

Hauling and Leasing Activities

	2017 (in thousands)	2016 (in thousands)
CURRENT ASSET	158,841	164,679
NON-CURRENT ASSET	406,215	406,823
CURRENT LIABILITES	6,094	5,183
NON-CURRENT LIABILITIES	128,749	139,291
GROSS INCOME	20,830	23,331
NET INCOME / (LOSS)	(2,016)	60,838

Insurance Activities

	2017 (in thousands)	2016 (in thousands)
CURRENT ASSET	-	406,828
NON-CURRENT ASSET	-	137,957
CURRENT LIABILITES	-	457,256
GROSS UNDERWRITING INCOME	-	43,259
UNDERWRITING INCOME / (LOSS)	-	25,881
NET INCOME / (LOSS)	-	(4,767)

Drilling Activities

	2017 (in thousands)	2016 (in thousands)
CURRENT ASSET	410,875	579,178
NON-CURRENT ASSET	137,502	124,467
CURRENT LIABILITES	419,354	517,101
NON-CURRENT LIABILITIES	41,879	40,983
GROSS INCOME	220,536	350,657
NET INCOME / (LOSS)	(26,777)	46,670

Manufacturing and Trading Activities

	2017 (in thousands)	2016 (in thousands)
CURRENT ASSET	-	41,604
NON-CURRENT ASSET	-	4,376
CURRENT LIABILITES	-	26,706
NON-CURRENT LIABILITIES	-	6,830
GROSS INCOME	-	37,607
NET INCOME / (LOSS)	-	4,714

Note 10 – Seasonality

There are no seasonality or cyclical factors in the company's operations.

ANNEX "F"

LEPANTO CONSOLIDATED MINING CO.

AGING OF ACCOUNTS RECEIVABLE - TRADE

AS OF SEPTEMBER 30, 2017

CUSTOMERS	*CURRENT*	*OVER 30 DAYS*	*OVER 60 DAYS*	*TOTAL*
HERAEUS LTD.	25,835,363	-	-	25,835,363
LOUIS DREYFUS	109,533,252	-	-	109,533,252
	135,368,615	-	-	135,368,615

MANAGEMENT's DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS
As of September 30, 2017

Consolidated revenues for the third quarter of 2017 amounted to P401.7 million compared with P427.1 million in 2016. Net loss increased to P193.1 million versus P168.5 million the previous year.

For the nine months ended September 2017, consolidated revenues decreased to P1,102.6 million versus P1,121.2 million in the same period last year. Net loss totaled P572.8 million compared with P500.6 million in 2016.

Mining Operations

July – September 2017 versus July – September 2016

Copper-gold concentrate produced from initial runs of the rehabilitated copper flotation plant totaled 1,541 dry metric tons (DMT) containing 3,523 oz. of gold; 18,744 oz. of silver; and 593,413 lbs. of copper. There were no copper operations last year. Of the copper-gold concentrate produced, about 500 DMT was in the inventory with an estimated value of around P100 million.

Combined with the bullion production of 3,494 oz. of gold and 1,813 oz. of silver, total gold production amounted to 7,017 oz. versus 5,989 oz. last year; and total silver production was 20,557 oz. versus 11,334 oz. last year. Metal sales went up by P27.52 million to P415.93 million due largely to copper-gold concentrate production. However, net loss increased to P177.49 million compared with last year's P145.65 million, as a third of the copper-gold concentrate production was yet unsold, and because of the higher tonnage, impacting mining, milling and depletion costs. The depletion cost covers the development of both the Victoria and the Copper-Gold projects.

Gold price averaged US$1,288.37/oz. versus US$1,338.34/oz. while silver price averaged US$16.95/oz. versus US$19.31/oz. the preceding year. Copper price averaged US$2.92. The P/US$ exchange rate averaged P50.92/US$1 compared with P46.93/US$1 last year.

Cost and expenses increased by 11% to P588.13 million from P531.15 million as the tonnage milled increased to 109,250 tonnes from 68,230 tonnes in 2016. Mining cost went up from P174.6 million to P217.0 million; milling cost increased by P24.9 million to P76.5 million; depletion by P29.6 million to P157.0 million. Overhead cost went up to P96.1 million from P86.2 million attributable to the higher cost of handling, freight and delivery of copper-gold concentrate and materials and supplies.

Excise tax went up by 31% to P10.2 million due to higher metal revenue and production. Finance cost was almost unchanged at P5.0 million. Payment of dollar-denominated loans resulted in a foreign exchange loss of P1.8 million compared with a gain of P1.6 million the previous period. Other income increased by P1.5 million arising from the disposal of obsolete equipment.

January – September 2017 versus January – September 2016

Total gold production (in bullion and in concentrate) reached 17,338 oz. versus 17,214 oz. last year while total silver production amounted to 29,034 oz. versus 34,706 oz. last year. Copper production totaled 593,413 pounds. Tonnage milled increased to 226,900 tonnes from 201,290 tonnes in 2016.

Metal sales increased by P21.4 million to P1,068.3 million due mainly to the higher metal production and copper sales. Net loss increased by P29.2 million to P537.7 million compared with last year's P508.5 million on account of the higher costs and the copper-gold concentrate inventory.

Gold price averaged US$1,258.68/oz. versus US$1,265.24/oz. while silver price averaged US$17.18/oz. versus US$17.47/oz. the preceding year. Copper price averaged US$2.92. The P/US$ exchange rate averaged P50.18/US$1 compared with P46.97/US$1 last year.

Cost and expenses increased by 3% to P1,586.3 million from P1,543.4 million last year due largely to the higher tonnage milled and the resumption of the copper flotation circuit. Mining cost went up by P12.3 million to P505.4 million; milling cost by P29.0 million; and depletion by P23.5 million to P410.9 million. Overhead costs went up by P47.7 million to P283.5 million attributable to lime consumption, lump sum payments made pursuant to the collective bargaining agreements with two mine-based unions; and handling, freight and delivery of copper-gold concentrate and materials and supplies.

Excise tax increased by 11% to P23.2 million due to the higher metal production and revenue. Finance cost dropped slightly from P16.0 million to P15.8 million following the settlement of short-term loans. Payment of dollar-denominated loans resulted in a foreign exchange loss of P7.3 million compared with a gain of P1.4 million the previous period. Other income increased to P1.4 million in relation to the disposal of obsolete equipment.

BALANCE SHEET MOVEMENTS

September 30, 2017 versus December 31, 2016

Cash and cash equivalents increased by P52.2 million on account of the remittance at the end of the quarter of partial proceeds of the sale of copper-gold concentrate. Receivables increased by P67.3 million representing the unpaid portion of a copper-gold concentrate shipment. Inventories increased by 17.14% largely on account of the yet unsold copper-gold concentrate. Advances to suppliers went up by 46.43% on account of the increased materials and supplies requirements of operations. Other current assets increased by 9.74% to P703.9 million due mainly to the increase in Input Value-Added-Tax and prepaid charges on importations.

The increase in other noncurrent assets of P25.0 million was due mainly to deferred charges awaiting final recording.

On liabilities, trade and other payables increased by 31.32% representing purchases of materials and services. Short-term and long-term borrowings increased by P160.7 million and P156.6 million, respectively, due to reclassification of liabilities. Income tax payable decreased due to the payment in April 2017 of last year's tax liability. The decrease in retirement benefit obligations is attributable to the continuous contribution of Parent Company to its retirement fund.

Capital stock increased by 6.5% on account of the stock subscription by way of private placement totaling 3.35 billion shares at P0.15 per share.

Deficit increased by P591.8 million representing the net loss from January to September 2017 operations.

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled P248.3 million, of which P104.4 million went to exploration; P58.7 million to machinery and equipment; P82.1 million to mine development; and, P3.0 million to maintenance of tailings storage facility 5A.

For the nine months ended September 2017, total capital expenditures amounted to P518.9 million; of which P189.7 million went to exploration; P109.4 million to machinery and equipment; P210.1 million to mine development; and P9.8 million to maintenance of tailings storage facility 5A.

OUTLOOK FOR THE YEAR

The Copper-Gold Project has commenced commercial operation in October 2017. The projected metal output for the year is 24,500 oz. of gold, 53,400 oz. of silver and 1.15 million pounds of copper.

Exploration and development of the Copper-Gold Project will continue this year with a view to ramping milling tonnage up to 2,500 metric tonnes per day by 2018.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income for the nine months ended September 2017 versus the same period the previous year.

From a net income last year of P46.7 million, Diamond Drilling Corporation of the Philippines reported a net loss of P26.8 million on account of cost-related losses on a drilling project. Lepanto Investment and Development Corporation reported a net loss of P4.5 million compared with last year's net loss of P156.9 thousand due to a loss arising from the partial divestment in a subsidiary. Shipside, Incorporated registered a net loss of P2.1 million against last year's net income of P60.8 million which arose from the sale of land.

* - <u>**KEY PERFORMANCE INDICATORS-LCMC**</u>

Tonnes Milled which indicate the amount of ore taken for processing, **Milled Head** is the amount of gold per ton milled and **Gold production** which is the final product of the operations. **Metal sales, Cost and Expenses** and **Net Income** round up the review process on how the company is performing vis-à-vis the performance of the same period last year. **Average Gold price** for the period adds another parameter that needs watching notwithstanding that the company has no direct influence on its movement.

LEPANTO CONSOLIDATED MINING COMPANY
Impact of Current Global Financial Condition

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as 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.

All gold exports when priced are practically settled on cash basis. Parent Company’s existing contracts with gold refineries allow for advances of 98% of payable metals paid in two (2) working days from pricing. Full settlement is normally received within three (3) working days. For copper concentrates, Parent Company’s existing contracts with smelters allow for advances of 90% of payable metals paid within two (2) to five (5) working days from pricing. Full settlement, however, takes three (3) to six (6) months.

The Parent Company enters into marketing contracts only with refineries and smelters of established international repute. Since the Parent Company became a primary gold and copper concentrates producer, it has entered into exclusive marketing contracts with Heraeus for gold and Trafigura Beheer BV, Shanghang County Jinshan Trading Co., Ltd. and Louis Dreyfus Company Metals Suisse SA for copper concentrates.
The Group has a significant concentration of credit risk in relation to its trade receivables from Heraeus. Such risk is managed by securing the specific approval of the BOD before entering into contracts with refineries and by assessing the creditworthiness of such refineries.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Group’s gross maximum exposure to credit risk is equivalent to the carrying values since there are no collateral agreements for these financial assets.

There is no significant exposure to credit risk.

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates, interest rates, equity prices and other market changes.

Foreign Exchange Risk

Foreign exchange 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 consolidated financial statements and consolidated statements of cash flows.

The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-Philippine Peso currencies.

The Group sells its product to the interstates national market. All metal sales are denominated in US$. Dollar conversion of metal sales to Philippine Peso is based on the prevailing exchange rate at the time of sale. The Group also has purchase transactions denominated in AU$.

Foreign currency-denominated liabilities of Parent Company totaled US$1.6 million at the end of third quarter this year. US$1 million was revalued at the start of the year based on an exchange rate of P49.72/US$. No revaluation of said liabilities during the current year. Foreign exchange gain or losses due to the movement of the Philippine peso vis a vis the US$ are recognized at year-end on outstanding US$ denominated assets and liabilities. The gain/(loss) on Philippine peso appreciation/(depreciation) against the dollar as a result of settlement of liabilities is reflected as foreign exchange gain/(loss) in the financial statements.

As of the end of the quarter, Far Southeast Gold Resources, Inc., a 60%-owned subsidiary, had total foreign currency-denominated liabilities of US$144.8 million. Said foreign currency liabilities are converted to Philippine peso at the time of their incurrence. No revaluation of said liabilities is done on account of the appreciation/depreciation of the Philippine peso; hence, no foreign exchange gain/loss is recognized for the quarter ended. Settlement of these obligations will be at their recorded value based on the agreement with the creditor/investor.

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its long-term borrowings with floating interest rates. The Group regularly monitors its exposure to interest rates movements. Management believes that cash generated from operations is sufficient to pay for its obligations under the loan agreements as they fall due.

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations from financial instruments or that a market for derivatives may not exist in some circumstances.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties. The Group considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debt.
As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

Fair Values

PFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Cash, Receivables, Trade Payables and Accrued Expenses
The carrying amounts of cash and cash equivalents, receivables and trade and other payables, which are all subject to normal trade credit terms and are short-term in nature, approximate their fair values.

AFS Investments
Fair values of investments are estimated by reference to their quoted market price at the end of the reporting period. Unquoted equity securities are carried at cost, net of impairment in value, since fair value of these AFS securities cannot be reliably determined as these securities are not listed and have no available bid price.

Loans Payable and Borrowings
Carrying value of the loans payable and borrowings as at end of the quarter approximate their fair values. Borrowings from local banks are all clean loans with interest rates ranging from 5.0% to 7.0%.

ANNEX "I"

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
SEPTEMBER 30, 2017
(With Comparative Annual Figures for 2016)

	3RD QUARTER SEPTEMBER 2017	YEAR ENDED DECEMBER 2016
Profitability Ratios:		
Return on assets	-3.34%	-4.38%
Return on equity	-8.44%	-10.25%
Gross profit margin	-32.94%	-29.74%
Net profit margin	-51.95%	-47.82%
Liquidity and Solvency Ratios:		
Current ratio	0.96:1	1.08:1
Quick ratio	0.20:1	0.20:1
Solvency ratio	0.00:1	-0.076:1
Financial Leverage Ratios:		
Asset to equity ratio	2.53:1	2.39:1
Debt to equity ratio	1.53:1	1.39:1
Interest coverage ratio	34.91:1	0.02:1