



## LEPANTO CONSOLIDATED MINING CO.

Lepanto Building, 8747 Paseo de Roxas, 1226 City of Makati, Philippines

16 April 2018

Disclosure Department  
Listings and Disclosure Group  
Philippine Stock Exchange, Inc.  
PSE Center, Ayala Avenue  
Makati City

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Re: Use of 1:4.685 SRO Proceeds

**Gentlemen:**

In compliance with the terms of the listing of Lepanto Consolidated Mining Company's 1:4.685 Stock Rights Offering (SRO), we are pleased to submit herewith our report on the utilization of the SRO proceeds for the 1st quarter ending March 31, 2018 as certified by our external auditor SGV & Co.

Very truly yours,

  
ODETTE A. JAVIER  
Vice President and  
Asst. Corporate Secretary

## REPORT OF FACTUAL FINDINGS

### **Lepanto Consolidated Mining Company**

Lepanto Building  
8747 Paseo de Roxas  
Makati City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **March 31, 2018** (see Appendix I) on the use of proceeds from the Stock Rights Offering (SRO) of **Lepanto Consolidated Mining Company** (the "Company") for *the period covered January 1 to March 31, 2018*. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtain the Quarterly Progress Report on the Use of Proceeds from the SRO for the period January 1 to March 31, 2018 (the "Schedule") showing the following information:
  - Gross proceeds from the offering;
  - Listing, registration and other fees;
  - Cash withdrawn from the Escrow for expenditures in 2018;
  - Description of expenditures;
  - Amount of disbursements in Philippine peso; and
  - Net balance of proceeds from the Offering as at March 31, 2018
2. Performed the following procedures:
  - Checked the mathematical accuracy of the Schedule;
  - Compared the proceeds received in the Schedule to the bank statement and journal voucher noting the date received and amount recorded;
  - Compared the disbursements in the Schedule to the list of disbursements for the periods covered January 1 to March 31, 2018.
  - Traced disbursements exceeding Php100,000 to the supporting documents such as billing statements, passbook, interbank transfers, invoices, check vouchers, official receipts, and bank statements, and agree the amount to the accounting records; and
  - Inquired into and identified the nature of the disbursements. Checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of the SRO proceeds.

We report our findings below:

Based on the procedures we performed, we noted that the Company has ₱357.38 million balance of unutilized proceeds from the Offering as at March 31, 2018, indicated in the Company's updated report on the application of proceeds to be submitted to the PSE dated April 13, 2018 (see Appendix II). No exceptions were noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

SYCIP GORRES VELAYO AND CO.



Jaime F. del Rosario

Partner

CPA Certificate No. 56915

SEC Accreditation No. 0076-AR-4 (Group A),

May 1, 2016, valid until May 1, 2019

Tax Identification No. 102-096-009

BIR Accreditation No. 08-001998-72-2018,

February 14, 2018, valid until February 13, 2021

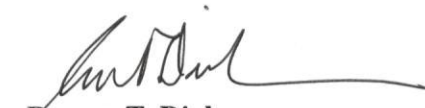
PTR No. 6621247, January 9, 2018, Makati City

April 13, 2018

**LEPANTO CONSOLIDATED MINING COMPANY**  
 Quarterly Progress Report of the Proceeds from the Stock Rights Offering  
 For the First Quarter Period Covered January 1 to March 31, 2018

PURPOSE	January 1, 2018	UTILIZATION	UNUTILIZED
	Amount (in millions)	September to December	Amount (in millions)
COPPER/GOLD PROJECT DEVELOPMENT	P805.32	(P449.96)	P355.36
EXPLORATION PROGRAM	40.00	(40.00)	-
DEBT SETTLEMENT	69.60	(69.60)	-
COST OF OFFERING	7.86	(5.84)	2.02
<b>TOTAL</b>	<b>P922.78</b>	<b>(P565.4)</b>	<b>P357.38</b>

Certified true and correct by:

  
**Ramon T. Diokno**  
 Chief Financial Officer