COVER SHEET

101

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

	FORM TYPE	3rd Monday of April
12 31	17-Q	
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

S T A M P S

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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: **March 31, 2024**

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"	**39,822,869,196**
Class "B"	**26,552,888,901**

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	:	May 17, 2024
Signature	:	**ODETTE A. JAVIER**
Title	:	Vice President/Assistant Corporate Secretary
Date	:	May 17, 2024

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2023
(With Comparative Figures for 2023)
(Amounts In Thousand , Except Earnings (Loss) Per Share)

	FOR THE FIRST QUARTER	
	2024	**2023**
REVENUES		
Sale of metals	666,668	803,738
Service fees and other operating income	20,687	(178)
	687,355	803,560
COSTS AND EXPENSES		
Mining, milling, roasting, smelting, refining and and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges	(701,205)	(688,872)
INCOME (LOSS) FROM OPERATIONS	(13,850)	114,688
FINANCE COST, net	(6,639)	(2,189)
FOREIGN EXCHANGE GAINS (LOSS), net	432	(2,380)
OTHER INCOME (CHARGES), net	4,030	4,178
SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES	(1,435)	19,475
INCOME (LOSS) BEFORE INCOME TAX	(17,463)	133,772
PROVISION FOR (BENEFIT FROM) INCOME TAX		
CURRENT	-	35
DEFERRED	-	100
	-	135
NET INCOME (LOSS)	(17,463)	133,637
Attributable to:		
Stockholders of the parent company	(17,406)	133,641
Non-controlling interests	(57)	(4)
Net Income / (Loss)	(17,463)	133,637
Attributable to:		
Stockholders of the parent company	(17,406)	133,641
Non-controlling interests	(57)	(4)
	(17,463)	133,637
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	(0.000263)	0.002013

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

	MARCH 31 2024	*DECEMBER 31 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalent	96,107	74,840
Receivables, net	119,050	49,756
Inventories, net	463,686	545,853
Advances to suppliers and contractors	117,493	58,553
Other current assets	504,899	493,133
Total current assets	**1,301,235**	**1,222,135**
NON-CURRENT ASSETS		
Property, plant and equipment	6,059,473	6,102,033
Available-for-sale financial assets	66,046	66,046
Investments and advances in associates	451,254	451,027
Mine exploration cost	7,051,032	7,032,369
Deferred tax assets	164,885	157,309
Other noncurrent assets	651,318	651,296
Total non-current assets	**14,444,007**	**14,460,080**
TOTAL ASSETS	**15,745,242**	**15,682,215**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	2,974,920	2,917,467
Short-term borrowings	29,498	29,595
Lease Liability	2,744	1,940
Income tax payable	454	356
Total current liabilities	**3,007,615**	**2,949,358**
NON-CURRENT LIABILITIES		
Advances from Far Southeast Services Limited	6,326,598	6,304,512
Long-term borrowings	207,958	207,573
Liability for mine rehabilitation cost	14,189	13,978
Retirement benefit obligations	962,405	962,405
Deferred income liabilities	176,524	176,964
Deposit for future stock subscriptions	69,200	69,200
Total non-current liabilities	**7,756,873**	**7,734,632**
TOTAL LIABILITIES	**10,764,488**	**10,683,990**
EQUITY		
Capital stock	6,635,685	6,635,685
Additional paid-in capital	5,077,033	5,077,033
Re-measurement loss on retirement plan	125,613	125,613
Cumulative changes in fair values of AFS investments	(40,244)	(40,244)
Deficit	(7,071,706)	(7,054,243)
	4,726,381	**4,743,844**
Non-controlling interests	254,373	254,381
Total equity	**4,980,754**	**4,998,225**
TOTAL LIABILITIES AND EQUITY	**15,745,242**	**15,682,215**
	0	-

*** - A U D I T E D**

ANNEX "C"

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
AS OF MARCH 31, 2024
(With Comparative Figures for 2023)
(Amounts in Thousand Pesos)

	FOR THE QUARTER ENDED MARCH 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income/ (Loss) before tax	(17,463)	133,772
Adjustments for:		
Depreciation and depletion	106,327	345,422
Equity in net losses (income) of affiliated companies	(1,435)	(19,420)
Foreign exchange losses (income), net	(432)	2,371
Provision for retirement benefit cost	-	973
Interest income	(10)	(7)
Interest expense	4,141	2,189
Provision for income tax	-	(135)
Operating income before working capital changes	91,129	465,165
Decrease (Increase) in:		
Receivables and advances to suppliers	(42,745)	178,396
Inventories and PPE	41,576	(245,639)
Prepayments and other assets	(3,998)	(216,481)
Increase (Decrease) in:		
Accounts payable and accrued expenses	19,419	52,079
Liability for mine rehabilitation cost	-	-
Deferred income tax liability, net	-	-
Cash generated (used) from operations	105,381	233,519
Retirement benefits paid	(22,220)	(71,041)
Interest received	10	7
Net cash provided by (used in) operating activities	83,171	162,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments, net		-
Acquisition of property and equipment	(42,560)	(21,048)
Exploration costs and other assets	(19,344)	(116,872)
Net cash used in investing activities	(61,904)	(137,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Borrowings	-	-
Payments of:	-	-
Borrowings	-	-
Interest	-	-
Capital and other reserves	-	-
Net cash provided by financing activities	-	-
NET INCREASE (DECREASE) IN CASH	21,267	24,565
Beginning of period	74,840	53,590
CASH AT END OF THE PERIOD	96,107	78,155

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF MARCH 31, 2024 & 2023
(Amounts in thousands)

	MARCH 31 2024	MARCH 31 2023
Authorized - ₱ 6.64 billion		
Share capital at par value	P 6,637,393	P 6,637,393
Subscribed capital (net of subscriptions receivable)	(1,707)	(1,707)
Share premium	5,077,033	5,077,033
Cumulative changes in fair values of AFS investments	(40,244)	(59,342)
Re-measurement loss on retirement plan	125,613	147,506
Retained earnings		
Beginning balance	(7,054,243)	(6,945,694)
Net Income (Loss) for the period	(17,463)	133,641
	(7,071,706)	(6,812,053)
EQUITY ATTRIBUTABLE TO THE STOCKHOLDERS OF THE PARENT COMPANY	4,726,382	4,988,830
NON-CONTROLLING INTERESTS	254,373	247,247
	P 4,980,754	**P 5,236,077**

ANNEX “E”

LEPANTO CONSOLIDATED MINING COMPANY

NOTES TO FINANCIAL STATEMENTS
AS OF MARCH 31, 2024 and DECEMBER 31, 2023

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.

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 entitled 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. It 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 entitled 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 was suspended at the end of 2001; BOI registration was cancelled on July 11, 2006.

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. The copper-gold flotation operations were suspended in 2009 in view of the sharp decline in copper prices, of which the BOI was notified. In August 2017, the Company notified the BOI that it will resume copper-gold flotation operations in the fourth quarter of 2017.

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 from which it produces gold dore. It commenced commercial operation of the Copper-Gold Project, producing copper-gold concentrate, in October 2017.

The Company has two Mineral Production Sharing Agreements (MPSA), referred to as MPSA No. 001-090-CAR and MPSA No. 151-2000-CAR, both in Mankayan, Benguet.

MPSA No. 001-90-CAR was jointly executed by the Company and subsidiary Far Southeast Gold Resources, Inc. (FSGRI) on March 3, 1990 with the Philippine Government, through the Department of Environment and Natural Resources. The MPSA has a term of 25 years, renewable for another term not exceeding 25 years under the same terms and conditions. The Company and FSGRI filed an application for its renewal on June 4, 2014. The application for renewal of the mining rights is still pending approval as at December 31, 2022.

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

	03/31/2024	12/31/2023
Cash on hand	4,395,849	6,541,878
Cash in banks	91,710,961	68,297,978
	96,106,810	74,839,856

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

Note 4 – Receivables

	03/31/2024	12/31/2023
Trade	79,688,472	28,237,532
Nontrade	43,893,718	27,104,487
Advances to officers and employees	6,945,747	5,892,058
Receivable from stockholders and related parties	11,834,101	11,834,101
Less: Allowance for impairment losses	(23,311,801)	(23,311,801)
	119,050,237	49,756,374

The Parent Company's trade receivables arise from its shipments of gold, silver and concentrate to 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

	03/31/2024	12/31/2023
Mine Products	0	63,125,509.63
Parts and supplies	463,685,625	482,727,158.54
	463,685,625	545,852,668.17

Parts and supplies include materials and supplies stored in Metro Manila, Bulacan, Mankayan, and Leyte. The decrease in the amount of ₱ 82.0 million represents withdrawals of stocks used 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

	03/31/2024	12/31/2023
Input VAT	233,392,997	343,951,061.38
Prepayments	24,546,852	121,583,646.64
Others	246,959,332	27,597,893.35
	504,899,181	493,132,601.37

Input VAT represents VAT paid on purchases of applicable goods and services. It may 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.

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.
- Payable 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 24^{th} 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 1^{st} quarter of the year 2024 and 2023 are as follow:

Mining activities

	2024 (in thousands)	2023 (in thousands)
CURRENT ASSET	1,179,512	1,696,923
NON-CURRENT ASSET	14,570,526	7,041,399
CURRENT LIABILITES	3,246,226	3,266,490
NON-CURRENT LIABILITIES	7,709,511	1,135,397
GROSS INCOME	668,180	802,571
NET INCOME / (LOSS)	21,922	118,822

Investment activities

	2024 (in thousands)	2023 (in thousands)
CURRENT ASSET	12,643	96,846
NON-CURRENT ASSET	101,235	10,536
CURRENT LIABILITES	6,608	90,658
NON-CURRENT LIABILITIES	12,108	15,636
GROSS INCOME	0	0
NET INCOME / (LOSS)	(25)	(49)

Hauling and Leasing Activities

	2024 (in thousands)	2023 (in thousands)
CURRENT ASSET	224,563	216,661
NON-CURRENT ASSET	363,506	387,562
CURRENT LIABILITES	22,307	12,521
NON-CURRENT LIABILITIES	105,834	107,706
GROSS INCOME	5,709	2,400
NET INCOME / (LOSS)	(750)	(424)

Drilling Activities

	2024 (in thousands)	2023 (in thousands)
CURRENT ASSET	193,346	234,111
NON-CURRENT ASSET	4,385	6,570
CURRENT LIABILITES	151,596	198,705
NON-CURRENT LIABILITIES	558	13,545
GROSS INCOME	15,979	4,083
NET INCOME / (LOSS)	7,682	1,450

Note 10 – Seasonality

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

LEPANTO CONSOLIDATED MINING COMPANY

AGING OF ACCOUNTS RECEIVABLE - TRADE

AS OF MARCH 31, 2024

C U S T O M E R S	*CURRENT*	*OVER 30 DAYS*	*OVER 60 DAYS*	*TOTAL*
HERAEUS LTD.	79,688,472	-	-	79,688,472
	79,688,472	-	-	79,688,472

ANNEX "G"

MANAGEMENT's DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

As of March 31, 2024

Consolidated revenues for the first quarter of 2024 amounted to P 687.3 million compared with P 803.6 million in 2023. Consolidated net loss for the period amounted to P17.5 million versus a net income of P133.6 million the previous year.

MINING OPERATIONS

January – March 2024 versus January – March 2023

Gold production decreased to 4,943 ounces from last year's 6,959 ounces as mine deliveries were affected by the delayed arrival of ordered mine equipment. Silver production slightly increased by 2% to 11,805 ounces. Accordingly, metal sales dropped from last year's P 802.6 million to P 665.4 million. A net loss of P 21.8 million was booked for the period as against the net income after provision for income tax of P118.8 million last year.

Gold price averaged US$2,090.79/oz. versus last year's US$1,907.05/oz while silver price averaged US$23.19/oz. versus US$22.42/oz. This quarter's P/US$ exchange rate averaged P55.94/US$1 compared with P54.87/US$1 last year.

Tonnage broken decreased by 12,136 tonnes from 108,453 tonnes and tonnage milled, by 3,175 tonnes from 89,932 tonnes. Milling cost decreased from P 109.3 million to P 96.7 million but mining cost increased from P 175.4 million to P 246 million as a result of higher consumption of mine materials and supplies. Depletion decreased by P14.4 million from P81.0 million primarily on account of the lesser mine deliveries. Overhead cost decreased from P121.2 million to P 100.6 million attributable to incremental fuel charges incurred last year. Administration expenses likewise decreased from P 55.3 million to P 46.9 million because of lesser spending in the current period. Interest increased from P 2.2 million to P 4.1 million due to payment of interest on the restructured bank loan.

BALANCE SHEET MOVEMENTS

March 31, 2024 versus December 31, 2023

The increase in cash and cash equivalents of P 21.3 million is attributable to the timely collections vis-a-vis the scheduled payments. The increase in receivables of P 69.3 million pertains to the outstanding balance from a dore shipment. Inventories went down by P 82.1 million on account of usage of materials and supplies. Advances to suppliers increased by P 59.0 million representing advance payments to various vendors.

The current portion of lease liabilities increased by P 2.0 million which represents outstanding obligations of the current year. Income tax payable increased by P 0.09 million due to improved operations of one of the subsidiaries.

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled P 104.4 million, of which P 38.6 million went to exploration; P 39.4 million to machinery and equipment; P 17.2 million to mine development; and P 9.2 million to maintenance of tailings storage facility 5A.

OUTLOOK FOR THE REST OF THE YEAR

Lepanto will continue producing gold and silver dore from its Victoria and Teresa deposits. Exploration drilling to confirm extensions of the two orebodies will continue. The Company will further upgrade its mine and mill equipment by acquiring additional loaders and trucks and refurbishing its grinding mills to improve mine tonnage and metal recoveries. Target gold production for 2024 is 24,000 oz, which should result in a modest profit for the Company.

Capex budget for the year amounts to approximately P700 million, to be funded from operations and which includes purchase of machinery and equipment, mine development, tailings dam maintenance, and exploration.

Lepanto hopes to obtain within the year the Free, Prior and Informed Consent of the indigenous communities of Mankayan, Benguet for the renewal of MPSA 001-90-CAR. It will file within the year an application for the renewal of MPSA 151-2000-CAR.

When market conditions improve, the Company will pursue the increase in its authorized capital stock from P6,640,000,000 to P9,000,000,000 as approved by the stockholders in 2022. Proceeds will fund exploration drilling, requisition of capital equipment, settlement of liabilities, and working capital.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income for the three months ended March 2024 versus the same period of the previous year.

Diamond Drilling Corporation of the Philippines reported a net income of P 5.8 million this year versus a P 1.3 million net income last year. Lepanto Investment and Development Corporation reported a net loss of P 25,376 compared with last year’s net loss of P P 49,120. Shipside, Incorporated registered a net loss of P 0.59 million against last year’s net loss of P 0.35 million.

* - **KEY PERFORMANCE INDICATORS-LCMC**

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.

ANNEX “H”

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.

The Parent Company enters into marketing contracts only with refineries and smelters of established international repute. Since the Parent Company is a primary gold producer, it has an exclusive marketing contracts with Heraeus Ltd.

The Group has a significant concentration of credit risk in relation to its trade receivables from Heraeus Ltd. 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$1.0 million at the end of second quarter this year. Same amount was revalued at the start of the year based on an exchange rate of P55.45/US$. 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$145.4 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 and Cash Equivalents, Trade Receivables and Trade and Other Payables
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 Financial Assets
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 of 8.0%.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
MARCH 2024
(With Comparative Annual Figures for 2023)

	PERIOD ENDED MARCH 31, 2024	YEAR ENDED DECEMBER 31, 2023
Profitability Ratios:		
Return on assets	-0.11%	0.85%
Return on equity	-0.35%	2.67%
Gross profit margin	-2.02%	14.27%
Net profit margin	-2.54%	16.65%
Liquidity and Solvency Ratios:		
Current ratio	0.43 :1	0.41 :1
Quick ratio	0.11 :1	0.06 :1
Solvency ratio	17.38 :1	17.51 :1
Financial Leverage Ratios:		
Asset to equity ratio	3.16 :1	3.14 :1
Debt to equity ratio	2.16 :1	2.14 :1
Interest coverage ratio	2.63 :1	2.63 :1