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

Contact Person

815-9447

Company Telephone Number

12 31

Month Day

Fiscal Year

17-Q

FORM TYPE

3rd Monday of April

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total no. of Stockholders

Total Amount of Borrowings

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: **March 31, 2012**

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"	**25,984,327,435**
Class "B"	**17,327,774,424**

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"***

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	:	
		MARIO L. LAVENTE
Title	:	Vice President/Controller
Date	:	May 15, 2012
Signature	:	
		ODETTE A. JAVIER
Title	:	Vice President/Assistant Corporate Secretary
Date	:	May 15, 2012

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2012

(With Comparative Figures for 2011)
(In Thousand Pesos, Except Earnings Per Share)

	CONSOLIDATED			
		2012		2011
INCOME				
Sale of metals	P	543,798	P	441,963
Service fees and other operating income		28,235		36,505
		572,033		478,468
COSTS AND EXPENSES				
Mining, milling, roasting, smelting, refining and and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges		(524,991)		(421,446)
INCOME (LOSS) FROM OPERATIONS		47,042		57,022
FINANCE COST, net		(11,000)		(24,412)
FOREIGN EXCHANGE GAINS (LOSS) - net		(950)		1,566
SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES		(8,248)		(1,565)
INCOME (LOSS) BEFORE INCOME TAX		26,844		32,611
PROVISION FOR (BENEFIT FROM) INCOME TAX				
CURRENT		416		1,827
DEFERRED		2		79
		418		1,906
Net Income / (Loss)	P	26,426	P	30,705
Attributable to:				
Stockholders of the parent company	P	26,426	P	30,817
Non-controlling interest		-		(112)
Net Income / (Loss)	P	26,426	P	30,705
OTHER COMPREHENSIVE INCOME (LOSS)				
Changes in revaluation increment in land	P	-	P	-
	P	-	P	-
TOTAL COMPREHENSIVE INCOME (LOSS) BEFORE INCOME TAX	P	26,426	P	30,705
Attributable to:				
Stockholders of the parent company	P	26,426	P	30,817
Non-controlling interest		-		(112)
	P	26,426	P	30,705
EARNINGS (LOSS) PER SHARE attributable to stockholders of the parent company				
Basic and Diluted	P	0.000610	P	0.000710
		(P26,426,149.39/ 43,344,161,743 shares)		(P30,704,875.13 / 43,224,816,212 shares)

ANNEX "B"

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

	MARCH 31 2012	*DECEMBER 31 2011
ASSETS		
CURRENT ASSETS		
Cash	P 308,160	P 451,204
Receivables, net	119,846	218,577
Inventories, net	694,925	609,049
Other current assets	934,509	733,986
Total current assets	2,057,440	2,012,816
NON-CURRENT ASSETS		
Property, plant and equipment	7,221,041	7,215,039
Available-for-sale financial assets	145,687	145,687
Investments and advances in associates	537,447	541,066
Mine exploration cost	2,942,008	2,378,037
Deferred income tax assets	73,442	73,442
Other noncurrent assets	31,725	32,326
Total non-current assets	10,951,350	10,385,597
Total assets	P 13,008,790	P 12,398,413
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	P 3,966,294	3,313,599
Current portion of long-term borrowings	-	47,007
Income tax payable	458	150
Total current liabilities	3,966,752	3,360,756
NON-CURRENT LIABILITIES		
Long-term borrowings - net of current portion	43,840	43,840
Retirement benefit obligations	437,459	459,463
Deferred income tax liabilities	113,243	113,284
Stock subscriptions payable	107,784	107,784
Total non-current liabilities	702,326	724,371
Total liabilities	4,669,078	4,085,127
EQUITY		
Capital stock	4,332,408	4,332,408
Additional paid-in capital	3,528,040	3,528,040
Revaluation increment in land	489,145	489,145
Cumulative changes in fair values of AFS investments	(304,051)	(304,051)
Retained earnings (Deficit)	57,469	31,043
	8,103,011	8,076,585
Non-controlling interests	236,701	236,701
Total equity	8,339,712	8,313,286
Total liabilites and equity	P 13,008,790	P 12,398,413

*- **AUDITED**

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDING MARCH 31
(Amounts in Thousand Pesos)

	MARCH 2012	MARCH 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Income/ (Loss) before tax	26,843	32,611
Adjustments for:		
Depreciation and depletion	(163,369)	27,932
Equity in net losses (income) of affiliated companies	(8,248)	(1,565)
Foreign exchange losses (income), net	950	(1,566)
Provision for retirement benefit cost	1,587	15,214
Interest expense	11,000	24,412
Provision for income tax	419	
Operating income before changes in working capital	(130,818)	97,038
Changes:		
Receivables	98,731	43,120
Inventories	(85,876)	(47,310)
Prepayments and other current assets	(200,523)	(17,358)
Accounts payable and accrued expenses	651,567	(811,292)
Deferred income tax liability	(41)	
Cash generated from operations	333,040	(735,802)
Retirement benefits paid	(23,591)	(77,146)
Income tax recovered (paid)	(111)	144
Net cash provided by operating activities	309,338	(812,804)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	12,468	(29,303)
Acquisition of property and equipment	157,367	(67,804)
Unrecovered exploration costs and other assets	(564,386)	(275,962)
Net cash used in investing activities	(394,551)	(373,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Borrowings, net	(47,957)	(365,991)
Interest	(9,874)	26,515
Capital and other reserves	-	3,009,816
Net cash used by financing activities	(57,831)	2,670,340
NET INCREASE (DECREASE) IN CASH	(143,044)	1,484,467
Beginning of period	451,204	27,022
End of period	308,160	1,511,489

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2012 & 2011

(Amounts in thousands)

	MARCH 31 2012	MARCH 31 2011
Authorized - P 6.64 billion Share capital at par value	P 4,334,416	P 4,326,105
Subscribed capital (net of subscriptions receivable)	(2,008)	(6,128)
Share premium	3,528,040	3,501,271
Fair value and other reserves	(304,051)	(354,090)
Revaluation reserve	489,145	489,145
Retained earnings		
Beginning balance	31,043	(230,089)
Net income (loss) for the period	26,426	30,817
	57,469	(199,272)
EQUITY ATTRIBUTABLE TO THE STOCKHOLDERS OF THE PARENT COMPANY	8,103,011	7,757,031
NON-CONTROLLING INTERESTS	236,701	245,882
	P 8,339,712	P 8,002,913

ANNEX "E"

LEPANTO CONSOLIDATED MINING COMPANY

NOTES TO FINANCIAL STATEMENTS (Amended)
AS OF MARCH 31, 2012 and DECEMBER 31, 2011

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 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 years.

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 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 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 fair value requirement of the Philippine Accounting Standards (PAS) 39 of long term commodity hedging contracts entered into by the 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 – Adoption of PFRS 9

After consideration of the result of its impact evaluation and the postponement of the effectivity of PFRS 9 to annual periods beginning on or after January 2015, the Company has decided not to early adopt PFRS 9 for its 2012 annual financial statement.

Note 4 – Cash and Cash Equivalents

Cash and Cash Equivalents decreased from P451.2 million to P308.2 million as a result higher disbursements this year. The account is composed of Cash in banks and on hand and interest bearing short term investments.

Note 5 – Receivables

Receivables decreased by P98.7 million on account of collections during the period.

Note 6 – Inventories

Parts and supplies for mine machineries and operations and supplies for drill rigs such as tubings and diamond bits comprise this account which went up from P609.0 million to P694.9 million in anticipation of increased mining and drilling activities during the period.

Note 7 – Other Current Assets

The 27% increase of P200.5 million was due mainly from Advances to Suppliers/Miscellaneous Deposits which comprised the bulk plus increases in Creditable input VAT and Prepaid Expenses among others.

Note 8 – Mine Exploration Cost

The P563.9 million increase for the period is due to the ongoing drilling by Far Southeast Gold Resources, Inc.,(FSGRI) a subsidiary, of its mineral deposits essential to its preparation of a bankable feasibility study.

Note 9 – Trade and Other Payables

The rise from P3,313.6 million to P3,966.3 million is due primarily to the increased supplies and services requirement of FSGRI. This account is composed of Trade Payables, Trust Receipts, Accrued Utilities, Due to Related Parties, Employee Related Expenses, Unclaimed Dividends, Advances from Customers and Accruals of production taxes, expenses and other liabilities.

Note 10 – Income Tax Payable

The increase of 205% is due to the subsidiary's income taxes for the first quarter.

Note 11– Current Term Portion Borrowings

The Short Term Borrowings were fully paid during the quarter.

Note 12 – Retirement Benefit Obligations

The 5% drop from P459.5 million to P437.5 million is due to pension contributions made during the period.

Note 13 – Retained Earnings

The 85% increase is due to the net income of P26.4 million during the quarter.

Note 14 - Business Segments

Lepanto Consolidated Mining Company Group (LCMC 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 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, sale of lumber, sawmill services 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.

The assets, liabilities and results of the business segments of the LCMC Group for the 1^{st} quarter of the year 2012 and 2011 are as follows:

Mining activities

	2012 (in thousands)	2011 (in thousands)
Current Assets	1,417,051	2,416,405
Non-current Assets	7,802,845	7,222,306
Current Liabilities	1,134,624	1,456,418
Non-Current Liabilities	548,661	691,129
Gross Income	546,123	442,331
Net Income (Loss)	32,599	28,780

Investment activities

	2012 (in thousands)	2011 (in thousands)
Current Assets	5,851	5,783
Non-current Assets	107,876	102,258
Current Liabilities	52,715	51,326
Non-Current Liabilities	0	0
Gross Income	0	0
Net Income (Loss)	(78)	(61)

Hauling Activities

	2012 (in thousands)	2011 (in thousands)
Current Assets	87,350	48,734
Non-Current Assets	462,727	436,671
Current Liabilities	6,328	9,064
Non-Current Liabilities	131,740	131,238
Gross Income	12,588	5,579
Net Income (Loss)	991	(174)

Insurance Activities

	2012 (in thousands)	2011 (in thousands)
Current Assets	720,967	503,710
Non-current Assets	271,054	114,080
Current Liabilities	646,358	406,395
Gross Underwriting Income	41,290	27,549
Underwriting Income	11,272	5,276
Net Income (Loss)	(24,791)	(3,496)

Drilling Activities

	2012 (in thousands)	2011 (in thousands)
Current Assets	272,703	218,456
Non-current Assets	12,187	25,799
Current Liabilities	238,601	205,206
Non-Current Liabilities	14,464	15,518
Gross Income	28,213	41,713
Net Income (Loss)	(5,372)	4,096

Note 15 – Seasonality

There is no seasonality or cyclical factors in the company's operations. The company has put its copper concentrate production on hold for the time being.

LEPANTO CONSOLIDATED MINING CO.

AGING OF ACCOUNTS RECEIVABLE - TRADE

AS OF MARCH 31, 2012

CUSTOMERS	*CURRENT*	*OVER 30 DAYS*	*OVER 60 DAYS*	*TOTAL*
HERAEUS LTD.	66,285,096.74	-	-	66,285,096.74
	66,285,096.74	-	-	66,285,096.74

ANNEX "G"

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

As of March 31, 2012

2012

Consolidated revenues for the first quarter of 2012 amounted to P572.0 million compared with P478.5 million in 2011. Net Income amounted to P26.4 million versus P30.7 million the previous year. Income from mining operations totaled P32.6 million as explained below.

Mining Operations

Gold production in the first quarter increased to 7,109 ounces from 6,985 ounces mainly on account of the improvement in tonnage. Average gold grade dropped to 2.03 g/t from 2.62 g/t.

Net income for the quarter increased to P32.6 million compared with last year's P28.8 million. Gold prices averaged $1,702.11/oz. versus $1,386.70/oz. the preceding year.

Cost and Expenses increased by 28% from P394.1 million to P502.9 million due primarily to increases in milling, depreciation and depletion costs but partially offset by decreases in mining and administration costs. Total milling costs rose to P87.4 million from P55.9 million due to the increase in power cost by P11.4 million and in the consumption of major milling consumables and supplies by P20.1 million, both on account of the increased tonnage. Production tax went up by P2.0 million due to higher sales. Depreciation increased from P35.2 million to P45.1 million due to the purchase of new mining equipment and rehabilitation of some old equipment; depletion rose by P73.0 million reflecting the cost of the mine development undertaken last year. Overhead also went up by P3.8 million due largely to freight and delivery. On the other hand, mining cost declined to P 104.0 million from P111.5 million due to the lower labor costs resulting from the retrenchment of employees last year. Smelting and refining charges went down from P3.1 million to P2.5 million due to fewer shipments while administration costs decreased by P3.5 million due to lower taxes and licenses.

Finance cost this quarter went down by P11.5 million compared with last year due to reduced loans and other liabilities. A foreign exchange loss of P0.9 million was recorded arising from the settlement of export advances. A Miscellaneous loss of P1.0 million (compared with P0.8 million last year) was incurred in relation to the retirement of assets.

BALANCE SHEET MOVEMENTS

Cash and cash equivalents decreased by P143.0 million due to disbursements. Receivables decreased by P98.7 million due to collections. Inventories went up by P85.9 million due to purchase of parts and supplies for machineries and drill rigs. Other Current Assets increased by P200.5 million due mainly to the increases in Advances to Suppliers/Miscellaneous Deposits, Creditable Input VAT and Prepaid Expenses. Mine exploration costs of a subsidiary, Far Southeast Gold Resources, Inc. (FSGRI), went up from P2,378.0 million to P2,942.0 million due to the ongoing exploration/drilling on the Far Southeast orebody sole funded by Gold Fields.

On the Liabilities side, Trade and Other Payables went up by P652.7 million due mainly to suppliers and creditors of FSGRI. Current Portion of Long-Term Borrowings of P47.0 million was fully settled during the period. Retirement benefit payments amounted to P22.0 million.

Retained Earnings went up from P31.0 million to P57.5 million reflecting the reported net income of P26.4 million.

CAPITAL EXPENDITURES

Total capital expenditures for the first quarter totaled P160 million, P74 million of which went to mine development. P8 million was spent on exploration drilling while another P8 million was incurred for the Tailings Dam maintenance. Machinery and equipment purchased for the period amounted to P70 million.

OUTLOOK FOR THE YEAR

The Company expects to produce 37,000 ounces of gold and 64,000 ounces of silver. Net income for the year is expected to reach P300 million.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is Net Income.

Lepanto Investment and Development Corp reported a net loss of P78 thousand compared with last year's loss of P61 thousand. Shipside Incorporated's net income is P991 thousand against last year's net loss of P174 thousand. Diamond Drilling Corporation of the Philippines reported net loss of P5.4 million against a net income of P4.1 million in the previous year on account of lower meterage drilled.

* - <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

There is no significant exposure to credit risk. Gold exports are settled on cash basis. Existing contracts allow for the payment of 98% of the value of payable metals (determined on the day of shipment) within two banking days from shipment. Full settlement is normally received within three (3) working days.

Copper concentrate exports are 90% paid within five (5) working days upon submission of invoices and shipping documents. The remaining 10% is payable within 90 days from shipping date. There is no copper concentrate production however at this time.

Market Risk

The value of financial instruments may change as a result of changes in interest rates, foreign currency exchanges, equity prices and other market changes as discussed below.

Foreign Exchange Risk

All gold and copper concentrate sales are denominated in US dollars. The sales proceeds are used to settle dollar-denominated obligations; the rest are converted to Philippine Peso based on prevailing exchange rates to settle Peso-denominated obligations.

The foreign currency- denominated liabilities, which as of the end of the quarter amounted to US$1.0 million, was revalued at the start of the year based on an exchange rate of P43.84/US$. The depreciation of the Peso against the US$ results in a forex loss with respect to such liabilities, which losses are booked at year-end. However, it should be noted that being a 100% dollar-earner, the company actually benefits from such Peso depreciation in terms of higher peso revenues. Presently however, the peso is appreciating against the dollar and settlement of liabilities is reflected as forex gain.

Interest Rate Risk

The company's exposure to the risk to changes in interest rates relates primarily to long-term borrowings with floating interest rates. The Company regularly monitors its interest rate exposure and correspondingly plans ahead to meet its interest obligations.

Liquidity Risk

The company maintains a balance between continuity of funding and flexibility through the use of bank drafts, bank loans and hire purchase contracts. While the Company is unable to secure additional credit lines for now, it can fully draw against existing trade facilities.

It is part of our liquidity risk management to regularly evaluate projected and actual cash flows. Loan maturity profile is reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

Fair Values

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash, Receivables, Trade Payables and Accrued Expenses
The carrying amounts of cash, receivables, trade payables and accrued expenses 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 values made during the balance sheet date as of the end of last year. 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. The Company has no investments in foreign securities.

Loans Payable and Borrowings
The fair value of the interest bearing long-term debt is based on the discounted value of future cash flows using the applicable rate for a similar type of loans. The discounted rate used in the quarter ranges from 7% to 13%.

Fair values of the loans payable and borrowings as of end of the quarter approximate their carrying value.

ANNEX "I"

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
MARCH 31, 2012
(With Comparative Annual Figures for 2011)

	1ST QUARTER MARCH 2012	YEAR ENDED DECEMBER 2011
Profitability Ratios:		
Return on assets	0.20%	2.05%
Return on equity	0.32%	3.83%
Gross profit margin	8.22%	14.19%
Operating profit margin	6.62%	17.21%
Net profit margin	4.62%	14.36%
Liquidity and Solvency Ratios:		
Current ratio	0.52:1	0.60:1
Quick ratio	0.25:1	0.32:1
Solvency ratio	0.04:1	0.13:1
Financial Leverage Ratios:		
Asset to equity ratio	1.56:1	1.49:1
Debt ratio	0.36:1	0.39:1
Debt to equity ratio	0.56:1	0.49:1
Interest coverage ratio	3.44:1	7.30:1