

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

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| ODETTE A. JAVIER |
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Contact Person

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| 815-9447 |
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Company Telephone Number

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Month Day

Fiscal Year

DEFINITIVE

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FORM TYPE

3rd Monday of April

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Month Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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| 21,487 |
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Total no. of Stockholders

Total Amount of Borrowings

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Domestic

| |
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Foreign

To be accomplished by SEC Personnel concerned

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Lepanto Consolidated Mining Company

NOTICE OF 2022 ANNUAL STOCKHOLDERS' MEETING

Please be informed that the **Annual Stockholders' Meeting of Lepanto Consolidated Mining Company** will be held on **Monday, August 15, 2022 at 4:00 o'clock p.m.** The Meeting will be conducted virtually via remote access communication and the access link will be provided in the Company's website at www.lepantomining.com

The agenda for the Meeting will be as follows:

1. Call to Order
2. Proof of due notice of the meeting and determination of quorum
3. Approval of the Minutes of:
 - a. Annual Stockholders' Meeting held on September 20, 2021; and
 - b. Special Stockholders' Meeting held on March 21, 2022 re: Amendment of Article VII of the Articles of Incorporation to increase the authorized capital stock from P6.64 Billion to P9.00 Billion
4. Approval of the Annual Report
5. Election of Directors
6. Appointment of External Auditor
7. Transaction of such other and further business as may properly come before the Meeting
8. Adjournment

Only stockholders of record as of July 5, 2022 are entitled to notice of, and to vote at, the Meeting. The stock and transfer book of the Company will be closed from July 5, 2022 to the close of business hours on August 15, 2022.

The Definitive Information Statement and Management Report and SEC Form 17-A and other pertinent documents are posted on the Company's website and PSE Edge. Guidelines for registration and participation in the Meeting shall likewise be posted on the Company's website.

Stockholders who intend to participate in the Meeting via remote communication should email on or before August 8, 2022 the Asst. Corporate Secretary at oaj@lepantomining.com a scanned copy of a valid government-issued identification card (ID) for registration and verification purposes. Indirect stockholders should include in their email their broker's certification of shareholding.

Stockholders may also be represented and vote at the Meeting by submitting a Proxy via email to oaj@lepantomining.com together with a government-issued ID. Hardcopies of proxies may also be submitted to the Company's principal office at the 21st Fl., Lepanto Building, 8747 Paseo de Roxas, Makati City. Proxies emailed or submitted after August 8, 2022 shall not be recorded for the Meeting.

Makati City, 11 July 2022.


ETHELWOLDO E. FERNANDEZ
Corporate Secretary

ANNEX “A”

EXPLANATION OF AGENDA ITEMS

1. **Call to Order** – The Chairman of the Board and CEO, Mr. Felipe U. Yap, will call the meeting to order.
2. **Proof of due notice of the meeting and determination of quorum** – The Corporate Secretary, Atty. Ethelwoldo E. Fernandez, will certify that (a) in accordance with SEC Notice dated April 20, 2020, notice of the meeting was duly published in two newspapers of general circulation for two consecutive days at least 21 days before the meeting date; and that (b) a quorum exists for the transaction of business.

The said published notice of the meeting advised stockholders that: (a) those who intend to participate in the meeting via remote communication should send by email on or before August 8, 2022 to the Asst. Corporate Secretary at oaj@lepantomining.com a scanned copy of a valid government-issued identification card (ID) for registration and verification purposes. An Indirect shareholder should include in the email a scanned copy of his/her broker's certification of shareholding. (b) Stockholders may also be represented and vote at the meeting by submitting a Proxy (form attached) via email to oaj@lepantomining.com together with a scanned copy of a valid government-issued ID. Hardcopies of proxies may also be submitted to the Company's principal office at the 21st Fl., Lepanto Building, 8747 Paseo de Roxas, Makati City.

Stockholders who have successfully registered will receive an email with (a) instructions on how to access the Ballot through a secure online portal which will allow them to vote at the meeting. The Ballot gives the stockholder the option not to vote directly, but to allow the Chairman to vote all items (except the election of directors) as his/her Proxy; and (b) the ZOOM meeting link. A stockholder who participates and votes *in absentia* or by remote communication shall be deemed present for purposes of quorum.

3. **Approval of the Minutes of:**
 - a) **Annual Stockholders' Meeting held on September 20, 2021**
 - b) **Special Stockholders' Meeting on March 21, 2022**

The minutes of the previous stockholders' meetings may be accessed through the Corporation's website www.lepantomining.com. A resolution on this item requires the approval of a majority of the votes of stockholders present and eligible to vote.

4. **Approval of the Annual Report** – The Chairman will deliver a report to the stockholders on the Company's performance in 2021. The President, Mr. Bryan U. Yap, will report on the Outlook for 2022. The Chairman will then address the questions sent by the stockholders via email or through the chat facility of zoom. Then, the audited financial statements for the year ended 31 December 2021 (attached to the Information Statement and accessible through the company's website) will be presented for the approval by the stockholders. A resolution on this agenda item requires the approval of a majority of the votes of stockholders present and eligible to vote.

5. **Election of Directors** – The Nomination Committee received nominations for the Board of Directors within the prescribed period and found such nominees to have all the qualifications and none of the disqualifications to serve as directors. The names of the nominees and their respective personal profiles, including directorships in listed companies, are duly indicated in the Information Statement. Election of directors will be done by plurality of votes.

Each shareholder is entitled to one (1) vote per share multiplied by the number of board seats to be filled, i.e. nine (9), and may cumulate his/her votes by giving as many votes as he/she wants to any candidate provided that the total votes cast shall not exceed the total votes to which he/she is entitled.

In the event that only nine (9) are nominated to fill the nine seats in the Board, the Chairman, unless otherwise instructed by a stockholder, may direct the Corporate Secretary to cast all votes in favor of those nominated.

6. **Appointment of External Auditor** – The Corporation’s Audit Committee has recommended the re-appointment of SyCip Gorres Velayo & Co. as external auditors for the current year. A resolution on this agenda item requires the approval of a majority of the votes of stockholders present and eligible to vote.
7. **Transaction of such other and further business as may properly come before the Meeting** - Stockholders may propose to discuss other issues and matters.
8. **Adjournment** – After all matters in the agenda have been taken up, the Chairman will entertain a motion to adjourn the meeting.

PROXY

This undersigned stockholder of **LEPANTO CONSOLIDATED MINING COMPANY** (the "Company") hereby appoints Felipe U. Yap or Bryan U. Yap, as attorney-in-fact and proxy, to represent and vote all shares registered in his/her/its name at the Annual Meeting of Stockholders to be held on **15 August 2022 (Monday) at 04:00 p.m.** by remote communication and at any adjournments thereof for the purpose of acting on the following matters:

Unless I have indicated my preference or my votes on the issues in the form as provided below, my shares shall be voted in accordance with the recommendation of the Board of Directors or, if there is none, at the discretion of the Proxy, except in the election of directors, on which the Proxy shall vote only the number of shares I have indicated for the candidate I have chosen.

Hereunder are the matters to be taken up during the meeting. Please indicate your vote by firmly placing an "X" in the appropriate box.

1. Approval of the Minutes of:
- a. Annual Stockholders' Meeting held on September 20, 2021 Yes No Abstain
- b. Special Stockholders' Meeting held on March 21, 2022 Yes No Abstain
2. Approval of the Annual Report Yes No Abstain

3. Election of Directors

Vote for nominees listed below:

| | No. of Votes |
|--|--------------|
| <input type="checkbox"/> Felipe U. Yap | _____ |
| <input type="checkbox"/> Bryan U. Yap | _____ |
| <input type="checkbox"/> Marilyn V. Aquino | _____ |
| <input type="checkbox"/> Ethelwoldo E. Fernandez | _____ |
| <input type="checkbox"/> Douglas John Kirwin | _____ |
| <input type="checkbox"/> Regis V. Puno | _____ |
| <input type="checkbox"/> Cresencio C. Yap | _____ |

Independent Directors

| | |
|--|-------|
| <input type="checkbox"/> Ray C. Espinosa | _____ |
| <input type="checkbox"/> Val Antonio B. Suarez | _____ |

4. Approval of the Annual Report Yes No Abstain
5. Transaction of such other and further business as may properly come before the meeting. Yes No Abstain

IF THE STOCKHOLDER IS A CORPORATION, A SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION AUTHORIZING THE CORPORATE OFFICER WHO SIGNED THIS PROXY MUST BE SUBMITTED TO THE CORPORATE SECRETARY AT oaj@lepantominig.com.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS CONSIDERED REVOKED IF THE STOCKHOLDER REGISTERS ON THE VOTING IN ABSENTIA & SHAREHOLDER (VISH) SYSTEM AND/OR NOTIFIES THE COMPANY BY EMAIL BY 08 AUGUST 2022 OF HIS INTENTION TO PARTICIPATE IN THE MEETING BY REMOTE COMMUNICATION.

STOCKHOLDERS PARTICIPATING BY REMOTE COMMUNICATION WILL NOT BE ABLE TO VOTE UNLESS THEY REGISTER IN THE VISH SYSTEM OR AUTHORIZE THE CHAIRMAN TO VOTE AS PROXY, ON OR BEFORE 08 AUGUST 2022.

A SCANNED COPY OF THIS PROXY SHOULD BE SENT TO THE CORPORATE SECRETARY AT oaj@lepantominig.com ON OR BEFORE 08 AUGUST 2022 WHICH IS THE DEADLINE FOR SUBMISSION OF PROXIES.

(Stockholder)

By: _____
Signature over printed name

ONLINE BALLOT

Email Address: _____

1. Approval of the Minutes of:
- a. Annual Stockholders' Meeting held on September 20, 2021 Yes No Abstain
 - b. Special Stockholders' Meeting on March 21, 2022 Yes No Abstain

2. Approval of the Annual Report Yes No Abstain

3. Election of Directors

Vote for nominees listed below:

| | No. of Votes |
|--|--------------|
| <input type="checkbox"/> Felipe U. Yap | _____ |
| <input type="checkbox"/> Bryan U. Yap | _____ |
| <input type="checkbox"/> Marilyn V. Aquino | _____ |
| <input type="checkbox"/> Ethelwoldo E. Fernandez | _____ |
| <input type="checkbox"/> Douglas John Kirwin | _____ |
| <input type="checkbox"/> Regis V. Puno | _____ |
| <input type="checkbox"/> Cresencio C. Yap | _____ |
| <i>Independent Directors</i> | |
| <input type="checkbox"/> Ray C. Espinosa | _____ |
| <input type="checkbox"/> Val Antonio B. Suarez | _____ |

4. Appointment of SGV as External Auditor Yes No Abstain

5. Transaction of such other and further business as may properly come before the meeting. Yes No Abstain

I OPT NOT TO VOTE DIRECTLY AND INSTEAD APPOINT THE CHAIRMAN AS MY PROXY TO VOTE ON ALL MATTERS EXCEPT IN RESPECT OF THE ELECTION OF THE DIRECTORS.

ANNEX "B"

REQUIREMENTS AND PROCEDURE FOR VOTING AND PARTICIPATING IN THE 2022 ANNUAL STOCKHOLDERS' MEETING

- A. CONDUCT OF THE MEETING** - The 2022 Annual Stockholders' Meeting of Lepanto Consolidated Mining Company will be conducted virtually on Monday, August 15, 2022, via ZOOM. Due to the Covid-19 crisis, there will be no physical venue for the meeting. Stockholders who participate in the meeting by remote communication shall be deemed present for purposes of quorum.
- B. PRE-REGISTRATION** - Stockholders intending to participate **by remote communication or by Proxy** (Annex "A-1") are required to pre-register by emailing the Asst. Corporate Secretary at oaj@lepantomining.com **not later than August 8, 2022**. Following are the requirements for pre-registration:
1. Name of the stockholder
 2. Mailing Address
 3. Contact number (landline or mobile)
 4. email address through which the stockholder will send and receive communication from the Company
 5. Scanned copy of any valid government-issued ID with photo and signature of the stockholder
 6. If attending through a duly-appointed Proxy, the name of the Proxy, together with a scanned copy of the Proxy's valid government-issued ID with photo and signature (except if the designated Proxy is the Chairman of the meeting)
 7. If the stockholder is a corporation, a scanned copy of the Corporate Secretary's certification stating the representative's authority to represent the corporation, and a scanned copy of the government-issued ID with photo and signature of the Company representative and email address of the representative.

THE SUBMISSION OF INCOMPLETE OR INCONSISTENT INFORMATION MAY RESULT IN UNSUCCESSFUL REGISTRATION AND WILL RENDER THE STOCKHOLDER INELIGIBLE TO PARTICIPATE IN THE MEETING.

- C. REGISTRATION PROPER**- Successful registrants will receive a notice by email:

1. confirming their registration status and providing:
 - a. link to the online secure portal where they can vote/accomplish the Ballot (Annex "A-2"), which should be accomplished not later than August 15, 2022;
 - b. ZOOM meeting link to enable them to participate at the meeting.
2. for those who submitted a PROXY, a confirmation of the validity of the PROXY.

D. VOTING

1. A stockholder who chooses to vote electronically should vote on the agenda items by accessing the Ballot through the secure online portal.
2. A stockholder who does not wish to vote electronically can only appoint the Chairman of the meeting as Proxy.
3. The Office of the Corporate Secretary will tabulate all votes received and an independent third party will validate the results.
4. The Corporate Secretary will report the results of the voting during the meeting.

E. MEETING PROPER

1. During the meeting, each proposed resolution will be shown on the screen as the relevant agenda item is taken up.
2. Participating stockholders can send questions or comments on any item on the agenda through the chat facility of ZOOM.
3. The meeting proceedings will be recorded in audio and video format. A copy of the recorded proceedings will be made available to a stockholder upon request.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter: **LEPANTO CONSOLIDATED MINING COMPANY**

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

4. SEC Identification Number: 101

5. BIR Tax Identification Code: 320-000-160-247

6. Address of principal office: 21st Floor, Lepanto Building
8747 Paseo de Roxas
1229 Makati City, Philippines

7. Registrant's telephone number, including area code : (632) 815-9447

8. Date, time and place of the meeting of security holders :

Monday, August 15, 2022 at 4:00 o'clock p.m. The meeting will be conducted virtually via remote access communications and the access link will be provided in the Company's website at www.lepantomining.com

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
July 25, 2022

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 |

The Company has no Preferred Stock.

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein.

Philippine Stock Exchange

Classes "A" & "B"

GENERAL INFORMATION

WE ARE NOT REQUESTING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Date, time and place of meeting of security holders

The Annual Meeting of Stockholders of Lepanto Consolidated Mining Company will be conducted virtually via remote access communications and the access link will be provided in the Company's website at www.lepantomining.com on **Monday, August 15, 2022 at 4:00 o'clock p.m.** The complete mailing address of the offices of the Company is 21st Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City, Philippines. This Information Statement will be posted on the Company's website on or before July 25, 2022.

Dissenters' Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair value of his share: (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or of authorizing preference over the outstanding shares or of extending or shortening the term of corporate existence; (2) in case of any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; and (3) in case of any merger or consolidation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand on the corporation for the payment of the fair market value of his shares within thirty (30) days after the date on which the vote was taken.

There is no matter in the Agenda that may trigger the exercise of shareholders of the right of appraisal.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the directors, officers, nominees for director, or any of the associates of the foregoing persons have any substantial interest in the Matters to be Acted Upon in the Annual Meeting nor has any of them informed the Company in writing of any opposition to the matters to be acted upon.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

Of the 66,375,758,097 outstanding shares of the Company, 66,355,164,424 shares as of July 5, 2022 are entitled to one (1) vote each. Said outstanding shares, all of which are common shares, are broken down as follows:

| | | |
|-----------|---|----------------|
| Class "A" | - | 39,817,947,179 |
| Class "B" | - | 26,537,217,245 |

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy (which need not be notarized) the number of shares of stock held in his name on the stock books of the Company as of July 5, 2022.

Article VII of the Corporation's Articles of Incorporation states: "No stockholder of this corporation shall have any pre-emptive or preferential right to subscribe to any increase thereof that may be lawfully authorized, in proportion to his respective holding at the time such increase is so authorized."

Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities, as of June 30, 2022, were as follows:

| Title of Class | Name/Address of Record Owner | Name of Beneficial Owner/ Relationship to Issuer | Citizenship | A / B Shareholdings | % | Total Shareholdings | % |
|----------------|---|---|-------------|----------------------------------|----------------|---------------------|-------|
| A & B | *F. Yap Securities, Inc. U-2301 & 2302, 23/F, PSE Centre, Exchange Rd., Ortigas Center, Pasig City | F. Yap Securities, Inc./ Principal Stockholder | Filipino | 13,592,362,044 12,088,069,379 | 34.14 45.52 | 25,680,431,457 | 38.69 |
| A & B | ** First Metro Investment Corp. Makati City | First Metro Investment Corp./ Principal Stockholder | Filipino | 2,720,445,426 799,642,268 | 6.83 3.01 | 3,520,087,701 | 5.30 |
| A | ***Philex Mining Corporation, Brixton St., Pasig City | Philex Mining Corporation/ shareholder | Filipino | 2,164,240,810 3,494,999 | 5.43 0.01 | 2,167,735,824 | 3.27 |

Equity Ownership of Foreigners

As of July 5, 2022, the record date, none of the "A" shares and 13.74% of the "B" shares were held by foreigners.

Voting Trusts and Change in Control

The Company is not aware of any voting trusts involving the Company's shares nor has there been any change in the control of the Company in the last five (5) years.

Security Ownership of Management (as of June 30, 2022)

| Title of Class | Beneficial Owner (Directly Owned) | Position | Amount and Nature of Beneficial Ownership (A / B) | | Citizenship | Percent of Classes (A / B) |
|----------------|-----------------------------------|--------------------------|---|----------|-------------|----------------------------|
| A & B | Felipe U. Yap | Chairman of the Board | 254,161,744 / 134,355,552 | Direct | Filipino | 0.64 / 0.51 |
| A & B | Bryan U. Yap | Director / President | 970,846,692 / 50,107,284 | Direct | -do- | 2.44 / 0.19 |
| B | Marilyn V. Aquino | Director | 23,440,591 / 13,515,060 | Indirect | -do- | 0.06 / 0.05 |
| A & B | Douglas John Kirwin | Director | 1 | Direct | Australian | nil |
| A & B | ***Ray C. Espinosa | Director | 1,213,447 / 500,000 | Indirect | Filipino | nil |
| A & B | Ethelwoldo E. Fernandez | Director/Corp. Sec. | 1,697,900 / 983,659 | Indirect | -do- | 0.01/nil |
| A & B | Regis V. Puno | Director | 10,000 - | Indirect | -do- | nil |
| A & B | ***Val Antonio B. Suarez | Director | 1 | Direct | -do- | nil |
| A & B | Cresencio C. Yap | Director | 12,813,538 / 22,332,961 | Direct | -do- | 0.03 / 0.11 |
| A | Ramon T. Diokno | Chief Finance Officer | 953,183 / 333,066 | Indirect | -do- | Nil |
| A & B | Ma. Lourdes B. Tuason | Vice Pres./Treasurer | 23,991,732 / 16,328,419 | Indirect | -do- | 0.06 / 0.06 |
| A & B | Odette A. Javier | Vice Pres./Asst Corp Sec | 11,965,525 / 5,688,130 | Indirect | -do- | 0.03 / 0.02 |
| A & B | Rene F. Chanyungco | Vice President | 3,882,141 / 4,568,095 | Indirect | -do- | 0.01 / 0.02 |
| A & B | Abigail Y. Ang | Vice President | 6,913,351 / 8,542,361 | Indirect | -do- | 0.02 / 0.03 |
| A & B | Pablo T. Ayson, Jr. | Vice President | 866,516 / 2,720,074 | Indirect | -do- | 0.00 / 0.01 |
| A & B | Cherry H. Tan | Asst. Vice President | 4,662,880 / 3,130,959 | Indirect | -do- | 0.012 / 0.012 |
| A & B | Knestor Jose Y. Godino | Vice Pres./HR | 989,090 / 659,693 | Indirect | -do- | nil |
| A & B | Aggregate as a group | | 1,318,408,331 / 263,765,314 | | | 3.31 / 1.00 |

- * - Power to dispose of shares is vested in: F. Yap Securities - Pacita K. Yap; Voting rights/proxies for F. Yap Securities have been granted to Mr. Felipe U. Yap.
- ** - Power to dispose of shares is vested in their respective Board of Directors; Voting rights/proxies have been granted to: Atty. Regis V. Puno.
- *** - Power to dispose of shares vested in the Board of Directors of Philex Mining Corporation; Voting rights/ proxies have been granted to Marilyn V. Aquino.
- **** - Independent Directors

There is no arrangement which may result in a change in the control of the Company and there have been no such changes since January 2022.

Involvement of the Company or its Directors and Officers in Certain Legal Proceedings

None of the directors and officers were involved during the past five (5) years in any bankruptcy petition. Neither has any director or officer been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a Securities or Commodities law.

There are pending material legal proceedings involving the Company, to wit:

Lepanto vs. NM Rothschild & Sons (Australia) Ltd. (Civil Case No. 05-782)

The Company initiated in 2005 a case for the declaration of nullity of forward gold contracts with Rothschild to sell 97,476 ounces of gold on the ground that they are considered as wagering transactions under Philippine law. In a decision dated February 5, 2018, the Regional Trial Court (“RTC”) of Makati City ruled in favor of Lepanto, declaring the subject contracts null and void. Defendant Rothschild elevated the matter to the Court of Appeals which, in a Decision dated May 26, 2022, affirmed *in toto* the RTC-Makati’s decision in favor of Lepanto.

In re an Arbitration between Lepanto Consolidated Mining Company (LCMC) and Far Southeast Gold Resources, Inc. (FSGRI) and the Republic of the Philippines, represented by the Department of Environment and Natural Resources (DENR)

LCMC and FSGRI applied in June 2014 for the renewal of MPSA No. 001-90-CAR. An issue arose as to the applicability of certain provisions of the Indigenous Peoples’ Rights Act to such renewal, which issue has been submitted to arbitration. Pending and in connection with the arbitration proceedings, LCMC and FSGRI (Petitioners) filed a petition for interim reliefs with the Regional Trial Court. On 18 March 2015, the court issued a writ of preliminary injunction, enjoining the respondents DENR, MGB, NCIP and the NCIP Regional Hearing Office- CAR from performing any acts that would (a) disrupt, disturb or impede the operations of Petitioners in the area covered by the MPSA; and acts that would (b) hinder, prevent or delay the Petitioners from exercising their rights and/or from discharging their obligations under the MPSA in any manner whatsoever, until such time that a final and executory award is issued with respect to the arbitration proceedings commenced by the Petitioners; and directing the respondents to perform all acts necessary and proper to maintain and protect the validity and/or enforceability of the Petitioners’ vested rights under the MPSA during the pendency of the arbitration proceedings. In a final award dated November 27, 2015, the Arbitral Tribunal ruled that the Free and Prior Informed Consent (FPIC) and Certification Precondition may not be validly imposed as requirements for the renewal of MPSA 001-90, and the latter should be renewed under the same terms and conditions, without prejudice to changes mutually agreed upon by the parties. In a Decision dated April 30, 2018, the Court of Appeals affirmed the final award of the Arbitral Tribunal. Following the Court of Appeals’ denial of the Republic’s Motion for Reconsideration, the Republic filed a Petition for Review with the Supreme Court which remains pending.

Should the case be finally resolved in favor of LCMC and FSGRI, then the renewed MPSA shall be issued by the DENR. Otherwise, LCMC and FSGRI will have to seek the FPIC and Certification Precondition from the IPs/National Commission on Indigenous Peoples.

Directors and Executive Officers

The Directors of the Company are elected at the Regular Annual Meeting of Stockholders to hold office until the next succeeding annual meeting or until their respective successors have been elected and qualified. The incumbent Directors are:

| <u>Directors</u> | <u>Age</u> | <u>Citizenship</u> | <u>Period Served</u> |
|-------------------------------------|------------|--------------------|-------------------------------|
| FELIPE U. YAP | 85 | Filipino | Since 1975 |
| BRYAN U. YAP | 49 | -do- | Since 1997 |
| DOUGLAS J. KIRWIN | 71 | Australian | Since 2017 |
| RAY C. ESPINOSA (Independent) | 65 | Filipino | Since 2005 |
| MARILYN V. AQUINO | 66 | -do- | Since 2012 |
| ETHELWOLDO E. FERNANDEZ | 94 | -do- | Since 2007 |
| REGIS V. PUNO | 64 | -do- | Since 2016 |
| VAL ANTONIO B. SUAREZ (Independent) | 63 | -do- | Since 2011 |
| CRESENCIO C. YAP | 76 | -do- | 2000-2004; 2006 to present |

Following are the names of the Candidates for election to the Board of Directors with the names of the shareholders who nominated them, in the case of the candidates for independent directors:

| | <u>Age</u> | <u>Citizenship</u> |
|----------------------------|------------|--|
| FELIPE U. YAP | 85 | Filipino |
| BRYAN U. YAP | 49 | -do- |
| CRESENCIO C. YAP | 76 | -do- |
| REGIS V. PUNO | 64 | -do- |
| MARILYN V. AQUINO | 66 | -do- |
| DOUGLAS J. KIRWIN | 71 | Australian |
| ETHELWOLDO E. FERNANDEZ | 94 | Filipino |
| For Independent Directors: | | |
| RAY C. ESPINOSA | 65 | Filipino - nominated by Mr. Antonio Cielo with whom he has no relations |
| VAL ANTONIO B. SUAREZ | 63 | Filipino - nominated by Ms. Ma. Theresa B. Tuason with whom he has no relations |

Business Experience in the Last Five (5) Years

Mr. Felipe U. Yap became the Chairman of the Company in 1988. He is likewise the Chairman and Chief Executive Officer of Manila Mining Corporation and of Far Southeast Gold Resources, Inc. He is the Chairman of the Board of Kalayaan Copper-Gold Resources, Inc. and Zeus Holdings, Inc. and Vice Chairman of Ayala Land Logistics Holdings Corporation. Mr. Yap is a director of, among others, Manila Peninsula Hotel, Inc. and Philippine Associated Smelting and Refining Corp. (PASAR). Mr. Yap was the Chairman of the Board of the Philippine Stock Exchange from March 2000 to March 2002.

Mr. Bryan U. Yap has been the President and COO of the Company since 2003 and of Manila Mining Corporation since 2011. He is also the President of Kalayaan Copper-Gold Resources, Inc.; Lepanto Investment and Development Corporation (LIDC); Shipperside, Inc.; and Diamond Drilling Corporation of the Philippines. He is also a director and Vice Chairman of Far Southeast Gold Resources, Inc.

Atty. Marilyn V. Aquino has been a member of the board of Philex Mining Corporation since December 2009 and of PXP Energy Corporation since 2013. She was a partner of the law firm Sycip Salazar Hernandez &

Gatmaitan until June 2012 when she joined First Pacific Company Limited as Assistant Director. She is now the Chief Legal Counsel of PLDT.

Atty. Ray C. Espinosa is the president of the Manila Electric Company (MERALCO) and a Director of Philippine Long Distance Telephone Company (“PLDT”), Meralco PowerGen Corporation, Metro Pacific Investment Corporation and Roxas Holdings, Inc., among many others. He is also the President of Mediaquest Holdings, Inc. He is the vice chairman and a trustee of the Beneficial Trust Fund of PLDT.

Atty. Ethelwoldo E. Fernandez rejoined the Company as Corporate Secretary in 2001, the same year he was reappointed Corporate Secretary and elected director of Manila Mining Corporation. He is also a director of Far Southeast Gold Resources, Inc.

Mr. Douglas John Kirwin was the Exploration Manager of Ivanhoe Mines from 1995 (when it was known as Indochina Goldfields Ltd) until 2012. He was the Vice President of the Society of Economic Geology from 2009 to 2011, where he continues to serve as an honorary lecturer. He is now semi-retired with a part time consulting business. He has been a Director of Manila Mining Corporation since 2014 and an independent director of Zeus Holdings, Inc. since 2017.

Atty. Regis V. Puno is currently the Vice Chairman of Metrobank Card Corporation and Special Legal Counsel to the Metrobank Group. He was a Senior Partner at Puno & Puno Law Offices until his retirement in 2018. He was formerly an Undersecretary of the Department of Justice.

Atty. Val Antonio B. Suarez is the Managing Partner of Suarez and Reyes Law Offices. He also serves as independent director of Filinvest Development Corporation and Filinvest Land, Inc. Atty. Suarez was the President and Chief Executive Officer of the Philippine Stock Exchange (PSE) and the Securities Clearing Corporation of the Philippines in 2010.

Mr. Cresencio C. Yap is the Chairman of the Rural Bank of Tagum (Davao del Norte) and General Manager of the Felcris Supermarket and Central Warehouse Club in Davao City.

There is no director who has resigned or declined to stand for re-election since the last annual meeting because of a disagreement with the Company.

Executive Officers

| | | |
|-------------------------|---|--|
| FELIPE U. YAP | - | Chairman of the Board and CEO |
| BRYAN U. YAP | - | President and COO |
| RAMON T. DIOKNO | - | Chief Finance Officer |
| ETHELWOLDO E. FERNANDEZ | - | Corporate Secretary |
| MA. LOURDES B. TUASON | - | Vice President/Treasurer |
| RENE F. CHANYUNGCO | - | Vice President-Logistics & Marketing |
| ABIGAIL K. YAP | - | Vice President for Technology & Planning |
| ODETTE A. JAVIER | - | Vice President/Asst. Corporate Secretary |
| PABLO T. AYSON, JR. | - | Vice President-Mining Claims |
| KNESTOR JOSE Y. GODINO | - | Vice President- Human Resource & Admin. |
| CHERRY H. TAN | - | Asst. Vice President- Purchasing |

Business Experience of Executive Officers

Mr. Ramon T. Diokno rejoined the Company as CFO effective April 1, 2008. He held that same position from 1985 to 1996. Mr. Diokno is a member of the Board of Directors of Alcantara Consolidated Resources, Inc. and Zeus Holdings, Inc. He is also a director and the CFO of the Diamond Drilling Corporation of the Philippines (DDCP) and LIDC, and a director and Vice President of Far Southeast Gold Resources, Inc.

Ms. Ma. Lourdes B. Tuason is also the Assistant Treasurer of Manila Mining Corporation and of Far Southeast Gold Resources, Inc. and Treasurer of Shipside, Inc., DDCP and LIDC. She is a director also of LIDC and Shipside, Inc.

Mr. Rene F. Chanyungco is also a director and Senior Vice President-Treasurer of Manila Mining Corporation. He is the Vice President-Treasurer of Kalayaan Copper Gold Resources, Inc. and Vice President of LIDC.

Ms. Abigail Y. Ang, Vice President for Technology and Planning, is also the Chief Executive Officer of Yapster e-Conglomerate, Inc.

Atty. Odette A. Javier has been the Company's Assistant Corporate Secretary since 1993. She was promoted to Vice President-Assistant Corporate Secretary on February 20, 2006. She is also the Assistant Corporate Secretary of Manila Mining Corporation and Far Southeast Gold Resources, Inc. and is a Director and Corporate Secretary of Zeus Holdings, Inc. and LIDC. She is also Lepanto's Chief Information Officer.

Atty. Pablo T. Ayson, Jr. was appointed Vice President in December 2006. He is also a vice president of Manila Mining Corporation and Far Southeast Gold Resources, Inc. and a director of Zeus Holdings, Inc. and Kalayaan Copper-Gold Resources, Inc.

Mr. Knestor Jose Y. Godino joined the company as Group Manager for Administrative Services of the Lepanto Mine Division in 2006. He was promoted to Asst. Vice President for Human Resource and Administration in 2011, and to Vice President in 2015. He is also the Asst. Vice President for Human Resource of Manila Mining Corporation.

Ms. Cherry H. Tan joined the Company as Purchasing Manager in 1998. She was promoted to Assistant Vice President in 2004.

Attendance of Directors for the year 2021 Meetings:

| Board | Name | No. of Board Meetings Held during the year | No. of Meetings Attended | % |
|-------------|-------------------------|--|--------------------------|------|
| Chairman | Felipe U. Yap | 15 | 15 | 100% |
| Member | Bryan U. Yap | 15 | 15 | 100% |
| Member | Marilyn V. Aquino | 15 | 11 | 73% |
| Independent | Ray C. Espinosa | 15 | 12 | 80% |
| Member | Ethelwoldo E. Fernandez | 15 | 15 | 100% |
| Member | Douglas John Kirwin | 15 | 13 | 87% |
| Member | Regis V. Puno | 15 | 15 | 100% |
| Independent | Val Antonio B. Suarez | 15 | 15 | 100% |
| Member | Cresencio C. Yap | 15 | 10 | 67% |

Continuing Education Attended:

| Name of Director/Officer | Date of Training | Program | Name of Training Institution |
|---------------------------------|-------------------------|--|---|
| Felipe U. Yap | November 16, 2021 | Best Practices in Sustainability Reporting for Publicly-Listed Companies | Center for Global Best Practices |
| Bryan U. Yap | November 16, 2021 | Best Practices in Sustainability Reporting for Publicly-Listed Companies | Center for Global Best Practices |
| Marilyn V. Aquino | November 16, 2021 | Best Practices in Sustainability Reporting for Publicly-Listed Companies | Center for Global Best Practices |
| Ray C. Espinosa | November 12, 2021 | Agile Leadership: A conversation with Ms. Anna Wintour | Annual Corporate Governance Enhancement Session |
| Ethelwoldo E. Fernandez | November 16, 2021 | Best Practices in Sustainability Reporting for Publicly-Listed Companies | Center for Global Best Practices |
| Douglas John Kirwin | November 16, 2021 | Best Practices in Sustainability Reporting for Publicly-Listed Companies | Center for Global Best Practices |
| Regis V. Puno | March 12, 2021 | Annual Corporate Governance Training | Institute of Corporate Directors |
| Val Antonio B. Suarez | November 16, 2021 | Best Practices in Sustainability Reporting for Publicly-Listed Companies | Center for Global Best Practices |
| Cresencio C. Yap | November 16, 2021 | Best Practices in Sustainability Reporting for Publicly-Listed Companies | Center for Global Best Practices |

Significant Employees

There are no significant employees expected to contribute significantly to the business other than the executive officers.

Family Relationships

Mr. Bryan U. Yap, Director and President, is the son of the Chairman and Chief Executive Officer, Mr. Felipe U. Yap. Mr. Cresencio C. Yap is a brother of the Chairman while Ms. Abigail Y. Ang is his niece.

Related Party Transactions (From Note 15 of the 2021 Audited Financial Statements)

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

The Parent Company has a Board-approved Material Related Party Transactions (Material RPTs) Policy defining Material RPTs and setting forth the approval procedure for the same in compliance with the requirements of Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

Under the said policy, Material RPTs, that is, transactions which, either individually, or in aggregate over a twelve (12)-month period with the same related party, amount to at least ten percent (10%) of the Company's consolidated total assets based on its latest audited financial statements, need to be approved by at least a two-thirds (2/3) vote of the board of directors prior to execution.

Intercompany transactions are eliminated in the consolidated financial statements. The Group's related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

| 2021 | | | | |
|---------------------|-------------------|------------------------|---|--|
| | Amount/ Volume | Outstanding Balance | Terms | Conditions |
| <i>Subsidiaries</i> | | | | |
| <i>Receivables</i> | | | | |
| DDCP | P49,588 | P135,953 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| LIDC | – | 90,013 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| FSGRI | 2,244 | 1,374 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| <i>Advances</i> | | | | |
| FSGRI | – | 94,140 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| <i>Payables</i> | | | | |
| SI | 12,971 | (171,794) | On demand; noninterest-bearing and collectible in cash | Unsecured, not guaranteed |
| <i>Rental</i> | | | | |
| FSGRI | 2,244 | – | Noninterest-bearing and normally settled on 30-day term | Unsecured, not guaranteed |
| <i>Services</i> | | | | |
| DDCP | 49,588 | – | Noninterest-bearing and normally settled on 30-day term | Unsecured, not guaranteed |
| SI | 12,971 | – | Noninterest-bearing and normally settled on 30-day term | Unsecured, not guaranteed |
| 2020 | | | | |
| | Amount/ Volume | Outstanding Balance | Terms | Conditions |
| <i>Subsidiaries</i> | | | | |
| <i>Receivables</i> | | | | |
| DDCP | P42,435 | P137,626 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| LIDC | – | 89,867 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| FSGRI | 2,274 | 685 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| <i>Advances</i> | | | | |
| FSGRI | – | 94,140 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| <i>Payables</i> | | | | |
| SI | 16,380 | (163,768) | On demand; noninterest-bearing and collectible in cash | Unsecured, not guaranteed |
| <i>Rental</i> | | | | |
| FSGRI | 2,274 | – | Noninterest-bearing and normally settled on 30-day term | Unsecured, not guaranteed |
| <i>Services</i> | | | | |
| DDCP | 42,435 | – | Noninterest-bearing and normally settled on 30-day term | Unsecured, not guaranteed |
| SI | 16,380 | – | Noninterest-bearing and normally settled on 30-day term | Unsecured, not guaranteed |

- a. In the normal course of business, the Group grants and receives advances to and from its associates and stockholders, which are considered related parties.

The corresponding receivables and payables arising from the said transactions, including operational support as at December 31, 2021 and 2020 are as follows:

| 2021 | | | | |
|---------------------|-------------------|------------------------|---|--|
| | Amount/ Volume | Outstanding Balance | Terms | Conditions |
| Associates | | | | |
| <i>Receivable:</i> | | | | |
| DMTC | ₱50 | ₱1,920 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| <i>Payables:</i> | | | | |
| DMTC (Note 13) | 62 | (1,532) | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| MMC (Note 13) | – | (32,628) | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| <i>Advances:</i> | | | | |
| MMC (Note 11) | 2,830 | 10,992 | Noninterest-bearing and normally settled on 30-day term | Unsecured, no impairment, not guaranteed |
| Stockholders | | | | |
| <i>Payables:</i> | | | | |
| Various (Note 13) | – | (56,084) | Noninterest-bearing and are normally settled in cash on 30-day term | Unsecured, no guarantee |
| 2020 | | | | |
| | Amount/ Volume | Outstanding Balance | Terms | Conditions |
| Associates | | | | |
| <i>Receivable:</i> | | | | |
| DMTC | ₱139 | ₱1,861 | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| <i>Payables:</i> | | | | |
| DMTC (Note 13) | 62 | (15,132) | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| MMC (Note 13) | – | (12,650) | On demand; noninterest-bearing and collectible in cash | Unsecured, no impairment, not guaranteed |
| <i>Advances:</i> | | | | |
| MMC (Note 11) | 2,672 | 7,694 | Noninterest-bearing and normally settled on 30-day term | Unsecured, no impairment, not guaranteed |
| Stockholders | | | | |
| <i>Payables:</i> | | | | |
| Various (Note 13) | – | (56,084) | Noninterest-bearing and are normally settled in cash on 30-day term | Unsecured, no guarantee |

- b. On April 17, 2000, the Parent Company entered into a Trust Agreement with LIDC for the latter to serve as a second trustee for the Parent Company's retirement fund.

On March 31, 2003, the Parent Company entered into a separate Trust Agreement with LIDC whereby the latter ceased to be the second trustee of the Plans and instead to become the principal trustee. Prior to the Trust Agreement, the actual disbursements of the fund for the Plans, or payments to the retiree or

beneficiaries, had been the responsibility of a local bank as the principal trustee. The Parent Company has decided to terminate the services of the local bank and consolidated to LIDC the administration of the Plans.

The carrying amount and fair value of the retirement fund amounted to ₱493,334 and ₱550,755 as at December 31, 2021 and 2020, respectively (see Note 17).

The retirement fund consists of cash in banks, short-term investments, investments in quoted and unquoted equity securities which accounts for 0.33% and 96.19% and 3.47% and nil of the trust fund, respectively, as at December 31, 2021 (see Note 17).

The voting rights on the shares of stock rest on the trustees of the retirement fund, who are also the key management personnel of the Parent Company.

The Group made contributions to the trust fund amounting to ₱117,372 and ₱49,720 in 2021 and 2020, respectively (see Note 17).

c. Compensation of key management personnel are as follows:

| | 2021 | 2020 | 2019 |
|--------------------------|----------------|---------|---------|
| Short-term benefits | ₱51,100 | ₱51,100 | ₱51,100 |
| Post-employment benefits | 13,200 | 13,200 | 13,200 |
| | ₱64,300 | ₱64,300 | ₱64,300 |

Summary Compensation Table

| Board of Directors per diem: | Year 2022 | Year 2021 | Year 2020 |
|--|----------------------------------|----------------------|--|
| Felipe U. Yap | none | none | 40,000 |
| Bryan U. Yap | none | none | 40,000 |
| Marilyn V. Aquino | none | 110,000 | 30,000 |
| Ray C. Espinosa | none | 120,000 | 10,000 |
| Ethelwoldo E. Fernandez | none | 150,000 | 30,000 |
| Douglas John Kirwin | none | 130,000 | 20,000 |
| Regis V. Puno | none | 150,000 | 20,000 |
| Val Antonio B. Suarez | none | 150,000 | 20,000 |
| Cresencio C. Yap | none | 100,000 | 20,000 |
| | 2020 Total (All Cash) | Basic Salary | Bonus (13th month) |
| Felipe U. Yap, Chairman Bryan U. Yap, President Ramon T. Diokno, CFO Ma. Lourdes B. Tuason, Vice Pres./Treasurer Rene F. Chanyungco, Vice President | P34.6 million | P31.9 million | P2.7 million |
| All officers and directors | P51.2 million | P45.3 million | P5.9 million |
| | 2021 (Total) | | |
| Felipe U. Yap, Chairman Bryan U. Yap, President Ramon T. Diokno, CFO Ma. Lourdes B. Tuason, Vice Pres./Treasurer Rene F. Chanyungco, Vice President | P34.6 million | P31.9 million | P2.7 million |
| All officers and directors | P51.2 million | P45.3 million | P5.9 million |

| | 2022 (Estimate) | | |
|--|-----------------|---------------|--------------|
| Felipe U. Yap, Chairman Bryan U. Yap, President Ramon T. Diokno, CFO Ma. Lourdes B. Tuason, Vice Pres./Treasurer Rene F. Chanyungco, Vice President | P34.6 million | P31.9 million | P2.7 million |
| All officers and directors | P51.2 million | P45.3 million | P5.9 million |

Compensation of Directors/Committee Members

Directors are paid a per diem of P10,000.00 each for attendance of every regular or special meeting in accordance with the Corporation's By-Laws. For committee meetings attended, non-executive member-directors are paid a per diem of P5,000.00 to P10,000.00 each.

Contracts with Officers/ Employees

The Company has no contracts or special arrangements with any of its officers or employees with respect to the terms of employment.

Pension Plan

The Parent Company has a funded, noncontributory, defined benefit retirement plans covering substantially all regular employees while DDCP and Shipline, Inc. have unfunded benefit retirement plans. Benefits are dependent on the years of service and the respective employee's compensation. The defined retirement benefit obligation is determined using the projected unit credit method. There was no plan termination, curtailment or settlement for the years ended December 31, 2020, 2019 and 2018.

Warrants, Options, Compensation Plans, Issuance or Modification of Securities

Under the share-based plan, the Company's officers and employees and those of its subsidiaries may be granted options to purchase shares of stock of the Company. The aggregate number of shares to be granted under the plan should not exceed five percent (5%) of the total number of shares of the Company's outstanding capital stock.

An individual may be granted an option to purchase not more than five percent (5%) of the total number of shares set aside at the date of the grant and may exercise the option up to a maximum of twenty percent (20%) of the total number of option shares granted per year. Options are valid for five (5) years and are exercisable from the date of the approval of the grant by the SEC.

The last award, the 17th Stock Option Award, expired on January 30, 2013.

Authorization or Issuance of Securities Other than for Exchange

The following table illustrates the proposed authorized capital stock ("ACS") or the number of common shares after the proposed increase in ACS is approved and implemented.

| AUTHORIZED CAPITAL STOCK | | | | |
|--------------------------|----------------------------|-----------------------|----------------------------|-------------------------|
| Type of "Common" Shares | Before the Increase in ACS | Increase in ACS | After the Increased in ACS | Amount (Php) |
| "A" | 39,840,000,000 | 14,160,000,000 | 54,000,000,000 | 5,400,000,000.00 |
| "B" | 26,560,000,000 | 9,440,000,000 | 36,000,000,000 | 3,600,000,000.00 |
| Total | 66,400,000,000 | 23,600,000,000 | 90,000,000,000 | 9,000,000,000.00 |

Pursuant to the Revised Corporation Code, at least 25% of the increase in ACS, amounting P1.34 billion shall be subscribed, of which at least 25% will be paid-up. There will be no changes in the voting, dividend, or preemption rights of stockholders in connection with the issuance of additional shares. At a special meeting on April 7, 2022, the Board of Directors approved the offering to shareholders of one share for every 4.6 shares held at the price of P0.14 per share. The shares will come from and support the increase in ACS, and will raise the amount of P2,000,000,000, more or less.

Class “A” and Class “B” shares enjoy the same rights and privileges. The only distinction between Class “A” and Class “B” shares is the former are available only to Filipino citizens, while the latter are available to all nationalities. Every share can vote for as many nominees as there are directors to be elected (nine for this Company) and the votes may be cumulated in favor of one, or a few candidates, or distributed among as many candidates as the shareholder may wish. Under the first paragraph of Article VII of the Corporation’s Articles of Incorporation, “No stockholder of this corporation shall have any pre-emptive or preferential right to subscribe for any increase thereof that may be lawfully authorized, in proportion to his respective holding at the time such increase is so authorized.”

The Company has no preferred shares and is not offering preferred shares.

There are no provision in the Company’s Articles of Incorporation or By-laws that will delay, defer, or prevent a change in control of the Company.

Under the Company’s By-laws, *“Dividends shall be declared only from the surplus profit and shall be payable at such times and in such amounts as the Board of Directors shall determine, and shall be payable in cash or in shares of the unissued stock of the company, or both, as said Board of Directors shall determine. No dividend shall be declared that will impair the capital of the company.”*

Modification or Exchange of Securities

No action is to be taken by the Company with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Independent Public Accountant

In October 2006, Sycip Gorres Velayo & Co. (“SGV”) was designated by the Board as the Company’s independent public accountant. There has not been any disagreement between the Company and said accounting firm with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Mr. Jaime F. del Rosario was the certifying partner from 2007 to 2011 and 2014-2017. Ms. Eleanore A. Layug was the certifying partner in 2012 and 2013, and again for the 2018 to 2021 financial statements.

Representatives of SGV will be present at the Annual Stockholders’ Meeting on August 15, 2022 to give statements in response to queries on issues they can shed light on.

Audit Fees

For the audit of the financial statements for the year 2019, SGV & Co. billed the Company the sum of P2,460,000. The same amount was agreed for the audit of the 2020 and 2021 financial statements.

Tax Fees

No professional services in relation to taxes were rendered by SGV to the Company in the last three years.

All Other Fees

SGV & Co. was engaged to review the utilization of the proceeds of the Company's 1:4.685 SRO in 2017 pursuant to the PSE's conditions for listing. They were paid P40,000 for the engagement. No other non-audit services were rendered by SGV to the Company in the last three years.

Audit Committee's Approval Policies and Procedures

Prior to the commencement of audit services, the external auditors submit their Audit Plan to the Audit Committee, indicating the applicable accounting standards, audit objectives, scope, approvals, methodology, needs and expectations and timetable, among others. A presentation on the same Plan is made by the external auditors before all the members of the Committee. All the items in the Plan are considered by the Committee, along with industry standards, in approving the services and fees of the external auditors. The Audit Committee is composed of: Atty. Ray C. Espinosa, Committee Chairman and an independent director; Atty. Ethelwoldo E. Fernandez and Mr. Cresencio C. Yap, members.

The Committee revised its charter in 2012 to conform to SEC Memorandum Circular No. 4, Series of 2012.

FINANCIAL AND OTHER INFORMATION

Action with Respect to Reports

At the last **Annual Stockholders Meeting held on September 20, 2021** conducted virtually via remote access communications, the Chairman and CEO reported to the stockholders of the Company the operational and financial performance in 2020 while the President and COO updated the stockholders on the operations for the first quarter of 2021 and Outlook for the rest of the year. Thereafter, the Chairman opened the floor for clarificatory questions. There were no questions from the floor.

The following were the matters discussed and the voting results for each item:

| AGENDA ITEM | IN FAVOR | | AGAINST | | ABSTAIN |
|---|----------------------|-------|---------------|---|---------|
| | No. of Shares | % | No. of Shares | % | |
| Approval of the Minutes of the Annual Meeting held on July 27, 2020 | 52,908,694,331 | 79.71 | 0 | 0 | 0 |
| Approval of the Annual Report | 52,908,694,331 | 79.71 | 0 | 0 | 0 |
| Retention of Messrs. Ray C. Espinosa and Val Antonio B. Suarez as independent directors | 52,908,694,331 | 79.71 | 0 | 0 | 0 |
| Appointment of Sycip, Gorres, Velayo and Co., as External Auditor | 52,908,694,331 | 79.71 | 0 | 0 | 0 |
| Election of Directors | IN FAVOR | | | | |
| | No. of Shares | | % | | |
| FELIPE U. YAP | 52,908,694,331 | | 79.71% | | |
| BRYAN U. YAP | 52,908,694,331 | | 79.71% | | |
| CRESENCIO C. YAP | 52,908,694,331 | | 79.71% | | |
| ETHELWOLDO E. FERNANDEZ | 52,908,694,331 | | 79.71% | | |
| MARILYN V. AQUINO | 52,908,694,331 | | 79.71% | | |
| RAY C. ESPINOSA | 52,908,694,331 | | 79.71% | | |
| DOUGLAS JOHN KIRWIN | 52,908,694,331 | | 79.71% | | |
| REGIS V. PUNO | 52,908,694,331 | | 79.71% | | |
| VAL ANTONIO B. SUAREZ | 52,908,694,331 | | 79.71% | | |

The following were the members of the Board of Directors present via remote communication:

1. FELIPE U. YAP
2. BRYAN U. YAP
3. CRESENCIO C. YAP
4. ETHELWOLDO E. FERNANDEZ
5. MARILYN V. AQUINO
6. DOUGLAS JOHN KIRWIN
7. REGIS V. PUNO
8. RAY C. ESPINOSA
9. VAL ANTONIO B. SUAREZ

The following were the Officers present via remote communication:

1. Mr. Ramon T. Diokno – Chief Finance Officer
2. Ms. Ma. Lourdes B. Tuason– Vice President-Treasurer
3. Atty. Odette Javier – Vice President and Asst. Corporate Secretary
4. Atty. Pablo Ayson – Vice President for Mining Claims
5. Mr. Knestor Godino – Vice President for Human Resource
6. Cherry H. Tan - Asst. Vice President - Purchasing

The following were the Stockholders present via remote communication

1. Lucien Lin Concillo
2. Jelmarven A. To-Ong
3. Hilbert Cardenas
4. Andrew Yap
5. Kimberly C. Hung
6. Edward Yao
7. Freddie Reyes
8. Joana Gatdula
9. Vherlene Anne Billones

Stockholders in attendance or represented at the meeting represented 52,908,694,331 shares constituting 79.71% of the outstanding shares of the Company.

At the **Special Stockholders Meeting on March 21, 2022**, the shareholders approved the Amendment of the first paragraph of Article VII of the Articles of Incorporation to increase the authorized capital stock from P6.64 Billion to P9.00 Billion to read:

*Seventh: –That the capital stock of said corporation is NINE BILLION PESOS (P9,000,000,000.00), Philippine Currency, and said capital stock is divided into FIFTY-FOUR BILLION (54,000,000,000) shares of Class “A” Common Stock and THIRTY-SIX BILLION (36,000,000,000) shares of Class “B” Common Stock, both classes of shares being of the par value of Ten Centavos (P0.10) each. All shares of stock of the corporation shall enjoy the same rights and privileges except only as herein otherwise provided. The shares of capital stock of this corporation may be issued from time to time for not less than par; and all issued shares of the capital stock of this corporation shall be deemed fully paid and non-assessable and the holder of such shares shall not be liable thereunder to this corporation or its creditors.

The following were the members of the Board of Directors present via remote communication:

1. FELIPE U. YAP
2. BRYAN U. YAP
3. CRESENCIO C. YAP
4. ETHELWOLDO E. FERNANDEZ
5. MARILYN V. AQUINO
6. DOUGLAS JOHN KIRWIN
7. REGIS V. PUNO
8. RAY C. ESPINOSA
9. VAL ANTONIO B. SUAREZ

The following were the Officers present via remote communication:

1. Mr. Ramon T. Diokno – Chief Finance Officer
2. Ms. Ma. Lourdes B. Tuason– Vice President-Treasurer
3. Atty. Odette Javier – Vice President and Asst. Corporate Secretary
4. Atty. Pablo Ayson – Vice President for Mining Claims
5. Mr. Knestor Godino – Vice President for Human Resource
6. Cherry H. Tan - Asst. Vice President - Purchasing

The following were the Stockholders present via remote communication:

1. Marvin Obordo
2. Andrew Yap
3. Michael Ramon Q. Mustera
4. Jefferson P. Vergara

Stockholders in attendance or represented at the meeting represented 49,862,479,419 shares constituting 75.12% of the outstanding shares of the Company, and they all voted in favor of the foregoing resolution.

Voting Procedures

All Agenda items will require the affirmative vote of a majority of the shares of the Company present or represented and entitled to vote at the Annual Meeting. Likewise, directors shall be elected upon the majority vote of the shares present or represented and entitled to vote at the Annual Meeting. The Voting Procedure is set forth in the Requirements and Procedure for Voting and Participating in the 2022 Annual Stockholders' Meeting attached hereto as Annex "B".

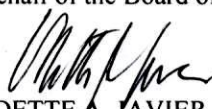
Incorporated herein are the following:

1. Management's Discussion and Analysis of Financial Condition and Results of Operations for the First Quarter ended March 31, 2022 and for the years 2021, 2020 and 2019;
2. Quarterly Market Prices of Securities from 2019, 2020 to 2021 and June 30, 2022; and
3. Audited Financial Statements for 2021 with Management's Responsibility for Financial Statements.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on July 22, 2022.

LEPANTO CONSOLIDATED MINING COMPANY
(Issuer)

For and in behalf of the Board of Directors:



ODETTE A. JAVIER
Vice President and
Asst. Corporate Secretary

REPORT TO SECURITY HOLDERS

General Nature and Scope of Business

Lepanto Consolidated Mining Company is a Filipino primary gold producer. Lepanto has been a proud corporate resident of Mankayan, Benguet for 82 years since 1936.

From 1948 to 1996, Lepanto's Enargite operations produced 1.58 billion pounds of copper, 2.9 million oz of gold and 12.0 million oz of silver, recovered from 34.4 Mt of ore averaging 2.2% Cu and 3.5 g/t Au. Lepanto resumed copper operations in 2008, which it suspended in the fourth quarter of that year due to the sharp decline in copper prices.

Lepanto continues to produce gold from its Victoria and Teresa operations in Mankayan, Benguet. The Victoria Project has produced over 1,500,000 ounces gold from 1997 to 2021.

Lepanto has three wholly-owned subsidiaries, to wit:

SHIPSIDE, INC., based in San Fernando, La Union, is engaged principally in the hauling business. It also has a sawmill in La Union.

DIAMOND DRILLING CORPORATION OF THE PHILIPPINES is in the diamond drilling business. Its services mostly mining companies.

LEPANTO INVESTMENT AND DEVELOPMENT CORPORATION (LIDC) is in the insurance business.

Lepanto owns 60% of FAR SOUTHEAST GOLD RESOURCES, INC., another mining company with resources in Mankayan, Benguet.

PLAN OF OPERATION/OUTLOOK FOR 2022

Lepanto is presently focusing on gold dore production from its Victoria and Teresa deposits. Exploration drilling is concentrated on targeting extensions of the said deposits. Meantime, the mill plant and CIP are undergoing rehabilitation to improve gold and silver recoveries and increase throughput. There are no plans for any significant changes in the number of employees. Various cost-cutting measures are being implemented and these have been showing good results in terms of higher metal recoveries and lower production costs in the last few weeks. The Company intends to raise capital to support operations, reduce payables, and undertake exploration of its gold and copper deposits, and mine development.

Gold price has been declining in recent weeks which adversely affects metal revenue, albeit partially offset by the weakening of the Peso vis-s-vis the US dollar. There are no other known events that will trigger direct or contingent material financial obligations. Neither are there any material off-balance sheet transactions or any material commitments for capital expenditures.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Second Quarter ended June 30, 2022, First Quarter March 31, 2022 and for the years 2021, 2020 and 2019

June 30, 2022

Consolidated revenues for the second quarter of 2022 amounted to P392.8 million compared with P389.5 million in 2021. Consolidated net loss increased to P152.1 million versus P100.1 million the previous year.

For the first half of 2022, combined revenues reached P816.7 million compared with P797.1 million for the same period in 2021. Consolidated net loss increased to P301.3 million, from last year's loss of P163.3 million.

Mining Operations

April – June 2022 versus April – June 2021

Dore production contained 3,924 ounces of gold and 10,082 ounces of silver versus last year's 4,146 ounces and 11,016 ounces, respectively.

Metal sales went up by P8.2 million to P390.5 million because of the higher gold price and weaker Peso vs. the US dollar. Net loss increased to P149.3 million compared with last year's P104.2 million due to the lower gold production and higher cost of production.

Gold price averaged US\$1,854.6/oz. versus US\$1,815.5/oz. while silver price averaged US\$21.47/oz. versus US\$26.54/oz. the preceding year. The P/US\$ exchange rate averaged P52.64/US\$1 compared with P48.17/US\$1 last year.

Tonnage broken increased by 518 tonnes from 109,678 tonnes while tonnage milled decreased by 5,304 tonnes to 108,268 tonnes. Accordingly, mining cost increased from P170.7 million to P185.1 million. Milling cost likewise increased from P81.9 million to P97.3 million due to an increase in production and overhead costs. Depletion and depreciation increased by a total of P15.7 million to P118.5 million on account of increased tonnage and the amortization on additional capital expenditures, respectively.

January – June 2022 versus January – June 2021

Metal production for the first half of the year consisted of 8,131 oz of gold and 25,555 oz of silver versus last year's 8,649 oz of gold and 34,100 oz of silver.

Better gold price and the weaker Peso vis-à-vis the US dollar contributed to the higher metal revenue, from P788.22 million to P812.68 million. However, higher costs resulted in a larger net loss, P298.0 million from P158.7 million last year.

Gold price averaged US\$1,870.20/oz. versus US\$1,796.56/oz. last year, while silver price averaged US\$22.96/oz. versus US\$26.30/oz. The P/US\$ exchange rate averaged P52.08/US\$1 compared with P48.23/US\$1 last year.

Total cost and expenses increased by 18% to P1,119.1 million from P955.0 million generally due to the increase in cost of all materials, and specifically on account of: 24% increase in mining cost to P390.8 million because of higher extracted tonnage; increase of milling cost to P199.0 million due to increased milling tonnage; 18% increase in depletion and depreciation attributable to increased tonnage and capex.

BALANCE SHEET MOVEMENTS

June 30, 2022 versus December 31, 2021

The decrease in cash and cash equivalents by P2.5 million is due to capital spending to support mining operations. The increase in advances to suppliers and contractors of P72.4 million represent advance payments awaiting deliverables from various suppliers. Other current assets increased by P114.2 million resulting from unamortized operating development expenses.

Trade and other payables increased by P459.5 million due to mine development, mill upgrade and exploration expenditures. The non-current portion of lease liability decreased by P3.0M on account of settlement made by a subsidiary. Liability for mine rehabilitation increased by P738 thousand in compliance with regulatory requirements.

Deficit widened by P300.8 million representing the net loss from operations during the period.

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled P83.6 million, of which P24.8 million went to exploration; P42.4 million to machinery and equipment; P8.1 million to mine development; and P8.3 million to maintenance of tailings storage facility 5A.

For the first semester, total capital expenditures amounted to P201.4 million; of which P46.4 million went to exploration; P104.6 million to machinery and equipment; P26.1 million to mine development; and P24.2 million to maintenance of tailings storage facility 5A.

OUTLOOK FOR THE YEAR

Lepanto is presently focusing on gold dore production from its Victoria and Teresa deposits. Exploration drilling is concentrated on targeting extensions of the said deposits. Meantime, the mill plant and CIP are undergoing rehabilitation to improve gold and silver recoveries and increase throughput. There are no plans for any significant changes in the number of employees. Various cost-cutting measures are being implemented and these have been showing good results in terms of higher metal recoveries and lower production costs in the last few weeks. The Company intends to raise capital to support operations, reduce payables, and undertake exploration of its gold and copper deposits, and mine development.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income for the six months ended June 2022 versus the same period of the previous year.

Diamond Drilling Corporation of the Philippines reported a net income of P356 thousand this year versus P7.9 million net loss last year. Lepanto Investment and Development Corporation reported a net loss of P97 thousand compared with last year's net income of P6.2 million. Shipside, Incorporated registered a net loss of P2.8 million against last year's net loss of P572 thousand.

* - 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.

March 31, 2022

First quarter combined revenues increased by 4% from P407.6 million last year to P423.8 million. Net loss widened to P149.2 million from a loss of P63.2 million the previous year due to a significant increase in expenses and decrease in metal output.

Mining Operations

Metal production in the form of dore consisted of 4,207 oz of gold and 15,473 oz of silver versus 4,503 oz of gold and 23,084 oz of silver last year. Metal revenue this year went up from P405.9 million to P422.2 million on the back of higher gold prices and the stronger dollar.

Gold price averaged US\$1,884.77/oz. versus US\$1,778.96/oz. in 2021, while silver price averaged US\$23.93/oz. versus last year's US\$26.18/oz. The P/US\$ exchange rate averaged P51.52/US\$1 compared with P48.29/US\$1 last year.

Total cost and expenses increased by 24% to P576.1 million from P465.5 million. The tonnes broken increased by 19,303 tonnes to 131,079 tonnes, translating to a 41% increase in mining cost or P48.0 million. Accordingly, milling tonnage increased to 119,616 tonnes from 104,628 tonnes in 2021, and milling cost from P83.2 million to P101.7 million. Depletion and depreciation increased from P103.4 million to P125.0 million, and overhead and administrative costs rose from P105.0 million to P121.9 million.

BALANCE SHEET MOVEMENTS

Cash and cash equivalents increased by P16.2 million due mainly to timing of disbursements for operational and capital spending. Receivables decreased to P74 million representing the unpaid portion of a dore shipment for the quarter. The increase in advances to suppliers and contractors of P63.9 million represent outstanding deliverables from various suppliers. Other current assets increased by P115.8 million due to deferral of development cost being amortized within a year.

Trade and other payables increased by P294 million due to procurement of various supplies and equipment. Lease liability – noncurrent decreased by P1.5M due to its reclassification.

Deficit increased by P149 million representing the net loss from operations during the quarter.

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled P117.8 million, of which P21.6 million went to exploration; P62.2 million to machinery and equipment; P18.0 million to mine development; and, P15.9 million to maintenance of tailings storage facility 5A.

OUTLOOK FOR THE YEAR

Lepanto will continue producing gold and silver dore from its Victoria and Teresa deposits. The Copper/Gold resources are being reviewed with a view to resuming copper production in the near future. The Company intends to undertake a stock right offering within the year to support an increase in the authorized capital stock from P6,640,000,000 to P9,000,000,000. Proceeds will fund an exploration program targeting copper-gold areas, settlement of liabilities, and working capital.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income for the three months ended March 2022 versus the same period the previous year.

Diamond Drilling Corporation of the Philippines reported a net loss of P1.2 million this year versus P5.2 million last year. Lepanto Investment and Development Corporation reported a net loss of P59.6 thousand compared with last year's net loss of P79.9 thousand. Shipside, Incorporated registered a net loss of P1.7 million against last year's net loss of P1.3 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.

2021

Consolidated revenues for the year 2021 amounted to P1,585 million compared with P1,473 million in 2020. Net loss before income tax declined from P747.7 million to P496.5 million or 34%.

Mining Operations

2021 versus 2020

The dore production contained 17,039 oz. of gold and 53,916 oz. of silver compared with 13,314 oz. of gold and 43,007 oz. of silver last year.

Copper concentrate production was suspended in March 2020 after producing 618,442 lbs. of copper, 2,744 oz. of gold, and 10,827 oz. of silver contained in 2,173 DMT copper-gold concentrate.

Gold price averaged US\$1,796.62/oz. versus US\$1,763.41/oz. while silver price averaged US\$25.36/oz. versus US\$21.72/oz. last year. The P/US\$ exchange rate averaged P49.23/US\$1 compared with P49.63/US\$1 last year.

Total cost and expenses decreased by 4% to P2,059 million. Mining cost decreased to P709.8 million from P716.6 million while milling cost went down by P7.5 million to P339.2 million. Depletion and depreciation increased by P1.2 million to P420.6 million.

Production tax increased by 9% to P62.4 million due to higher production. Finance cost decreased to P57.2 million from P60.6 million last year due to repayment of loans. Other income totaled P63.8 million, much higher than last year's P6.7 million due to the gain from remeasurement of the Mine Rehabilitation Liability.

BALANCE SHEET MOVEMENTS

December 31, 2021 versus December 31, 2020

Cash and cash equivalents increased by P4.2 million on account of improved operation. Receivables increased by P8.8 million representing the unpaid portion of a dore shipment. Inventories increased by P42.5 million from procurement of equipment parts and supplies.

Financial assets designated at fair value through other comprehensive income decreased by P32.5 million due to the impairment of investment with PASAR. Investments in and advances to associates decreased by P88.3 million as a result of disposition of shares of stock by a subsidiary. Increase in other noncurrent assets by P101 million is due to increase of deferred charges of Lepanto and increase in deferred Input Vat of DDCP.

Trade payables increased by P470.0 million while short term borrowings decreased by P60.4 million due to repayment of loans.

Deficit increased by P522.3 million representing the net loss from operations during the period.

CAPITAL EXPENDITURES

Capital expenditures for the year totaled P306.8 million, of which P113.1 million went to exploration; P146.8 million to machinery and equipment; P25.2 million to mine development; and P21.7 million to maintenance of tailings storage facility 5A.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income of the year versus the previous year.

Diamond Drilling Corporation of the Philippines reported a net loss of P17.5 million compared with P29.1 million net loss last year. Lepanto Investment and Development Corporation reported a net income of P5.6 million compared with last year's net loss of P14.8 million. Shipside, Incorporated registered a net income of P11.9 million against last year's net loss of P4.5 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.

2020

Consolidated revenues for the year 2020 amounted to P1,473 million compared with P2,047.4 million in 2019. Net loss declined from P1,056.7 million to P747.7 million or 29%.

Mining Operations

Production in 2020 was lower than the previous year's largely on account of the operational disruptions caused by COVID-19 related safety protocols, affecting the availability of spare parts and supplies and delaying their deliveries to the minesite, and presenting the Company from operating at full capacity. The suspension of copper concentrate production also contributed to the lower metal production.

The dore production contained 13,314 oz. of gold and 43,007 oz. of silver compared with 6,032 oz. of gold and 1,423 oz. of silver last year.

Copper concentrate production was suspended in March 2020 after producing 618,442 lbs. of copper, 2,744 oz. of gold, and 10,827 oz. of silver contained in 2,173 DMT copper-gold concentrate. Last year's copper concentrate production totaled 7,335 DMT and contained 2,912,623 lbs. of copper, 19,926 oz. of gold, and 85,469 oz. of silver.

For the reasons cited above, revenues and costs dropped from 2019 levels. Metal sales went down by 28% from P2039.0 million to P1,460.3 million. Net loss decreased by 19% from P872.9 million to P705.6 million this year.

Gold price averaged US\$1,763.4/oz. versus US\$1,382.21/oz. while silver price averaged US\$21.72/oz. versus US\$16.1/oz. last year. The P/US\$ exchange rate averaged P49.6/US\$1 compared with P51.8/US\$1 last year.

Costs declined across the board as mine deliveries and milling tonnage dropped by 38% and 33%, respectively. Total cost and expenses decreased by 29% to P2,166 million. Mining cost decreased to P716.6 million from P802.9 million while milling cost went down by P109.6 million to P346.7 million. Depletion and depreciation decreased by P368.7 million to P261.6 million.

Production tax decreased by 30% to P57.3 million due to lower production. Finance cost decreased to P66.9 million from P99.4 last year due to repayment of loans. Other income totaled P13.3 million, much lower than last year's P33.1 million which came from the sale of shares of stock.

BALANCE SHEET MOVEMENTS

December 31, 2020 versus December 31, 2019

Cash and cash equivalents decreased by P31.1 million on account of disbursements for operations. Receivables increased by P8.3 million representing the unpaid portion of a dore shipment. The decrease in other current assets of P59.1 million was due to the amortization of development cost and decrease in creditable input vat.

Trade payables increased by P521.8 million while short term borrowings decreased by P16.5 million due to repayment of loans.

Deficit increased by P750.9 million representing the net loss from operations during the period.

CAPITAL EXPENDITURES

Capital expenditures for the year totaled P326.4 million, of which P165 million went to exploration; P113 million to machinery and equipment; P32.6 million to mine development; and P15.8 million to maintenance of tailings storage facility 5A.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income for the first nine months of the year versus the same period the previous year.

Diamond Drilling Corporation of the Philippines reported a net loss of P29.1 million compared with P45.1 million net loss last year. Lepanto Investment and Development Corporation reported a net loss of P14.8 million compared with last year's net loss of P161.9 thousand. Shipside, Incorporated registered a net loss of P4.5 million against last year's net income of P3.3 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.

2019

Consolidated revenues decreased by 3% from ₱2.12 billion in 2018 to ₱2.05 billion. Consolidated net loss was ₱1,027 million versus last year's loss of ₱775.0 million as explained below.

MINING OPERATIONS

Metal sales decreased slightly from ₱2.1 billion to ₱2.04 billion this year. Gold production decreased to 25,958 oz. from last year's 28,147 oz. due to the lower gold grade, 1.68 g/t vs. 2.03 g/t. Silver production decreased to 86,888 oz. from 87,365 oz. Copper production decreased from 3,171,060 lbs to 2,912,623 lbs. Average gold price went up from US\$1,261.59/oz. to US\$1,381.21/oz. and silver price, from US\$15.65/oz. to US\$16.05/oz. Average copper price dropped from US\$2.96/lb to US\$2.72/lb. The Peso was stronger vs. the US\$, ₱51.84/ US\$1 compared with last year's ₱52.72/ US\$1.

Mine deliveries increased from 564,601 tonnes to 685,779 tonnes; total mine cost however decreased by ₱102.8 million as the development cost (which in prior years was immediately expensed) was amortized. Milling cost increased by ₱35.0 million as milled tonnage increased by 18%. Production tax decreased by ₱3 million due to the lower gold production. Depreciation rose by ₱6.1 million due to the mill retrofit project. Marketing expenses increased by ₱0.93 million in relation to the marketing, handling and assaying of copper – gold concentrate.

Administration costs remained flat at ₱ 166.0 million.

Other income totaled ₱4.0 million from sale of by - products, compared with last year's ₱5.0 million representing sale of scrap.

Net loss amounted to ₱977.8 million against last year's net loss of ₱800 million.

BALANCE SHEET MOVEMENTS

Cash on hand and in banks decreased to ₱62.6 million from ₱123.6 million on account of capital expenditures and exploration and payment of borrowings. Receivables went up to ₱71.1 million from ₱42.3 million. Parts and supplies inventories decreased to ₱524.5 million from ₱585.9 million due to decrease in materials and supplies requirement and the increase in allowance for obsolescence of a subsidiary. Advances to suppliers and contractors went up to ₱225.9 million from ₱206.0 million.

Assets-For-Sale (AFS) decreased to ₱161.9 million from ₱212.0 million mainly due to disposal of financial assets. Other current assets increased to ₱938.4 million from ₱780.3 due to prepaid and unamortized development cost.

Trade Payables and Accrued Expenses increased to ₱1,780.0 million from ₱1,382.1 million on account of materials and supplies purchased. Short-term and long-term borrowings decreased by ₱40.0 million and ₱14.2 million, respectively, due to loan settlements. Income tax payable increased to ₱0.6 million from ₱0.4 million in relation to income earned by a subsidiary.

Retirement benefit liability went up by ₱0.79 million to ₱1,205.8 million following a re-measurement of the retirement liability.

Re-measurement loss on retirement liability was ₱4.7 million compared with a gain of ₱41.0 million last year due to a change in actuarial assumption pursuant to Philippine Accounting Standards 19. Unrealized gain on AFS financial assets decreased to ₱58.6 million from ₱61.3 million due to the sale of a financial asset. A gain of ₱23.0 million from the sale of AFS was recognized in the Retained Earnings pursuant to PFRS 9 on Financial Instruments. Deficit climbed to ₱5.17 billion from ₱4.18 billion on account of the consolidated loss for the year.

CAPITAL EXPENDITURES

Total capital expenditures for the year reached ₱873.4 million consisting of: mine development, ₱287.5 million; mine exploration, ₱310.6 million; TSF 5A maintenance, ₱7.7 million; and machineries, equipment and other depreciable assets, ₱267.6 million.

SUBSIDIARIES

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

DIAMOND DRILLING CORPORATION OF THE PHILIPPINES (DDCP)

Gross revenue decreased by 92.1% to ₱12.9 million as there were no drilling projects during the first three quarters of 2019. A net loss of ₱47.5 million was incurred versus last year's net income of ₱25.2.

LEPANTO INVESTMENT AND DEVELOPMENT CORPORATION (LIDC)

Lepanto Investment and Development Corporation reported a net loss of P0.16 million compared with last year's net loss of P0.31 million.

SHIPSIDE, INCORPORATED (SSI)

Total revenue increased to ₱37.1 million from ₱35.9 million last year. SSI posted a net income of ₱3.3 million, up from last year's P2.9 million.

FAR SOUTHEAST GOLD RESOURCES, INC. (FSGRI)

This year's net income amounted to ₱0.68 million compared to last year's ₱4.2 million on account of scrap sales.

* - KEY PERFORMANCE INDICATORS-LCMC (applicable to the period 2019-2021)

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.

Securities and Shareholders:

The Company had 27,717 stockholders as of 15 July 2022. Holders of common "A" and common "B" shares number 22,496 and 5,221, respectively.

The Company's securities are listed in the Philippine Stock Exchange. Following are the average quarterly prices for the past two years:

Lepanto "A" (P/share)

| | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | July 14, 2022 |
|------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|-------|-------|---------------|
| Low | 0.120 | 0.115 | 0.105 | 0.091 | 0.0710 | 0.0890 | 0.1270 | 0.1510 | 0.1290 | 0.1540 | 0.136 | 0.136 | 0.132 |
| High | 0.122 | 0.120 | 0.108 | 0.097 | 0.0710 | 0.0920 | 0.1320 | 0.1600 | 0.1340 | 0.1570 | 0.145 | 0.145 | 0.137 |

Lepanto “B” (P/share)

| | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | July 14, 2022 |
|------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|-------|-------|---------------|
| Low | 0.153 | 0.127 | 0.111 | 0.113 | 0.0800 | 0.0950 | 0.1290 | 0.1560 | 0.1200 | 0.1570 | 0.136 | 0.136 | 0.133 |
| High | 0.118 | 0.129 | 0.110 | 0.101 | 0.0820 | 0.0980 | 0.1300 | 0.1600 | 0.1390 | 0.1590 | 0.142 | 0.142 | 0.134 |

Top 20 “A” and “B” Stockholders of the Company (as of July 15, 2022)

| <u>Name of Stockholder</u> | <u>Class "A"</u> | <u>%</u> |
|---|------------------|----------|
| 1 F. Yap Securities, Inc. | 13,592,362,044 | 34.14 |
| 2 First Metro Investment Corp. | 2,550,682,926 | 6.41 |
| 3 Philex Mining Corporation | 2,164,240,810 | 5.43 |
| 4 F. Yap Sec., Inc. A/C #CPHC-2 | 362,240,169 | 0.91 |
| 5 F. Yap Sec., Inc. A/C #CPHC-3 | 337,989,616 | 0.85 |
| 6 Felcris Hotels & Resorts | 310,000,000 | 0.78 |
| 7 F. Yap Sec., Inc. A/C #CPHC-1 | 301,859,763 | 0.76 |
| 8 Coronet Property Holdings Corp | 277,556,566 | 0.70 |
| 9 Emma Yap | 242,838,706 | 0.61 |
| 10 Bryan Yap | 175,915,571 | 0.44 |
| 11 First Metro Investment Corp. | 169,762,500 | 0.43 |
| 12 Paulino Yap | 155,062,032 | 0.43 |
| 13 Pacita K. Yap | 117,176,650 | 0.29 |
| 14 Christine Yap | 116,620,522 | 0.29 |
| 15 Felipe U. Yap | 86,063,611 | 0.22 |
| 16 Manila Mining Corporation | 65,870,000 | 0.17 |
| 17 Arlene King Yap | 40,000,000 | 0.10 |
| 18 Christine Karen Uy Yap | 40,000,000 | 0.10 |
| 19 Fausto R. Preysler Jr. | 38,222,363 | 0.10 |
| 20 F. Yap Securities, Inc. A/C No. PKY-89 | 30,942,477 | 0.08 |

| <u>Name of Stockholder</u> | <u>Class "B"</u> | <u>%</u> |
|---|------------------|----------|
| 1 F. Yap Securities, Inc. | 8,326,090,030 | 31.38 |
| 2 F. Yap Securities, Inc. | 3,761,979,349 | 14.18 |
| 3 F. Yap Securities, Inc. A/C 521 | 1,343,773,000 | 5.06 |
| 4 F. Yap Securities, Inc. A/C 1411 | 1,129,238,161 | 4.26 |
| 5 F. Yap Securities, Inc. A/C 5217 | 1,020,000,000 | 3.84 |
| 6 First Metro Investment Corp. | 799,642,268 | 3.01 |
| 7 F. Yap Securities, Inc. A/C 5218 | 669,905,750 | 2.64 |
| 8 Coronet Property Holdings Corp | 447,665,860 | 1.69 |
| 9 F. Yap Securities A. S | 218,404,905 | 0.82 |
| 10 YHS Holdings Corporation | 87,758,339 | 0.33 |
| 11 Felipe U. Yap | 54,643,386 | 0.21 |
| 12 Chase Leonard So Yap | 50,000,000 | 0.19 |
| 13 David Go Securities Corp. | 45,604,103 | 0.17 |
| 14 Luis L. and Teresa M. Oh, Trustees Luis Oh and Teresa Oh Trust Oh | 24,365,714 | 0.09 |
| 15 Emma Yap | 24,313,091 | 0.09 |
| 16 F. Yap Sec., Inc. A/C No. 87-EU | 23,014,545 | 0.09 |
| 17 Kathy Sue Trout | 22,619,631 | 0.09 |
| 18 F. Yap Sec., Inc. A/C #PKY-89 | 20,577,792 | 0.08 |
| 19 F. Yap Sec., Inc. A/C #BSUY | 20,302,971 | 0.08 |
| 20 Felcris Realty Investment Corp. | 19,769,688 | 0.07 |

Recent Sales of Unregistered or Exempt Securities

On July 17, 2017, the parent company's Board of Directors approved the offer of 7,007,384,282 Class "A" shares and 4,671,583,606 Class "B" shares, or 1 share for every 4.685 shares held by shareholders as at November 6, 2017 from the parent company's unissued capital stock at the offer price of ₱0.15 per share. The offer of shares was exempt from registration. A total of 11,678,967,888 shares were sold during the Offer Period, December 4 to 8, 2017, in connection with the said offer.

Dividends Policy

Dividends may be declared out of the unrestricted retained earnings of the Company, which may be in the form of cash or stock to all stockholders on the basis of outstanding shares held by them as of the record date fixed by the Company in accordance with existing laws and rules. Any cash dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription plus costs and expenses, while stock dividends shall be withheld from the delinquent stockholder until his unpaid subscription is fully paid: Provided, That no stock dividends shall be issued without the approval of stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose. (Section 42, Revised Corporation Code).

Due to operational losses, there have been no dividends declared in the last two years.

Compliance with Leading Practices on Corporate Governance

Lepanto has revised its Corporate Governance Manual to comply with SEC regulations and institutionalize the principles of good governance in the entire organization. Pursuant to the said Revised Manual, the Company's Board of Directors have constituted the following committees: Audit Committee; Compensation and Remuneration Committee and the Nomination Committee. The Board of Directors is composed of highly qualified and competent individuals who excel in their respective fields. The members of the Board assess the Board's performance pursuant to good corporate governance principles.

The performance and qualifications of nominees are reviewed by the Nomination Committee. All directors and senior officers regularly attend seminars on corporate governance. The Company's Board of Directors formalized existing good governance practices by approving in 2014 various policies/codes, namely: Conflict of Interest Policy; Related Party Transactions Policy; Insider Trading Policy; Health Policy; and Whistleblower Policy.

Through regular board and committee meetings, compliance with the principles of good governance are monitored. Furthermore, the Audit Committee Charter has been revised to comply with SEC Memorandum Circular No. 4, Series of 1990, pursuant to which the performance of the Committee shall be regularly reviewed.

The performance of managers is also reviewed periodically and senior officers report to the Board of Directors. Regular meetings are held in the head office and in the mine to keep concerned officers apprised of any developments concerning production, finances, safety programs, community relations and environmental programs, and good governance, marketing, legal and human resource matters as well as of the company's compliance with pertinent regulations.

No deviation from the Company's Manual on Corporate Governance has been noted by the Company.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, RAY C. ESPINOSA, Filipino, of legal age and a resident of Unit 25H, One McKinley Place, 26th Street, Crescent Park West, Bonifacio Global City, Taguig, Metro Manila, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of Lepanto Consolidated Mining Company and have been an independent director since April 18, 2005.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| Company/Organization | Position/Relationship | Period of Service |
|-----------------------------|------------------------------|--------------------------|
| Please see attached Annex | | |
| "A" | | |
| | | |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Lepanto Consolidated Mining Company, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following direct/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

| Name of Director/Officer/ Substantial Shareholder | Company | Nature of Relationship |
|--|----------------|-------------------------------|
| N/A | | |
| | | |

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

| Offense Charged/ Investigated | Tribunal or Agency Involved | Status |
|--|--|---------------|
| N/A | | |
| | | |

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

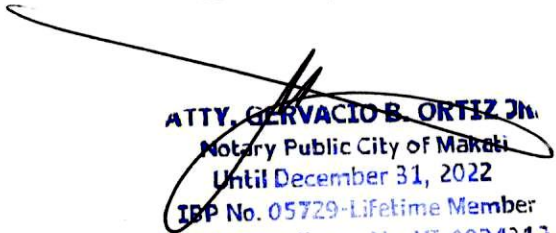
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of Lepanto Consolidated Mining Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 12th day of July 2022 at Makati City.


RAY C. ESPINOSA
Affiant
JUL 12 2022

MAKATI CITY

SUBSCRIBED AND SWORN to before me this 12th day of July 2022 at Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport with Number P7383209B valid until August 11, 2031.


ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-62-(2021-2022),
PTR No. 8852511 Jan. 3, 2022
Makati City Roll No. 40091
101 Urbah Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

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BOOK NO. XIV
SERIES OF LOW

List of Directorships

1. AGN Philippines, Inc. – Co-Chairman of the Board
2. Atimonan Land Ventures Development Corporation – Chairman of the Board
3. Atimonan One Energy, Inc. – Chairman of the Board
4. BTF Holdings, Inc – President and Director
5. Beacon Electric Asset Holdings, Inc – Director
6. Beacon PowerGen Holdings, Inc. – Director
7. Bell Telecommunication Philippines, Inc. – Co-Chairman of the Board
8. Bonifacio Communications Corp. – Director
9. Bow Arken Holding Company, Inc. – Co-Chairman of the Board
10. Brightshare Holdings Corporation – Co-Chairman of the Board
11. Business World Publishing Corporation – Chairman of the Board
12. Calamba Aero Power Corporation – Chairman of the Board
13. Signal Cable Corporation (formerly Dakila Cable TV Corporation) – Director
14. Signal TV, Inc. – Director
15. Cinegear, Inc. – Chairman of the Board
16. CIS Bayad Center, Inc. – Chairman of the Board
17. Clark Electric Distribution Corporation – Chairman of the Board
18. Cobaltpoint Telecom, Inc. – Co-Chairman of the Board
19. Comstech Integration Alliance, Inc. – Chairman of the Board
20. Connectivity Unlimited Resource Enterprise Inc. – Director
21. Corporate Information Solutions, Inc. – Chairman of the Board
22. Dominer Pointe, Inc. – Co-Chairman of the Board
23. Eastern Telecommunications Philippines, Inc. – Co-President
24. Enterprise Investments Holdings, Inc. – Director
25. Epik Studios, Inc. – Vice Chairman of the Board
26. E-Meralco Ventures, Inc. – Chairman of the Board
27. eSakay, Inc. – Chairman of the Board
28. eTelco, Inc. – Co-Chairman of the Board
29. ESPI Real Estate Ventures Inc. – President
30. Federation of Philippine, Industries, Inc. - Director
31. First Agri Holdings Corporation – President and Director
32. First Cocōnut Manufacturing Inc. – Vice Chairman of the Board
33. First Pacific Leadership Academy, Inc.- Trustee
34. Francom Holdings Inc. – Director
35. Global Business Power Corporation – Director
36. Hastings Holdings, Inc. – Chairman and Director
37. Hi Frequency Telecommunications, Inc. – Co-Chairman of the Board
38. JS' Publications (THE FREEMAN) Company, Inc. - Director
39. Landco Pacific Corporation – Director
40. Lepanto Consolidated Mining Company - Independent Director
41. Liberty Telecom Holdings, Inc. – Co-Chairman of the Board
42. Maybank Philippines, Inc. – Independent Director
43. Manila Electric Company – President and CEO and Director
44. Manila Overseas Press Club – Director
45. Med Vision Resources, Inc. – Chairman of the Board
46. Mediaquest Holdings, Inc. – President and CEO and Director
47. Media5 Marketing Corporation – Director
48. MGen Renewable Energy, Inc. – Chairman of the Board
49. Meralco Energy, Inc. – Chairman of the Board
50. Meralco Industrial Engineering Services Corporation (MIESCOR) – Chairman of the Board
51. Meralco Power Academy – Vice Chairman of the Board
52. Meralco PowerGen Corporation – Vice Chairman of the Board
53. Meralco Power Foundation, Inc. – Vice Chairman and Trustee
54. Meridian Power Ventures Limited - Director
55. Metro Pacific Assets Holdings, Inc. – Director

56. Metro Pacific Holdings, Inc. – Director
57. Metro Pacific Investments Corporation - Director
58. Metro Pacific Resources, Inc. – Director
59. MPG Holdings Philippines, Inc. – Chairman of the Board
60. MPG Mauban LP Corporation – Chairman of the Board
61. M Pioneer Insurance, Inc. – Chairman of the Board
62. MRail Inc. – Chairman of the Board
63. MSpectrum, Inc. – Chairman of the Board
64. Multipay Corporation – Director
65. Multisys Technologies Corporation – Director
66. Multi Technology Investments Holdings, Inc. – Co-Chairman of the Board
67. MVP Rewards and Loyalty Solutions Inc. – Director
68. Nation Broadcasting Corp. – Chairman of the Board
69. New Century Telecoms, Inc. –Co-Chairman of the Board
70. One Meralco Foundation, Inc. –Vice Chairman and Trustee
71. Pacific Aurora Plantation Corp. – Vice Chairman of the Board
72. Pacific Global One Aviation Company, Inc. – Director
73. Pacific Light Power PTE LTD – Chairman of the Board
74. Paragon Vertical Corporation – Chairman of the Board
75. Perchpoint Holdings, Inc. – Co-Chairman of the Board
76. Perihelion, Inc. – Director
77. PH Broadband Networks Holdings, Inc.– Co-Chairman of the Board
78. PH Communications Holdings Corporation – Director
79. Philippine Telecommunications Investment Corp. – Director and Corporate Secretary
80. Philstar Daily, Inc. – Chairman of the Board
81. Philstar Global Corporation – Chairman of the Board
82. Pilipinas Global Network Limited – Director
83. Pilipinas Natural Resources Holdings, Inc. – President and Director
84. Pilipinas Pacific Enterprise Holdings, Inc. – President and Director
85. Pilipina Pacific Natural Resources Holdings Inc. – President and Director
86. Pilipinas Pacific Telecom Holdings, Inc. – Asst. Corporate Secretary
87. Pilipino Star Ngayon, Inc. – Chairman of the Board
88. Pilipino Star Printing Company, Inc. – Chairman of the Board
89. PLDT, Inc. – Director
90. PLDT - Beneficial Trust Fund - Vice Chairman and Trustee
91. PLDT Capital PTE Ltd. – Director
92. PLDT Capital Investments PTE Ltd – Director
93. PLDT Communications and Energy Ventures, Inc - Director
94. PLDT Digital Investments PTE Ltd – Director
95. PLDT Global Corporation – Director
96. PLDT Global Investments Corporation – Director
97. PLDT Global Investments Holdings Inc. – Director
98. PLDT Online Investments PTE Ltd - Director
99. PLDT - Smart Foundation – Trustee
100. Power Smart Capital Ltd. – Director
101. Radius Telecoms, Inc. – Chairman of the Board
102. Redondo Peninsula Energy, Inc. – Chairman of the Board
103. Roxas Holdings Inc. – Director
104. Roxas Power Corporation – Director
105. Sari Sari Network Inc. – Co-Chairman of the Board
106. SatVentures, Inc. – Director
107. Skyphone Logistics, Inc. – Co-Chairman of the Board
108. Somete Logistics & Development Corporation – Co-Chairman of the Board
109. Smart Communications, Inc. - Director
110. Stargate Media Corporation (People Asia) – Chairman of the Board
111. Straight Shooters Media, Inc. - Vice Chairman of the Board
112. Studio5, Inc. – Chairman of the Board
113. Talas Data Intelligence Inc. – Director

114. Telecommunication Technologies Philippines, Inc. –Co-President and Co-Chairman of the Board
115. Telemedia Business Ventures, Inc. – Chairman of the Board
116. Tori Spectrum Telecom, Inc. –Co-Chairman of the Board
117. Trans Digital Excel Inc. – Director
118. Two Cassandra - CCI Conglomerate, Inc. – Co-Chairman of the Board
119. Two Rivers Pacific Holdings Corporation – Director
120. TV5 Network Inc. – Director
121. UxS Inc. (formerly Unitel Production, Inc.) – Vice Chairman of the Board
122. Upbeam Investments, Inc. – Chairman of the Board
123. Vega Telecom, Inc. – Co-Chairman
124. Wolfpac Mobile Inc. – Director

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VAL ANTONIO B. SUAREZ**, Filipino, of legal age, with postal office address at Unit 5C, OPL Building, 100 C. Palanca Street, Legaspi Village, Makati City, 1229, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of **LEPANTO CONSOLIDATED MINING COMPANY** and have been an independent director thereof since April 18, 2011.
2. I am affiliated with the following companies or organizations or organizations (including Government-Owned and Controlled Corporations):

| Company/Organization | Position/Relationship | Period of Service |
|--|---|-------------------|
| Suarez & Reyes Law Offices | Managing Partner | 2000 to Present |
| Filinvest Development Corporation | Independent Director; Member, Audit & Risk Management Oversight Committee; Chairman, Compensation Committee; Chairman, Corporate Governance Committee; Chairman, Related-Party Transaction Committee | 2014 to Present |
| Filinvest Land, Inc. | Lead Independent Director; Member, Audit & Risk Management Oversight Committee; Chairman, Compensation Committee; Chairman, Corporate Governance Committee; Chairman, Related-Party Transaction Committee | 2015 to Present |
| Filinvest REIT Corp. | Independent Director, Member, Audit & Risk Management Oversight Committee; Chairman, Compensation Committee; Chairman, Corporate Governance Committee; Member, Related-Party Transaction Committee | 2017 to Present |
| Tayabas Resources Ventures Corporation | Director and Corporate Secretary | 2003 to Present |
| Southeast Cable TV Corporation | Director and Corporate Secretary | 2003 to Present |
| Asian Vision Cable Holdings Group of Companies | Corporate Secretary | 2003 to Present |
| Ambassador Suarez Development Corporation | Chairman and President | 2003 to Present |
| Five Karats Property Holdings, Inc. | Director and Treasurer | 2003 to Present |
| Gendrugs, Inc. | Director and Treasurer | 2008 to Present |

| | | |
|--|----------------------------------|-----------------|
| Amun Ini Resort and Spa, Inc. | Director and Corporate Secretary | 2010 to Present |
| Carmen's Best Dairy Products, Inc. | Director and Corporate Secretary | 2011 to Present |
| Headland Road Capital, Inc. | Chairman and President | 2012 to Present |
| Camiguin Gendrugs, Inc. | Director and President | 2013 to Present |
| Avocado Broadband Telecoms, Inc. | Director and Corporate Secretary | 2015 to Present |
| Gendrugs Distributors, Inc. | Director and Treasurer | 2016 to Present |
| Cebu Gendrugs, Inc. | Director and Treasurer | 2016 to Present |
| Chocohills Generics, Inc. | Director and Treasurer | 2016 to Present |
| Vertere Global Solutions, Inc. | Chairman | 2017 to Present |
| Vertere Venture Capital, Inc. | Director | 2017 to Present |
| R&S Development Corporation | Director and Treasurer | 2017 to Present |
| Suarez Bridge Ventures, Inc. | Chairman and President | 2018 to Present |
| AB Capital & Investment Corporation | Corporate Secretary | 2021 to Present |
| AB Capital Securities, Inc. | Corporate Secretary | 2021 to Present |
| Financial Executives Institute of the Phils. | Member | 2010 to Present |
| Integrated Bar of the Philippines – Makati Chapter | Member | 1986 to Present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Lepanto Consolidated Mining Company, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other Securities and Exchange Commission (SEC) issuances.
4. I am related to the following director/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

| Name of Director/Officer/ Substantial Shareholder | Company | Nature of Relationship |
|--|---------|------------------------|
| N/A | N/A | N/A |

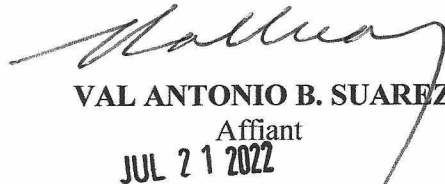
5. I disclose that I (together with the other members of the Board of Directors of Filinvest Land, Inc. (FLI)) am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

| Offense Charged/ Investigated | Tribunal or Agency Involved | Status |
|---|-----------------------------|---|
| Complaint for Syndicated Estafa filed by Manila Paper Mills International, Inc. (MPMI) dated April 12, 2016 | Department of Justice | Petition for Review pending after Complaint was dismissed by City Prosecutor of Dasmariñas for no probable cause* |

* In its Resolution dated November 16, 2016 (“Resolution”), the Office of the City Prosecutor Dasmariñas ruled against MPMII, finding that there was no probable cause to charge the respondents and upholding the validity of FLI’s titles to the property. MPMII then filed with the Secretary of Justice (SOJ) a Petition for Review dated February 21, 2017 questioning the Resolution. On March 21, 2017, the respondents who are directors and officers of FLI filed their Comment on the Petition. The Petition is still pending resolution by the SOJ.

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of Lepanto Consolidated Mining Company of any changes in the above-mentioned information within five days from its occurrence.

Done, this 21st day of July 2022 at Makati City.


VAL ANTONIO B. SUAREZ
Affiant
JUL 21 2022

SUBSCRIBED AND SWORN to before me this ___ day of July 2022 at Makati City, affiant personally appeared before me and exhibited to me his IBP Lifetime Member No. 01967 issued by the IBP Pasig City.

Doc. No. 174 ;
Page No. 36 ;
Book No. XVI ;
Series of 2022.


MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2023
Appt. No. M-002 (2022-2023) Attorney's Roll No. 34562
MCLE Compliance No. VII-0004035/7-19-2021
PTR No. 8852113/1-3-2022/Makati City
IBP Lifetime Member Roll No. 05438
Ground Level, Dela Rosa Carpark I
Dela Rosa St. Legaspi Village,
Makati City



Lepanto Consolidated Mining Company

22 July 2022

Corporate Governance and Finance Department
Securities and Exchange Commission
HEAD OFFICE Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City

Gentlemen:

Subject: DEFINITIVE INFORMATION STATEMENT (IS)

Gentlemen:

This certifies that none of the nominees for Directors this year or incumbent officers of Lepanto Consolidated Mining Company are government employees.

Very truly yours,


ODETTE A. JAVIER
Vice President and
Asst. Corporate Secretary

**SUMMARY OF
PERFORMANCE EVALUATION**
For Members of the Board of Directors
LEPANTO CONSOLIDATED MINING COMPANY
for the year 2021

For each of the following statements, please rate the Board's performance by checking a number between 1 and 5, with 1 indicating that you strongly disagree, and 5 indicating that you strongly agree, with the statement. Check 0 if the point is not applicable or you do not have enough knowledge or information to rank the Corporation's board on a particular statement.

| | AVERAGE SCORES |
|---|---------------------------|
| Composition and Quality | |
| Board members have the appropriate qualifications to meet the objectives of the board's charter, including appropriate financial literacy. | 5 |
| The board demonstrates integrity, credibility, trustworthiness, active participation, an ability to handle conflict constructively, strong interpersonal skills, and the willingness to address issues proactively. | 5 |
| The board demonstrates appropriate industry knowledge and includes a diversity of experiences and backgrounds. | 5 |
| The independent directors meet all applicable independence requirements. | 5 |
| The board participates in a continuing education program to enhance its members' understanding of relevant risk, reporting, regulatory, and industry issues. | 5 |
| The board monitors compliance with corporate governance regulations and guidelines. | 5 |
| New board members are adequately oriented to educate them on the Corporation's operations. | 5 |
| Understanding the business, including Risks | 5 |
| The board takes into account significant risks that may directly or indirectly affect the Corporation. Examples include: <ul style="list-style-type: none"> • Regulatory and legal requirements • Financing and liquidity needs • Financial exposures • Business continuity • Reputation • Strategy execution • Management's capabilities • Fraud control | 5 |
| The board considers, understands, and approves the process implemented by management to effectively identify, assess, and respond to the organization's key risks. | 5 |

| | AVERAGE |
|--|----------------|
| Process and Procedures | |
| | |
| The board meets regularly. | 5 |
| The level of communication between the board and relevant parties is appropriate; the board chairman encourages inputs on meeting agenda from board members and management. | 5 |
| The agenda and related information are circulated in advance of meetings to allow board members sufficient time to study and understand the information. | 5 |
| Written materials provided to board members are relevant and concise. | 5 |
| The board respects the line between oversight and management. | 5 |
| The board maintains adequate minutes of each meeting. | 5 |
| The board and the compensation committee regularly review management incentive plans to consider whether the incentive process is appropriate. | 1 |
| Board members come to meetings well prepared. | 5 |
| Major disclosures are discussed at the Board level. | 5 |
| Ethics and Compliance | 5 |
| Board members oversee the process and are notified of communications received from governmental or regulatory agencies related to alleged violations or areas of non-compliance. | 5 |
| The board oversees management's procedures for enforcing the Corporation's Code of Ethics and Business Conduct and other good governance policies. | 5 |
| The board determines that there is a senior-level person designated to understand relevant legal and regulatory requirements. | 5 |
| Oversight of the Financial Reporting Process, including Internal Controls | 5 |
| The board reviews the Corporation's significant accounting policies. | |
| The board makes inquiries of the independent auditor, internal auditors, and management on the depth of experience and sufficiency of the organization's accounting and finance staff. | 4.50 |
| The board ensures that management takes action to achieve resolution when there are repeat comments or directives from regulators. | 5 |
| The board is consulted when management is seeking a second opinion on an accounting or auditing matter. | 4.50 |

| | AVERAGE |
|---|----------------|
| Oversight of Audit Functions | |
| The board, through the Audit Committee, understands the coordination of work between the independent and internal auditors and clearly articulates its expectations of each. | 4.50 |
| The board, through the Audit Committee, appropriately considers internal audit reports, management's responses, and steps toward improvement. | 4.50 |
| The board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance. | 4.50 |
| The board, through the Audit Committee, considers the independent audit plan and provides recommendations. | 4.50 |
| The board, through the Audit Committee, reviews the audit fees paid to the independent auditor. | 4.50 |
| The board is consulted when management is seeking a second opinion on an accounting or auditing matter. | 4.50 |
| Monitoring Activities | |
| An annual performance evaluation of the board is conducted and any matters that require follow-up are resolved and presented to the full board. | 5 |

COVER SHEET

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(Company's Full Name)

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

| |
|------------------|
| ODETTE A. JAVIER |
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Contact Person

| |
|----------|
| 815-9447 |
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Company Telephone Number

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Month Day
Fiscal Year

| | | | | |
|-----------|---|---|---|--|
| FORM TYPE | | | | |
| 1 | 7 | - | Q | |

FORM TYPE

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| 3rd Monday of April | | | |
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Month Day
Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total no. of Stockholders

| |
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Domestic

| |
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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

| | | | | | | | | | | | |
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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: **June 30, 2022**
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 [] 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 No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

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 : 

Title : **RAMON T. DIOKNO**
Chief Finance Officer

Date : July 22, 2022

Signature : 

Title : **ODETTE A. JAVIER**
Vice President/Assistant Corporate Secretary

Date : July 22, 2022

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(With Comparative Figures for 2021)

(Amounts In Thousand , Except Loss Per Share)

| | FOR THE SECOND QUARTER | | FOR SIX MONTHS ENDED JUNE 30 | |
|---|-------------------------------|--------------------|-------------------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| REVENUES | | | | |
| Sale of metals | P 390,883 | 382,278 | P 813,038 | P 788,216 |
| Service fees and other operating income | 1,935 | 7,248 | 3,620 | 8,865 |
| | <u>392,818</u> | <u>389,526</u> | <u>816,658</u> | <u>797,081</u> |
| COSTS AND EXPENSES | | | | |
| Mining, milling, roasting, smelting, refining and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges | (549,700) | (501,306) | (1,129,280) | (974,516) |
| INCOME (LOSS) FROM OPERATIONS | (156,882) | (111,780) | (312,622) | (177,435) |
| FINANCE COST, net | (2,746) | (2,776) | (5,475) | (5,614) |
| FOREIGN EXCHANGE GAINS (LOSS), net | 1,124 | 625 | 2,570 | 1,882 |
| OTHER INCOME (CHARGES), net | 5,971 | 12,057 | 13,764 | 16,113 |
| SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES | (629) | (118) | (399) | (2,051) |
| INCOME (LOSS) BEFORE INCOME TAX | (153,162) | (101,992) | (302,162) | (167,105) |
| PROVISION FOR (BENEFIT FROM) INCOME TAX | | | | |
| CURRENT | 17 | (1,657) | 33 | (3,352) |
| DEFERRED | (306) | (219) | (153) | (471) |
| | <u>(289)</u> | <u>(1,876)</u> | <u>(120)</u> | <u>(3,823)</u> |
| NET INCOME (LOSS) | <u>P (152,873)</u> | <u>P (100,116)</u> | <u>P (302,042)</u> | <u>P (163,282)</u> |
| Attributable to: | | | | |
| Stockholders of the parent company | (152,515) | (100,076) | P (301,574) | P (163,189) |
| Non-controlling interests | (358) | (40) | (468) | (93) |
| Net Income / (Loss) | <u>P (152,873)</u> | <u>P (100,116)</u> | <u>P (302,042)</u> | <u>P (163,282)</u> |
| EARNINGS (LOSS) PER SHARE | | | | |
| attributable to stockholders of the parent company | | | | |
| Basic & Diluted | <u>(0.002298)</u> | <u>(0.002554)</u> | <u>(0.004543)</u> | <u>(0.002554)</u> |

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands)

| | <u>JUNE 30</u> <u>2022</u> | <u>*DECEMBER 31</u> <u>2021</u> |
|--|-------------------------------|------------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalent | P 33,134 | P 35,654 |
| Receivables, net | 88,376 | 88,307 |
| Inventories, net | 608,107 | 593,500 |
| Advances to suppliers and contractors | 367,515 | 295,123 |
| Other current assets | 647,893 | 533,738 |
| Total current assets | <u>1,745,025</u> | <u>1,546,321</u> |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 6,296,488 | 6,379,039 |
| Available-for-sale financial assets | 35,446 | 35,446 |
| Investments and advances in associates | 469,032 | 469,571 |
| Mine exploration cost | 6,943,133 | 6,908,369 |
| Deferred tax assets | 246,280 | 246,280 |
| Other noncurrent assets | 523,927 | 529,459 |
| Total non-current assets | <u>14,514,306</u> | <u>14,568,162</u> |
| TOTAL ASSETS | <u>P 16,259,331</u> | <u>P 16,114,484</u> |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | P 3,204,344 | P 2,744,831 |
| Short-term borrowings | 124,183 | 125,608 |
| Lease Liability | 6,064 | 6,064 |
| Unclaimed dividends | 26,693 | 26,693 |
| Income tax payable | 33 | 4 |
| Total current liabilities | <u>3,361,317</u> | <u>2,903,201</u> |
| NON-CURRENT LIABILITIES | | |
| Advances from Far Southeast Services Limited | 6,233,384 | 6,194,069 |
| Long-term borrowings | 50,999 | 51,033 |
| Lease Liability | 4,275 | 7,286 |
| Liability for mine rehabilitation cost | 15,214 | 14,476 |
| Retirement benefit obligations | 1,265,322 | 1,314,226 |
| Deposit for future stock subscriptions | 69,200 | 69,200 |
| Total non-current liabilities | <u>7,809,128</u> | <u>7,821,295</u> |
| TOTAL LIABILITIES | <u>11,170,445</u> | <u>10,724,496</u> |
| 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 | (56,025) | (56,025) |
| Cumulative changes in fair values of AFS investments | (67,882) | (67,882) |
| Deficit | (6,747,964) | (6,446,394) |
| | <u>4,840,847</u> | <u>5,142,417</u> |
| Non-controlling interests | <u>248,039</u> | <u>247,571</u> |
| Total equity | <u>5,088,886</u> | <u>5,389,988</u> |
| TOTAL LIABILITIES AND EQUITY | <u>P 16,259,331</u> | <u>P 16,114,484</u> |

* - AUDITED

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER AND SIX MONTHS ENDED JUNE 30, 2022

(With Comparative Figures for 2021)

(Amounts in Thousand Pesos)

| | FOR THE QUARTER ENDED JUNE 30 | | FOR SIX MONTHS ENDED JUNE 30 | |
|--|----------------------------------|-----------------|---------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income/ (Loss) before tax | P (153,162) | P (101,992) | P (302,162) | P (167,105) |
| Adjustments for: | | | | |
| Depreciation and depletion | 1,287 | 5,667 | 200,493 | 208,795 |
| Equity in net losses (income) of affiliated companies | 575 | 118 | 399 | 177 |
| Foreign exchange losses (income), net | (957) | (625) | (2,341) | (1,882) |
| Provision for retirement benefit cost | - | - | 973 | 973 |
| Loss on sale of asset | (0) | (0) | (0) | (0) |
| Interest income | (8) | (7) | (12) | (12) |
| Interest expense | 2,738 | 2,776 | 5,457 | 5,614 |
| Provision for income tax | 289 | 1,876 | 120 | 3,823 |
| Operating income before working capital changes | (149,238) | (92,187) | (97,072) | 50,382 |
| Decrease (Increase) in: | | | | |
| Receivables and advances to suppliers | (30,490) | (83,371) | (82,987) | (105,251) |
| Inventories and PPE | 87,148 | 68,957 | 36,347 | (3,840) |
| Prepayments and other assets | (946) | (48,771) | (108,624) | (45,459) |
| Increase (Decrease) in: | | | | |
| Accounts payable and accrued expenses | 162,947 | 316,895 | 456,439 | 367,985 |
| Liability for mine rehabilitation cost | 369 | 1,121 | 738 | 1,596 |
| Deferred income tax liability, net | (11) | (220) | (271) | (471) |
| Cash generated (used) from operations | 69,779 | 162,424 | 204,570 | 264,943 |
| Retirement benefits paid | (25,202) | (29,017) | (51,111) | (56,335) |
| Interest received | 8 | 7 | 12 | 12 |
| Income tax recovered (paid) | - | - | - | - |
| Net cash provided by (used in) operating activities | 44,584 | 133,415 | 153,470 | 208,620 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investments, net | 7,128 | 20,577 | 9,826 | 13,775 |
| Acquisition of property and equipment | (64,904) | (77,544) | (168,896) | (131,497) |
| Exploration costs and other assets | (18,699) | (19,124) | (34,764) | (35,599) |
| Net cash used in investing activities | (76,475) | (76,091) | (193,835) | (153,321) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from: | | | | |
| Borrowings | 13,315 | 12,334 | 39,315 | 35,588 |
| Disposal of Assets | - | - | - | - |
| Payments of: | | | | |
| Borrowings | (95) | (1,255) | (1,459) | (1,339) |
| Interest | - | (37) | (11) | (106) |
| Capital and other reserves | - | 2 | (1) | 1 |
| Net cash provided by financing activities | 13,220 | 11,044 | 37,844 | 34,144 |
| NET INCREASE (DECREASE) IN CASH | (18,671) | 68,368 | (2,520) | 89,443 |
| Beginning of period | 35,654 | 31,446 | 35,654 | 31,446 |
| CASH AT END OF THE PERIOD | P 16,983 | P 99,814 | P 33,134 | P 120,889 |

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2022 & 2021
(Amounts in thousands)

| | <u>JUNE 30</u> <u>2022</u> | <u>JUNE 30</u> <u>2021</u> |
|--|-------------------------------|-------------------------------|
| Authorized - P 6.64 billion | | |
| Share capital at par value | P 6,637,393 | P 6,637,393 |
| Subscribed capital (net of subscriptions receivable) | <u>(1,707)</u> | <u>(1,707)</u> |
| Share premium | <u>5,077,033</u> | <u>5,077,033</u> |
| Cumulative changes in fair values of AFS investments | <u>(67,882)</u> | <u>(42,192)</u> |
| Re-measurement loss on retirement plan | <u>(56,025)</u> | <u>(206,924)</u> |
| Retained earnings | | |
| Beginning balance | (6,446,391) | (5,924,109) |
| Net Loss for the period | <u>(301,574)</u> | <u>(63,113)</u> |
| | <u>(6,747,965)</u> | <u>(5,987,222)</u> |
| EQUITY ATTRIBUTABLE TO THE STOCKHOLDERS OF THE PARENT COMPANY | <u>4,840,847</u> | <u>5,476,381</u> |
| NON-CONTROLLING INTERESTS | <u>248,039</u> | <u>239,784</u> |
| | <u>P 5,088,886</u> | <u>P 5,716,165</u> |

LEPANTO CONSOLIDATED MINING COMPANY

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2022 and DECEMBER 31, 2021

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, 2021.

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

| | 06/30/2022 | 12/31/2021 |
|---------------|------------|------------|
| Cash on hand | 1,093 | 2,513 |
| Cash in banks | 32,041 | 33,141 |
| | 33,134 | 35,654 |

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

Note 4 – Receivables

| | 06/30/2022 | 12/31/2021 |
|---------------------------------------|------------|------------|
| Trade | 87,892 | 74,885 |
| Nontrade | 15,773 | 28,955 |
| Advances to officers and employees | 3,366 | 2,866 |
| | 107,032 | 106,706 |
| Less: Allowance for impairment losses | (18,656) | (18,398) |
| | 88,376 | 88,307 |

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

| | 06/30/2022 | 12/31/2021 |
|--------------------|------------|------------|
| Parts and supplies | 608,107 | 593,500 |

Parts and supplies include materials and supplies stored in Metro Manila, Bulacan, Mankayan, and Leyte. The increase in the amount of P14.61 million represents unwithdrawn stocks to be 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

| | 06/30/2022 | 12/31/2021 |
|-------------|------------|------------|
| Input VAT | 387,364 | 372,131 |
| Prepayments | 147,232 | 147,654 |
| Others | 113,296 | 13,952 |
| | 647,893 | 533,738 |

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 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 as of and for the period ended June 30, 2022 and 2021 are as follows:

Mining activities

| | 2022 (in thousands) | 2021 (in thousands) |
|-------------------------|------------------------|------------------------|
| CURRENT ASSET | 1,712,327 | 2,041,000 |
| NON-CURRENT ASSET | 14,534,853 | 14,497,909 |
| CURRENT LIABILITES | 3,546,571 | 3,018,827 |
| NON-CURRENT LIABILITIES | 7,788,066 | 8,060,740 |
| GROSS INCOME | 813,038 | 788,216 |
| NET INCOME / (LOSS) | (299,124) | (158,968) |

Investment activities

| | 2022 (in thousands) | 2021 (in thousands) |
|-------------------------|------------------------|------------------------|
| CURRENT ASSET | 96,639 | 20,464 |
| NON-CURRENT ASSET | 7,244 | 90,800 |
| CURRENT LIABILITES | 90,418 | 90,301 |
| NON-CURRENT LIABILITIES | 12,108 | 18,763 |
| GROSS INCOME | - | - |
| NET INCOME / (LOSS) | (97) | 6,213 |

Hauling and Leasing Activities

| | 2022 (in thousands) | 2021 (in thousands) |
|-------------------------|------------------------|------------------------|
| CURRENT ASSET | 184,192 | 218,769 |
| NON-CURRENT ASSET | 392,385 | 390,339 |
| CURRENT LIABILITES | 3,934 | 34,621 |
| NON-CURRENT LIABILITIES | 117,302 | 138,207 |
| GROSS INCOME | 10,527 | 10,559 |
| NET INCOME / (LOSS) | (2,778) | (572) |

Drilling Activities

| | 2022 (in thousands) | 2021 (in thousands) |
|-------------------------|------------------------|------------------------|
| CURRENT ASSET | 191,776 | 222,988 |
| NON-CURRENT ASSET | 82,181 | 29,936 |
| CURRENT LIABILITES | 222,437 | 193,370 |
| NON-CURRENT LIABILITIES | 14,215 | 17,146 |
| GROSS INCOME | 38,001 | 10,581 |
| NET INCOME / (LOSS) | 356 | (7,904) |

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 JUNE 30, 2022

| <i>CUSTOMERS</i> | <i>CURRENT</i> | <i>OVER 30 DAYS</i> | <i>OVER 60 DAYS</i> | <i>TOTAL</i> |
|-----------------------|----------------|-------------------------|-------------------------|--------------|
| HERAEUS LTD. | 57,777,324 | - | - | 57,777,324 |
| LOUIS DREYFUS COMPANY | - | - | - | - |
| CLIVEDEN TRADING | - | - | - | - |
| | 57,777,324 | - | - | 57,777,324 |

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULT OF OPERATIONS**

As of June 30, 2022

Consolidated revenues for the second quarter of 2022 amounted to P392.8 million compared with P389.5 million in 2021. Consolidated net loss increased to P152.1 million versus P100.1 million the previous year.

For the first half of 2022, combined revenues reached P816.7 million compared with P797.1 million for the same period in 2021. Consolidated net loss increased to P301.3 million, from last year’s loss of P163.3 million.

Mining Operations

April – June 2022 versus April – June 2021

Dore production contained 3,924 ounces of gold and 10,082 ounces of silver versus last year’s 4,146 ounces and 11,016 ounces, respectively.

Metal sales went up by P8.2 million to P390.5 million because of the higher gold price and weaker Peso vs. the US dollar. Net loss increased to P149.3 million compared with last year’s P104.2 million due to the lower gold production and higher cost of production.

Gold price averaged US\$1,854.6/oz. versus US\$1,815.5/oz. while silver price averaged US\$21.47/oz. versus US\$26.54/oz. the preceding year. The P/US\$ exchange rate averaged P52.64/US\$1 compared with P48.17/US\$1 last year.

Tonnage broken increased by 518 tonnes from 109,678 tonnes while tonnage milled decreased by 5,304 tonnes to 108,268 tonnes. Accordingly, mining cost increased from P170.7 million to P185.1 million. Milling cost likewise increased from P81.9 million to P97.3 million due to an increase in production and overhead costs. Depletion and depreciation increased by a total of P15.7 million to P118.5 million on account of increased tonnage and the amortization on additional capital expenditures, respectively.

January – June 2022 versus January – June 2021

Metal production for the first half of the year consisted of 8,131 oz of gold and 25,555 oz of silver versus last year’s 8,649 oz of gold and 34,100 oz of silver.

Better gold price and the weaker Peso vis-à-vis the US dollar contributed to the higher metal revenue, from P788.22 million to P812.68 million. However, higher costs resulted in a larger net loss, P298.0 million from P158.7 million last year.

Gold price averaged US\$1,870.20/oz. versus US\$1,796.56/oz. last year, while silver price averaged US\$22.96/oz. versus US\$26.30/oz. The P/US\$ exchange rate averaged P52.08/US\$1 compared with P48.23/US\$1 last year.

Total cost and expenses increased by 18% to P1,119.1 million from P955.0 million generally due to the increase in cost of all materials, and specifically on account of: 24% increase in mining cost to P390.8 million because of higher extracted tonnage; increase of milling cost to P199.0 million due to increased milling tonnage; 18% increase in depletion and depreciation attributable to increased tonnage and capex.

BALANCE SHEET MOVEMENTS

June 30, 2022 versus December 31, 2021

The decrease in cash and cash equivalents by P2.5 million is due to capital spending to support mining operations. The increase in advances to suppliers and contractors of P72.4 million represent advance payments awaiting deliverables from various suppliers. Other current assets increased by P114.2 million resulting from unamortized operating development expenses.

Trade and other payables increased by P459.5 million due to mine development, mill upgrade and exploration expenditures. The non-current portion of lease liability decreased by P3.0M on account of settlement made by a subsidiary. Liability for mine rehabilitation increased by P738 thousand in compliance with regulatory requirements.

Deficit widened by P300.8 million representing the net loss from operations during the period.

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled P83.6 million, of which P24.8 million went to exploration; P42.4 million to machinery and equipment; P8.1 million to mine development; and P8.3 million to maintenance of tailings storage facility 5A.

For the first semester, total capital expenditures amounted to P201.4 million; of which P46.4 million went to exploration; P104.6 million to machinery and equipment; P26.1 million to mine development; and P24.2 million to maintenance of tailings storage facility 5A.

OUTLOOK FOR THE YEAR

Lepanto is presently focusing on gold dore production from its Victoria and Teresa deposits. Exploration drilling is concentrated on targeting extensions of the said deposits. Meantime, the mill plant and CIP are undergoing rehabilitation to improve gold and silver recoveries and increase throughput. There are no plans for any significant changes in the number of employees. Various cost-cutting measures are being implemented and these

have been showing good results in terms of higher metal recoveries and lower production costs in the last few weeks. The Company intends to raise capital to support operations, reduce payables, and undertake exploration of its gold and copper deposits, and mine development.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income for the six months ended June 2022 versus the same period of the previous year.

Diamond Drilling Corporation of the Philippines reported a net income of P356 thousand this year versus P7.9 million net loss last year. Lepanto Investment and Development Corporation reported a net loss of P97 thousand compared with last year's net income of P6.2 million. Shipline, Incorporated registered a net loss of P2.8 million against last year's net loss of P572 thousand.

*** - 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.

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 and Shanghang County Jinshan Trading Co., Ltd. for copper concentrates.

The Group has a significant concentration of credit risk in relation to its trade receivables from Hereaus. 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 first quarter this year. Same amount was revalued at the start of the year based on an exchange rate of P50.999/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 ranging from 5.0% to 7.0%.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
JUNE, 2022
(With Comparative Annual Figures for 2021)

| | PERIOD ENDED JUNE 30, 2022 | YEAR ENDED DECEMBER 31, 2021 |
|--------------------------------|-------------------------------|---------------------------------|
| Profitability Ratios: | | |
| Return on assets | -1.86% | -3.19% |
| Return on equity | -5.94% | -9.55% |
| Gross profit margin | -27.29% | -20.40% |
| Net profit margin | -36.99% | -32.46% |
| Liquidity and Solvency Ratios: | | |
| Current ratio | 0.52:1 | 0.53:1 |
| Quick ratio | 0.15:1 | 0.14:1 |
| Solvency ratio | -0.03:1 | -0.05:1 |
| Financial Leverage Ratios: | | |
| Asset to equity ratio | 3.20:1 | 2.99:1 |
| Debt to equity ratio | 2.20:1 | 1.99:1 |
| Interest coverage ratio | 55.19:1 | 7.98:1 |

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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| M | A | K | A | T | I | | C | I | T | Y | | | | | | | | | | | | | | | | | | | |

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

| |
|------------------|
| ODETTE A. JAVIER |
|------------------|

Contact Person

| |
|----------|
| 815-9447 |
|----------|

Company Telephone Number

| | | | |
|---|---|---|---|
| 1 | 2 | 3 | 1 |
|---|---|---|---|

Month Day

Fiscal Year

FORM TYPE

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FORM TYPE

3rd Monday of April

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Month

Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total no. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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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, 2022**
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 [] 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 No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

PART I- FINANCIAL INFORMATION

- | | | |
|--|---|-------------|
| Item 1. Financial Statements: | <i>Income Statement</i> | - Annex "A" |
| | <i>Balance Sheet</i> | - Annex "B" |
| | <i>Statement of Cash Flow</i> | - Annex "C" |
| | <i>Stockholders' Equity</i> | - Annex "D" |
| | <i>Notes to Financial Statements</i> | - Annex "E" |
| | <i>Aging of Accounts Receivable-Trade</i> | - 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 20, 2022

Signature : 
ODETTE A. JAVIER

Title : Vice President/Assistant Corporate Secretary

Date : May 20, 2022

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(With Comparative Figures for 2021)
(Amounts In Thousand , Except Loss Per Share)

| | FOR THE FIRST QUARTER | |
|--|------------------------------|-------------------|
| | 2022 | 2021 |
| REVENUES | | |
| Sale of metals | P 422,155 | 405,938 |
| Service fees and other operating income | 1,685 | 1,617 |
| | <u>423,840</u> | <u>407,555</u> |
| COSTS AND EXPENSES | | |
| Mining, milling, roasting, smelting, refining and and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges | (579,580) | (473,210) |
| INCOME (LOSS) FROM OPERATIONS | <u>(155,740)</u> | <u>(65,655)</u> |
| FINANCE COST, net | (2,729) | (2,838) |
| FOREIGN EXCHANGE GAINS (LOSS), net | 1,446 | 1,257 |
| OTHER INCOME (CHARGES), net | 7,793 | 4,056 |
| SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES | 230 | (1,933) |
| INCOME (LOSS) BEFORE INCOME TAX | <u>(149,000)</u> | <u>(65,113)</u> |
| PROVISION FOR (BENEFIT FROM) INCOME TAX | | |
| CURRENT | 16 | (1,695) |
| DEFERRED | 153 | (252) |
| | <u>169</u> | <u>(1,947)</u> |
| NET INCOME (LOSS) | <u>P (149,169)</u> | <u>P (63,166)</u> |
| Attributable to: | | |
| Stockholders of the parent company | (149,059) | (63,113) |
| Non-controlling interests | (110) | (53) |
| Net Income / (Loss) | <u>P (149,169)</u> | <u>P (63,166)</u> |
| EARNINGS (LOSS) PER SHARE | | |
| Attributable to stockholders of the Parent company | | |
| Basic & Diluted | <u>(0.002246)</u> | <u>(0.003229)</u> |

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands)

| | | MARCH 31 | | *DECEMBER 31 |
|--|----------|-------------------|----------|---------------------|
| | | 2022 | | 2021 |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalent | P | 51,805 | P | 35,654 |
| Receivables, net | | 73,985 | | 88,307 |
| Inventories, net | | 573,130 | | 593,500 |
| Advances to suppliers and contractors | | 359,070 | | 295,123 |
| Other current assets | | 649,522 | | 533,738 |
| Total current assets | | 1,707,512 | | 1,546,321 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | | 6,354,996 | | 6,379,039 |
| Available-for-sale financial assets | | 35,446 | | 35,446 |
| Investments in and advances to associates | | 470,112 | | 469,571 |
| Mine exploration cost | | 6,924,434 | | 6,908,369 |
| Deferred tax assets | | 246,280 | | 246,280 |
| Other noncurrent assets | | 521,352 | | 529,459 |
| Total non-current assets | | 14,552,620 | | 14,568,162 |
| TOTAL ASSETS | P | 16,260,132 | P | 16,114,484 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | P | 3,039,633 | P | 2,744,831 |
| Short-term borrowings | | 124,278 | | 125,608 |
| Lease Liability | | 6,064 | | 6,064 |
| Unclaimed dividends | | 26,693 | | 26,693 |
| Income tax payable | | 16 | | 4 |
| Total current liabilities | | 3,196,684 | | 2,903,201 |
| NON-CURRENT LIABILITIES | | | | |
| Advances from Far Southeast Services Limited | | 6,220,069 | | 6,194,069 |
| Long-term borrowings | | 50,999 | | 51,033 |
| Lease Liability | | 5,784 | | 7,286 |
| Liability for mine rehabilitation cost | | 14,845 | | 14,476 |
| Retirement benefits Liability | | 1,290,268 | | 1,314,226 |
| Deferred tax liabilities | | 170,745 | | 171,005 |
| Deposit for future stock subscriptions | | 69,200 | | 69,200 |
| Total non-current liabilities | | 7,821,910 | | 7,821,295 |
| TOTAL LIABILITIES | | 11,018,594 | | 10,724,496 |
| EQUITY | | | | |
| Capital stock | | 6,635,685 | | 6,635,685 |
| Additional paid-in capital | | 5,077,033 | | 5,077,033 |
| Re-measurement loss on retirement benefits liability | | (56,025) | | (56,025) |
| Cumulative changes in fair values of AFS investments | | (75,010) | | (67,882) |
| Deficit | | (6,595,449) | | (6,446,394) |
| | | 4,986,234 | | 5,142,417 |
| Non-controlling interests | | 255,304 | | 247,571 |
| Total equity | | 5,241,538 | | 5,389,988 |
| TOTAL LIABILITIES AND EQUITY | P | 16,260,132 | P | 16,114,484 |

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

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31
(With Comparative Figures for 2021)
(Amounts in Thousand Pesos)

| | MARCH | | MARCH |
|---|-----------------|----------|---------------|
| | 2022 | | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income/ (Loss) before tax | P (149,000) | P | (65,113) |
| Adjustments for: | | | |
| Depreciation and depletion | 199,206 | | 203,128 |
| Equity in net losses (income) of affiliated companies | (175) | | 59 |
| Foreign exchange losses (income), net | (1,384) | | (1,257) |
| Provision for retirement benefit cost | 973 | | 973 |
| Loss on sale of asset | (0) | | (0) |
| Interest income | (4) | | (5) |
| Interest expense | 2,719 | | 2,838 |
| Provision for income tax | (169) | | 1,947 |
| Operating income before working capital changes | 52,165 | | 142,569 |
| Decrease (Increase) in: | | | |
| Receivables and advances to suppliers | (52,497) | | (21,880) |
| Inventories and PPE | (114,254) | | (72,797) |
| Prepayments and other assets | (94,264) | | 3,312 |
| Increase (Decrease) in: | | | |
| Accounts payable and accrued expenses | 293,493 | | 51,090 |
| Liability for mine rehabilitation cost | 369 | | 475 |
| Deferred income tax liability, net | (260) | | (251) |
| Cash generated (used) from operations | 84,752 | | 102,518 |
| Retirement benefits paid | (25,909) | | (27,318) |
| Interest received | 4 | | 5 |
| Income tax recovered (paid) | - | | - |
| Net cash provided by (used in) operating activities | 58,847 | | 75,205 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investments, net | 2,698 | | (6,802) |
| Acquisition of property and equipment | (53,953) | | (53,953) |
| Exploration costs and other assets | (16,065) | | (16,475) |
| Net cash used in investing activities | (67,321) | | (77,230) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from: | | | |
| Borrowings | 26,000 | | 23,254 |
| Disposal of Assets | - | | - |
| Payments of: | | | |
| Borrowings | (1,364) | | (84) |
| Interest | (11) | | (69) |
| Capital and other reserves | (1) | | (1) |
| Net cash provided by financing activities | 24,624 | | 23,100 |
| NET INCREASE (DECREASE) IN CASH | 16,151 | | 21,075 |
| Beginning of period | 35,654 | | 31,446 |
| CASH AT END OF THE PERIOD | P 51,805 | P | 52,521 |

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2022 AND 2021

(Amounts in thousands)

| | <u>MARCH 31</u> <u>2022</u> | <u>MARCH 31</u> <u>2021</u> |
|--|--------------------------------|--------------------------------|
| Authorized - P 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) |
| Additional paid-in capital | 5,077,033 | 5,077,033 |
| Cumulative changes in fair values of AFS investments | (75,010) | (42,192) |
| Re-measurement loss on retirement benefits liability | (56,025) | (206,924) |
| Deficit | | |
| Beginning balance | (6,446,391) | (5,924,109) |
| Net Loss for the period | (149,059) | (63,113) |
| | <u>(6,595,450)</u> | <u>(5,987,222)</u> |
| EQUITY ATTRIBUTABLE TO THE STOCKHOLDERS OF THE PARENT COMPANY | 4,986,234 | 5,476,381 |
| NON-CONTROLLING INTERESTS | 255,304 | 239,784 |
| | <u>P 5,241,538</u> | <u>P 5,716,165</u> |

LEPANTO CONSOLIDATED MINING COMPANY

NOTES TO FINANCIAL STATEMENTS
AS OF MARCH 31, 2022 and DECEMBER 31, 2021

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, 2021.

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

| | 03/31/2022 | 12/31/2021 |
|---------------|------------|------------|
| Cash on hand | 4,299 | 2,513 |
| Cash in banks | 47,506 | 33,141 |
| | 51,805 | 35,654 |

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

Note 4 – Receivables

| | 03/31/2022 | 12/31/2021 |
|---------------------------------------|------------|------------|
| Trade | 68,558 | 74,885 |
| Nontrade | 20,787 | 28,955 |
| Advances to officers and employees | 3,114 | 2,866 |
| | 92,459 | 106,706 |
| Less: Allowance for impairment losses | (18,474) | (18,398) |
| | 73,985 | 88,307 |

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

| | 03/31/2022 | 12/31/2021 |
|--------------------|------------|------------|
| Parts and supplies | 573,130 | 593,500 |

Parts and supplies include materials and supplies stored in Metro Manila, Bulacan, Mankayan, and Leyte. The decrease in the amount of P20.37 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

| | 03/31/2022 | 12/31/2021 |
|-------------|------------|------------|
| Input VAT | 375,374 | 372,131 |
| Prepayments | 163,728 | 147,654 |
| Others | 110,420 | 13,949 |
| | 649,522 | 533,735 |

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 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 1st quarter of the year 2021 and 2020 are as follow:

Mining activities

| | 2022 (in thousands) | 2021 (in thousands) |
|-------------------------|------------------------|------------------------|
| CURRENT ASSET | 1,657,456 | 1,848,882 |
| NON-CURRENT ASSET | 14,563,156 | 14,505,733 |
| CURRENT LIABILITES | 3,357,430 | 2,713,413 |
| NON-CURRENT LIABILITIES | 7,801,093 | 8,077,558 |
| GROSS INCOME | 422,155 | 405,938 |
| NET INCOME / (LOSS) | (148,885) | (54,665) |

Investment activities

| | 2022 (in thousands) | 2021 (in thousands) |
|-------------------------|------------------------|------------------------|
| CURRENT ASSET | 96,643 | 313 |
| NON-CURRENT ASSET | 7,233 | 186,557 |
| CURRENT LIABILITES | 90,374 | 90,219 |
| NON-CURRENT LIABILITIES | 12,108 | 18,763 |
| GROSS INCOME | - | - |
| NET INCOME / (LOSS) | (59.61) | (79.85) |

Hauling and Leasing Activities

| | 2022 (in thousands) | 2021 (in thousands) |
|-------------------------|------------------------|------------------------|
| CURRENT ASSET | 183,813 | 189,511 |
| NON-CURRENT ASSET | 393,111 | 398,331 |
| CURRENT LIABILITES | 3,425 | 14,483 |
| NON-CURRENT LIABILITIES | 117,073 | 137,588 |
| GROSS INCOME | 5,035 | 5,225 |
| NET INCOME / (LOSS) | (1,693) | (1,278) |

Drilling Activities

| | 2022 (in thousands) | 2021 (in thousands) |
|-------------------------|------------------------|------------------------|
| CURRENT ASSET | 198,393 | 225,903 |
| NON-CURRENT ASSET | 85,463 | 34,587 |
| CURRENT LIABILITES | 232,718 | 198,242 |
| NON-CURRENT LIABILITIES | 14,199 | 17,146 |
| GROSS INCOME | 18,999 | - |
| NET INCOME / (LOSS) | 1,239 | (5,209) |

Note 10 – Seasonality

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

LEPANTO CONSOLIDATED MINING CO.

AGING OF ACCOUNTS RECEIVABLE - TRADE

AS OF MARCH 31, 2022

| <i>CUSTOMERS</i> | <i>CURRENT</i> | <i>OVER 30 DAYS</i> | <i>OVER 60 DAYS</i> | <i>TOTAL</i> |
|------------------------------|----------------|-------------------------|-------------------------|--------------|
| HERAEUS LTD. | 43,276,353 | - | - | 43,276,353 |
| LOUIS DREYFUS COMPANY | - | - | - | - |
| CLIVEDEN TRADING | - | - | - | - |
| | 43,276,353 | - | - | 43,276,353 |

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULT OF OPERATIONS**

As of March 31, 2022

First quarter combined revenues increased by 4% from P407.6 million last year to P423.8 million. Net loss widened to P149.2 million from a loss of P63.2 million the previous year due to a significant increase in expenses and decrease in metal output.

Mining Operations

Metal production in the form of dore consisted of 4,207 oz of gold and 15,473 oz of silver versus 4,503 oz of gold and 23,084 oz of silver last year. Metal revenue this year went up from P405.9 million to P422.2 million on the back of higher gold prices and the stronger dollar.

Gold price averaged US\$1,884.77/oz. versus US\$1,778.96/oz. in 2021, while silver price averaged US\$23.93/oz. versus last year’s US\$26.18/oz. The P/US\$ exchange rate averaged P51.52/US\$1 compared with P48.29/US\$1 last year.

Total cost and expenses increased by 24% to P576.1 million from P465.5 million. The tonnes broken increased by 19,303 tonnes to 131,079 tonnes, translating to a 41% increase in mining cost or P48.0 million. Accordingly, milling tonnage increased to 119,616 tonnes from 104,628 tonnes in 2021, and milling cost from P83.2 million to P101.7 million. Depletion and depreciation increased from P103.4 million to P125.0 million, and overhead and administrative costs rose from P105.0 million to P121.9 million.

BALANCE SHEET MOVEMENTS

Cash and cash equivalents increased by P16.2 million due mainly to timing of disbursements for operational and capital spending. Receivables decreased to P74 million representing the unpaid portion of a dore shipment for the quarter. The increase in advances to suppliers and contractors of P63.9 million represent outstanding deliverables from various suppliers. Other current assets increased by P115.8 million due to deferral of development cost being amortized within the year.

Trade and other payables increased by P294 million due to procurement of various supplies and equipment. Lease liability – noncurrent decreased by P1.5M due to its reclassification.

Deficit increased by P149 million representing the net loss from operations during the quarter.

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled P117.8 million, of which P21.6 million went to exploration; P62.2 million to machinery and equipment; P18.0 million to mine development; and, P15.9 million to maintenance of tailings storage facility 5A.

OUTLOOK FOR THE YEAR

Lepanto will continue producing gold and silver dore from its Victoria and Teresa deposits. The Copper/Gold resources are being reviewed with a view to resuming copper production in the near future. The Company intends to undertake a stock right offering within the year to support an increase in the authorized capital stock from P6,640,000,000 to P9,000,000,000. Proceeds will fund an exploration program targeting copper-gold areas, settlement of liabilities, and working capital.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income for the three months ended March 2022 versus the same period the previous year.

Diamond Drilling Corporation of the Philippines reported a net loss of P1.2 million this year versus P5.2 million last year. Lepanto Investment and Development Corporation reported a net loss of P59.6 thousand compared with last year's net loss of P79.9 thousand. Shipside, Incorporated registered a net loss of P1.7 million against last year's net loss of P1.3 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.

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 and Shanghang County Jinshan Trading Co., Ltd. for copper concentrates.

The Group has a significant concentration of credit risk in relation to its trade receivables from Hereaus. 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 first quarter this year. Same amount was revalued at the start of the year based on an exchange rate of P50.999/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\$145.9 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 ranging from 5.0% to 7.0%.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
MARCH 31, 2022
(With Comparative Annual Figures for 2021)

| | AS OF 1ST QUARTER MARCH 2022 | YEAR ENDED DECEMBER 2021 |
|--------------------------------|---------------------------------|-----------------------------|
| Profitability Ratios: | | |
| Return on assets | -0.92% | -3.19% |
| Return on equity | -2.85% | -9.55% |
| Gross profit margin | -25.12% | -20.40% |
| Net profit margin | -35.19% | -32.46% |
| Liquidity and Solvency Ratios: | | |
| Current ratio | 0.53:1 | 0.53:1 |
| Quick ratio | 0.15:1 | 0.14:1 |
| Solvency ratio | -0.01:1 | -0.05:1 |
| Financial Leverage Ratios: | | |
| Asset to equity ratio | 3.10:1 | 2.99:1 |
| Debt to equity ratio | 2.10:1 | 1.99:1 |
| Interest coverage ratio | 54.60:1 | 7.98:1 |