

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)

ODETTE A. JAVIER

Contact Person

815-9447

Company Telephone Number

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Month Day

Fiscal Year

FORM TYPE				
1	7	-	Q	

FORM TYPE

3rd Monday of April

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Month

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Day

Annual Meeting

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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File Number

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Cashier

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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: **September 30, 2024**
2. Commission identification number: **101**
3. BIR Tax Identification No.: **000-160-247**
4. Exact name of issuer as specified in its charter:

LEPANTO CONSOLIDATED MINING COMPANY

5. Province, country or other jurisdiction of incorporation or organization:
Makati City, Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office:
**21st Floor, Lepanto Building
8747 Paseo de Roxas, Makati City, Philippines**
8. Issuer's telephone number, including area code:
(632) -- 815-9447
9. Former name, former address and former fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the
RSA

Title of each Class	Number of shares of common stock outstanding:
Class "A"	39,822,869,196
Class "B"	26,552,888,901

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

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ 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 : November 14, 2024

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

Date : November 14, 2024

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2024
(With Comparative Figures for 2023)
(Amounts In Thousand , Except Earnings (Loss) Per Share)

	FOR THE THIRD QUARTER		FOR NINE MONTHS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
REVENUES				
Sale of metals	730,840	495,380	2,097,859	1,866,592
Service fees and other operating income	2,177	673	9,697	5,073
	733,017	496,052	2,107,556	1,871,665
COSTS AND EXPENSES				
Mining, milling, roasting, smelting, refining and and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges	(659,995)	(587,240)	(1,973,229)	(1,888,965)
INCOME (LOSS) FROM OPERATIONS	73,022	(91,188)	134,327	(17,300)
FINANCE COST, net	(2,370)	(599)	(8,995)	(5,001)
FOREIGN EXCHANGE GAINS (LOSS), net	(2,098)	1,428	(655)	(1,092)
OTHER INCOME (CHARGES), net	6,417	(1,013)	13,873	233
SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES	(234)	(2,013)	(678)	(1,004)
INCOME (LOSS) BEFORE INCOME TAX	74,737	(93,385)	137,872	(24,164)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
CURRENT	-	-		
DEFERRED	2,769	(1,131)	6,276	
	2,769	(1,131)	6,276	-
NET INCOME (LOSS)	71,968	(92,254)	131,596	(24,164)
Attributable to:				
Stockholders of the parent company	72,142	(92,103)	131,770	(24,012)
Non-controlling interests	(174)	(151)	(174)	(151)
Net Income / (Loss)	71,968	(92,254)	131,596	(24,163)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	0.00000108	(0.00000139)	0.0000020	(0.000000364)

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

	SEPTEMBER 30 2024	*DECEMBER 31 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalent	38,830	74,840
Receivables, net	159,703	49,756
Inventories, net	479,169	545,853
Advances to suppliers and contractors	188,582	58,553
Other current assets	600,623	601,096
Total current assets	1,466,907	1,330,098
NON-CURRENT ASSETS		
Property, plant and equipment	6,065,793	6,102,033
Available-for-sale financial assets	66,046	66,046
Investments and advances in associates	450,722	451,027
Mine exploration cost	7,083,632	7,032,370
Deferred tax assets	157,107	159,967
Other noncurrent assets	514,098	543,507
Total non-current assets	14,337,398	14,354,950
TOTAL ASSETS	15,804,305	15,685,048
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	2,972,425	2,917,467
Short-term borrowings	104	29,595
Lease Liability	351	1,940
Income tax payable	115	356
Total current liabilities	2,972,995	2,949,358
NON-CURRENT LIABILITIES		
Advances from Far Southeast Services Limited	6,378,919	6,304,512
Long-term borrowings	207,573	207,573
Liability for mine rehabilitation cost	14,611	13,978
Retirement benefit obligations	851,162	962,405
Deferred income liabilities	177,192	176,964
Deposit for future stock subscriptions	69,200	69,200
Total non-current liabilities	7,698,657	7,734,632
TOTAL LIABILITIES	10,671,652	10,683,990
EQUITY		
Capital stock	6,635,685	6,635,685
Additional paid-in capital	5,077,033	5,077,033
Re-measurement loss on retirement plan	125,612	125,612
Cumulative changes in fair values of AFS investments	(40,245)	(40,245)
Deficit	(6,919,640)	(7,051,409)
	4,878,445	4,746,676
Non-controlling interests	254,208	254,382
Total equity	5,132,653	5,001,058
TOTAL LIABILITIES AND EQUITY	15,804,305	15,685,048

* - AUDITED

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
AS OF SEPTEMBER 30, 2024
(With Comparative Figures for 2023)
(Amounts in Thousand Pesos)

	FOR THE QUARTER ENDED SEPTEMBER 30		FOR NINE MONTHS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income/ (Loss) before tax	78,244	(92,253)	137,872	(24,163)
Adjustments for:				
Depreciation and depletion	369	(105,506)	211,435	187,583
Equity in net losses (income) of affiliated companies	(463)	(5)		1,004
Foreign exchange losses (income), net	-	3,612		1,092
Prior quarter adjustment	-	-		
Provision for retirement benefit cost	-	(973)		
Loss on sale of asset	-	-		
Interest income	(9)	(8)	(29)	(21)
Interest expense	690	9,424	690	5,022
Provision for income tax	-	-		
Operating income before working capital changes	78,831	(185,702)	349,968	170,517
Decrease (Increase) in:				
Receivables and advances to suppliers	(52,392)	47,443	(190,302)	(113)
Inventories and PPE	2,683	306,705	66,684	87,345
Prepayments and other assets	92,733	(176,383)	473	(11,771)
Increase (Decrease) in:				
Accounts payable and accrued expenses	11,922	8,880	5,283	38,047
Liability for mine rehabilitation cost	-	(4,182)		839
Deferred income tax liability, net	(3,748)	40,419	(241)	41,550
Cash generated (used) from operations	130,029	37,178	231,865	326,414
Retirement benefits paid	(64,703)	(31,439)		(140,687)
Interest received	9	8	29	21
Net cash provided by (used in) operating activities	65,335	5,747	231,894	185,748
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments, net	-	(9,826)		
Acquisition of property and equipment	8,295	(21,666)	(175,510)	(157,056)
Decrease (increase) in other noncurrent assets	(74,823)	(43,848)	26,537	(43,848)
Advances to an associate:	122	-	305	
Exploration costs and other assets	(21,420)	83,637	(51,263)	
Net cash used in investing activities	(87,826)	8,298	(199,931)	(200,904)
CASH FLOWS FROM FINANCING ACTIVITIES				
Change in advances with FSE	(6,979)	-	(36,836)	
Proceeds from:				
Borrowings	9,884	(39,315)		
Disposal of Assets	-	-		
Payments of:				
Borrowings	(29,491)	1,459	(29,491)	
Interest	(15)	11	(57)	
Principal portion of lease liability	(57)	-	(1,589)	
Capital and other reserves	-	1		
Net cash provided by financing activities	(26,658)	(37,844)	(67,973)	-
NET INCREASE (DECREASE) IN CASH	(49,149)	(23,800)	(36,010)	(15,156)
Beginning of period	87,979	62,234	74,840	53,590
CASH AT END OF THE PERIOD	38,830	38,434	38,830	38,434

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF SEPTEMBER 30, 2024 & 2023
(Amounts in thousands)

	<u>SEPTEMBER 30</u> <u>2024</u>	<u>SEPTEMBER 30</u> <u>2023</u>
Authorized - ₱ 6.64 billion		
Share capital at par value	P 5,136,596	P 5,136,596
Subscribed capital (net of subscriptions receivable)	1,499,089	1,499,089
Share premium	5,077,033	5,077,033
Cumulative changes in fair values of AFS investments	(40,245)	56,592
Re-measurement loss on retirement plan	125,612	143,201
Retained earnings		
Beginning balance	(7,051,410)	(6,645,698)
Net Income (Loss) for the period	131,770	(24,163)
	<u>(6,919,640)</u>	<u>(6,669,861)</u>
EQUITY ATTRIBUTABLE TO THE STOCKHOLDERS OF THE PARENT COMPANY	4,878,445	4,829,467
NON-CONTROLLING INTERESTS	254,208	254,559
	<u>5,132,653</u>	<u>5,084,026</u>

LEPANTO CONSOLIDATED MINING COMPANY**NOTES TO FINANCIAL STATEMENTS**

AS OF SEPTEMBER 30, 2024 and DECEMBER 31, 2023

Note 1 - General information

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

The Parent company's shares are listed and traded in the Philippine Stock Exchange.

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

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

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

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

On November 21, 2006, the Parent Company was registered with the BOI under Executive Order No. 226 as new export producer of copper-gold concentrate on a non-pioneer status for its copper-gold flotation project located also in Mankayan, Benguet, Philippines. This registration entitles the Company to ITH for four (4) years, which can be further extended for another three (3) years subject to compliance with certain conditions, and duty-free importation of equipment, spare parts and accessories for five (5) years. The copper-gold flotation operations were suspended in 2009 in view of the sharp decline in copper prices, of

which the BOI was notified. In August 2017, the Company notified the BOI that it will resume copper-gold flotation operations in the fourth quarter of 2017.

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

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

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

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

The Company, FSGRI and the Gold Fields group have agreed to terminate the Option and Shareholders' Agreement dated 20 September 2010 in respect of the Far Southeast Project. The exploration program sole-funded by Gold Fields has resulted in an inferred mineral resource of 19.8 million oz. gold and 4.6 million tons copper. Lepanto intends to find a partner to develop the Far Southeast Project.

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

Note 2 – Compliance with Generally Accepted Accounting Principles

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

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

Note 3 – Cash and Cash Equivalents

	09/30/2024	12/31/2023
Cash on hand	5,695,366	6,541,878
Cash in banks	33,134,366	68,297,978
	38,829,732	74,839,856

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

Note 4 – Receivables

	09/30/2024	12/31/2023
Trade	115,701,782	28,237,532
Nontrade	30,210,337	27,104,487
Advances to officers and employees and Stockholders	37,148,911	5,892,058
Less: Allowance for impairment losses	(23,358,249)	(23,311,801)
	159,702,781	49,756,374

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

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

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

Note 5 – Inventories

	09/30/2024	12/31/2023
Mine Products	-	63,125,509.63
Parts and supplies	479,170,110.53	482,727,158.54
	479,170,110.53	545,852,668.17

Parts and supplies include materials and supplies stored in Metro Manila, Bulacan, Mankayan, and Leyte. The decrease in the amount of ₱ 63.0 million pertains to dore inventory from last year.

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.

	09/30/2024	12/31/2023
Advances to Suppliers and Contractors	188,583,425	58,553,097

Note 7 – Other current assets

	09/30/2024	12/31/2023
Input VAT	515,006,703.26	451,914,254.01
Prepayments	83,086,925.22	121,583,646.64
Others	2,529,733.29	27,597,893.35
	600,623,361.77	601,095,794.00

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.

Prepayments 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.

	09/30/2024	12/31/2023
Trade payable and accrued expenses	2,868,302,946	2,813,733,513
Due to Parent Company/Subsidiaries	28,872,352	26,630,354
Unclaimed Dividends	26,692,894	26,692,894

Payable to Stockholders	48,557,627	50,410,243
Income Tax Payable	115,353	355,892
	2,972,541,172	2,917,822,897

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 periods ended September 30, 2024 and December 31, 2023 are as follows:

Mining activities

	2024 (in thousands)	2023 (in thousands)
CURRENT ASSET	1,138,333	1,696,923
NON-CURRENT ASSET	13,889,596	7,041,399
CURRENT LIABILITES	2,875,790	3,266,490
NON-CURRENT LIABILITIES	7,594,547	1,135,397
GROSS INCOME	365,460	802,571
NET INCOME / (LOSS)	184,477	118,822

Investment activities

	2024 (in thousands)	2023 (in thousands)
CURRENT ASSET	146,418	96,846
NON-CURRENT ASSET	7,195	10,536
CURRENT LIABILITES	2,005	90,658
NON-CURRENT LIABILITIES	12,108	15,636
GROSS INCOME / LOSS	0	0
NET INCOME / (LOSS)	(151)	(49)

Hauling and Leasing Activities

	2024 (in thousands)	2023 (in thousands)
CURRENT ASSET	21,737	216,661
NON-CURRENT ASSET	397,007	387,562
CURRENT LIABILITES	22,899	12,521
NON-CURRENT LIABILITIES	89,853	107,706
GROSS INCOME	(2,278)	2,400
NET INCOME / (LOSS)	(11,665)	(424)

Drilling Activities

	2024 (in thousands)	2023 (in thousands)
CURRENT ASSET	160,420	234,111
NON-CURRENT ASSET	43,597	6,570
CURRENT LIABILITES	73,889	198,705
NON-CURRENT LIABILITIES	558	13,545
GROSS INCOME	(29,367)	4,083
NET INCOME / (LOSS)	(41,064)	1,450

Note 10 – Seasonality

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

LEPANTO CONSOLIDATED MINING COMPANY
AGING OF ACCOUNTS RECEIVABLE - TRADE
AS OF SEPTEMBER 30, 2024

<i>CUSTOMERS</i>	<i>CURRENT</i>	<i>OVER 30 DAYS</i>	<i>OVER 60 DAYS</i>	<i>TOTAL</i>
HERAEUS LTD.	70,434,823	-	-	70,434,823
	70,434,823	-	-	70,434,823

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

As of September 30, 2024

Consolidated revenues for the third quarter of 2024 amounted to P733 million compared with P496 million in 2023. Consolidated net income amounted to P71.97 million, a reversal from last year’s net loss of P92.25 million.

For the first nine months of 2024, combined revenues reached P2.1 billion compared with P1.8 billion for the same period in 2023. Consolidated net income for the period was P131 million compared with last year’s net loss of P24.16 million.

Mining OperationsJuly – September 2024 versus July – September 2023

Dore production contained 5,038 ounces of gold and 11,653 ounces of silver versus last year’s 4,511 ounces and 9,204 ounces, respectively.

Metal sales rose by 47.6% to P729.6 million due to the improved production and higher metal prices as well as the weaker Peso vis-à-vis the US\$. A net income of P73.53 million was recorded compared with last year’s loss of P89.76 million.

Gold price averaged US\$2,490.95/oz. versus US\$1,931.83/oz. while silver price averaged US\$29.13/oz. versus US\$23.71/oz. the preceding year. The P/US\$ exchange rate averaged P56.99/US\$1 compared with P55.81/US\$1 last year.

Tonnage broken decreased from 88,488 tonnes to 88,086 tonnes while tonnage milled increased from 85,212 tonnes to 90,119 tonnes. Due to the higher cost of production inputs, mining cost increased from P211.2 million to 237.1 million while milling cost rose from P94.6 million to P110.2 million due to higher costs and milled tonnage. Depletion increased from P44 million to P62.3 million due to the blend of ore sources while depreciation fell by P43.3 million to P39.2 million as some equipment had been fully depreciated.

January – September 2024 versus January – September 2023

Metal production for the first nine months of the year consisted of 15,039 oz of gold and 34,807 oz of silver versus last year’s 16,538 oz of gold and 32,142 oz of silver. Gross revenues increased from P1.86 billion last year to P2.09 billion, owing to the higher metal prices coupled with the weakening of the Peso vs. the US dollar. Consequently, a net income of P123 million was booked for the year compared with the net loss of P24.2 million last year.

Gold price averaged US\$2,297.92/oz. versus US\$1,932.94/oz. last year, while silver price averaged US\$27.05/oz. versus US\$23.24/oz. The P/US\$ exchange rate averaged P56.97/US\$1 compared with P55.37/US\$1 last year.

Total costs and expenses increased by 5% to P1.92 billion due to higher labor cost and mining consumables such as lumber and load haul dump (LHD) parts. Major expenses generally went down, particularly: depletion, by 5% due to reduced production tonnages; depreciation, by 12% on account of the full depreciation of some equipment; and overhead expenses, by 10% due to incremental fuel charges incurred last year. Interest expense increased by 35% due to repayment of a restructured bank loan.

BALANCE SHEET MOVEMENTS

September 30, 2024 versus December 31, 2023

Cash and cash equivalents decreased by P36 million due to higher cash outflow. The increase of P110 million in receivables primarily pertains to the outstanding balance of a dore shipment. Inventories decreased by P66.0 million as dore inventory from last year was sold this year. The increase in advances to suppliers and contractors of P130 million represents pending deliveries of inventories.

Short-term borrowings decreased by P29.4 million due to amortizations of a restructured bank loan. Lease liability went down by P1.5 million due to the termination of a leased office space. Retirement benefit obligations decreased by P111 million representing payments made to pensioners.

Deficit narrowed by P131 million representing the net income from operations during the period.

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled P133.4 million, of which P61.6 million went to exploration; P32.6 million to machinery and equipment; P31.5 million to mine development; and P7.8 million to maintenance of tailings storage facility 5A.

For the nine months ended September 2024, total capital expenditures amounted to P348.9 million, of which P133.7 million went to exploration; P130.8 million to machinery and equipment; P60.8 million to mine development; and P23.7 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. Exploration drilling to confirm extensions of the two orebodies will continue.

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

SUBSIDIARIES

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

Diamond Drilling Corporation of the Philippines reported a net income of P19.7 million this year versus P9.9 million net income last year. Lepanto Investment and Development Corporation incurred a net loss of P0.151 million compared with last year's net loss of P0.138 million. Shipside, Incorporated recorded a net income of P3.1 million against last year's net income of P0.63 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.

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

The Group has a significant concentration of credit risk in relation to its trade receivables from Heraeus Ltd. Such risk is managed by securing the specific approval of the BOD before entering into contracts with refineries and by assessing the creditworthiness of such refineries.

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

There is no significant exposure to credit risk.

Market Risk

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

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial statements and consolidated statements of cash flows.

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

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

Foreign currency-denominated liabilities of Parent Company totaled US\$1.0 million at the end of second quarter this year. Same amount was revalued at the start of the year based on an exchange rate of P55.67/US\$. No revaluation of said liabilities during the current year. Foreign exchange gain or losses due to the movement of the Philippine peso vis a vis the US\$ are recognized at year-end on outstanding US\$ denominated assets and liabilities. The gain/(loss) on Philippine peso appreciation/(depreciation) against the dollar as a result of settlement of liabilities is reflected as foreign exchange gain/(loss) in the financial statements.

As of the end of the quarter, Far Southeast Gold Resources, Inc., a 60%-owned subsidiary, had total foreign currency-denominated liabilities of US\$145.4 million. Said foreign currency liabilities are converted to Philippine peso at the time of their incurrence. No revaluation of said liabilities is done on account of the appreciation/depreciation of the Philippine peso; hence, no foreign exchange gain/loss is recognized for the quarter ended. Settlement of these obligations will be at their recorded value based on the agreement with the creditor/investor.

Interest Rate Risk

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

Liquidity Risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties. The Group considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debt.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

Fair Values

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

Cash and Cash Equivalents, Trade Receivables and Trade and Other Payables

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

AFS Financial Assets

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

Loans Payable and Borrowings

Carrying value of the loans payable and borrowings as at end of the quarter approximate their fair values. Borrowings from local banks are all clean loans with interest rates of 8.0%.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
SEPTEMBER 30, 2024
(With Comparative Annual Figures for 2023)

	PERIOD ENDED SEPTEMBER 30, 2024	YEAR ENDED DECEMBER 31, 2023
Profitability Ratios:		
Return on assets	0.84%	-0.69%
Return on equity	2.56%	-2.15%
Gross profit margin	15.84%	11.59%
Net profit margin	6.24%	-4.32%
Liquidity and Solvency Ratios:		
Current ratio	0.48 :1	0.45 :1
Quick ratio	0.12 :1	0.06 :1
Solvency ratio	0.01 :1	-0.01 :1
Financial Leverage Ratios:		
Asset to equity ratio	3.07 :1	3.14 :1
Debt to equity ratio	2.07 :1	2.14 :1
Interest coverage ratio	14.33 :1	1.96 :1