

TERMS AND CONDITIONS OF THE OFFER

ISSUER:	Lepanto Consolidated Mining Company ("LCMC" or the "Company")
RATIO:	one (1) new common share for every 4.685 common shares held as of the Record Date
ELIGIBLE SHAREHOLDER/ MINIMUM SHAREHOLDINGS	a shareholder with fully paid subscriptions and at least five (5) shares of stock of the Company as of the Record Date
OFFER SHARES:	Common Shares of the Company with par value of Php 0.10 per share consisting of 7,007,384,282 class "A" shares and 4,671,583,606 class "B" shares or a total of 11,678,967,888 shares. The Offer Shares shall be considered issued and shall rank equally in all respects with the existing shares after a valid Subscription Agreement is perfected between LCMC and the subscriber as evidenced by the written acceptance by LCMC of the Subscription Agreement and issuance of an official receipt covering the payment of at least 50% of the Subscription Price
OFFER PRICE:	Php 0.15 per share
PAR VALUE:	Php 0.10 per share
RECORD DATE:	November 6, 2017
EX-DATE:	October 30, 2017
OFFER PERIOD:	December 4 to 8, 2017
PAYMENT TERMS:	50% due within the Offer Period; balance due on January 5, 2018. Full Payment is acceptable and will be duly receipted but such full payment does not guarantee the Company's approval of the Additional Subscription ("Applicant"), as the Available Shares, to be determined only after the Offer Period, will be distributed to the Applicants in proportion to their original shareholdings as of the Record Date.
ADDITIONAL DOCUMENTS NEEDED:	If the Subscriber is a partnership, corporation or trust account, the Subscription Agreement must be accompanied by a Secretary's Certificate embodying the resolution authorizing the subscription to the Rights Offer and designating the authorized signatory for the transaction;

Individual subscribers must submit a copy of a valid ID together with the Subscription Agreement.

SECOND ROUND:

To be considered for the Second Round, Additional Subscriptions must be indicated in the Subscription Agreement and submitted within the Offer Period with the corresponding 50% payment. In the event that the SRO is not fully taken up on the First Round, shareholders who have applied for Additional Subscription will automatically qualify for the Second Round of the rights offering; the Available Shares shall be distributed to the Applicants in proportion to their original shareholdings as of the Record Date.

REFUND:

The initial subscription payment of each Applicant shall be applied first to the approved Additional Subscription; then to the payment of the balance of the entire subscription. Any further balance shall be refunded via check not later than five (5) banking days after the end of the Offer Period. Such refund check shall be mailed to the Applicant's address as indicated in the Subscription Agreement.

UNDERWRITER:

Multinational Investment Bancorporation ("MIB") will act as Underwriter of the Offer. Any unsold Rights Shares will be taken up and distributed by MIB. F. Yap Securities, Inc., a principal shareholder of the Company, has firmly committed to subscribe not just to its entitlement of Rights Shares but also to any rights shares that will not otherwise be taken up by other qualified shareholders. In the event that the F. Yap Securities, Inc. should fail to subscribe to the unsubscribed portion of the SRO, MIB will fully take up all the unsubscribed shares.

STOCK TRANSFER AGENT:

STOCK TRANSFER SERVICE, INC.

RECEIVING AGENT:

Office of the Chief Accountant
20/F Lepanto Building, 8747 Paseo de Roxas, Makati City

USE OF PROCEEDS:

To fund the development and further exploration of the Copper-Gold Project, and settle debts and pension obligations

**ISSUANCE TAX/
DOCUMENTARY STAMP TAX**

All documentary stamp taxes applicable to the issuance of the Offer Shares shall be for the account of LCMC.

LISTING DATE:

The shares offered will be listed within ten (10) calendar days from the end of the Offer Period or on or around December 18, 2017, subject to compliance with the post-approval requirements of the PSE.

TRADING DATE:

The shares will be tradable upon LCMC's compliance with post-listing requirements of the PSE and full payment by the shareholder concerned of the subscribed shares.

REGISTRATION AND LODGMENT

All Offer Shares shall be lodged with the PDTC but no stock certificates shall be issued corresponding to fully-paid subscriptions. Instead, a Registry Confirmation Advice will be issued by the Transfer Agent to the Depository Participants or brokers designated by the Subscriber; if the Subscriber does not indicate any broker's name, then the Company will designate F. Yap Securities, Inc. on the Subscriber's behalf.

**FOREIGN OWNERSHIP
RESTRICTION**

Common "A" Shares, constituting 60% of the capital stock of the Company, are available only to Filipino Shareholders. This is a built-in mechanism to ensure that at any one time, foreign ownership in the Company does not exceed 40% of the outstanding capital.

**ACCEPTANCE / REJECTION
OF APPLICATIONS**

The Company has full discretion to accept or reject all or portion of any subscription under the terms and conditions of the Offer. The actual number of Rights Shares to which any subscriber may be entitled is subject to the confirmation of the Company. Subscriptions where checks are dishonored upon first presentment or which do not comply with the terms of the Offer shall be rejected. Moreover, payment received upon submission of a subscription does not constitute approval or acceptance by the Company of the same.


ODETTE A. JAVIER
Vice President and
Asst. Corporate Secretary

NOTICE TO STOCKHOLDERS ON THE RISKS TO INVESTING IN THE STOCK RIGHTS OFFERING

To All Stockholders:

The Board of Directors of Lepanto Consolidated Mining Company (“Lepanto”, “LCMC” or the “Company”) approved on July 17, 2017 a 1:4.685 stock rights offering to all stockholders to raise funds for the further exploration and development of the Copper/Gold Project and payment of debts and pension obligations. In this connection, we wish to apprise all stockholders of material cases involving the Company, further to the timely disclosures we have made concerning the renewal of Lepanto’s Mineral Production Sharing Agreement No. 001-90-CAR (the “MPSA”) and the Department of Environment and Natural Resources (the “DENR”) Suspension Order:

MPSA Renewal/Arbitration Case

LCMC and Far Southeast Gold Resources, Inc. (“FSGRI”), jointly referred to herein as “Applicants”, filed in June 2014 a joint application for renewal of the MPSA with the Mines and Geosciences Bureau-Cordillera Administrative region (“MGB-CAR”). In a letter dated August 20, 2014, the MGB-CAR informed the Applicants that they had substantially complied with the requirements for the renewal of the MPSA and that the application will be endorsed to the National Commission on Indigenous Peoples (“NCIP”) for appropriate action. An issue arose as to the applicability of certain provisions of the Indigenous Peoples’ Rights Act (“IPRA”) to such renewal, which issue has been submitted to arbitration.

Pending and in connection with the arbitration proceedings, LCMC and FSGRI 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, and NCIP from performing any acts that would (a) disrupt, disturb or impede the operations of the Applicants in the area covered by the MPSA; and acts that would (b) hinder, prevent or delay the Applicants from exercising their rights 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 Applicants; and directing the respondents to perform all acts necessary and proper to maintain and protect the validity and/or enforceability of the Applicants’ 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 the MPSA, and the latter should be renewed under the same terms and conditions, without prejudice to changes mutually agreed upon by the parties. The matter is now subject of a Petition for Review with the Court of Appeals.

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/NCIP. Mining operations should however continue pending such process. Our legal counsel Sycip, Salazar, Hernandez and Gatmaitan has advised that Lepanto has a good and completely meritorious case.

While the processing of the application for renewal of the MPSA has been suspended pending the final determination of the issue of whether or not FPIC and Certification Precondition requirements of the IPRA may be imposed upon Lepanto and FSGRI, Lepanto continues its mining operations, consistent with Section 18, Book VII, Chapter 11 of the Administrative Code which provides: "Non-expiration of License. -Where the licensee has made timely and sufficient application for the renewal of a license with reference to any activity of a continuing nature, the existing license shall not expire until the application shall have been finally determined by the agency."

Suspension Order

Lepanto received on February 14, 2017 an Order from DENR Secretary Regina Lopez suspending Lepanto's mining operation, alleging that Lepanto had violated certain provisions of Pres. Decree No. 1586, the Philippine Mining Act, and related regulations. Lepanto immediately filed a Notice of Appeal with the Office of the President ("OP"), which filing stayed the execution of the Suspension Order.

On October 13, 2017, Lepanto received a copy of the decision of the OP, the dispositive portion of which reads:

"WHEREFORE, premises considered, the Appeal is hereby PARTIALLY GRANTED. The Suspension Order dated 08 February 2017 of the DENR Secretary against appellant Lepanto is hereby PROVISIONALLY LIFTED, subject to the following conditions:

1. Appellant Lepanto is hereby given six (6) months from receipt of the copy of this Decision to implement appropriate mitigating measures as contained in the EPRMP; and is hereby ordered to pay a fine in the amount of Twenty Seven Thousand Two Hundred Seventy-Five Pesos (P27,275.00) to the MGB and One Hundred Thousand Pesos (P100,000.00) to the EMB; and
2. The appropriate agency of the DENR is hereby directed to conduct a monthly inspection on appellant Lepanto's compliance with the Decision and to submit a monthly report to this Office regarding the progress of the corrective measures.

"In the event of appellant Lepanto's failure to comply with the above conditions, the suspension Order dated 08 February 2017 shall be reinstated."

Lepanto will comply with the Decision and there is no risk that the Company's operations will be suspended in this regard.

For more details on the foregoing matters, you may refer to our Prospectus dated October 19, 2017 and previous disclosures.