





## Lepanto Consolidated Mining Company

22 June 2023

DIRECTOR VICENTE GRACIANO P. FELIZMENIO, JR.  
**Markets and Securities Regulation Department**  
SECURITIES AND EXCHANGE COMMISSION  
SEC Building, EDSA  
Mandaluyong City

**Re: Definitive Information Statement**

Dear Director Felizmenio,

In compliance with the MSRDC's comments on our Preliminary Information Statement, we are pleased to submit our Definitive Information Statement, which includes the following:

1. Item 1: Description of the voting and voting tabulation procedures used in the previous meeting; pages 14 to 15;
2. Item 6-h: Appraisal and performance reports for the board and the criteria and procedure for assessment; Attached as Annex "D";
3. Item 6-j: There were no transactions between the Company and its directors. Related Party Transactions are as disclosed on pages 8-11, taken from Note 15 of the 2022 Audited Financial Statements;
4. Final list of nominees is on page 5 and the Certificates of Independent Directors are submitted herewith;
5. Attached is a certification that none of the named directors and officers work with the government.
6. MDA: We incorporated the following:
  - a. In Plan of Operation for 2023, page 16, there is a discussion of factors that will improve mill efficiency and the bottomline. We added a paragraph concerning events or uncertainties that will have material impact on liquidity; material off-balance sheet transactions, or material commitments for capital expenditures this year.
7. Market Information: We added first quarter of 2023.

Thank you and we trust that you will find the attached in order.

Very truly yours,

  
**ODETTE A. JAVIER**  
Vice President and  
Asst. Corporate Secretary



## Lepanto Consolidated Mining Company

### **NOTICE OF 2023 ANNUAL STOCKHOLDERS' MEETING**

Please be informed that the **Annual Stockholders' Meeting of Lepanto Consolidated Mining Company** will be held on **Monday, July 17, 2023 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](http://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 held on August 15, 2022
4. Approval of the Annual Report
5. Election of Directors, including the Independent Directors and the extension of their term
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 May 29, 2023 are entitled to notice of, and to vote at, the Meeting. The stock and transfer book of the Company will be closed from May 29, 2023 to the close of business hours on July 17, 2023.

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 July 10, 2023 the Asst. Corporate Secretary at [oaj@lepantomining.com](mailto: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](mailto:oaj@lepantomining.com) together with a government-issued ID. Hardcopies of proxies may also be submitted to the Company's principal office at the 21<sup>st</sup> Fl., Lepanto Building, 8747 Paseo de Roxas, Makati City. Proxies emailed or submitted after July 10, 2023 shall not be recorded for the Meeting.

Makati City, 6 June 2023.

  
**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 July 10, 2023 to the Asst. Corporate Secretary at [oaj@lepantominig.com](mailto:oaj@lepantominig.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@lepantominig.com](mailto:oaj@lepantominig.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 held on August 15, 2022**

The minutes of the previous stockholders' meeting may be accessed through the Corporation's website [www.lepantominig.com](http://www.lepantominig.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 2022. The President, Mr. Bryan U. Yap, will report on the Outlook for 2023. 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 2022 (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, including the Independent Directors and the extension of their term** – The Nomination Committee received nominations for the Board of Directors, consisting of seven (7) regular and two (2) independent 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.

The extension of the terms of Atty. Ray C. Espinosa and Atty. Val Antonio B. Suarez as independent directors for another two years will be presented to the stockholders pursuant to SEC Memorandum Circular 4, Series of 2017.

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 \_\_\_\_\_, 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 **17 July 2023 (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 held on August 15, 2022  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 2. Approval of the Annual Report  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 3. Election of Directors, including the Independent Directors and the extension of their term |                              |                             |                                  |

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 External Auditor   | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Abstain |
| 5. Transaction of such other and further business as may properly come before the meeting. | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> 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](mailto: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 10 JULY 2023 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 10 JULY 2023.

**A SCANNED COPY OF THIS PROXY SHOULD BE SENT TO THE CORPORATE SECRETARY AT [oaj@lepantominig.com](mailto:oaj@lepantominig.com) ON OR BEFORE 10 JULY 2023 WHICH IS THE DEADLINE FOR SUBMISSION OF PROXIES.**

\_\_\_\_\_  
(Stockholder)

By: \_\_\_\_\_  
Signature over printed name

ONLINE BALLOT

Email Address: \_\_\_\_\_

- 1. Approval of the Minutes held on August 15, 2023  Yes  No  Abstain
- 2. Approval of the Annual Report  Yes  No  Abstain
- 3. Election of Directors, including the Independent Directors and the extension of their term

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 2023 ANNUAL STOCKHOLDERS' MEETING

- A. CONDUCT OF THE MEETING** - The 2023 Annual Stockholders' Meeting of Lepanto Consolidated Mining Company will be conducted virtually on Monday, July 17, 2023, via ZOOM. 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 [oai@lepantomining.com](mailto:oai@lepantomining.com) **not later than July 10, 2023**. 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 July 10, 2023;
  - 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: 21<sup>st</sup> 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, July 17, 2023 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](http://www.lepantomining.com)

9. Approximate date on which the Information Statement is first to be sent or given to security holders:  
June 26, 2023

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](http://www.lepantomining.com) on **Monday, July 17, 2023 at 4:00 o'clock p.m.** The complete mailing address of the offices of the Company is 21<sup>st</sup> Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City, Philippines. This Information Statement will be posted on the Company's website on or before June 26, 2023.

### **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 May 29, 2023 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 May 29, 2023.

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 15, 2023, 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	13,966,348,139 8,354,084,372	35.08 31.48	22,320,432,511	33.63
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 May 29, 2023, the record date, none of the "A" shares and 13.95% 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 15, 2023)

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 2023.

### **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 is a pending material legal proceeding 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. The RTC decision was affirmed by the Court of Appeals in 2022, after which Rothschild filed a Petition for Review with the Supreme Court.

### **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	86	Filipino	Since 1975
BRYAN U. YAP	50	-do-	Since 1997
DOUGLAS J. KIRWIN	72	Australian	Since 2017
RAY C. ESPINOSA (Independent)	66	Filipino	Since 2005
MARILYN V. AQUINO	67	-do-	Since 2012
ETHELWOLDO E. FERNANDEZ	95	-do-	Since 2007
REGIS V. PUNO	65	-do-	Since 2016
VAL ANTONIO B. SUAREZ (Independent)	64	-do-	Since 2011
CRESENCIO C. YAP	77	-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	86	Filipino
BRYAN U. YAP	50	-do-
CRESENCIO C. YAP	77	-do-
REGIS V. PUNO	65	-do-
MARILYN V. AQUINO	67	-do-
DOUGLAS J. KIRWIN	72	Australian
ETHELWOLDO E. FERNANDEZ	95	Filipino
For Independent Directors:		
RAY C. ESPINOSA	66	Filipino - nominated by Mr. Antonio Cielo with whom he has no relations
VAL ANTONIO B. SUAREZ	64	Filipino - nominated by Ms. Ma. Theresa B. Tuason with whom he has no relations

Both nominees for independent directors, Messrs. Ray C. Espinosa and Val Antonio B. Suarez, had reached the maximum term allowed under SEC Memorandum Circular No. 19, Series of 2016. At the annual meeting on September 20, 2021, pursuant to SEC Memorandum Circular No. 4, Series of 2017, the stockholders approved the extension of their term for two years in view of the following: i) Mining is a complex industry and the management of a mining enterprise requires an understanding of its manifold aspects, its various phases, the factors that determine its success, and the numerous national and local laws and regulations that control its operation; and ii) Messrs. Espinosa and Suarez are not only well respected business executives, but in the course of their long exposure to the mining industry as directors of Lepanto, have acquired an acute understanding of the varied workings of the industry and have provided invaluable insights and counsel to the company. The Board of Directors will recommend to the stockholders a further extension of the term of the two independent directors for another two years for the afore-mentioned same reasons. The counsel of Messrs. Espinosa and Suarez would be particularly helpful as the Company moves towards optimal utilization of its varied resources. Furthermore, the Company announced to the public by way of a disclosure dated May 15, 2023 the deadline for nominations for independent directors. The fact that stockholders nominated again Mr. Espinosa and Mr. Suarez and nobody else is an indication that the stockholders prefer that they be retained, for which another extension is necessary.

#### **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); Shipside, Inc.; and Diamond Drilling Corporation of the Philippines. He is also a director and Vice Chairman of Far Southeast Gold Resources, Inc. and a member of the Board of Trustees of the Chamber of Mines of the Philippines since April 15, 2009.

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 a member of the Boards of the Manila Electric Company, Philippine Long Distance Telephone Company, Meralco PowerGen Corporation, Metro Pacific Investment Corporation, Roxas Holdings, Inc., and Mediaquest Holdings, Inc., among others. 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; Corporate Secretary of MetroBank 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 2022 Meetings:**

<b>Board</b>	<b>Name</b>	<b>No. of Board Meetings Held during the year</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Chairman	Felipe U. Yap	15	15	100%
Member	Bryan U. Yap	15	15	100%
Member	Marilyn V. Aquino	15	8	53%
Independent	Ray C. Espinosa	15	10	67%
Member	Ethelwoldo E. Fernandez	15	13	87%
Member	Douglas John Kirwin	15	13	87%
Member	Regis V. Puno	15	15	100%
Independent	Val Antonio B. Suarez	15	14	93%
Member	Cresencio C. Yap	15	13	87%



**Continuing Education Attended:**

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Felipe U. Yap	October 18, 2022	The Board's Agenda: Mindset Shifts for a Sustainable and Equitable Future	Institute of Corporate Directors
Bryan U. Yap	December 6, 2022	Corporate Governance Training	Center for Global Best Practices
Marilyn V. Aquino	September 22, 2022	The Metaverse and How it will Transform Business and Human Interaction; Proof of Learn: A Philippine Perspective to the Metaverse	Annual Corporate Governance Enhancement Session
Ray C. Espinosa	September 22, 2022	The Metaverse and How it will Transform Business and Human Interaction; Proof of Learn: A Philippine Perspective to the Metaverse	Annual Corporate Governance Enhancement Session
Ethelwoldo E. Fernandez	December 6, 2022	Corporate Governance Training	Center for Global Best Practices
Douglas John Kirwin	December 6, 2022	Corporate Governance Training	Center for Global Best Practices
Regis V. Puno	December 6, 2022	Corporate Governance Training	Center for Global Best Practices
Val Antonio B. Suarez	December 6, 2022	Corporate Governance Training	Center for Global Best Practices
Cresencio C. Yap	December 6, 2022	Corporate Governance Training	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 2022 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 Group'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 involving subsidiaries 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:

2022				
	Amount/ Volume	Outstanding Balance		Terms Conditions
<b>Subsidiaries and affiliates</b>				
<i>Receivables</i>				
DDCP	₱30,457	₱113,498	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
LIDC		23 12,283	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
DMTC		60 1,975	On demand; non-interest bearing; and collectible in cash	Unsecured, no impairment, not guaranteed
FSGRI	7,048		– On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
<i>Advances to</i>				
FSGRI		– 94,140	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
MMC (Note 11)	8,423	11,805	Non-interest bearing and normally settled on 30-day term	Unsecured, no impairment, not guaranteed
<i>Payables</i>				
SI	17,155	(179,853)	Noninterest bearing and collectible in cash	Unsecured, not guaranteed
MMC (Note 13)		– (12,650)	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
DMTC (Note 13)		– (14,811)	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
FSGRI		– (5,674)	On demand; non-interest bearing; and payable in cash	Unsecured, not guaranteed
<i>Advances from</i>				
SI	₱20,000	(₱20,000)	On demand; non-interest bearing; and collectible in cash	Unsecured, no impairment, not guaranteed
<i>Rental</i>				
FSGRI	2,238		– Noninterest-bearing and normally settled on 30-day term	Unsecured, not guaranteed
DDCP		238	– Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
<i>Services</i>				
DDCP	63,908		– Noninterest-bearing and normally settled on 30-day term	Unsecured, not guaranteed
SI	15,320		– Noninterest-bearing and normally settled on 30-day term	Unsecured, not guaranteed
<b>Stockholders</b>				
<i>Payables:</i>				
Various (Note 13)		– (56,084)	Noninterest-bearing and are normally settled in cash on 30-day term	Unsecured, no guarantee
2021				
	Amount/ Volume	Outstanding Balance	Terms	Conditions
<i>Advances</i>				
FSGRI		– 94,140	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
MMC (Note 11)	2,830	10,992	Noninterest-bearing and normally settled on 30-day term	Unsecured, no impairment, not guaranteed
<i>Payables</i>				
SI	12,971	(171,794)	On demand; noninterest-bearing and collectible in cash	Unsecured, not guaranteed
DMTC (Note 13)		– (12,650)	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
MMC (Note 13)		– (15,070)	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, 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
<i>Stockholders</i>			
<i>Payables:</i>			
Various (Note 13)	– (56,084)	Noninterest-bearing and are normally settled in cash on 30-day term	Unsecured, no guarantee

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, 2022 and 2021 are as follows:

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 ₱468,066 and ₱496,433 as at December 31, 2022 and 2021, 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 0.16% and 97.39% and 2.41% and 0.04% of the trust fund, respectively, as at December 31, 2022 (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.

#### Summary Compensation Table

Board of Directors per diem:	Year 2022	Year 2021	Year 2020
Felipe U. Yap	74,800	none	40,000
Bryan U. Yap	74,800	none	40,000
Marilyn V. Aquino	45,000	90,000	30,000
Ray C. Espinosa	63,000	100,000	10,000
Ethelwoldo E. Fernandez	90,000	120,000	30,000
Douglas John Kirwin	81,000	120,000	20,000
Regis V. Puno	99,000	110,000	20,000
Val Antonio B. Suarez	90,000	120,000	20,000
Cresencio C. Yap	90,000	90,000	20,000

	<b>2021 Total (All Cash)</b>	<b>Basic Salary</b>	<b>Bonus (13<sup>th</sup> month)</b>
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
	<b>2022 (Total)</b>		
Felipe U. Yap, Chairman Bryan U. Yap, President Ramon T. Diokno, CFO Ma. Lourdes B. Tuason, Vice Pres./Treasurer Rene F. Chanyungco, Vice President	P32.3 million	P29.8 million	P2.4 million
All officers and directors	P48.0 million	P42.3 million	P5.7 million
	<b>2023 (Estimate)</b>		
Felipe U. Yap, Chairman Bryan U. Yap, President Ramon T. Diokno, CFO Ma. Lourdes B. Tuason, Vice Pres./Treasurer Rene F. Chanyungco, Vice President	P32.3 million	P29.8 million	P2.4 million
All officers and directors	P48.0 million	P42.3 million	P5.7 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 Shipside, 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 were no plan terminations, 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 17<sup>th</sup> Stock Option Award, expired on January 30, 2013.

### **Authorization or Issuance of Securities Other than for Exchange**

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

<b>AUTHORIZED CAPITAL STOCK</b>				
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
<b>Total</b>	<b>66,400,000,000</b>	<b>23,600,000,000</b>	<b>90,000,000,000</b>	<b>9,000,000,000.00</b>

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. On September 9, 2022, as authorized by the Board, the ratio and price were revised as follows: one share for every 3.95 shares held at the price of P0.12 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**

Sycip Gorres Velayo & Co. (“SGV”) has been the Company’s independent public accountant since 2006. 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 2022 financial statements.

Representatives of SGV will be present at the Annual Stockholders’ Meeting on July 17, 2023 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 2021, SGV & Co. billed the Company the sum of P2,460,000. The amount was increased to P2,600,000 for the audit of the 2022 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 August 15, 2022 conducted virtually via remote access communications, the Chairman and CEO reported to the stockholders of the Company the operational and financial performance in 2021. 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	%	
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	38,444,941,042	57.94	0	0	0
4	Approval of the Annual Report	38,444,941,042	57.94	0	0	0
5	Appointment of Sycip, Gorres, Velayo and Co., as External Auditor	38,444,941,042	57.94	0	0	0
	<b>Election of Directors</b>	<b>IN FAVOR</b>				
		<b>No. of Shares</b>		<b>%</b>		
	FELIPE U. YAP	38,444,940,042		57.94%		
	BRYAN U. YAP	38,444,940,042		57.94%		
	MARILYN V. AQUINO	38,444,940,042		57.94%		
	ETHELWOLDO E. FERNANDEZ	38,444,939,042		57.94%		
	RAY C. ESPINOSA	38,444,939,042		57.94%		
	DOUGLAS JOHN KIRWIN	38,444,938,042		57.94%		
	REGIS V. PUNO	38,444,938,042		57.94%		
	CRESENCIO C. YAP	38,444,938,042		57.94%		
	VAL ANTONIO B. SUAREZ	38,444,938,042		57.94%		

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. Antonino R. Bonzon
2. Luz Sta. Ana

Stockholders in attendance or represented at the meeting represented 38,444,941,042 shares constituting 57.94% of the outstanding shares of the Company.

### **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 2023 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, 2023 and for the years 2022, 2021 and 2020;
2. Quarterly Market Prices of Securities from 2020, 2021 to 2022 and June 20 and 21, 2023; and
3. Audited Financial Statements for 2022 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 June 22, 2023.

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 87 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 2022.

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 2023

Lepanto will continue producing gold and silver dore from its Victoria and Teresa deposits. Most of the projects initiated in 2021-2022 to improve mill recovery and efficiency have been completed or are nearing completion, and showing desired results. These initiatives, together with the strict execution of the mine plan, will continue to improve gold production, which in turn, coupled with the buoyant gold prices, will improve liquidity and income. Preparations for drilling at Teresa South are underway.

The Company intends to raise P2 Billion within the year to support an increase in the authorized capital stock from P6,640,000,000 to P9,000,000,000 as approved by the stockholders last year. Proceeds will fund an exploration program targeting copper-gold areas, settlement of liabilities, and working capital.

There are no 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 First Quarter ended March 31, 2023 and for the years 2022, 2021 and 2020

#### March 31, 2023

Consolidated revenues for the first quarter of 2023 amounted to P 803.6 million compared with P423.8 million in 2022. Consolidated net income for the period amounted to P133.6 million versus a net loss of P149.2 million the previous year.

## **MINING OPERATIONS**

### **January – March 2023 versus January – March 2022**

Gold production improved by 65%, 6,959 ounces versus last year's 4,207 ounces. Silver production was lower, 11,595 ounces compared with last year's 15,473 ounces.

The combination of three factors resulted in higher metal sales, P802.6 million vs. P380.4 million last year: improvement in gold production; higher gold price; and the weaker peso vis-à-vis the US\$. Net income after provision for income tax was recorded at P118.8 million, a significant jump from last year's P148.6 million net loss.

Gold price for this quarter averaged US\$1,907.05/oz. versus last year's US\$1,884.77/oz while silver price averaged US\$22.42/oz. versus US\$23.93/oz. This quarter's P/US\$ exchange rate averaged P54.87/US\$1 compared with P51.52/US\$1 last year.

Tonnage declined as mining became more selective on the higher grade sources from Victoria and Teresa. Tonnage broken decreased by 22,626 tonnes from 131,079 tonnes while tonnage milled decreased by 29,684 tonnes from 119,616 tonnes. Accordingly, mining cost decreased from P205.7 million to P175.4 million. On the other hand, milling cost increased from P101.7 million to P109.3 million due to price increases in practically production inputs. Depletion and depreciation increased by a total of P1.3 million to P126.3 million on account of amortization of additional capital expenditures and mining tonnage.

## **BALANCE SHEET MOVEMENTS**

### **March 31, 2023 versus December 31, 2022**

The increase in cash and cash equivalents of P24.6 million is attributable to the favorable timing of collections vis-a-vis payments. The increase in receivables of P113.4 million pertains to the outstanding balance from a dore shipment. Inventories went down by P64.6 million due to usage and the delayed arrival of materials in transit. Advances to suppliers and contractors increased by P64.9 million representing advance payments to various vendors for those materials in transit. Other current assets increased by P176.4 million due to recognition of input taxes from local purchases and operating development costs. On the other hand, other noncurrent assets went up by P40.0 million because of additional deferred charges.

## **CAPITAL EXPENDITURES**

Capital expenditures for the quarter totaled P137.9 million, of which P89.1 million went to exploration; P21.0 million to machinery and equipment; P19.9 million to mine development; and P7.9 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. Most of the projects initiated in 2021-2022 to improve mill recovery and efficiency have been completed or are nearing completion, and showing desired results. These initiatives, together with the strict execution of the mine plan, will continue to improve gold production, which in turn, coupled with the rising metal prices, will improve the bottomline. Preparations for drilling at Teresa South are underway.

The Company intends to raise P2 Billion within the year to support an increase in its authorized capital stock from P6,640,000,000 to P9,000,000,000 as approved by the stockholders last year. 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 2023 versus the same period of the previous year.

Diamond Drilling Corporation of the Philippines reported a net income of P1.3 million this year versus a P1.2 million net loss last year. Lepanto Investment and Development Corporation reported a net loss of P49,120 compared with last year's net loss of P59, 600. Shipside, Incorporated registered a net loss of P0.35 million against last year's net loss of P1.7 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.

## 2022

Consolidated revenues for the year 2022 amounted to ₱1,858 million compared with ₱1,585 million in 2021. Net loss declined from ₱514.5 million to ₱494.8 million or 3.8%.

### Mining Operations

#### 2022 versus 2021

Dore production contained 19,099 oz. of gold and 48,669 oz. of silver compared with 17,039 oz. of gold and 53,916 oz. of silver last year.

Gold price averaged US\$1,787.14/oz. versus US\$1,796.62/oz. while silver price averaged US\$21.69/oz. versus US\$25.36/oz. last year. The ₱/US\$ exchange rate averaged ₱54.76/US\$1 compared with ₱49.23/US\$1 last year.

Total cost and expenses increased by ₱255.5 million or 12% on account of higher mining and milling tonnages and cost of materials. Mining cost increased to ₱766.2 million from ₱709.8 million while milling cost also went up to ₱411.5 million from ₱339.2 million. Depletion and depreciation increased by ₱10.1 million and ₱21.2 million, respectively due to the higher tonnage and capex.

Production tax increased by 22% to ₱76.3 million due to higher production. Finance cost increased to ₱69.3 million from ₱57.2 million attributable to debt restructuring. Other income totaled ₱23.2 million which is lower than last year's ₱63.8 million due to the gain of remeasurement of the Mine Rehabilitation Liability recognized last year.

### BALANCE SHEET MOVEMENTS

#### December 31, 2022 versus December 31, 2021

Cash and cash equivalents increased by ₱17.9 million on account of improved operations. Receivables decreased by ₱9.6 million due to timely collection of customer and subsidiary accounts. Prepayments and other current assets decreased by ₱56.4 million resulting from reconciliation of advances to suppliers' and contractors' accounts.

Financial assets designated at their fair values increased by ₱11.2 million due to higher quoted prices of investment shares with a corresponding decrease in its fair value reserve in equity of ₱8.5 million. Deferred tax assets decreased by ₱66.0 million related to the remeasurement gain on retirement benefit plans. Such

remeasurement resulted to an increase of ₱203.5 million in equity. Other noncurrent assets decreased by ₱15.4 million due to amortization of deferred charges.

Short term borrowings decreased by ₱83.6 million while long term borrowings increased by ₱147.5 million due to debt restructuring. The current portion of lease liabilities increased by ₱1.5 million arising from the recognition of its correct balance of ₱2.3 million at yearend. Retirement benefits liability decreased by ₱256.7 million due to changes in actuarial valuations and mine rehabilitation costs decreased by ₱2.9 million.

Deficit increased by ₱499.3 million representing the net loss for the period.

### **CAPITAL EXPENDITURES**

Capital expenditures for the year totaled ₱434.0 million, of which ₱201.3 million went to exploration; ₱77.4 million to machinery and equipment and the rest to other projects.

### **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 ₱9.6 million compared with ₱17.5 million net loss last year. Lepanto Investment and Development Corporation reported a net loss of ₱0.3 million compared with last year's net income of ₱5.6 million. Shipside, Incorporated registered a net income of ₱12.6 million against last year's net income of ₱11.9 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.

### **Securities and Shareholders:**

The Company had 27,682 stockholders as of 15 June 2023. Holders of common "A" and common "B" shares number 22,468 and 5,214, 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)**

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	June 21, 2023
Low	0.1290	0.1540	0.136	0.136	0.1490	0.1330	0.1000	0.1080	0.11	0.100
High	0.1340	0.1570	0.145	0.145	0.1510	0.1350	0.1060	0.1130	0.11	0.103

#### **Lepanto "B" (P/share)**

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	June 20, 2023
Low	0.1200	0.1570	0.136	0.136	0.1510	0.1360	0.1190	0.1070	0.12	0.096
High	0.1390	0.1590	0.142	0.142	0.1540	0.1360	0.1200	0.1080	0.12	0.096

#### **Top 20 "A" and "B" Stockholders of the Company (as of June 15, 2023)**

<u>Name of Stockholder</u>	<u>Class "A"</u>	<u>%</u>
1 F. Yap Securities, Inc.	13,966,348,139	35.08
2 First Metro Investment Corp.	2,550,682,926	6.41
3 Philex Mining Corporation	2,164,240,810	5.44
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	Bryan Yap	175,915,571	0.44
10	First Metro Investment Corp.	169,762,500	0.43
11	Christine Yap	116,620,522	0.29
12	Felipe U. Yap	86,063,611	0.22
13	Manila Mining Corporation	65,870,000	0.17
14	Allen Jesse C. Mangaoang	45,113,040	0.11
15	Arlene King Yap	40,000,000	0.10
16	Christine Karen Uy Yap	40,000,000	0.10
17	Fausto R. Preysler Jr.	38,222,363	0.10
18	F. Yap Securities, Inc. A/C No. PKY-89	30,942,477	0.08
19	Felipe Yap	24,874,960	0.06
20	Christine Karen Yap	24,386,376	0.06

	<u>Name of Stockholder</u>	<u>Class "B"</u>	<u>%</u>
1	F. Yap Securities, Inc.	8,354,084,372	31.48
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.	45,599,783	0.17
14	Allen Jesse C. Mangaoang	27,676,892	0.10
15	Luis L. and Teresa M. Oh, Trustees Luis Oh and Teresa Oh Trust Oh	24,365,714	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, 26<sup>th</sup> Street corner 3<sup>rd</sup> Avenue, 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 6th day of June 2023 at Makati City.

  
RAY C. ESPINOSA  
Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of June 2023 at Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport Number P7383209B issued by DFA Manila and valid until August 11, 2031.

JUN 20 2023

MAKATI CITY

DOL. NO. 224  
PAGE NO. 46  
BOOK NO. XXXVII  
SERIES OF 2023

  
ATTY. GERVACIO B. ORTIZ JR.  
Notary Public City of Makati  
Until December 31, 2024  
IBP No. 05729-Lifetime Member  
MCLE Compliance No. VT-0024317  
Appointment No. M-39 (2023-2024)  
PTR No. 9563522 Jan. 3, 2023  
Makati City Roll No. 40091  
101 Urban Ave. Campos Huéda Bldg.  
Brgy. Plo Del Pilar, Makati City

## ANNEX "A"

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

55. Meralco Industrial Engineering Services Corporation (MIESCOR) – Chairman of the Board
56. Meralco Power Academy – Director
57. Meralco PowerGen Corporation – Vice Chairman of the Board
58. Meralco Power Foundation, Inc. – Vice Chairman and Trustee
59. Meridian Power Ventures Limited - Director
60. Metro Pacific Assets Holdings, Inc. – Director
61. Metro Pacific Holdings, Inc. – Director
62. Metro Pacific Investments Corporation - Director
63. Metro Pacific Resources, Inc. – Director
64. Miescor Infrastructure Development Corporation – Chairman of the Board
65. MPG Asia Limited (BVI Company) – Director
66. MPG Holdings Philippines, Inc. – Chairman of the Board
67. MPG Mauban LP Corporation – Chairman of the Board
68. M Pioneer Insurance, Inc. – Chairman of the Board
69. MRail Inc. – Chairman of the Board
70. MSpectrum, Inc. – Chairman of the Board
71. Multi Technology Investments Holdings, Inc. – Co-Chairman of the Board
72. MVP Rewards and Loyalty Solutions Inc. – Director
73. Nation Broadcasting Corp. – Chairman of the Board
74. New Century Telecoms, Inc. –Co-Chairman of the Board
75. Nuevo Solar Energy Corp. – Chairman of the Board
76. One Meralco Foundation, Inc. –Vice Chairman and Trustee
77. Pacific Aurora Plantation Corp. – Vice Chairman of the Board
78. Pacific Global One Aviation Company, Inc. – Director
79. Pacific Light Power PTE LTD (Singapore Company) – Director
80. Pacific Light Renewables Pte. Ltd. (Singapore Company) – Director
81. Paragon Vertical Corporation – Chairman of the Board
82. Perchpoint Holdings, Inc. – Co-Chairman of the Board
83. Perihelion, Inc. – Director
84. PH Broadband Networks Holdings, Inc.– Co-Chairman of the Board
85. PH Communications Holdings Corporation – Director
86. Philippine Disaster Resilience Foundation, Inc. – Director
87. Philippine Online Sportsleague, Inc. – Director
88. Philippine Telecommunications Investment Corp. – Director and Corporate Secretary
89. Philstar Daily, Inc. – Chairman of the Board
90. Philstar Global Corporation – Chairman of the Board
91. Pilipinas Global Network Limited (TV5 International)– Director
92. Pilipinas Natural Resources Holdings, Inc. – President and Director
93. Pilipinas Pacific Enterprise Holdings, Inc. – President and Director
94. Pilipina Pacific Natural Resources Holdings Inc. – President and Director
95. Pilipinas Pacific Telecom Holdings, Inc. – Asst. Corporate Secretary
96. Pilipino Star Ngayon, Inc. – Chairman of the Board
97. Pilipino Star Printing Company, Inc. – Chairman of the Board
98. PLDT, Inc. – Director
99. PLDT - Beneficial Trust Fund - Vice Chairman and Trustee
100. PLDT Capital PTE Ltd. – Director
101. PLDT Digital Investments PTE Ltd – Director
102. PLDT Global Investments Corporation – Director
103. PLDT Global Investments Holdings Inc. – Director
104. PLDT Online Investments PTE Ltd - Director
105. PLDT - Smart Foundation – Trustee
106. Radius Telecoms, Inc. – Chairman of the Board
107. Redondo Peninsula Energy, Inc. – Chairman of the Board
108. Roxas Holdings Inc. – Director
109. Roxas Power Corporation – Director
110. Sari Sari Network Inc. – Co-Chairman of the Board
111. SatVentures, Inc. – Director
112. Shin Clark Power Holdings, Inc. – Director

113. Shin Clark Power Corporation - Director
114. Skyphone Logistics, Inc. – Co-Chairman of the Board
115. Somete Logistics & Development Corporation – Co-Chairman of the Board
116. Smart Communications, Inc. – Director
117. Stargate Media Corporation (People Asia) – Chairman of the Board
118. Straight Shooters Media, Inc. – Vice Chairman of the Board
119. Studio5, Inc. – Chairman of the Board
120. Talas Data Intelligence Inc. – Director
121. Telecommunications Service Providers, Inc. – Director
122. Telecommunication Technologies Philippines, Inc. –Co-President and Co-Chairman of the Board
123. Telemedia Business Ventures, Inc. – Chairman of the Board
124. Tori Spectrum Telecom, Inc. – Co-Chairman of the Board
125. TV5 Network Inc. – Director
126. Two Cassandra - CCI Conglomerate, Inc. – Co-Chairman of the Board
127. Two Rivers Pacific Holdings Corporation – Director
128. UxS Inc. (formerly Unitel Production, Inc.) – Vice Chairman of the Board
129. Upbeam Investments, Inc. – Chairman of the Board
130. Vega Telecom, Inc. – Co-Chairman
131. World Press Incorporated – Chairman of the Board
132. WREIT, Inc. – Independent 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, Legazpi 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 since April 18, 2011.
2. I am affiliated with the following companies 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; Chairman, Compensation Committee; Chairman, Related Party Transaction Committee; Chairman, Corporate Governance Committee; Member, Audit and Risk Management Oversight Committee	2014 to Present
Filinvest Land, Inc.	Lead Independent Director, Chairman, Compensation Committee; Chairman, Related-Party Transaction Committee; Chairman, Corporate Governance Committee Member, Audit and Risk Management Oversight 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
Zamgen, Inc.	Director and Treasurer	2022 to Present
Skin Adept Clinic and Surgicenter, Inc.	Corporate Secretary	2022 to Present
Financial Executives Institute of the Phils.	Member	2010 to Present
Integrated Bar of the Philippines – Makati Chapter	Member	1986 to Present

- 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.
- 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		

- I disclose that I (together with the other members of the Board of Directors of Filinvest Land, Inc.) 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.

- (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.
- 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 14<sup>th</sup> day of June 2023 at Makati City.



**VAL ANTONIO B. SUAREZ**

Affiant

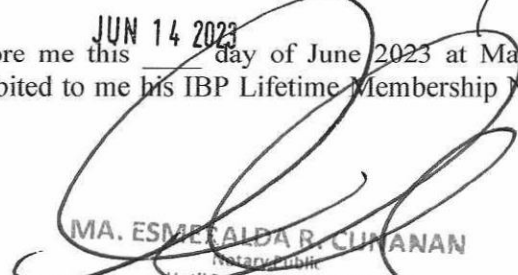
SUBSCRIBED AND SWORN to before me this JUN 14 2023 day of June 2023 at Makati City, affiant personally appeared before me and exhibited to me his IBP Lifetime Membership No. 01967 issued by the Integrated Bar of the Philippines.

Doc. No. 221 ;

Page No. 46 ;

Book No. XXXIII

Series of 2023.



**MA. ESMERALDA B. CUNANAN**  
Notary Public  
Until December 31, 2023  
Appt. No. M 062 (2022-2023) Attorney's Roll No. 34562  
MCLE Compliance No VII-0004035/7-19-2021  
PTR No. 9563801/1-3-2023/Makati City  
IBP Lifetime Member Roll No 05413  
Ground Level, Dela Rosa Carpark!  
Dela Rosa St. Legaspi Village,  
Makati City



Lepanto Consolidated Mining Company

22 June 2023

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

**PERFORMANCE EVALUATION FORM**  
For Members of the Board of Directors  
**LEPANTO CONSOLIDATED MINING COMPANY**  
for the year 2022

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
Composition and Quality	
<b>Board members have the appropriate qualifications to meet the objectives of the board's charter, including appropriate financial literacy.</b>	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.	4.25
<b>The board participates in a continuing education program to enhance its members' understanding of relevant risk, reporting, regulatory, and industry issues.</b>	4.5
The board monitors compliance with corporate governance regulations and guidelines.	4.75
<b>New board members are adequately oriented to educate them on the Corporation's operations.</b>	4.5
Understanding the business, including Risks	
The board takes into account significant risks that may directly or indirectly affect the Corporation. Examples include: <ul style="list-style-type: none"> <li>• Regulatory and legal requirements</li> <li>• Financing and liquidity needs</li> <li>• Financial exposures</li> <li>• Business continuity</li> <li>• Reputation</li> <li>• Strategy execution</li> <li>• <b>Management's capabilities</b></li> <li>• Fraud control</li> </ul>	4.75
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.	4.5
The board and the compensation committee regularly review management incentive plans to consider whether the incentive process is appropriate.	4.75
Board members come to meetings well prepared.	4.75
Major disclosures are discussed at the Board level.	4.5
Ethics and Compliance	
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.	4.75
<b>The board oversees management's procedures for enforcing the Corporation's Code of Ethics and Business Conduct and other good governance policies.</b>	4.75
The board determines that there is a senior-level person designated to understand relevant legal and regulatory requirements.	4.75
Oversight of the Financial Reporting Process, including Internal Controls	
<b>The board reviews the Corporation's significant accounting policies.</b>	5
The board makes inquiries of the independent auditor, internal auditors, and <b>management on the depth of experience and sufficiency of the organization's accounting and finance staff.</b>	5
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.	5

	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.	4.75
The board, through the Audit Committee, appropriately considers internal audit reports, <b>management's responses, and steps toward improvement.</b>	4.5
The board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate <b>the independent auditor's qualifications and performance.</b>	4.5
The board, through the Audit Committee, considers the independent audit plan and provides recommendations.	4.75
The board, through the Audit Committee, reviews the audit fees paid to the independent auditor.	5
The board is consulted when management is seeking a second opinion on an accounting or auditing matter.	4.75
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

1	0	1					
---	---	---	--	--	--	--	--

S.E.C. Registration Number

L	E	P	A	N	T	O	C	O	N	S	O	L	I	D	A	T	E	D	M	I	N	I	N	G	C	O
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

2	1	S	T	F	L	O	O	R	L	E	P	A	N	T	O	B	U	I	L	D	I	N	G
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

8	7	4	7	P	A	S	E	O	D	E	R	O	X	A	S								
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--

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			
1	7	-	Q

FORM TYPE

3rd Monday of April			

Month    Day  
Annual Meeting

---
-----

Secondary License Type, If Applicable

--	--	--

Dept. Requiring this Doc.

--

Amended Articles Number/Section

--

Total no. of Stockholders

--

Domestic

--

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

---

LCU

--	--	--	--	--	--	--	--	--	--

Document I.D.

---

Cashier

STAMPS
--------

Remarks = please use **black ink** for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended: **March 31, 2023**
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:

**21<sup>st</sup> 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:
<b>Class "A"</b>	<b>39,822,869,196</b>
<b>Class "B"</b>	<b>26,552,888,901</b>

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

- |  |   |                    |
|--|---|--------------------|
| <b>Item 1. Financial Statements:</b>   | <i>Income Statement</i>                   | - <b>Annex "A"</b> |
|  | <i>Balance Sheet</i>                      | - <b>Annex "B"</b> |
|  | <i>Statement of Cash Flow</i>             | - <b>Annex "C"</b> |
|  | <i>Stockholders' Equity</i>               | - <b>Annex "D"</b> |
|  | <i>Notes to Financial Statements</i>      | - <b>Annex "E"</b> |
|  | <i>Aging of Accounts Receivable-Trade</i> | - <b>Annex "F"</b> |
| <b>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</b> |   | - <b>Annex "G"</b> |
| <b>Item 3. Impact of Current Global Financial Condition</b>  |   | - <b>Annex "H"</b> |
| <b>Item 4. Financial Ratios</b>  |   | - <b>Annex "I"</b> |

### 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 : May 22, 2023

Signature : 

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

Date : May 22, 2023



**LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES**  
**STATEMENT OF INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**  
(With Comparative Figures for 2022)  
(Amounts In Thousand , Except Loss Per Share)

**FOR THE FIRST QUARTER**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Sale of metals	P 803,738	422,155
Service fees and other operating income	(178)	1,685
	<u>803,560</u>	<u>423,840</u>
<b>COSTS AND EXPENSES</b>		
Mining, milling, roasting, smelting, refining and and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges	(688,872)	(579,580)
<b>INCOME (LOSS) FROM OPERATIONS</b>	114,688	(155,740)
<b>FINANCE COST, net</b>	(2,189)	(2,729)
<b>FOREIGN EXCHANGE GAINS (LOSS), net</b>	(2,380)	1,446
<b>OTHER INCOME (CHARGES), net</b>	4,178	7,793
<b>SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES</b>	19,475	230
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<u>133,772</u>	<u>(149,000)</u>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
CURRENT	35	16
DEFERRED	100	153
	<u>135</u>	<u>169</u>
<b>NET INCOME (LOSS)</b>	<u>P 133,637</u>	<u>P (149,169)</u>
<b>Attributable to:</b>		
Stockholders of the parent company	133,641	(149,059)
Non-controlling interests	(4)	(110)
<b>Net Income / (Loss)</b>	<u>P 133,637</u>	<u>P (149,169)</u>
<b>EARNINGS (LOSS) PER SHARE</b>		
attributable to stockholders of the parent company		
Basic & Diluted	<u>0.002013</u>	<u>(0.002246)</u>

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

	<u>MARCH 31</u> <u>2023</u>	<u>*DECEMBER 31</u> <u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalent	P 78,155	P 53,590
Receivables, net	192,235	78,748
Inventories, net	522,830	587,494
Advances to suppliers and contractors	121,293	56,384
Other current assets	653,758	477,341
<b>Total current assets</b>	<u>1,568,271</u>	<u>1,253,558</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6,112,442	6,293,417
Available-for-sale financial assets	46,646	46,646
Investments and advances in associates	452,373	452,373
Mine exploration cost	6,982,399	6,969,680
Deferred tax assets	180,190	180,190
Other noncurrent assets	554,112	514,048
<b>Total non-current assets</b>	<u>14,328,162</u>	<u>14,456,353</u>
<b>TOTAL ASSETS</b>	<u>P 15,896,433</u>	<u>P 15,709,911</u>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	P 2,835,423	P 2,775,086
Short-term borrowings	41,657	41,657
Lease Liability	8,109	8,109
Unclaimed dividends	26,693	26,693
Income tax payable	-	3,690
<b>Total current liabilities</b>	<u>2,911,882</u>	<u>2,855,235</u>
<b>NON-CURRENT LIABILITIES</b>		
Advances from Far Southeast Services Limited	6,258,475	6,242,881
Long-term borrowings	198,505	198,505
Lease Liability	1,940	1,940
Liability for mine rehabilitation cost	11,490	11,490
Retirement benefit obligations	1,042,173	1,042,173
Deposit for future stock subscriptions	69,200	69,200
<b>Total non-current liabilities</b>	<u>7,748,478</u>	<u>7,744,931</u>
<b>TOTAL LIABILITIES</b>	<u>10,660,360</u>	<u>10,600,166</u>
<b>EQUITY</b>		
Capital stock	6,635,685	6,635,685
Additional paid-in capital	5,077,033	5,077,033
Re-measurement loss on retirement plan	147,506	147,506
Cumulative changes in fair values of AFS investments	(59,342)	(59,342)
Deficit	(6,812,056)	(6,945,693)
	4,988,827	4,855,189
<b>Non-controlling interests</b>	<u>247,247</u>	<u>254,558</u>
<b>Total equity</b>	<u>5,236,074</u>	<u>5,109,746</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>P 15,896,433</u>	<u>P 15,709,912</u>

\* - **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 2022)

(Amounts in Thousand Pesos)

	<b>MARCH</b>	<b>MARCH</b>
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income/ (Loss) before tax	P 133,772	P (149,000)
Adjustments for:		
Depreciation and depletion	345,422	199,206
Equity in net losses (income) of affiliated companies	(19,420)	(175)
Foreign exchange losses (income), net	2,371	(1,384)
Provision for retirement benefit cost	973	973
Loss on sale of asset	(0)	(0)
Interest income	(7)	(4)
Interest expense	2,189	2,719
Provision for income tax	(135)	(169)
Operating income before working capital changes	465,165	52,165
Decrease (Increase) in:		
Receivables and advances to suppliers	178,396	(52,497)
Inventories and PPE	(245,639)	(50,801)
Prepayments and other assets	(216,481)	(107,678)
Increase (Decrease) in:		
Accounts payable and accrued expenses	52,079	293,493
Liability for mine rehabilitation cost	-	369
Deferred income tax liability, net	-	(260)
Cash generated (used) from operations	233,519	134,791
Retirement benefits paid	(71,041)	(25,909)
Interest received	7	4
Income tax recovered (paid)	-	-
Net cash provided by (used in) operating activities	162,485	108,886
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments, net	-	2,698
Acquisition of property and equipment	(21,048)	(103,992)
Exploration costs and other assets	(116,872)	(16,065)
Net cash used in investing activities	(137,920)	(117,360)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Borrowings	-	26,000
Disposal of Assets	-	-
Payments of:		
Borrowings	-	(1,364)
Interest	-	(11)
Capital and other reserves	-	(1)
Net cash provided by financing activities	-	24,624
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>24,565</b>	<b>16,151</b>
Beginning of period	53,590	35,654
<b>CASH AT END OF THE PERIOD</b>	<b>P 78,155</b>	<b>P 51,805</b>

**LEPANTO CONSOLIDATED MINING COMPANY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED MARCH 31, 2023 & 2022**  
(Amounts in thousands)

	<u>MARCH 31</u> <u>2023</u>	<u>MARCH 31</u> <u>2022</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)
Share premium	5,077,033	5,077,033
Cumulative changes in fair values of AFS investments	(59,342)	(75,010)
Re-measurement loss on retirement plan	147,506	(56,025)
Retained earnings		
Beginning balance	(6,945,694)	(6,446,391)
Net Loss for the period	133,641	(149,059)
	<u>(6,812,053)</u>	<u>(6,595,450)</u>
<b>EQUITY ATTRIBUTABLE TO THE STOCKHOLDERS OF THE PARENT COMPANY</b>	<b>4,988,830</b>	<b>4,986,234</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>247,247</b>	<b>255,304</b>
	<b><u>P 5,236,077</u></b>	<b><u>P 5,241,538</u></b>

**LEPANTO CONSOLIDATED MINING COMPANY**

NOTES TO FINANCIAL STATEMENTS  
AS OF MARCH 31, 2023 and DECEMBER 31, 2022

**Note 1 - General information**

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

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

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

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

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

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

On November 21, 2006, the Parent Company was registered with the BOI under Executive Order No. 226 as new export producer of copper-gold concentrate on a non-pioneer status for its copper-gold flotation project located also in Mankayan, Benguet, Philippines. This registration entitles the Company to ITH for four (4) years, which can be further extended for another three (3) years subject to compliance with certain conditions, and duty-free importation of equipment, spare parts and accessories for five (5) years. The copper-gold flotation operations were suspended in 2009 in view of the sharp decline in copper prices, of which the BOI was notified. In August 2017, the Company notified the BOI that it will resume copper-gold flotation operations in the fourth quarter of 2017.

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

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

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

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

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

## **Note 2 – Compliance with Generally Accepted Accounting Principles**

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

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

## **Note 3 – Cash and Cash Equivalents**

	03/31/2023	12/31/2022
Cash on hand	14,795,397.79	4,247,657.42
Cash in banks	63,359,879.25	49,342,425.54
	78,155,277.04	53,590,082.96

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

## **Note 4 – Receivables**

	03/31/2023	12/31/2022
Trade	99,098,421.94	42,670,511.66
Nontrade	97,211,251.38	21,666,301.53
Advances to officers and employees	1,667,191.88	14,848,603.30
Receivable from stockholders and related parties	2,460,233.23	17,508,006.26
Less: Allowance for impairment losses	(4,074,104)	(17,944,863.14)
	192,288,890.00	78,748,559.72

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**

	03/31/2023	12/31/2022
Mine Products	0	60,151,371.76
Parts and supplies	464,339,308.45	527,343,017.19
	464,339,308.45	587,494,388.95

Parts and supplies include materials and supplies stored in Metro Manila, Bulacan, Mankayan, and Leyte. The decrease in the amount of ₱63.0 million represents withdrawals of stocks used in operations.

**Note 6 – Advances to suppliers and contractors**

Advances to suppliers and contractors are non-financial assets arising from advanced payments made to suppliers and contractors before goods and services have been received or rendered. These are classified as current since these are expected to be offset against future short-term billings and are recognized in the books at the amounts initially paid.

Advances to suppliers and contractors are attributable to contracts generally requiring advance payments. Amounts deposited will be applied as part of the full payment of the contract price upon completion of the contract or consummation of transactions and receipt of all related documents.

**Note 7 – Other current assets**

	03/31/2023	12/31/2022
Input VAT	378,606,816.35	453,196,385.15
Prepayments	146,085,082.66	22,652,286.02
Others	129,065,736.41	1,491,925.00
	653,757,635.42	477,340,596.17

Input VAT represents VAT paid on purchases of applicable goods and services. It may be claimed for refund or recovered as tax credit against certain future tax liability of the Company upon approval by the Philippine Bureau of Internal Revenue (BIR) and/or the Philippine Bureau of Customs.

Prepaid expenses include advance payments for taxes, insurance, rent and other services.

## **Note 8 – Trade and other payables**

Composed of trade, due to related parties, accrued expenses and other liabilities, trust receipts, employee related expenses, unclaimed dividends, payables to regulatory authorities, accrued utilities and accrued production tax.

Nature, terms and conditions of the Group's liabilities:

- Trade payables include import and local purchases of equipment and inventories such as various parts and supplies used in the operations of the Group. These are non-interest bearing and are normally settled on sixty (60) days' terms.
- Accrued expenses and other liabilities are noninterest-bearing and are normally settled on a 30 to sixty (60) days' term. These include other operating expenses that are payable to various suppliers and contractors.
- Trust receipts refer to arrangements of the Group with banks related to its importations of inventories and various equipment which are interest bearing and have an average term of ninety (90) to one hundred twenty (120) days.
- Employee related expenses include unclaimed wages, accrued vacation and sick leave and accrued payroll. These are non-interest bearing and are payable in thirty (30) days' term.
- Unclaimed dividends pertain to unpaid cash dividends declared by the Parent Company to its stockholders. These are non-interest bearing and are payable upon demand of the payee.
- Payable to regulatory agencies include withholding taxes and other government contributions related to employees of the Group. These are non-interest bearing and are normally remitted within ten (10) days from the close of each month.
- Accrued utilities pertain to unpaid billings for power, communication, light and water charges. These are non-interest bearing and are normally settled within thirty (30) to ninety (90) days.
- Accrued production taxes pertain to excise taxes on metal sales. These are non-interest bearing and are settled within fifteen (15) days after the end of each quarter.

## **Note 9 - Business Segments**

The Group derives revenue from the following main operating business segments:

**Mining activities** – This segment engages in exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas, and coal and related by-products.

**Investment activities** – This segment derives its income as a general agent, broker or factor of any insurance company or as a commercial broker, agent or factor of any person, partnership, corporation or association engaged in any lawful business, industry or enterprise. Income is derived from commissions, which represent income on non-life insurance policies underwritten by a subsidiary for certain principals.

**Hauling and Leasing activities** – This segment engages in handling all kinds of material, products and supplies in bulk and maintaining and operating terminal facilities such pier and warehouses. Income is derived mainly from hauling fees and warehouse rentals.

**Insurance activities** – This segment derives its revenues from premiums from short duration insurance contracts, which are recognized over a period of the contracts using the 24<sup>th</sup> month method.

**Drilling activities** – This segment derives its income from drilling services to its related and outside parties.

**Manufacturing and Trading** – This segment derives its revenue from manufacturing, distributing, selling and buying machinery and equipment, general merchandise and articles related to diamond core drilling industry.

The assets, liabilities and results of the business segments of the LCMC Group for the 1<sup>st</sup> quarter of the year 2023 and 2022 are as follow:



**Mining activities**

	2023 (in thousands)	2022 (in thousands)
CURRENT ASSET	1,696,923	1,657,456
NON-CURRENT ASSET	7,041,399	14,563,156
CURRENT LIABILITES	3,266,490	3,357,430
NON-CURRENT LIABILITIES	1,135,397	7,801,093
GROSS INCOME	802,571	422,155
NET INCOME / (LOSS)	118,822	(148,885)

**Investment activities**

	2023 (in thousands)	2022 (in thousands)
CURRENT ASSET	0	96,643
NON-CURRENT ASSET	872,699	7,233
CURRENT LIABILITES	0	90,374
NON-CURRENT LIABILITIES	0	12,108
GROSS INCOME	0	-
NET INCOME / (LOSS)	0	(59.61)

**Hauling and Leasing Activities**

	2023 (in thousands)	2022 (in thousands)
CURRENT ASSET	216,661	183,813
NON-CURRENT ASSET	387,562	393,111
CURRENT LIABILITES	12,521	3,425
NON-CURRENT LIABILITIES	107,706	117,073
GROSS INCOME	2,400	5,035
NET INCOME / (LOSS)	(424)	(1,693)

**Drilling Activities**

	2023 (in thousands)	2022 (in thousands)
CURRENT ASSET	234,111	198,393
NON-CURRENT ASSET	6,570	85,463
CURRENT LIABILITES	198,705	232,718
NON-CURRENT LIABILITIES	13,545	14,199
GROSS INCOME	4,083	18,999
NET INCOME / (LOSS)	1,450	1,239

**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, 2023

<i>CUSTOMERS</i>	<i>CURRENT</i>	<i>OVER 30 DAYS</i>	<i>OVER 60 DAYS</i>	<i>TOTAL</i>
<b>HERAEUS LTD.</b>	99,098,422	-	-	99,098,422
<b>LOUIS DREYFUS COMPANY</b>	-	-	-	-
<b>CLIVEDEN TRADING</b>	-	-	-	-
	99,098,422	-	-	99,098,422

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

As of March 31, 2023

Consolidated revenues for the first quarter of 2023 amounted to P 803.6 million compared with P423.8 million in 2022. Consolidated net income for the period amounted to P133.6 million versus a net loss of P149.2 million the previous year.

**MINING OPERATIONS**

**January – March 2023 versus January – March 2022**

Gold production improved by 65%, 6,959 ounces versus last year's 4,207 ounces. Silver production was lower, 11,595 ounces compared with last year's 15,473 ounces.

The combination of three factors resulted in higher metal sales, P802.6 million vs. P380.4 million last year: improvement in gold production; higher gold price; and the weaker peso vis-à-vis the US\$. Net income after provision for income tax was recorded at P118.8 million, a significant jump from last year's P148.6 million net loss.

Gold price for this quarter averaged US\$1,907.05/oz. versus last year's US\$1,884.77/oz while silver price averaged US\$22.42/oz. versus US\$23.93/oz. This quarter's P/US\$ exchange rate averaged P54.87/US\$1 compared with P51.52/US\$1 last year.

Tonnage declined as mining became more selective on the higher grade sources from Victoria and Teresa. Tonnage broken decreased by 22,626 tonnes from 131,079 tonnes while tonnage milled decreased by 29,684 tonnes from 119,616 tonnes. Accordingly, mining cost decreased from P205.7 million to P175.4 million. On the other hand, milling cost increased from P101.7 million to P109.3 million due to price increases in practically production inputs. Depletion and depreciation increased by a total of P1.3 million to P126.3 million on account of amortization of additional capital expenditures and mining tonnage.

**BALANCE SHEET MOVEMENTS**

**March 31, 2023 versus December 31, 2022**

The increase in cash and cash equivalents of P24.6 million is attributable to the favorable timing of collections vis-a-vis payments. The increase in receivables of P113.4 million pertains to the outstanding balance from a dore shipment. Inventories went down by P64.6 million due to usage and the delayed arrival of materials in transit. Advances to

suppliers and contractors increased by P64.9 million representing advance payments to various vendors for those materials in transit. Other current assets increased by P176.4 million due to recognition of input taxes from local purchases and operating development costs. On the other hand, other noncurrent assets went up by P40.0 million because of additional deferred charges.

### **CAPITAL EXPENDITURES**

Capital expenditures for the quarter totaled P137.9 million, of which P89.1 million went to exploration; P21.0 million to machinery and equipment; P19.9 million to mine development; and P7.9 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. Most of the projects initiated in 2021-2022 to improve mill recovery and efficiency have been completed or are nearing completion, and showing desired results. These initiatives, together with the strict execution of the mine plan, will continue to improve gold production, which in turn, coupled with the rising metal prices, will improve the bottomline. Preparations for drilling at Teresa South are underway.

The Company intends to raise P2 Billion within the year to support an increase in its authorized capital stock from P6,640,000,000 to P9,000,000,000 as approved by the stockholders last year. 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 2023 versus the same period of the previous year.

Diamond Drilling Corporation of the Philippines reported a net income of P1.3 million this year versus a P1.2 million net loss last year. Lepanto Investment and Development Corporation reported a net loss of P49,120 compared with last year's net loss of P59,600. Shipside, Incorporated registered a net loss of P0.35 million against last year's net loss of P1.7 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 P55.755/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, 2023**  
**(With Comparative Annual Figures for 2022)**

	AS OF 1ST QUARTER MARCH 2023	YEAR ENDED DECEMBER 2022
Profitability Ratios:		
Return on assets	0.84%	-3.15%
Return on equity	2.61%	-9.68%
Gross profit margin	23.34%	-13.48%
Net profit margin	16.63%	-26.63%
Liquidity and Solvency Ratios:		
Current ratio	0.37:1	0.44:1
Quick ratio	0.09:1	0.07:1
Solvency ratio	0.01:1	-0.05:1
Financial Leverage Ratios:		
Asset to equity ratio	3.12:1	3.07:1
Debt to equity ratio	2.12:1	2.07:1
Interest coverage ratio	-60.12:1	7.72:1



# LEPANTO CONSOLIDATED MINING CO.

Lepanto Building, 8747 Paseo de Roxas, 1226 City of Makati, Philippines

SECURITIES AND EXCHANGE COMMISSION  
Secretariat Building, PICC Complex  
Roxas Boulevard, Metro Manila

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Lepanto Consolidated Mining Company** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

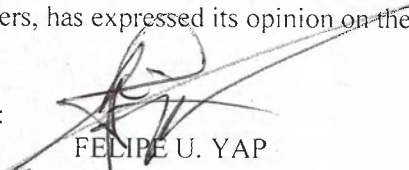
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

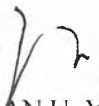
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

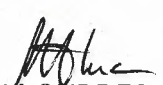
Signature:

  
FELIPE U. YAP  
Chairman of the Board  
SSS#06-0091101-0

Signature:

  
BRYAN U. YAP  
President  
SSS#33-3067339-5

Signature:

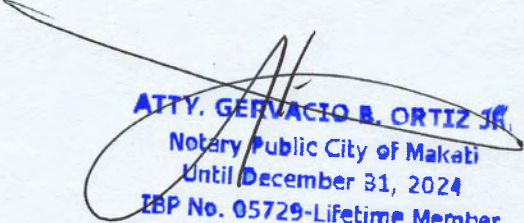
  
MA. LOURDES B. TUASON  
Vice President - Treasurer  
SSS#03-2082979-6

Signed this 16<sup>th</sup> day of May 2023.

Surface Mail: P.O. Box 1460, Makati Central Post Office, 1226, City of Makati, Philippines  
Air Mail: P.O. Box 7507, Domestic Airport Post Office, 1300, Domestic Road, Pasay City, Philippines  
Telephone No. (0632) 815-9447; Fax No. (0632) 810-5583; E-Mail – info@lepantomining.com

**MAKATI CITY** SUBSCRIBED AND SWORN TO before me this **MAY 16 2023** day of May 2023 at Makati City, affiant exhibiting to me their SSS IDs.

Doc. No. 495  
Page No. 100  
Book No. ~~XXX~~  
Series of 2023.

  
**ATTY. GERVACIO B. ORTIZ JR.**  
Notary Public City of Makati  
Until December 31, 2024  
IBP No. 05729-Lifetime Member  
MCLE Compliance No. VI-0024312  
Appointment No. M-39 (2023-2024)  
PTR No. 9563522 Jan. 3, 2023  
Makati City Roll No. 40091  
101 Urban Ave. Campos Rueda Bldg  
Brgy. Pio Del Pilar, Makati City