

**REGULAR ANNUAL MEETING OF THE STOCKHOLDERS OF  
LEPANTO CONSOLIDATED MINING COMPANY**

Held through remote communication  
via video-conferencing  
on Monday, September 20, 2021 at 4:00 P.M.

**1. Call to order**

The Chairman of the Board, Mr. Felipe U. Yap, called the meeting to order and welcomed the stockholders to the meeting. The Assistant Corporate Secretary, Atty. Odette A. Javier, recorded the minutes of the meeting.

The Chairman explained that the meeting was being conducted remotely or via Zoom to avoid any health and safety risks on everyone concerned and in keeping with the IATF safety regulations.

**2. Proof of due notice of meeting and determination of quorum**

As the first order of business, the Chairman called upon the Corporate Secretary, Atty. Ethelwoldo E. Fernandez, to present proof that notice of the meeting had been sent out in accordance with the rules of the Securities and Exchange Commission (SEC) and to report on the attendance at the meeting.

The Corporate Secretary confirmed that the Notice with the Agenda of the meeting was published on August 27 and 28, 2021 in the Philippine Star and the Manila Times in accordance with the rules of the SEC. Furthermore, the said Notice and Agenda, together with the Information Statement, were duly disclosed and had been uploaded in the PSE EDGE and on the Company website not later than August 30, 2021.

The Corporate Secretary next reported that with the assistance of the Chief Accountant, Mr. Claude Mark A. Imbat, he had examined all proxies and all powers of attorney filed of record. In addition, he had examined the tally of stockholders who had pre-registered and voted online. Based upon such examination, he declared that out of the 66,355,164,424 shares issued, outstanding and entitled to vote as of August 30, 2021, there were 52,908,694,331 shares considered present at the meeting, or an attendance of 79.71%, and certified that there was a quorum for the business at hand.

The Corporate Secretary said that all the other members of the Board were present: the Chairman; the President, Mr. Bryan U. Yap; the independent directors Ray C. Espinosa and Val Antonio B. Suarez as well as Directors Marilyn V. Aquino, Douglas J. Kirwin, Regis V. Puno, and Cresencio C. Yap.

**PROCEDURE FOR DISCUSSION AND VOTING**

At the request of the Chairman, the Secretary explained the procedure for discussion and voting:

The REQUIREMENTS AND PROCEDURE FOR VOTING AND PARTICIPATING in today's meeting are set forth in the Information Statement which has been uploaded in the PSE EDGE and the Company's website. As stated therein, stockholders may participate through remote communication or by Proxy.

Only stockholders who have timely pre-registered or submitted proxies may participate in today's meeting. Those who have pre-registered should have voted on-line on the four resolutions proposed for adoption by the stockholders and for the nominees for election to the Board of Directors on or before September 15.

Each proposed resolution will be shown on the screen and read by the Asst. Secretary while the same is being taken up. The total affirmative and negative votes in respect of each resolution or nominee for Director, as well as the abstentions, will be reflected in the minutes.

As of September 17, 2021, after the Proxy validation process, stockholders owning 52,908,694,331 shares representing 79.71 % of the total outstanding voting shares had cast their votes on the items for consideration.

Participants may ask questions through the chat facility of Zoom. The questions will be read by the Asst. Secretary after the President's report under Agenda Item No. 4 and they will be addressed accordingly.

For orderly proceedings, the host will mute all audio facilities, so that only the Chairman, and whoever he requests to speak up, will be enabled to speak.

The Chairman inquired whether there were any challenges to the Corporate Secretary's certification of quorum. There being none, the Chairman affirmed the presence of a quorum.

Thereafter, the Chairman directed the Corporate Secretary to spread the Notice of the Regular Annual Meeting in the minutes.

**NOTICE OF 2021 ANNUAL STOCKHOLDERS' MEETING**

Please be informed that the **Annual Stockholders' Meeting of Lepanto Consolidated Mining Company** will be held on **Monday, September 20, 2021 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 of the Annual Meeting held on July 27, 2020
4. Approval of the Annual Report
5. Retention of Messrs. Ray C. Espinosa and Val Antonio B. Suarez as independent directors
6. Election of Directors
7. Amendment of Article VII of the Articles of Incorporation to increase the authorized capital stock from P6.64 Billion to P12.00 Billion
8. Appointment of External Auditor
9. Transaction of such other and further business as may properly come before the Meeting
10. Adjournment

Only stockholders of record as of August 31, 2021 are entitled to notice of, and to vote at, the Meeting. The stock and transfer book of the Company will be closed from August 31, 2021 to the close of business hours on September 20, 2021.

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 September 15, 2021 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 September 15, 2021 shall not be recorded for the Meeting.

Makati City, 16 August 2021.

  
**ETHELWOLDO E. FERNANDEZ**  
Corporate Secretary

**3. Approval of minutes**

The Chairman noted for the record that the draft minutes of the regular annual meeting of July 27, 2020 was uploaded in the Lepanto website about two weeks ago. He then submitted the minutes for the consideration and approval of the stockholders.

The Chairman asked the Asst. Corporate Secretary to present the resolution for approval by the stockholders. The resolution was shown on the screen and read by the Asst. Secretary.

The Corporate Secretary informed the body that shareholders representing 52,908,694,331 shares, or 100% of the shares present or represented at the meeting, have voted to approve the said minutes.

The Chairman thus declared that the Minutes of the Annual Meeting of the Stockholders held on July 27, 2020 have been approved.

**4. Approval of Annual Report**

The Chairman noted that the 2020 Annual Report, as part of the Information Statement, was made available to all stockholders through the Company's website.

The Chairman made his report to the stockholders, as follows:

*2020 perhaps even more than 2019, tested our resolve as a country, as a people and as a company as well.*

*We overcame 2020 by streamlining operations - suspending copper operations in the Enargite mine, cutting costs, continuing with the Mill upgrade and purchasing additional mine equipment. We temporarily laid off some workers following government initiatives, but they have been called back to work this quarter. We resumed definition drilling and exploring for extensions of the Victoria and Teresa ore bodies. We are mining in these extensions now.*

*As reported previously, Covid-19 related safety protocols disrupted the flow of supplies and materials to the mine site and prevented us from operating at full capacity in 2020. We produced 13,314 oz. of gold and 43,007 oz. of silver in dore, in addition to the first quarter copper-gold concentrate production containing 2,744 oz. of gold, 10,827 oz. of silver, and 618,442 lbs. of copper. Total gold production in 2020 was 38% lower than in 2019, but was sold at an average price of \$1,763.40/oz, 28% higher than the previous year. We thus ended the year with a consolidated net loss of P750 Million compared with a net loss of P1.03 Billion in 2019.*

*This year, we are seeing improvements in mine grade as a result of additional mine equipment to target the better-grade areas, as well as higher gold recovery resulting from the continuing mill upgrade. In the first half of 2021, we produced a total of 8,649 oz. gold and 34,100oz. silver, 13% and 64%, respectively, better than the last year. Consolidated net loss significantly decreased to P163.3 million from last year's loss of P457.0 million.*

*Using confirmatory drilling, we are delineating additional reserves within our Victoria/Teresa gold deposits that will enable us to mine for several more years. At the same time, we are completing a geological review and evaluation of our porphyry deposits discovered from previous years' drilling. Recent developments in exploration have highlighted additional emerging porphyry targets, which our geologists and consultants believe contain considerable porphyry ore resources. We will embark on an extensive drilling program to fully test the characteristics and extent of these porphyries.*

*We should mention that tomorrow, the 21st of September, marks the 85th anniversary of the foundation of Lepanto Consolidated Mining Company. Due to the current situation, our celebrations will be kept muted.*

*We especially thank our fellow members of the Board for steadfastly accompanying us in our journey made increasingly more difficult and challenging by the presence of the Covid pandemic. We thank our officers and employees for the numerous sacrifices and loyalty. We thank also our suppliers, banks, legal counsels, external auditors, transfer agent, and partners in government for their invaluable assistance. We have to mention in a special way the Mankayan community and LGU. Lepanto started building that community 85 years ago and we are proud to say that we have grown and continue to grow in mutual dependence and trust. To all of you, we sincerely say: "Agyamanak" ("Thank you").*

The Chairman then asked the President, Mr. Bryan U. Yap, to report on the Company's exploration targets.

The President presented slides showing the locations of the five known highly prospective porphyry targets of the Company, initially disclosed in 2017, namely: the Buaki; Bulalacao; Carmen; Florence; and the Spanish Tunnel. The President presented a 3D terrain image of the targets, showing the age of each. The youngest is the Far Southeast (FSE), and the oldest is the Buaki. The ages are significant because they are evidence of the multi-episodic porphyry mineralization of the Mankayan Mineral District. The targets all exhibit characteristics typical of highly Cu-Au-mineralized porphyry deposits, akin to the FSE. Only two of the five targets have been partly drilled to-date and both intersected very promising high grade mineralization.



To highlight the potential of the district, one only has to review the value of the FSE deposit based on the publicly reported resource estimate of 891.7 million tonnes at grades of 0.7 g/t gold and 0.5% copper, or a metal content of 19.8 million ounces of gold and 9.921 billion pounds of copper. At today's prices, in situ value of the resource is about US\$80 billion.

The Chairman then said that the stockholders may ask questions through the chat facility of Zoom. There were none, but the President addressed questions emailed earlier by a stockholder, Mr. Andrew Yap, as follows:

- *Is management still seeking or expecting an FTAA for the Far Southeast Project, or will an MPSA be sufficient?*

The application for FTAA conversion for the Far Southeast is still with the MGB, and the process continues. Our agreement with Gold Fields contemplates proceeding with the Far Southeast under an MPSA, if the parties choose to do so.

- *What is the status of the MPSA renewal?*

The MPSA renewal, which Lepanto and Far Southeast has won in arbitration, is now with the Supreme Court. The case has been submitted for decision.

- *Please provide an overview of the Far Southeast mine development plan and projections, and how capex will be funded.*

As mentioned earlier, the global resource of the Far Southeast totals 891.7 million tonnes with a metal content of 19.8 million ounces of gold and 9.921 billion pounds of copper, based on the latest estimates of Gold Fields. This translates to a value of US\$80 billion at today's prices. There have been numerous studies made on the FSE through the years, whether through bulk mining or a more selective mining approach. These will be finalized once all governmental permits have been approved, then a Feasibility Study can proceed.

- *Does Lepanto intend to undertake a stock rights offering?*

Lepanto plans to undertake a preemptive right offering to support the increase in authorized capital stock. The terms have yet to be approved by the Board.

- *What are principal risks management is most concerned with, with respect to the FSE development and what is it doing to address such risks / concerns?*

The main focus is to complete the MPSA renewal, which has been delayed because of the current pandemic.

There being no further questions, the Chairman asked the Asst. Corporate Secretary to present to the stockholders the resolution approving the Annual Report for 2020. The resolution was shown on the screen and read by the Asst. Corporate Secretary, as follows:

*RESOLVED, That the Annual Report of the Board of Directors of the Company for the calendar year ended December 31, 2020, together with the financial statements of the Company inclusive of the Consolidated Balance Sheet, the Consolidated Statement of Income and Retained Earnings and the Consolidated Statement of Cash Flow as of December 31, 2020, as audited by the Company's independent auditors, Sycip, Gorres, Velayo and Co., and their certification and notes to the financial statements be, as the same hereby are, noted and approved.*

The foregoing resolution was approved by a total of 52,908,694,331 shares or 100% of the shares present or represented at the meeting.

5. **Retention of Messrs. Ray C. Espinosa and Val Antonio B. Suarez as independent directors**

At the request of the Chairman, the Corporate Secretary explained to the stockholders why there is a need to confirm the eligibility of Messrs. Ray C. Espinosa and Val Antonio B. Suarez for re-election as Independent Directors for two more years.

Directors Ray C. Espinosa and Val Antonio B. Suarez have reached the term limit for independent directors which is nine years from 2012 under Memorandum Circular No. 04, Series of 2017. If justified, the terms of Messrs. Ray C. Espinosa and Val Antonio B. Suarez may be extended subject to stockholders' approval. There are justifications for the retention of Attys. Ray C. Espinosa and Val Antonio B. Suarez, to wit:

1. 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.
2. Attys. 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 Chairman asked the Asst. Corporate Secretary to present the resolution for approval by the stockholders. The resolution was shown on the screen and read by the Asst. Corporate Secretary as follows:

*WHEREAS, the retention of Messrs. Ray C. Espinosa and Val Antonio B. Suarez as independent directors of Lepanto Consolidated Mining Company for two more years is justified;*

*RESOLVED, THEREFORE, that the stockholders approve the eligibility of Messrs. Ray C. Espinosa and Val Antonio B. Suarez for election as Independent Directors for two more years.*

The Corporate Secretary informed the body that shareholders representing 52,908,693,331 shares present or represented at the meeting, have voted in favor of the Retention of Messrs. Ray C. Espinosa and Val Antonio B. Suarez as independent directors for two more years. It was noted that the Proxy submitted by Deutsche Bank AG Manila indicates that the 1,000 shares are not in favor of the said resolution.

Thereafter, the Chairman directed the Secretary to let the minutes of the meeting reflect that clarification.

The Chairman thus declared that the retention of Messrs. Ray C. Espinosa and Val Antonio B. Suarez as independent directors of Lepanto Consolidated Mining Company for two more years have been approved.

#### **6. Election of Directors**

The Chairman stated that in compliance with the Company's ByLaws and Corporate Governance Manual, two (2) independent directors should be elected by the stockholders. Acting on nomination letters duly received, the Nomination Committee has approved the nominations of Atty. Ray C. Espinosa and Atty. Val Antonio B. Suarez for re-election as independent directors. The Nomination Committee has also approved the nominations of the following for re-election to the Board:

FELIPE U. YAP  
MARILYN V. AQUINO  
ETHELWOLDO E. FERNANDEZ  
DOUGLAS JOHN KIRWIN  
REGIS V. PUNO  
CRESENCIO C. YAP  
BRYAN U. YAP

Considering that there were nine (9) Board seats to be filled, and there were only nine (9) nominees, including for two independent directors, the chairman declared all nine nominees as duly elected directors. The Chairman directed the Corporate Secretary to distribute all the votes equally among the said nominees, or 52,908,693,331 votes for each nominee.

The Secretary then advised that the Proxy submitted by Deutsche Bank AG Manila Branch indicates that the entire 1,000 shares represented by the proxies are not in favor of all nine nominees.

Thereafter, the Chairman directed the Secretary to let the minutes of the meeting reflect that clarification.

The Chairman then presented to the stockholders the re-elected directors of the Company. He also presented to the stockholders the Company's senior officers.



**7. Amendment of Article VII of the Articles of Incorporation**

The Corporate Secretary advised that some stockholders need more time and information to consider the amendment of Article VII of the Articles of Incorporation or the increase in the Company's authorized capital stock. After discussion, the stockholders agreed to adjourn the meeting to a later date within the year to take up the matter of the said amendment.

**8. Re-Appointment of External Auditor**

The Chairman said that the next item on the agenda was the appointment of external auditor and that the Audit Committee and the Board of Directors have recommended that Sycip Gorres Velayo & Co. ("SGV") be re-appointed.

The Chairman asked the Asst. Corporate Secretary to present the resolution for approval by the stockholders and the votes received thereon. The resolution was shown on the screen and read by the Asst. Corporate Secretary. The Asst. Corporate Secretary advised that 52,908,694,331 shares, or 100% of the shares present or represented at the meeting had voted in favor of the re-appointment of SGV as external auditor.

The Chairman then introduced to the stockholders the SGV partners who were in attendance, namely: Wilson P. Tan, Chairman and Managing Partner, Maria Vivian C. Ruiz, Vice Chair and Deputy Managing Partner, Martin C. Guantes, Assurance Leader, Aris C. Malantic, Partner, Market Group 7 Leader, Jaime F. del Rosario, Partner, Eleanore A. Layug, Partner, Marc Bonnie B. Wong, Senior Director, Chris Yroniel D. Ong, Associate Director, Jobelyn D. Casim, Associate Director.

The Chairman also acknowledged the presence of representatives from the transfer agent, the Stock Transfer Service, Inc. the General Manager, Mr. Richard Regala.

**9. Adjournment**

There being no further business to transact, the meeting was thereupon adjourned.

**ATTEST:**



**FELIPE U. YAP**

Chairman of the Stockholders' Meeting



**ETHELWOLDO E. FERNANDEZ**

Secretary of the Stockholders' Meeting