

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

held at the Rigodon Ballroom, The Peninsula Manila  
corner Ayala and Makati Avenues, Makati City  
on April 20, 2015 at 4:00 P.M.

1. Call to order

The Chairman of the Board, Mr. Felipe U. Yap, called the meeting to order. He welcomed the stockholders to the meeting and expressed his appreciation for their attendance. He then requested the assembly to rise to sing the National Anthem.

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

As the first order of business, the Chairman called upon the Corporate Secretary to present proof that notice of the meeting had been sent out in accordance with the By-laws and to report on the attendance at the meeting.

The Secretary declared that Varied Services, Inc., whose services were engaged for the delivery and mailing of the notices of the meeting for today, April 20, 2015, had provided proof of such delivery and mailing, and has certified that all notices for the meeting were sent to the stockholders in accordance with the By-laws.

The Secretary next reported that, with the assistance of the Controller and the Transfer Agent, Stock Transfer Services, Inc., he had examined all proxies and all powers of attorney filed of record and had caused the signatures on these documents to be verified against those of record with the Transfer Agent. In addition, he had examined the tally of stockholders who had signed in as present in person at the meeting. Based upon such examination, he declared that there were 36,526,776,101 shares present by proxy and 1,359,376,361 shares present in person, or a total of 37,886,152,462 shares present by proxy and in person, out of the 52,145,988,637 shares issued, outstanding and entitled to vote as of March 10, 2015 or an attendance of 72.65%. He then certified that there was a quorum for the business at hand. (A summary of the tabulation of attendance is filed with the record and incorporated by reference as an integral part of these minutes.)

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

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

LEPANTO CONSOLIDATED MINING COMPANY  
21<sup>st</sup> Floor, Lepanto Building, Paseo de Roxas  
Makati City, Philippines

**NOTICE OF REGULAR ANNUAL MEETING**

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the regular annual meeting of the stockholders of Lepanto Consolidated Mining Company will be held at the Rigodon Ballroom, The Peninsula Manila, corner Ayala and Makati Avenues, Makati City, Philippines, on Monday, April 20, 2015 at 4:00 o'clock p.m. The agenda for this meeting is 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 April 21, 2014
4. Approval of the Annual Report
5. Election of Directors
6. Appointment of External Auditor
7. Transaction of such other and further business as may properly come before the meeting.

Proxies must be filed with and received at the Company's offices not later than by the close of business hours on April 10, 2015. Proxies received after the cut-off date shall not be recorded for this meeting.

Only holders of issued stocks of record as at the close of business hours on March 10, 2015 and whose status as stockholders on that date has been satisfactorily established per the corporate records to the Secretary of the Company will be entitled to notice of, and to vote at, said meeting. The stock and transfer book of the Company will be closed from March 10, 2015 to the close of business hours on April 20, 2015.

Makati City, Philippines, March 10, 2015.

BY ORDER OF FELIPE U. YAP, CHAIRMAN OF  
THE BOARD AND CHIEF EXECUTIVE OFFICER:

(sgd.) ETHELWOLDO E. FERNANDEZ  
Corporate Secretary

3. Approval of Minutes

The Chairman next noted for the record that copies of the minutes of the annual meeting of the stockholders on April 21, 2014, as they appear of record in the Minute Book of the Company, had been distributed on the floor to all stockholders present. He then submitted the minutes for the consideration and approval of the stockholders.

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders held on April 21, 2014 at Makati City, was dispensed with, and the said minutes were duly approved.

4. Approval of Annual Report

The Chairman noted that copies of the 2014 Annual Report of the Company, which had been approved by the Board of Directors, were made available at the meeting. The Chairman made his report based on the letter of the Chairman and the President to the stockholders embodied in the 2014 Annual Report, as follows:

*2014 was the third in a row of difficult years for the mining industry, particularly for gold producers, that began in 2012. The average gold price of \$1,670/oz. in 2012 declined to \$1,386/oz. in 2013 and fell further to \$1,269 for the year just ended. Recent weeks have seen gold prices at levels below \$1,200/oz. In addition, the moratorium on the approval of new applications for mineral agreements persisted with the government focused on having a revenue sharing mechanism legislated that would increase the government's share in a beleaguered and already overtaxed industry.*

*Our Company continued its program of improving mining efficiencies, cutting costs further wherever possible and enhancing metal recoveries. It also embarked on an intensive exploration program to discover extensions of our Victoria mine, improve our understanding of our geologic resources and uncover other areas of promising mineralization. Painstaking efforts were also undertaken on two critical areas of concern: renewal of MPSA No.001-90 and obtaining the Free and Prior Informed Consent ("FPIC") by our subsidiary, Far Southeast Gold Resources, Inc., for its FTAA application.*

*A new management team was installed in the Lepanto Mine Division starting August 2014. This team is headed by Engr. Thomas S. Consolacion as Resident Manager. Mr. Consolacion grew up in Mankayan, and served as a Planning Engineer and Mine Production Foreman during the Enargite operations in the 1980s. He left Lepanto to work with Atlas Copco, a Swedish manufacturer of mining and other heavy equipment, where he served as General Manager from 1998 to 2014. Engr. Consolacion and his team are tasked to streamline mining operations, improve operating efficiencies and metal recoveries, and reduce operating costs. From initial efforts the team has in fact reduced monthly operating costs by 17%. The new management is also mandated to explore for additional mineable resources/reserves. A review of previous and current drilling results have pointed to promising new areas which are the focus of the exploration program budgeted for the year.*

*We produced 24,617 oz. gold in 2014, compared with 33,240 oz. in 2013. Silver production also dropped, 44,431 oz. compared with 67,815 oz. in 2013. The lower production, aggravated by the decline in metal prices, resulted in an operating loss of ₱ 583.2 million.*

We jointly filed with Far Southeast Gold Resources, Inc. (FSGRI) in June 2014 the application for renewal of MPSA No. 001-90-CAR with the Mines and Geosciences Bureau. While the processing of the application progressed swiftly at the regional level, a snag was encountered after the application was endorsed to the Central Office for resolution of an issue that we raised—whether or not the FPIC and related requirements of the Indigenous Peoples' Rights Act, which was enacted seven years after the execution of our MPSA—should be applicable to our renewal application, given that under the terms of the MPSA and the Mining Act of 1995, the renewal shall be under the same terms and conditions. Early this year, we submitted the issue for arbitration and at the same time sought relief from the courts to ensure continued operations pending arbitration. The Regional Trial Court of Makati issued a Writ of Preliminary Injunction enjoining the government agencies concerned, i.e., the Department of Environment and Natural Resources and the National Commission on Indigenous Peoples (NCIP), from suspending or disrupting the normal operations of the Company while the Arbitration case is pending.

In December 2014, we offered 7.9 billion shares at P0.20 per share to existing shareholders that raised a total of P1.58 billion. Proceeds are earmarked for our exploration program, payment of debts and working capital. Thanks to your usual support, the offering was over-subscribed.

At year-end, our subsidiary FSGRI was close to signing a Memorandum of Agreement (“MOA”) with the Council of Elders and Leaders of the Mankayan communities to complete the FPIC sought by FSGRI in connection with its application for an FTAA. The MOA was finally signed in February 2015. This is a significant accomplishment which took nearly three years to complete. The signed MOA had been forwarded to the NCIP for approval.

Despite the adverse mining environment these past few years, we remain hopeful that with diligent work, careful planning, judicious spending, and positive exploration results, Lepanto will be prepared to rebound and exploit opportunities starting this year. We have the same resolve in respect of preserving our mineral rights, fulfilling our social responsibilities and safeguarding all stakeholders' interests.

We thank you, our shareholders, once again for the trust you have reposed on us. We thank our bankers, suppliers and service providers as well for their continuing support. We commend our officers, managers and the rest of our employees for their hard work and dedication. We are also grateful to our fellow members of the Board for their assistance and guidance through the many difficult issues that our Company and industry, in general, continue to face.

The Chairman then called on the President, Mr. Bryan U. Yap, to report on the results of operations for the first quarter of 2015. Following are the highlights of the President's report:

*In the first quarter of the year, we produced 4,098 ounces of gold and 9,595 ounces of silver. First quarter net loss amounted to P177 million.*

*We continued to suffer from depressed gold prices. Ore sources became limited as contribution from mining areas with lower grades above the 900L were suspended.*

*Following the appointment of a new management team in Lepanto Mine Division in August last year, the most critical directive was to look for additional resources/reserves that can be put into production in the shortest possible time. After a thorough review, we came up with two promising areas to explore and develop. A comprehensive and accelerated drilling program was activated to block reserves for mining.*

*These include the lower extensions of the Victoria veins below the 700L which we refer to as the Victoria Deeps. There are also unmined resources between 700L and 900L which are now being explored.*

Far Southeast Project:

*As mentioned by the Chairman, we have signed a Memorandum of Agreement with the IP communities of Mankayan, Benguet, proof of their Free and Prior Informed Consent to the issuance of an FTAA to the Far Southeast Project. We expect to obtain the National Commission on Indigenous Peoples's approval of the MOA soon.*

*Based on the updated geological model completed in late 2014, a new resource model was compiled in the first quarter of 2015 as a requirement for on-going mine design studies for selective mining of the higher grade zones of the orebody. The focus of the mining studies has shifted to a smaller operation that is less capital intensive, and one that will have a shorter development time in order to get into earlier production.*

The Chairman then said that they will entertain questions from the floor.

Mr. Leonilo Cabiling asked why production has declined. He also inquired as to when stockholders may expect dividends from the Company.

The President replied that it was not economic to produce more because of the metal grades. What is important is that the costs have been streamlined and continue to be controlled and an exploration program is underway to drill for additional sources of better-grade ore.

The Chairman said that the Company was not in a position to declare dividends but the Board has that in mind- to declare dividends when the financial position would allow it. He added that the future of the Company remains bright because of its mineral assets.

In reply to a query from Mr. Oliver Munoz, the President said that the Mining Act of 1995 is a good law and it is still effective. However, the issuance of EO 79 resulted in confusion and uncertainty in the industry especially in respect of taxation and issuances of permits. The EO scared off investors. Some foreign investors have stayed, like Gold Fields, which is Lepanto's partner in the Far Southeast Project. But we cannot expect investors to put in money for as long as the taxation regime is uncertain.

Mr. David Koh asked if there was any plan to diversify to any other ventures such as power generation, to which the Chairman replied that there was none. The direction, still, is to attain profitability in mining operations

Mr. Jose Ferrer commended the Company for its Corporate Social Responsibility initiatives. He said that although financial results were disappointing, he was glad that there was a new team at the mine, lead by Engr. Tom Consolacion.

Thereafter, upon motion duly made and seconded, the stockholders adopted the following resolution:

RESOLVED, That the Annual Report of the Board of Directors of the Company for the calendar year ended December 31, 2014, 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, 2014, 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.

5. 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 Mr. Ray C. Espinosa and Atty. Val Antonio B. Suarez for re-election as independent directors. In compliance with the SEC rules, no further nomination for the two seats may now be made. Therefore, what was open for nomination were the seven (7) remaining board seats for the year 2015 to 2016. He then declared the table open for nominations to the seven (7) board seats.

Mr. Badr E. Salendab nominated the following for re-election as Directors for 2015-2016:

FELIPE U. YAP  
BRYAN U. YAP  
CRESENCIO C. YAP  
ETHELWOLDO E. FERNANDEZ  
MARILYN V. AQUINO  
JOSE G. CERVANTES  
ROBERTO JUANCHITO T. DISPO

The nomination was seconded by Ms. Eden C. Calde and she further moved that the nominations be closed. There being no objections, the Chairman declared the nominations closed and the persons nominated as duly elected.

The Secretary advised that:

a. The Proxy submitted by Hongkong & Shanghai Banking Corporation Ltd. indicates that the entire 723,181 shares represented by the proxy were voting in favor of Messrs. Felipe Yap, Bryan Yap, Cresencio Yap, and Attys. Marilyn Aquino and Val Suarez. There were only 573,181 votes in favor of Attys. Ray Espinosa and Jose Cervantes; there were no votes in favor of the Corporate Secretary and Mr. Roberto Juanchito Dispo; and

b. The Proxy submitted by Deutsche Bank, covering a total of 8,956,365 shares, likewise indicated negative votes for certain candidates. The entire 8,956,365 shares were voting in favor of Messrs. Felipe Yap, Bryan Yap, Cresencio Yap, Roberto Juanchito Dispo and Attys. Marilyn Aquino and Val Suarez and there were only 8,204,363 votes in favor of Attys. Ray Espinosa and Jose Cervantes; there were no votes in favor of the Corporate Secretary.

Taking into account the foregoing, following are the number of votes received by each nominee:

<u>Name</u>	<u>Number of Votes</u>
FELIPE U. YAP	37,886,152,462
BRYAN U. YAP	37,886,152,462
CRESENCIO C. YAP	37,886,152,462
ETHELWOLDO E. FERNANDEZ	37,876,472,916
MARILYN V. AQUINO	37,886,152,462
JOSE G. CERVANTES	37,885,250,460
RAY C. ESPINOSA	37,885,250,460
ROBERTO JUANCHITO T. DISPO	37,885,429,281
VAL ANTONIO B. SUAREZ	37,886,152,462

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

The Chairman then presented to the stockholders the re-elected directors who were all in attendance, namely: Mr. Bryan U. Yap, Ms. Marilyn V. Aquino, Mr. Jose G. Cervantes, Mr. Ethelwoldo E. Fernandez, Mr. Ray C. Espinosa, Mr. Val Antonio B. Suarez, Mr. Cresencio C. Yap and the new director, Mr. Roberto Juanchito Dispo.

6. Re-Appointment of External Auditor

Upon motion duly made and seconded, the recommendation of the Board of Directors to re-appoint SyCip Gorres & Velayo ("SGV") as external auditors was approved by the stockholders.

The Chairman then introduced to the stockholders the SGV partners who were in attendance, namely: Mr. Jaime F. del Rosario, Engagement Partner: Ms. Eleonore A. Layug, Partner: and Mr. Fernando P. Mabbayad, Engagement Manager.

The Chairman also acknowledged the presence of the representatives from the Stock Transfer Service Inc., namely the president, Mr. Tony Laviña, the general manager, Mr. Richard Regala and the officers in charge of Lepanto, Mr. Genrev Masa and Ms. Ivy Quevedo.

7. 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