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Lepanto Copper-Gold Project Update and Discovery of New Porphyry Copper-Gold Mineralization

Copper – Gold Project

Since October 2015, Lepanto’s exploration team has completed 41,000 meters of underground drilling to evaluate the copper – gold project resources at the former enargite mining area. This program has successfully discovered combined indicated and inferred resources of 6.67 Mt at 0.99 % Cu and 2.16 g/t Au as shown in Table 1. Furthermore, on-going drilling has outlined an additional geologic resource of 7.90 Mt at 1.69 % Cu and 2.07 g/t Au, and an increased drilling program will bring these areas into inferred and indicated categories.

Resource category	Tonnage (Mt)	Cu (%)	Au (g/t)
Indicated	3.61	1.10	2.09
Inferred	3.06	0.86	2.24
Total	6.67	0.99	2.16

Table 1: Lepanto copper – gold project resources¹

Previously unrecognized gold-bearing vein systems comprised of quartz, pyrite and gold (QPG) overprint the enargite mineralization. The QPG veins were identified in 5 areas, with drill proven strike lengths of 300m and vertical intervals of 300m. These veins are increasing in width and gold grades with depth, and remain open and unexplored below 900 Level. The QPG veins will have a very positive impact on future gold production. Examples of significant intercepts are shown in Table 2.

Target area	Drill hole no.	From (m)	To (m)	Length (m)	% Cu	g/t Au	Ore type
Northwest	U-17-01	62.70	67.10	4.40	0.01	18.64	Quartz – pyrite – gold
Northwest	U-17-08	34.65	61.90	27.25	0.03	5.36	Quartz – pyrite – gold
Northwest	U-17-15	17.05	24.50	7.45	0.06	4.63	Quartz – pyrite – gold
Northwest	U-17-16	138.70	157.75	19.05	0.15	3.28	Quartz – pyrite – gold
Northwest	U-17-27	102.50	131.50	29.00	0.18	3.56	Quartz – pyrite – gold
Northwest	U-17-27	208.00	217.70	9.70	0.05	9.05	Quartz – pyrite – gold
Northwest	U-17-28	63.20	79.30	16.10	2.29	2.14	Enargite
Northwest	U-17-28	108.80	112.20	3.40	0.03	19.98	Quartz – pyrite – gold

Table 2: List of 2017 significant drill intercepts at Northwest QPG area.

¹ Mineral Resource Estimates certified by Mr. Joel S. Diaz, a competent person within the context of the Philippine Mineral Resource Code.

Lepanto will commence production from the Copper-Gold Project in the third quarter of the year. For this purpose, the copper flotation plant is presently being debugged. Initial combined ore throughput from the Victoria and the Copper-Gold Project is estimated at 1,500 tonnes per day, ramping up to 3,000 tonnes per day by 2019.

New porphyry targets

During the course of the copper – gold resource definition drilling, a number of new significant porphyry Cu-Au systems were also discovered. Deposits that can be mined in the future are Buaki and Bulalacao, while those at Florence West, Carmen, Spanish Tunnels and Odette remain to be drill tested in detail (Figure 1). These porphyries underlie the main enargite bodies and are the likely source of the copper and gold mineralization. Thus far, only the uppermost sections have been exposed to drilling. The potential for significant deeper mineralization is indeed exciting and additional drilling is planned to fully test the porphyry style of mineralization.

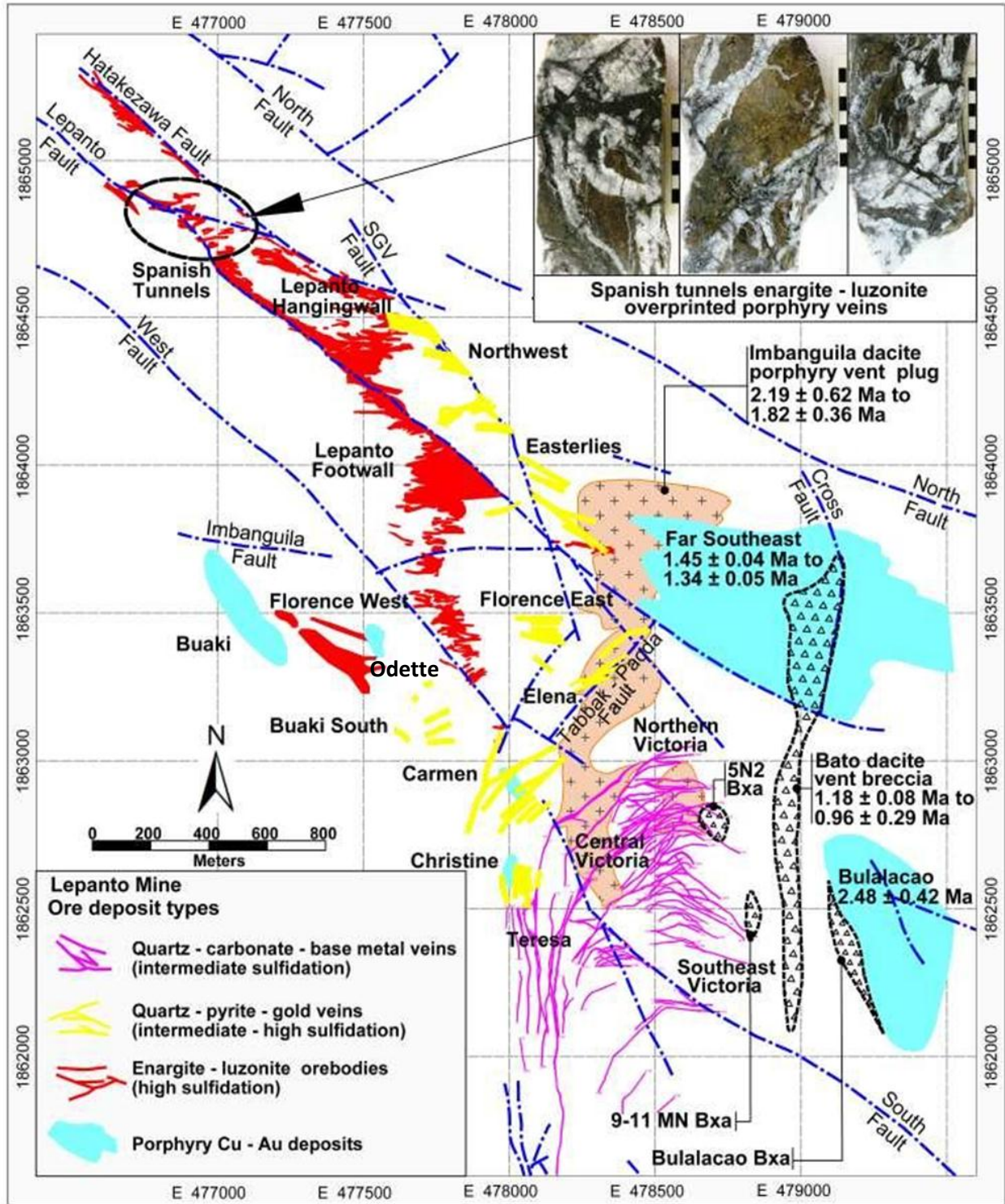


Figure-7: Composite plan showing the distribution of ore deposit types at the Lepanto mine. The quartz – pyrite – gold veins at the areas of Northwest, Elena, Florence East and West, Carmen, and Buaki are clustered along a north-northwest band that lies between the band of main enargite orebodies at the west and the Imbanguila vent at the east. Also shown is the location of the newly recognized occurrence of porphyry veining overprinted by enargite – luzonite at the Spanish Tunnels area.