



REPUBLIC OF THE PHILIPPINES  
**SECURITIES AND EXCHANGE COMMISSION**

Ground Floor, Secretariat Building, PICC  
City of Pasay, Metro Manila

**COMPANY REG. NO. PW0000115A**

**CERTIFICATE OF APPROVAL OF INCREASE OF CAPITAL STOCK**

**KNOW ALL PERSONS BY THESE PRESENTS:**

This is to certify that the increase of capital stock of the

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT  
CORPORATION**

from P3,000,000,000.00 divided into 3,000,000,000 shares of the par value of P1.00 each, to P8,890,000,000.00 divided into 8,890,000,000 shares of the par value of P1.00 each, approved on May 18, 2017 by majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on July 27, 2017 certified to by the Chairman and the Secretary of the stockholders meeting and a majority of the Board of Directors of the corporation, was approved by the Commission on the date indicated hereunder in accordance with the provision of Section 38 of the Corporation Code of the Philippines (Batas Pambansa Blg. 68), approved on May 1, 1980. A copy of the Certificate of Increase of Capital Stock filed with the Commission is attached hereto.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed to this Certificate at Pasay City, Metro Manila, Philippines, this 17th day of November, Twenty Seventeen.



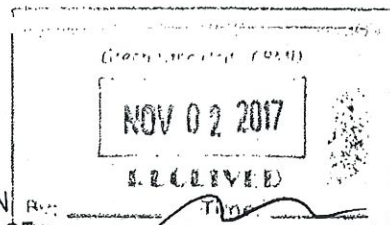
  
**FERDINAND B. SALES**

**Director**

**Company Registration and Monitoring Department**



**DIRECTORS' CERTIFICATE**  
ON THE  
**AMENDMENT OF THE ARTICLES OF INCORPORATION**  
**AND INCREASE OF THE AUTHORIZED CAPITAL STOCK OF**  
**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION**



We, constituting a majority of the members of the Board of Directors, the Chairman and the Assistant Corporate Secretary of Atlas Consolidated Mining and Development Corporation (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal place of business at the FiveE-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City (1300), Philippines, do hereby certify as follows:

1. At the meetings of the Board of Directors of the Corporation ("BOD" or the "Board") held on 22 February 2016, 16 November 2016, 7 December 2016 and 18 May 2017 at the Corporation's principal office, at which a majority of the directors was present and acting throughout, the Board unanimously approved the following resolutions to increase the Corporation's authorized capital stock by an aggregate amount of Php5,890,000,000.00 from Php3,000,000,000.00 to Php8,890,000,000.00, divided into 8,890,000,000 common shares (the "Increase") and the amendment to the Corporation's Articles of Incorporation (the "Amendment"):

"RESOLVED, That Atlas Consolidated Mining and Development Corporation (the "Corporation"), be authorized as it is hereby authorized to increase the Corporation's authorized capital stock by Five Billion Eight Hundred Ninety Million Pesos (Php5,890,000,000.00) from Three Billion Pesos (Php3,000,000,000.00) to Eight Billion Eight Hundred Ninety Million Pesos (Php8,890,000,000.00) divided into Eight Billion Eight Hundred Ninety Million (8,890,000,000) common shares;

RESOLVED, FURTHER, That Article Seventh of the Amended Articles of Incorporation of the Corporation, be correspondingly amended as follows:

SEVENTH: The authorized capital stock of the Corporation is **Eight Billion Eight Hundred Ninety Million Pesos (Php8,890,000,000.00) Philippine Currency, divided into Eight Billion Eight Hundred Ninety Million (8,890,000,000) common shares with a par value of One Peso (Php1.00) per share.**

RESOLVED, FINALLY, That the President or any officers of the Corporation, be hereby authorized, directed and empowered to perform all acts and deeds, and sign, execute and deliver any and all agreements, instruments, correspondence or other documents that may be required, necessary or convenient for the proper implementation of the foregoing resolutions, including but not limited to the filing of the appropriate applications with the Securities and Exchange Commission (SEC)."

2. At the Annual General Meeting ("AGM") of the Shareholders of the Corporation held on 27 July 2017 and 29 April 2016 as well as its Special Shareholders' Meeting ("SSM") on 21 February 2017 where there appeared in person or by proxy, the Shareholders representing more than 2/3 of the issued and outstanding capital stock approved the Increase and Amendment.

3. As a result of the Increase, the authorized capital stock of the Corporation shall be *Eight Billion Eight Hundred Ninety Million Pesos (Php8,890,000,000.00)* divided into *Eight Billion Eight Hundred Ninety Million (8,890,000,000)* common shares of stock with a par value of *One Peso (Php1.00)* per share.
4. Out of the Increase, 1,472,500,000 common shares have been subscribed at Php4.3842 per share (the "Subscription") and 25% of such Subscription will be remitted by the Subscribers to the Corporation upon execution of the Subscription Agreements with the balance upon call. Breakdown is as follows:


Subscriber	Number of Shares Subscribed	Par Value	Subscription Price	Paid-Up (25%)	
				Par Value	Additional Paid In Capital
SM Investments Corporation	598,049,708	Php598,049,708.00	Php2,621,969,530.00	Php149,512,427.00	Php505,979,956.00
Anglo Philippine Holdings Corporation	845,000,292	845,000,292.00	3,704,650,280.00	211,250,073.00	714,912,497.00
Alakor Corporation	29,450,000	29,450,000.00	129,114,690.00	7,362,500.00	24,916,173.00
<b>Total</b>	<b>1,472,500,000</b>	<b>Php1,472,500,000.00</b>	<b>Php6,455,734,500.00</b>	<b>Php368,125,000.00</b>	<b>Php1,245,808,626.00</b>

5. The Corporation has complied with all the requirements under Sections 16 and 38 of the Corporation Code of the Philippines with respect to the Increase.
6. The Corporation has no bonded indebtedness as of the dates of the meetings of the Board and the Corporation's Shareholders during which the Increase was approved (the "Meetings").
7. The total indebtedness of the Corporation as of 27 July 2017 amounts to approximately Php189,902,404.33.
8. Enclosed hereto as Annex "A" represents the Amended Articles of Incorporation of the Corporation.


Attested by:


  
MARIA ELEONOR A. SANTIAGO  
Assistant Corporate Secretary  
TIN 162-058-052

IN WITNESS WHEREOF, we hereby affix our signatures this 27 July 2017 in Pasay City.

  
ALFREDO C. RAMOS  
Chairman of the Board  
TIN 132-017-513

  
FREDERIC C. DYBUNCIO  
Director  
TIN 103-191-854


  
ADRIAN PAULINO S. RAMOS  
Director  
TIN 188-355-989


  
MARTIN C. BUCKINGHAM  
Director  
TIN 202-479-430


  
GERARD ANTON S. RAMOS  
Director  
TIN 160-302-347

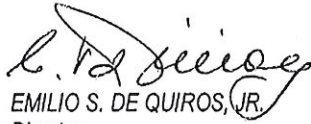
ISIDRO A. CONSUNJI  
Director  
TIN 100-985-420

  
JOSE T. SIO  
Director  
TIN 103-433-285

  
FULGENCIO S. FACTORAN, JR.  
Director  
TIN 118-132-939

  
JAY Y. YUVALLOS  
Director  
TIN 167-967-945

  
LAURITO E. SERRANO  
Director  
TIN 102-097-367

  
EMILIO S. DE QUIROS, JR.  
Director  
TIN 115-321-434



REPUBLIC OF THE PHILIPPINES) S.S.  
PASAY CITY, )

Subscribed and sworn to before me this AUG 14, 2017 2017 in Pasay City by the following:

Name	Competent Evidence of Identity	Date and Place of Issue
Alfredo C. Ramos	Passport No. EC8370209	21 July 2016 / Manila
Adrian Paulino S. Ramos	Passport No. EC6344702	08 January 2016 / Manila
Martin C. Buckingham	Passport No. 099219951	30 December 2010 / United Kingdom of Great Britain & Northern Ireland
Gerard Anton S. Ramos	Passport No. EC1487341	27 June 2014 / Manila
Frederic C. DyBuncio	Passport No. ECO634893	22 March 2014 / Manila
Jose T. Sio	Passport No. PO932366A	17 November 2016 / Manila
Isidro A. Consunji	Passport No. EC4977907	11 August 2015 / Manila
Fulgencio S. Factoran, Jr.	Passport No. EC4081648	04 May 2015 / Manila
Jay Y. Yuvallos	Passport No. EC4573758	08 July 2015 / Manila
Emilio S. de Quiros	Passport No. EB7657529	15 March 2013 / Manila
Maria Eleonor A. Santiago	Passport No. P2397482A	21 March 2017 / Lucena City

whose identities I have confirmed through the above-described competent evidence of their identifications.

Doc. No. 451  
Page No. 29  
Book No. 04  
Series of 2017.

**ATTY. REINIER S. QUIAMBAO**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2018  
PTR NO. 8012318 / 01.08.17 / MAKATI CITY  
IBP NO. 1080315 / 01.08.17 / TARLAC CITY  
TIN 238-251-899 ROLL NO. 62203  
MCLE NO. V - 0011532 / 10.08.15



REPUBLIC OF THE PHILIPPINES)  
CITY OF PASAY ) S.S.

## CERTIFICATION

I, *Maria Eleonor A. Santiago*, Filipino, of legal age, and with office address at FiveE-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City, Philippines, after being duly sworn in accordance with law hereby state as follows:

1. I am the duly elected and incumbent Assistant Corporate Secretary of Atlas Consolidated Mining and Development Corporation ("AT" or the "Corporation"), a corporation duly organized and existing in accordance with the laws of the Philippines with office address at FiveE-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City, Philippines;
2. Based on the latest Articles of Incorporation, the Corporation's authorized capital stock (ACS) is *Three Billion Pesos (Php3,000,000,000.00)* divided into *Three Billion (3,000,000,000)* common shares of stock with a par value of Php1.00 per share;
3. The Corporation's Board of Directors (BOD) approved and subsequently the Shareholders confirmed and ratified the aggregate increase in the Corporation's ACS by Php5,890,000,000.00 (the "Increase") during their respective meetings held on various dates with details as follows:

Remarks	Date of Shareholders' Meeting	Date of BOD Meeting	Authorized Capital Stock	
			Amount of Increase	To
Initial Proposed Increase in ACS	29 April 2016	22 February 2016	Php3,000,000,000.00	Php6,000,000,000.00
2 <sup>nd</sup> Proposed Increase in ACS	21 February 2017	16 November 2016 7 December 2016	Php2,500,000,000.00	Php8,500,000,000.00
3 <sup>rd</sup> Proposed Increase in ACS	27 July 2017	18 May 2017	Php390,000,000.00	Php8,890,000,000.00

4. Out of the Increase of 5,890,000,000 shares, 25% has been subscribed @ Php4,3842 per share by the following:

Subscriber	Number of Shares Subscribed	Amount Subscribed @ Php4.3842 per share
SM Investments Corporation	598,049,708	Php2,621,969,531.00
Anglo Philippine Holdings Corporation	845,000,292	3,704,650,279.00
Alakor Corporation	29,450,000	129,114,690.00
<i>Total</i>	<i>1,472,500,000</i>	<i>Php6,455,734,500.00</i>



5. Out of the 1,472,500,000 shares subscribed, 25% has been paid by the Subscribers and duly received (and receipted) by the Corporation on the following dates:

<i>Subscriber</i>	<i>Amount Paid-Up</i>	<i>Payment Dates</i>	<i>Payments Received</i>
SM Investments Corporation	<i>Php655,492,383.00</i>	28 February 2017 11 August 2017	Php309,375,000.00 346,117,383.00 <u>Php655,492,383.00</u>
Anglo Philippine Holdings Corporation	<i>Php926,162,570.00</i>	27 February 2017 10 August 2017 11 August 2017	Php 27,500,000.00 101,614,690.00 797,047,880.00 <u>Php926,162,570.00</u>
Alakor Corporation	<i>Php32,278,673.00</i>	27 February 2017 10 August 2017	Php 6,875,000.00 25,403,673.00 <u>Php 32,278,673.00</u>
<i>Total</i>	<i>Php1,613,933,626.00</i>		<i>Php1,613,933,626.00</i>

6. The Increase in ACS is to enable AT to have sufficient capital stock to cover the underlying common Shares of Stock as a result of the exercise of the Warrants which the Corporation intends to issue and for other fund raising activities;
7. The proposed Increase is subject to the approval of the Securities and Exchange Commission (SEC); and
8. This Certification is being issued to attest to the truth of the foregoing facts.




SEP 21 2017  
IN WITNESS WHEREOF, I have set my hand this \_\_\_ September 2017 in Pasay City, MAKATI CITY

  
Maria Eleonor A. Santiago  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me, this SEP 21 2017 day of September, affiant personally appeared before me and exhibited to me her Philippine Passport with number P2397482A issued on 21 March 2017 by the DFA-Lucena City, Philippines.

Doc. No. 274;  
Page No. 53;  
Book No. 7;  
Series of 2017.

  
**ATTY. REINIER S. QUIAMBAO**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2018  
PTR NO. 5912316 / 01.06.17 / MAKATI CITY  
IBP NO. 1080315 / 01.06.17 / TARLAC CITY  
TIN 238-251-699 / ROLL NO. 62283  
MCLE NO. V - 0011532 / 10.06.15

### TREASURER'S AFFIDAVIT


I, Leila Marie P. Cabañes, of legal age, Filipino, and with office address at the 5<sup>th</sup> Floor, FiveE-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City (1300), Philippines, after having been duly sworn in accordance with law, hereby depose and state, that:

1. I am the duly incumbent Treasurer of *Atlas Consolidated Mining and Development Corporation* (the "Corporation"), a corporation organized and existing under the laws of the Philippines with principal office at FiveE-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City (1300), Philippines.
2. The required number of the Corporation's shareholders and directors, at separate meetings, approved the increase of the Corporation's Authorized Capital Stock ("ACS") from Php3,000,000,000.00 divided into 3,000,000,000 common shares with a par value of Php1.00 per share to Php8,890,000,000.00 divided into 8,890,000,000 common shares with a par value of Php1.00 per share.
3. Out of the 5,890,000,000.00 common shares of stock representing the amount of the increase, 25% of which, equivalent to 1,472,500,000 common shares have been subscribed at Php4.3842 per share (the "Subscription") and 25% of such Subscription has been paid by way of cash, with breakdown as follows:

Subscriber	Number of Shares Subscribed	Par Value	Subscription Price	Paid-Up (25%)	
				Par Value	Additional Paid In Capital
SM Investments Corporation	598,049,708	Php598,049,708.00	Php2,621,969,530.00	Php149,512,427.00	Php505,979,956.00
Anglo Philippine Holdings Corporation	845,000,292	845,000,292.00	3,704,650,280.00	211,250,073.00	714,912,497.00
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<b>Total</b>	<b>1,472,500,000</b>	<b>Php1,472,500,000.00</b>	<b>Php6,455,734,500.00</b>	<b>Php368,125,000.00</b>	<b>Php1,245,808,626.00</b>

AUG 14 2017

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of August 2017 in Makati City.

  
Leila Marie P. Cabañes  
Treasurer

AUG 14 2017

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of August 2017 in Makati City, affiant exhibiting to me her Tax Identification No. 913-395-673 issued by the Bureau of Internal Revenue.

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Page No. 97  
Book No. 04  
Series of 2017.

**ATTY. REINIER S. QUIAMBAO**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2018  
PTR NO. 5912319 / 01.08.17 / MAKATI CITY  
IBP NO. 1060315 / 01.06.17 / TARLAC CITY  
TIN 238-251-699 ROLL NO. 62283  
MCLE NO. V - 0011532 / 10.06.15





Securities and  
Exchange  
Commission  
PHILIPPINES

MARKETS AND SECURITIES REGULATION DEPARTMENT

August 18, 2017

ATLAS CONSOLIDATED MINING AND  
DEVELOPMENT CORPORATION  
Five E-Com Center  
Palm Coast Avenue corner Pacific Drive  
Mall of Asia

Attention: MR. ALFREDO C. RAMOS  
Chairman

Subject: REQUEST FOR COMMENT/RECOMMENDATION

Gentlemen:

This is in connection with your company's application for increase in the authorized capital stock from Three Billion Pesos (P3,000,000,000.00) divided into Three Billion (3,000,000,000) shares with a par value of One Peso (P1.00) per share to Eight Billion Eight Hundred Ninety Million Pesos (P8,890,000,000.00) divided into Eight Billion Eight Hundred Ninety Million (8,890,000,000) shares with a par value of One Peso (P1.00) per share.

We do not interpose any objection to your application provided that once the application has been approved, the company shall file within five (5) days from receipt of information about said approval a duly accomplished **Current Report (SEC Form 17-C)** disclosing therein the amended provision. The company is also reminded to file an amended General Information Sheet (GIS) within seven (7) days after such change occurred or become effective.

Our Department, nonetheless defers to the discretion of the Commission's Company Registration and Monitoring Department (CRMD) considering that it has primary jurisdiction over registration of corporations and partnerships in general, as well as amendments to Articles of Incorporation and By-laws. Furthermore, our comments or recommendations are limited merely to this Department's regulatory requirements and does not cover the substance of the application with respect to compliance with the Corporation Code of the Philippines.

This comment is without prejudice to the prerogative of this Department to act later against the subject entity, if warranted, to ensure full compliance with the provisions of the Securities Regulation Code, its implementing rules and regulations, and other pertinent laws, rules and regulations, as may be necessary and applicable under the circumstances.

Very truly yours,

  
VICENTE GRACIANO P. FEIZMENIO, JR.  
Director

RECEIVED BY:

SIGNATURE OVER PRINTED NAME OF

COMPANY NAME/DATE RECEIVED

**SECRETARY'S CERTIFICATE**

I, *Maria Eleonor A. Santiago*, Filipino, of legal age, and with office address at the 5<sup>th</sup> Floor, FiveE-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City (1300), Philippines, after being duly sworn in accordance with law hereby state as follows:

1. I am the duly elected and incumbent Assistant Corporate Secretary of Atlas Consolidated Mining and Development Corporation (the "Corporation"), a corporation duly organized and existing in accordance with the laws of the Philippines, with principal office at FiveE-com Center, Palm Coast Avenue corner Pacific Drive, Mall of Asia Complex, Pasay City (1300), Philippines.
2. At the following meetings, the Board of Directors ("Board") and Shareholders of the Corporation have approved the increase of its authorized capital stock ("Increase"), to wit:

Increase in ACS	Increase in the Number of Shares	Par Value	Board Approval Date	Shareholders Approval Date
From Php3B to Php6B	3B shares	Php1.00	22 February 2016	29 April 2016 ✓
From Php6B to Php8.5B	2.5B shares	Php1.00	16 November 2016 07 December 2016	21 February 2017 ✓
From Php8.5B to Php8.89B	390M shares	Php1.00	18 May 2017	27 July 2017 ✓

3. Article VII, Paragraph 3 of the Corporation's Articles of Incorporation provides that Shareholders shall have no pre-emptive rights in shares of stock issued by the Corporation.
4. I further certify that from the time of such Shareholders and Directors' approval of the Increase up to its filing of the application with the Securities and Exchange Commission, to the best of my knowledge, no action or proceeding has been filed or is pending before any court involving an intra-corporate dispute and/or claim by any person or group against the Directors, Individual directors and/or major corporate officers of the Corporation as its duly elected and/or appointed directors or officers or vice versa.

IN WITNESS WHEREOF, I have set my hand this AUG 01 2017 in PASAY CITY

*MAS*  
*Maria Eleonor A. Santiago*  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me, this AUG 01 2017 day of PASAY CITY, affiant personally appeared before me and exhibited to me her Philippine Passport with number P2397482A issued on March 21, 2017 by the DFA-Lucena City.

Doc. No. 124  
Page No. 29  
Book No. 1  
Series of 2017.

*Aljaine*  
**ATTY. MA. GLEOF E. L. JAIMI**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2017  
PTR NO. 5283011  
ISSUED AT P.C. ON 1-3-17  
IBP NO. 1059953  
ISSUED AT Q.C. ON 1-3-17  
MCLE COMPL. V NO. 00117  
ISSUED ON NOV. 27, 2015  
SC ROLL NO. 27802  
COMM. NO. 16-07



27 July 2017

To Securities and Exchange Commission (the "Commission"):

In connection with the application of *Atlas Consolidated Mining and Development Corporation* (the "Corporation") for the Commission's approval on the increase of its authorized capital stock (the "Application"), the undersigned hereby declare under oath the following, that:

1. All information and representations (i) pertaining to the Application, and (ii) contained in the documents submitted to support the Application, are true and correct;
2. The verification procedures required by the Commission with respect to the Application were conducted by an independent auditor who issued a report thereon in accordance with the auditing standards in force;
3. The items/accounts subject of the Applications are authorized, valid and legal; and
4. The shares of stock to be issued upon the approval of the Application *are not* watered.

The management of the Corporation hereby authorizes the Commission to examine any time, even after the approval of the Application, the Corporation's books of accounts and records to determine the validity and accuracy of the underlying transactions.



ALFREDO C. RAMOS  
Chairman of the Board



ADRIAN PAULINO S. RAMOS  
President



FERNANDO A. RIMANDO  
Chief Financial Officer

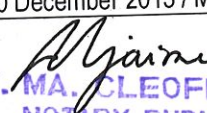
REPUBLIC OF THE PHILIPPINES) S.S.  
CITY OF PASAY )

**AUG 01 2017**

SUBSCRIBED AND SWORN to before me his \_\_\_\_ day of July 2017 in Pasay City by the following:

Name	Competent Evidence of Identification	Date and Place of Issue
Alfredo C. Ramos	Passport No. EC8370209	21 July 2016 / Manila
Adrian Paulino S. Ramos	Passport No. EC6344702	08 January 2016 / Manila
Fernando A. Rimando	Passport No. EB9864519	20 December 2013 / Manila

Doc. No. 209  
Page No. 42  
Book No. 9  
Series of 2017.

  
**ATTY. MA. CLEOFE L. JAIME**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2017  
PTR NO. 5283011  
ISSUED AT P.C. ON 1-3-17  
IBP NO. 1059953  
ISSUED AT Q.C. ON 1-3-17  
MCLE COMPL. V NO. 001177  
ISSUED ON NOV. 27, 2015  
SC ROLL NO. 27802  
COMM. NO. 16-07



**MANGAY-AYAM, LIM & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**Report of Independent Certified Public Accountants on the Conduct and Result of the  
Required Verification Procedures.**

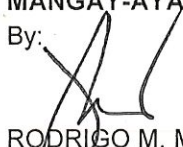
To the Securities and Exchange Commission (the Commission):

In connection with the application of **ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION** (the Company) for the increase in its authorized capital stock, the undersigned hereby declares:

- (1.) That as an external auditor engaged by the said Company, we have conducted the verification procedures required under Section 2 of the SEC Memorandum Circular No. 6 (Series of 2008), *Guidelines on On-site Verification of Financial Records Relative to Certain Applications Filed with the Commission*, and in accordance with Philippine Standard on Related Services 4400, "Engagements to Perform Agreed- Upon Procedures Regarding Financial Information;" and,
- (2.) That since the foregoing engagement does not involve an audit or review of the Company's financial statements but only the conduct of a set of agreed-upon procedures and issuance of a report on the factual findings thereon, we gave a "no assurance" statement in our report dated August 18, 2017 which is attached to this letter. We understand, however, that the "no assurance" statement in the report does not exempt us from the responsibility over the conduct of the said procedures and the factual findings stated therein.

Very truly yours,  
**MANGAY-AYAM, LIM & CO., CPAs**

By:

  
**RODRIGO M. MANGAY-AYAM**  
Partner

CPA Cert. no. 21565

BOA Cert. no. 0672, valid until December 31, 2018

SEC Accreditation no. 1454-A (Group A), valid until December 3, 2017

August 18, 2017





## **Report of Independent Auditors on Factual Findings**

### **The Board of Directors**

#### **ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION**

FiveE-com Center, Palm Coast Avenue cor. Pacific Drive

Mall of Asia Complex,

Pasay City 1300, Philippines

Gentlemen:

At your request, thru your Mr. Fernando A. Rimando, Chief Financial Officer, Ms. Michelle E. Paray, Financial Accounting Manager and Ms. Rechel N. Cahila, Legal Affairs and Corporate Governance Officer, singly or collectively, we have performed the procedures enumerated below with respect to the verification of the actual inflow of cash received by **ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION** (the Company) from the subscribers who subscribed to the proposed increase in authorized capital stock of the Company.

Our engagement was undertaken in accordance with Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The procedures were performed solely to assist in evaluating the validity and existence of the cash infusion received from the subscribers, as required by the Securities and Exchange Commission (SEC), based on SEC Memorandum Circular No.6 (Series of 2008), *Guidelines on On-site Verification of Financial Records Relative to Certain Applications Filed with the Commission*, in connection with the Company's application for an increase in authorized capital stock.

We performed the procedures enumerated below with respect to the verification of the actual receipt of cash by **Atlas Consolidated Mining and Development Corporation** from the subscribers to the proposed increase in authorized capital stock of the Company. We have also performed procedures with respect to the disbursements to ascertain that none were disbursed to the subscribers as loans or advances that could be linked to or associated with the payments of the subscriptions which are the subject matter of this report.

The procedures we performed and our findings and comments are as follows:

Procedures performed	Findings and comments
1. We obtained a notarized copy of the Directors' Certificate on the Amendment of the Articles of Incorporation and increase of the authorized capital of the Atlas Consolidated Mining and Development	1. It was found out that the increase in the authorized capital (par value of P1.00 per share) of the Company from P3,000,000,000 to P8,890,000,000 was approved

<p>Corporation (the Company). Said Certificate is attested to by the Assistant Corporate Secretary, Atty. Maria Eleanor Santiago and signed by the Chairman of the Board together with eight of the other ten Directors.</p> <p>2. We obtained a copy of the Directors' Certificate, executed by the Directors and attested to by Maria Eleanor A. Santiago, Assistant Corporate Secretary, after the Annual General Meeting of the Shareholders held on July 27, 2017 where all the series of increases in the authorized capital stock of the Company and the corresponding amendments to the Company's Articles of Incorporation were approved. The said Directors' Certificate was signed by all, except one, of the eleven members of the Board of Directors, including its Chairman.</p> <p>We also obtained a copy of the latest Treasurer's Affidavit (notarized on August 14, 2017) which shows the details of the subscriptions and the payments thereon.</p>	<p>during the meetings of the Board, as follows:</p> <ol style="list-style-type: none"> <li>22 February 2016 from P3,000,000,000 to P6,000,000,000;</li> <li>16 Nov. 2016 and 7 Dec. 2016 from P6,000,000,000 to P8,500,000,000.</li> </ol> <p>It was also noted that the increase in the ACS to P6,000,000,000 was approved by the stockholders representing 71.01% of the outstanding capital stock of the Company during the Annual General Meeting held on 29 April 2016 while the additional increase of P2,500,000,000 was approved during the Special Stockholders' meeting held on 21 February 2017 by the stockholders owning 81.67% of the outstanding capital stock.</p> <ol style="list-style-type: none"> <li><b>18 May 2017 to an aggregate amount of P8,890,000,000.00.</b></li> </ol> <p>2. In the said Directors' Certificate, the increase in the authorized capital stock (ACS) of the Company to an aggregate amount of P8,890,000,000 (divided into 8,890,000,000 shares) from P3,000,000,000, as summarized in <b>ANNEX 1</b>, was approved by the stockholders representing more than 2/3 of the issued and outstanding capital stock.</p> <p>It was also indicated in the Directors' Certificate and in the Treasurer's Affidavit that out of the increase of 5,890,000,000 shares, 25% thereof or 1,472,500,000 shares have been subscribed at a subscription price of PhP4.3842 per share or for a total of P6,455,734,500.</p> <p>Details of the subscriptions and payments are shown in <b>ANNEX 2</b>.</p>
<p>3. Obtained the copies of the Official Receipts covering the initial subscription payments from the subscribers totaling PhP343,750,000 received on February 27 and 28, 2017.</p>	<p>3. Receipt of the subscription payment was covered by the following:</p> <ol style="list-style-type: none"> <li>OR no. AA3200000010 for P309,375,000 received from SM Investment Corporation;</li> <li>OR no. AA3200000011 for P27,500,000 received from Anglo Philippine Holdings, and</li> <li>OR no. AA3200000012 for P6,875,000 received from Alakor Corporation.</li> </ol>



<p>4. We also obtained copies of the Official Receipts covering the payments received on August 10 and 11, 2017 for an aggregate amount of P1,270,183,626.</p>	<p>These were recorded in the books on February 27 and 28 as debit to "Cash in Bank" account and correspondingly credited to "Deposit for future stock subscription" account. (See also Item no. 9 and Annex 2).</p> <p>4. As shown in ANNEX 2, the subscription payments were received from the following subscribers:</p> <ol style="list-style-type: none"> <li>a. SM Investments Corp. – P346,117,383</li> <li>b. Anglo Philippine Holdings Corp. – P898,662,570</li> <li>c. Alakor Corporation – P25,403,673</li> </ol> <p>It was indicated in the Official Receipts (Nos. 3200000014; 3200000015; 3200000016 and 3200000018) that the collections were in "CASH" while the Bank Passbook/Ledger showed that the Company's account was credited thru CREDIT MEMOS (CMs), which indicates that the movements of funds were through bank transfers from another bank account to the Company's bank account in the same bank branch.</p> <p>These were likewise recorded in the books on August 10 and 11, 2017 as debit to "Cash in bank" account and credited to "Deposit for future stock subscription" account. (See also Item no. 10 and Annex 2)</p> <p>As also shown in ANNEX 2, total subscription payments received of P1,613,933,626 are summarized below:</p> <ol style="list-style-type: none"> <li>1. SM Investments Corp. P964,867,383</li> <li>2. Anglo Philippine Holdings Corp. – P953,662,570</li> <li>3. Alakor Corporation – P25,403,673</li> </ol> <p>The said total payments of P1,613,933,626 were applied, as follows:  Par value of P1.00 - P 368,125,000  APIC - 1,245,808,626</p>
<p>5. Obtained a copy of the screen shot of the bank ledger of BDO – Pasig Pioneer Branch Savings Account no. 006440067817 in the name of Atlas Consolidated Mining and Development Corporation. Said screen shot copy of the ledger was authenticated by Branch Head Ramil R. Cabanilla.</p>	<p>5. The bank ledger showed that the following deposits were credited on:</p> <ol style="list-style-type: none"> <li>a. 2.27.17 -----P 6,875,000.00</li> <li>b. 2.27.17 ----- 27,500,000.00</li> <li>c. 2.28.17 ----- 309,375,000.00</li> </ol> <p>Balance of the account after said deposits as shown in the ledger was P401,731,500.17.</p>

	<p>Documents obtained showed that the P309,375,000 was transferred from BDO Peso Savings Account no. 001500043522 of SM Investments Corporation.</p> <p>The P6,875,000 and P27,500,000 were believed to have been received from Alakor Corporation and Anglo Philippine Holdings Corporation, respectively.</p> <p>The same account ledger also showed that the bank account was <b>simultaneously debited</b>, as follows:</p> <table><tr><td>a.</td><td>2.28.17 -----</td><td>P 6,875,000.00</td></tr><tr><td>b.</td><td>2.28.17 -----</td><td>27,500,000.00</td></tr><tr><td>c.</td><td>2.28.17 -----</td><td><u>309,375,000.00</u></td></tr><tr><td></td><td>Total -----</td><td><u>P343,750,000.00</u></td></tr></table>	a.	2.28.17 -----	P 6,875,000.00	b.	2.28.17 -----	27,500,000.00	c.	2.28.17 -----	<u>309,375,000.00</u>		Total -----	<u>P343,750,000.00</u>		
a.	2.28.17 -----	P 6,875,000.00													
b.	2.28.17 -----	27,500,000.00													
c.	2.28.17 -----	<u>309,375,000.00</u>													
	Total -----	<u>P343,750,000.00</u>													
6. Obtained copies of the Bank Statements and ledgers of Banco de Oro account number 006440067817 in the name of Atlas Consolidated Mining where the subscriptions payments were deposited. Copy of the Bank ledger is accordingly authenticated by the Pioneer Street Branch Head Mr. Ramil R. Cabanilla.	<p>6. The said bank ledger showed the following credits/deposits:</p> <table><tr><td>8.10.17 -----</td><td>P 25,403,673.00</td></tr><tr><td>8.10.17 -----</td><td>33,871,563.33</td></tr><tr><td>8.10.17 -----</td><td>33,871,563.34</td></tr><tr><td>8.10.17 -----</td><td>33,871,563.33</td></tr><tr><td>8.11.17 -----</td><td>797,047,880.00</td></tr><tr><td>8.11.17 -----</td><td><u>346,117,383.00</u></td></tr><tr><td>Total credits -----</td><td><u>P1,270,183,626.00</u></td></tr></table> <p>We also noted that the account was also debited <b>simultaneously</b> for amounts similar to the amounts credited. Thus, a total debits of also P1,270,183,626.00.</p>	8.10.17 -----	P 25,403,673.00	8.10.17 -----	33,871,563.33	8.10.17 -----	33,871,563.34	8.10.17 -----	33,871,563.33	8.11.17 -----	797,047,880.00	8.11.17 -----	<u>346,117,383.00</u>	Total credits -----	<u>P1,270,183,626.00</u>
8.10.17 -----	P 25,403,673.00														
8.10.17 -----	33,871,563.33														
8.10.17 -----	33,871,563.34														
8.10.17 -----	33,871,563.33														
8.11.17 -----	797,047,880.00														
8.11.17 -----	<u>346,117,383.00</u>														
Total credits -----	<u>P1,270,183,626.00</u>														
7. Obtained copies of the Payment Vouchers supporting the bank debits to BDO Account as found in No. 5 above.	<p>7. Per the Payment Vouchers supporting the disbursements of the initial collections in Feb. 2017 totaling P343,750,000 showed that the above amounts were paid back to the stockholders and recorded in the books as payment for pre-existing loan payable.</p> <p>We also noted that the amounts were debited in full to "Loans payable and other interest-bearing liabilities" account without any amount used to pay for interest, had there been any.</p> <p>A copy of the SAP ledger summary showed that the above payments were made through BDO PhP CA – Pioneer Branch no. 6448004104.</p>														
8. Asked the Company for copies of the Disbursement Vouchers to support the	<p>8. The subscription payments received in August 2017 totaling to P1,270,183,626 were simultaneously</p>														



<p>payment to Carmen Copper Corporation.</p> <p>Obtained a copy of the SECRETARY'S CERTIFICATE on the minutes and resolutions adopted during the Special meeting of the Board of Directors on November 16, 2016.</p>	<p>paid out to Carmen Copper Corporation (CCC). This was recorded in the books of the Company as debit to "Due to/from related parties" account.</p> <p>As shown in ANNEX 3, the payments vouchers for the payments made to Carmen Copper Corporation were dated August 8, 2017 but were implemented by the bank (BDO – Pioneer Branch) by way of bank transfers thru Bank Debit Memos (DMs). We also noted that the APVs were approved by Mr. Fernando A. Rimando, Chief Financial Officer. The Company could not show us any express Board Approval for the payments to Carmen Copper Corporation in the aggregate amount of P1,270,183,626.00.</p> <p>It was explained to us, however, that the above movement of funds is in consonance with the Board Resolutions approved by the Board of Directors in its special meeting on November 16, 2016, which we quote in part below:</p> <p><i>"RESOLVED, that the Board of Directors of Atlas Consolidated Mining and Development Corporation ("AT" or the "Corporation") approves and authorizes the refinancing plan for the shareholders' advances and the CCC Bonds, and pursuant thereto, the following acts and transactions are hereby approved and authorized, and shall be presented to stockholders for approval, as and if necessary;</i></p> <p><i>a. Increase in Authorized Capital Stocks</i></p> <p><i>RESOLVED, that the Corporation approves and authorizes the increase in the authorized capital stock of the Corporation from Php6,000,000,000, divided into 6,000,000,000 common shares with a par value of One Peso (Php1.00) per share, to Php8,000,000,000, divided into 8,000,000,000 common shares with par value of one Peso (Php1.00) per share;</i></p> <p><i>b. Conversion of Shareholders' Loan to Subordinated Loan of CCC</i></p>
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	<p><i>RESOLVED, that the Corporation approves and authorizes the conversion of the shareholders' advances of SMIC, Anglo and Alakor to the Corporation in the approximate amount of PhP8.7billion, as loans of Carmen Copper Corporation (CCC) subordinated to existing loans of CCC, subject to the requisite consents and approvals;"</i></p> <p>Documents obtained showed that CCC is 100% owned by the Company with almost identical composition of the Board of Directors.</p> <p>In a report of the Company to the SEC (SEC Form 17-C) dated May 26, 2017, it is mentioned as follows and we quote:</p> <p><i>"The proceeds will be used to partially pay the debt of PhP1,800,000,000 AT incurred in 2015. The debt was used to fund the 2015 Waste Stripping Project of its wholly-owned subsidiary, Carmen Copper Corporation (CCC), with a total cost of PhP3,604,000,000. The remaining cost not funded by debt was funded from cash generated from operations."</i></p>
<p>9. Obtained a copy of the Trial Balance of the Company as at Jan. 31, 2017 and Feb. 28, 2017, which were "Certified true and correct" by Mr. Fernando A. Rimando, Chief Financial Officer.</p>	<p>9. The subscription payments that were received in February 2017 of P343,750,000 were credited to "Deposit for future stock subscription" account and is still outstanding in the Trial Balance as at August 17, 2017.</p> <p>There was also a corresponding reduction of P343,750,000 in the balance of the "Loans payable and other interest-bearing liabilities" from P7,767,776,102.63 as at Jan. 31, 2017 to P7,424,026,102.63 as at Feb. 28, 2017. Please note that nothing was applied to interest.</p>
<p>10. Obtained a copy of the Trial Balances as at July 31, 2017 and August 17, 2017. These were certified true and correct by Ms. Michelle Paray, Financial Accounting Manager.</p>	<p>10. The Trail Balance showed that the subscription payments received of P1,270,183,626 were credited to "Deposit for future stock" account and is still outstanding as at August 17, 2017.</p> <p>The payments to Carmen Copper Corporation were debited against "Due to/from related parties" account.</p>



<b>11. Obtained a summary of the disbursements from January 2017 to August 18, 2017 and vouched all individual disbursements with amount of more than P1,000,000. The Summary of Disbursements was "Certified Correct" by Mr. Fernando A. Rimando, Chief Finance Officer.</b>	<b>11. Examination of the disbursement Vouchers showed that these disbursements were all payments of ordinary expenses or legitimate liabilities of the Company and none were disbursed to the subscribers mentioned above as loans or advances that could be linked to or associated with the payments of the subscriptions, which are the subject matter of this report.</b>
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The foregoing procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively. Accordingly, we do not express any assurance on the elements of the financial statements covered by the agreed-upon procedures.

Had we performed additional procedures or had we performed an audit or review of the Company's financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above, and do not extend to any financial statements of the Company taken as a whole.

Our verification did not also extend to the review of the books and records or to the financial statements of the Company's wholly-owned subsidiary, Carmen Copper Corporation, the recipient of the payments from the Company amounting to P1,270,183,626.

Very truly yours,  
**MANGAY-AYAM, LIM & Co., CPAs**

By:

  
**RODRIGO M. MANGAY-AYAM**

Partner

CPA Cert. no. 21565

BOA Cert. no. 0672, valid until December 31, 2018

SEC Accreditation no. 1454-A (Group A), valid until December 3, 2017

August 18, 2017

## ANNEX 1

Atlas Consolidated and Development Corp.

Authorized Capital Stock

August 17, 2017

	No. of Shares	Par value per share	Amount (in Phil. Pesos)
Before the increase	3,000,000,000	1.00	3,000,000,000
Increase	5,890,000,000	1.00	5,890,000,000
<b>Total after the increase</b>	<b>8,890,000,000</b>		<b>8,890,000,000</b>
Subscribed on the increase (25%)	1,472,500,000		1,472,500,000
Subscribed by		Subscription price	
SM Investments Corp.	598,049,708	4.38420	2,621,969,530
Anglo Philippine Holdings Corp.	845,000,292	4.38420	3,704,650,280
Alakor Corp.	29,450,000	4.38420	129,114,690
<b>Total</b>	<b>1,472,500,000</b>	<b>4.38420</b>	<b>6,455,734,500</b>



## ANNEX 2

Atlas Consolidated Mining and Development Corp.  
Summary of Stock Subscriptions and payments  
Up to August 2017

		SM Investments Corp.	Anglo Phil Holdings Corp.	Alakor Corp.	Total
<b>Subscribed number of shares</b>					
Feb . 2017		282,263,583	25,090,096	6,272,524	313,626,203
August 11, 2017					
Initial		-	727,200,292	-	727,200,292
Supplement		315,786,125	92,709,904	23,177,476	431,673,505
<b>Total number of shares subscribed</b>		<b>598,049,708</b>	<b>845,000,292</b>	<b>29,450,000</b>	<b>1,472,500,000</b>
		40.61%	57.39%	2.00%	100.00%
<b>Subscription price</b>					
Par value - P1.00		598,049,708	845,000,292	29,450,000	1,472,500,000
Premium/ APIC - P3.3842		2,023,919,822	2,859,649,988	99,664,690	4,983,234,500
<b>Total</b>		<b>2,621,969,530</b>	<b>3,704,650,280</b>	<b>129,114,690</b>	<b>6,455,734,500</b>
<b>Payments</b>					
2.28.17	AA# AA3200000010	309,375,000			309,375,000
2.27.17	AA# AA3200000011		27,500,000		27,500,000
2.27.17	AA# AA3200000012			6,875,000	6,875,000
<b>Sub-total</b>		<b>309,375,000</b>	<b>27,500,000</b>	<b>6,875,000</b>	<b>343,750,000</b>
8.10.17	AA# AA3200000014			25,403,673	25,403,673
8.10.17	AA# AA3200000015		101,614,690		101,614,690
8.11.17	AA# AA3200000016	346,117,383			346,117,383
8.11.17	AA# AA3200000018		797,047,880		797,047,880
<b>Sub-total</b>		<b>346,117,383</b>	<b>898,662,570</b>	<b>25,403,673</b>	<b>1,270,183,626</b>
<b>Total payments received</b>		<b>655,492,383</b>	<b>926,162,570</b>	<b>32,278,673</b>	<b>1,613,933,626</b>
<b>Application of payments</b>					
Par value		149,512,427	211,250,073	7,362,500	368,125,000
Premium- Additional paid-in capital (APIC)		505,979,956	714,912,497	24,916,173	1,245,808,626
<b>Total</b>		<b>655,492,383</b>	<b>926,162,570</b>	<b>32,278,673</b>	<b>1,613,933,626</b>
<b>Subscriptions receivable</b>					
Par value		448,537,281	633,750,219	22,087,500	1,104,375,000
Premium / APIC		1,517,939,866	2,144,737,491	74,748,517	3,737,425,874
<b>Total</b>		<b>1,966,477,147</b>	<b>2,778,487,710</b>	<b>96,836,017</b>	<b>4,841,800,874</b>

## ANNEX 3

Atlas Consolidated Mining and Development Corp.  
Summary of payments to Carmen Copper Corporation

Date	APVoucher No.	Check No.	Amount
8.08.2017	AA1500001892	NA***	25,403,673.00
8.08.2017	AA1500001893	NA***	33,871,563.33
8.08.2017	AA1500001894	NA***	33,871,563.33
8.08.2017	AA1500001895	NA***	33,871,563.34
8.08.2017	AA1500001903	NA***	346,117,383.00
8.08.2017	AA1500001904	NA***	797,047,880.00
<b>Total</b>			<b>1,270,183,626.00</b>

\*\*\*Thru Bank Debit Memos (DM)


Note: All of the above APVs were approved by Mr. Fernando A. Rimando, Chief Financial Officer.



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION**  
**Summary of Shareholdings by Nationality**  
**As of 27 July 2017**


Nationality	Filipino Shares	Foreign Shares	Total Shares Subs. & Paid Up	%T-Shr to G-Shr
AMERICAN	0	548,555	548,555	00.03%
AUSTRALIAN	0	6	6	00.00%
AUSTRIAN	0	95	95	00.00%
BRITISH	0	30,966	30,966	00.00%
CANADIAN	0	4,425,263	4,425,263	00.21%
CHINESE	0	402,467	402,467	00.02%
DANISH	0	497	497	00.00%
DUTCH	0	3,893	3,893	00.00%
FILIPINO	1,989,886,947	0	1,989,886,947	95.35%
FOREIGN	0	91,656,298	91,656,298	04.39%
FRENCH	0	6,677	6,677	00.00%
GERMAN	0	4,172	4,172	00.00%
INDIAN	0	12,847	12,847	00.00%
IRISH	0	779	779	00.00%
ITALIAN	0	537	537	00.00%
JAPANESE	0	4,245	4,245	00.00%
PORTUGUESE	0	1,013	1,013	00.00%
SPANISH	0	36,624	36,624	00.00%
SWISS	0	10,693	10,693	00.00%
TAIWANESE	0	200	200	00.00%
Sub-Total:	1,989,886,947	97,145,827	2,087,032,774	100.00%
U.S. REGISTRY	0	0	0	00.00%
Sub-Total:	0	0	0	00.00%
Grand Total:	1,989,886,947	97,145,827	2,087,032,774	100.00%

Certified true and correct by:

  
 Maria Eleonor A. Santiago  
 Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me, this SEP 21 2017 day of September 2017, affiant personally appeared before me and exhibited to me her Philippine Passport with number P2397482A issued on 21 March 2017 by the DFA-Lucena.

Doc. No. 275  
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 Book No. 7  
 Series of 2017.

  
**ATTY. REINIER S. QUIAMBAO**  
 NOTARY PUBLIC  
 UNTIL DECEMBER 31, 2018  
 PTR NO. 5912316 / 01.06.17 / MAKATI CITY  
 BP NO. 1080315 / 01.06.17 / TARLAC CITY  
 TIN 230-251-699 ROLL NO. 62283  
 MCLE NO. V-0011532 / 10.06.15