# COVER SHEET

PW00000115A
S.E.C. Registration Number

ATLAS CONSOLIDATED MINING
AND DEVELOPMENT CORPORATION

(Company's Full Name)

5F FIVE E-COM CENTER, PALM
COAST AVENUE COR. PACIFIC
DRIVE, MALL OF ASIA, PASAY
CITY

(Business Address: No. Street City /Town / Province)

**MARIA ELEONOR A. SANTIAGO**
Contact Person

**(632) 8403-0813 local 25001**
Company Telephone Number

12 31
Month Day
Fiscal Year

17-Q
FORM TYPE

Month Day
Annual Meeting

**N/A**
Secondary LicenseType, If Applicable

**last Wednesday of April**

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. 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: **30 JUNE 2021**

2. Commission Identification No. **PW0000115A**

3. BIR Tax Identification No. **000-154-572**

4. Exact name of issuer as specified in its charter:

   **ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code [ ] (SEC Use Only)

7. Address of registrant's principal office: Postal Code
   **5F Five E-com Center, Palm Coast Avenue cor. Pacific Drive** **1300**
   **Mall of Asia Complex, Pasay City**

8. Issuer's telephone number, including area code:
   **(632) 84030813 local 25001**

9. Former name, former address and former fiscal year, if changed since last report

8. Securities registered pursuant to Section 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 and amount of debt outstanding |
|---|---|
| **Common Stock, PHP1 par value** | **3,559,532,774** |

9. Are any or all of the securities listed on a Stock Exchange?

   Yes [ **x** ] No [ ]

   If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

   **Philippine Stock Exchange** **Common Stock**

10. Indicate by check 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 [ **x** ] No [ ]

   (b) has been subject to such filing requirements for the past 90 days.

   Yes [ **x** ] No [ ]

## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

The following financial statements are integrally appended hereto and form part of this report:

Annex A - Unaudited Consolidated Statements of Financial Position
Annex B - Unaudited Consolidated Statements of Comprehensive Income
Annex C - Unaudited Consolidated Statements of Changes in Stockholders' Equity
Annex D - Unaudited Consolidated Statements of Cash Flows

### Item 2. Management Discussion and Analysis

### A. Results of Operations and Changes in Financial Condition

The table below shows the consolidated results of operations of Atlas Consolidated Mining and Development Corporation ("AT" or "Atlas Mining" or the "Parent Company") and its subsidiaries (collectively, the "Group") for the six-month period ending 30 June 2021 and 2020:

| *(amounts in PHP millions)* | **6/30/2021** | **6/30/2020** | **% Change** |
|---|---|---|---|
| Consolidated net income/(loss) | 1,935 | (190) | 1118% |
| Consolidated income/(loss) from operations | 2,943 | 1,206 | 144% |
| Consolidated gross revenues | 9,010 | 8,049 | 12% |
| Consolidated net revenues | 8,775 | 7,599 | 15% |
| Costs and operating expenses | 5,832 | 6,393 | -9% |
| Net income/(loss) attributable to Equity holders of the parent | 1,935 | (190) | NA |

Atlas Consolidated Mining and Development Corporation ("Atlas Mining") reported net income of Php1.94 billion for the first half of 2021 compared to the net loss of Php190 million for the same period in 2020. Net income improvement benefitted from higher metal prices and improved production and shipment volumes in the second quarter.

Metal prices rose in the second quarter this year with average copper price higher by 70% to $4.21/lb and gold price by 10% to USD1,812/ounce compared to the same period last year.

Atlas Mining's wholly-owned subsidiary, Carmen Copper Corporation, reported higher copper production and shipments in the second quarter compared to the first quarter due to improvements in grades and milling tonnage. Quarter-on-quarter, copper metal produced increased by 43% from 15.93 million lbs to 22.80 million lbs while gold produced increased by 9% from 5,346 ounces to 5,829 ounces. Year-on-year, copper metal production decreased from 54.17 million pounds in 2020 to 38.73 million pounds in 2021, due mainly to the decrease in copper grades by 26% from 0.311% to 0.231% as ore milled in the first quarter was sourced from stockpiles. Gold production decreased year-on-year by 51% from 22,815 ounces to 11,176 ounces due also to lower gold grades from 7.68 grams/dmt to 5.09 grams/dmt.

Cash costs decreased by 10% year-on-year from Php4.75 billion in 2020 to Php4.26 billion in 2021, due to overall lower volumes of shipments and production. Earnings before interest, tax, depreciation and amortization (EBITDA) was Php4.932 billion for the first half, 46% higher compared to Php3.373 billion in 2020. Core income for the period was Php2.158 billion in 2021 compared to Php366 million in 2020.

*Equity in net income of associates,* this represents the Parent Company's share in the results of operations of Berong Nickel Corporation (BNC), increased to PHP182 million as compared to PHP71 million income in the same period last year.

*Finance charges* (7% of net revenues) decreased by 44% due to lower amortization of debt issue cost.

*USD:PHP Exchange rate* closed at USD1.00:PHP48.80 as at 30 June 2021 versus USD1.00:PHP48.023 as at 31 December 2020. This triggered the recognition of *Foreign exchange loss-net* of PHP85 million primarily from the restatement of receivables, loans and other payables.

*Mark to market gain/(loss) on derivatives-net,* this represents accounting valuation of copper price hedges.

*Interest Income* of PHP1.7 million accounts for the interest earned on cash in bank and time deposits.

*Other income (charges)-net* of PHP56 million includes sales of scrap materials net of bank and other charges.

*Provision for Income Tax* for the period of PHP379 million was based on the 25% regular corporate income tax. *Deferred Income Tax* of PHP53 million resulted mainly from future tax provision impact of unrealized forex gains/loss on foreign currency denominated accounts and from utilized/expired Net Operating Loss Carry-Over (NOLCO).

**Changes in Financial Condition**

The succeeding discussions pertain to the consolidated financial condition of the Group as of 30 June 2021 vis-à-vis that as of 31 December 2020 as follows:

The increase in *Cash and Cash Equivalents* arose mainly from collection of trade receivables and other non-trade receivables. *Short-term investments* of Php271 million increased mainly due to interest income gained from time deposits. *Receivable-net increased by 76% and* consists mostly of receivables from trade customers and receivables from associates. *Inventories* slightly decreased by 4% due to consumption of materials to support production. *Prepayments and other current assets* consist mostly of advances made to suppliers, prepaid insurance, creditable withholding tax from trade sales and investment in pooled funds. An increase of 37% was mainly brought by additional investment in pooled funds.

Movement in *Intangible assets* of PHP80 million pertains to depletion of mining rights. *Property, plant and equipment-net* composed of mine development costs, machineries and equipment used in operations. *Deferred tax assets* decreased by 58% due to utilized NOLCO and Minimum Corporate Income Tax (MCIT). *Other noncurrent assets* consist significantly of input VAT from importations, deposit to suppliers for PPE items and other statutory funding requirements.

*Investment in Associate,* pertains to AT's ownership over BNC, TMMI, URHI, UNC and NRHI (the "Nickel Corporations"), increased by 77% or PHP182 million representing its share in the net income in Nickel Corporation's operations.

*Accounts Payable and accrued liabilities* decreased by 37% mainly due to payment of trade payables. *Current portion of long-term debt* decreased by 11% due to the payment of $15 million of loans from China Bank Corporation. *Income tax payable* pertains to the regular corporate income tax net of the utilized MCIT. *Leased Liability* pertains to the obligation recognized for office space, parking lot and other equipment under lease contracts.

*Other current liabilities* of Php1.828 billion represent the recognition of a non-cash financing activity pertaining to the financial guarantee by a shareholder on CCC's term loan.

*Long-term debt* (29% of total assets) slightly decreased by 2% due to partial payment of $15 million to BDO, net of amortization of debt issue cost recognized in accordance with the use of the effective interest accounting. *Retirement benefits liability* pertains to provision of pension cost. *Liability for mine rehabilitation* pertains to asset retirement obligation. *Deferred income tax liabilities* consist of the tax impact of temporary differences which are not taxable in the current year.

Movement in *Retained Earnings* of PHP1.935 billion accounts for the net income for the period ended 30 June 2021. *Foreign currency translation reserve* relates to the impact of changes in foreign exchange rates.

**Material Plans, Trends, Events or Uncertainties**

- In May and June 2021, CCC paid US$5 million and US$10 million respectively, as partial settlement of its short-term loan with China Bank Corp.
- In May and June 2021, CCC paid US$5 million and US$10 million respectively, as partial settlement of its long-term loan with BDO.

**Key Performance Indicators**

The key performance indicators of the Group are shown below:

| | 30-Jun-21 | 31-Dec-20 |
|---|---|---|
| **Current/Liquidity Ratio** | | |
| Current Ratio | 0.48:1 | 0.33:1 |
| **Solvency Ratios** | | |
| Debt-to-Equity | 0.92:1 | 1.04:1 |
| Debt-to-Assets | 0.47:1 | 0.50:1 |
| Asset-to-Equity | 1.95:1 | 2.07:1 |
| Interest Rate Coverage | 4.79:1 | 1.59:1 |
| **Profitability Ratios** | | |
| Return on Equity | 5.77% | 0.36% |
| Return on Sales | 22.05% | 0.67% |
| Return on Assets (Fixed Assets) | 5.65% | 0.32% |

| | | |
|---|---|---|
| a. | Current Ratio | Current Assets / Current Liabilities |
| b. | Debt-to-Equity | Total Liabilities / Total Stockholders' Equity Attributable to Equity Holders of Parent Company |
| c. | Debt-to-Assets | Total Liabilities / Total Assets |
| d. | Asset-to-Equity | Total Assets / Total Stockholders' Equity Attributable to Equity Holders of Parent Company |
| e. | Interest Rate Coverage | Earnings Before Income Tax / Interest Expense |
| f. | Return on Equity | Net Income Attributable to Equity Holders of Parent Company as of the Quarter / Average Total Stockholders' Equity Attributable to Equity Holders of Parent Company |
| g. | Return on Sales | Consolidated Net Income as of the Quarter / Total Consolidated Net Revenues as of the Quarter |
| h. | Return on Assets (Fixed Assets) | Net Income Attributable to Equity Holders of Parent / Average Fixed Assets-Net |

## B. Liquidity and Capital Resources

The Group's consolidated cash flow as of 30 June 2021 is summarized below:

| *(in PhP millions)* | Amount |
|---|---|
| Net cash flow provided by operating activities | 2,231 |
| Net cash flows used in investing activities | (1,245) |
| Net cash flows provided by financing activities | (1,526) |
| Net decrease in cash and cash equivalents | 165 |

The Group is not required to present a segment report.

Except as already reported herein, there is no material event occurring subsequent to the close of the second quarter of 2021 that should be disclosed in this report.

The Group has no significant seasonality or cyclicality in its business operations that will have a material effect on its financial condition or results of operations.

The Group is not aware of (i) any uncertainties, trends, events or seasonal aspects that will significantly influence its liquidity or financial condition or the results of its operations; (ii) any high-probability event that will trigger direct or contingent financial obligation that is material to the Group; or (iii) any material off-balance sheet transactions that occurred as of the second quarter of the year.

## C. Financial Risk Management Objectives and Policies

The Group's main financial instruments are cash, short-term investments, investment in pooled funds, quoted equity instrument, investment in unit investment trust fund and refundable deposits under other noncurrent assets, bank loans, long-term debts and other interest-bearing liabilities, and derivatives. It has various other financial assets and liabilities such as receivables, and accounts payable, contract liabilities and accrued liabilities, which mainly arise from the Group's operations.

The main risks arising from the Group's financial instruments are market risk, credit risk, and liquidity risk. The BOD reviews and adopts relevant policies for managing each of these risks and these are summarized onto the succeeding paragraphs (All figures are in PHP thousands):

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in foreign currency exchange rates, interest rates, equity prices and other market changes.

### Foreign currency risk

Foreign currency risk is that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group has foreign currency risk arising from its cash in banks, short-term investments, receivables, bank loans, accounts payable, contract liabilities and accrued liabilities except, long-term debt and derivatives. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. The Group also uses foreign currency forwards to hedge its risk exposures.

As at 30 June 2021 and 31 December 2020, foreign currency-denominated assets and liabilities are as follows:

| | | 30-Jun-21 | | | 31-Dec-20 | |
|---|---|---|---|---|---|---|
| | | **Original Currency** | **Peso Equivalent** | | Original Currency | Peso Equivalent |
| Assets | | | | | | |
| Cash in banks | USD | **21,968** | **1,072,017** | USD | 18,562 | 891,390 |
| | JPY | **1,009** | **443** | JPY | 10 | 5 |
| | GBP | **138** | **9,292** | GBP | 187 | 12,213 |
| Short-term investments | USD | **5,556** | **271,147** | USD | 5,549 | 266,481 |
| Receivables | USD | **52,924** | **2,582,682** | USD | 42,397 | 2,036,054 |
| | JPY | **5** | **2** | JPY | 5 | 2 |
| | USD | **80,448** | **3,925,846** | USD | 66,508 | 3,193,925 |
| | GBP | **138** | **9,292** | GBP | 187 | 12,213 |
| | JPY | **1,014** | **445** | JPY | 15 | 7 |
| Liabilities | - | | | - | | |
| Accounts payable and accrued expenses | USD | **7,313** | **356,854** | USD | 24,093 | 1,157,032 |
| | AUD | **188** | **6,879** | AUD | 701 | 25,793 |
| | EUR | **92** | **5,311** | EUR | 314 | 18,497 |
| Long-term debt | USD | **391,112** | **19,086,249** | USD | 405,373 | 19,467,212 |
| Bank Loans | USD | **115,000** | **5,612,000** | USD | 130,000 | 6,242,990 |
| | **USD** | **513,425** | **25,055,103** | USD | 559,466 | 26,867,234 |
| | **JPY** | **0** | **0** | JPY | 0 | 0 |
| | **AUD** | **188** | **6,879** | AUD | 701 | 25,793 |
| | **EUR** | **92** | **5,311** | EUR | 314 | 18,497 |
| Net liabilities | **USD** | **432,977** | **21,129,257** | USD | 492,958 | 23,673,309 |
| Net assets | **GBP** | **138** | **9,292** | GBP | 187 | 12,213 |
| Net liabilities | **AUD** | **188** | **6,879** | AUD | 701 | 25,793 |
| Net liabilities | **JPY** | **1,014** | **445** | JPY | -15 | -7 |
| Net liabilities | **EUR** | **92** | **5,311** | EUR | 314 | 18,497 |

As at 30 June 2021 and 31 December 2020, foreign exchange closing rates used in converting foreign currency-denominated assets and liabilities are as follows:

| Currency | 30-Jun-2021 | 31-Dec-2020 |
|---|---|---|
| US$ | 48.800 | 48.023 |
| AU$ | 36.591 | 36.397 |
| JP¥ | 0.439 | 0.463 |
| EU€ | 57.842 | 58.690 |
| GB£ | 67.292 | 64.623 |

There is no other impact on the Group’s equity other than those already affecting the consolidated statement of comprehensive income.

**Commodity Price Risk**
The Group's copper concentrate revenues are based on international commodity quotations (i.e., primarily on the LME) over which the Group has no significant influence or control.

This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash inflows. The Group enters into derivative transactions as a means to mitigate the risk of fluctuations in the market prices of its mine products. An analysis is made based on the assumption that copper prices move using the implied volatility based on one year historical LME copper prices, with all other variables held constant.

Shown below is the Group's sensitivity to changes in the copper prices arising from its copper derivatives in 2021 and 2020 as follows:

| 31-Mar-21 | |
|---|---|
| **Change in Copper Prices** | **Effect on Income before Income Tax** |
| Increase by 5% | PHP 423,056 |
| Decrease by 5% | PHP(423,056) |

| 31-Dec-2020 | |
|---|---|
| **Change in Copper Prices** | **Effect on Income before Income Tax** |
| Increase by 5% | PHP 72,216 |
| Decrease by 5% | PHP(72,216) |

The sensitivity analyses are performed for risk management purposes and do not represent a prediction or forecasting of Carmen Copper's future income.

**Equity Price Risk**
Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to equity price risk because of its investment in shares of stock of an entity listed in the local stock exchange, and its investment in unit investment trust fund, which are classified as financial asset at fair value through profit or loss. Management believes that the fluctuation in the fair value of financial asset at fair value through profit or loss and investment in pooled funds will not have a significant effect on the consolidated financial statements, and as such, did not present a sensitivity analysis.

**Credit risk**
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with its policies. Credit risk is mitigated by the short-term and/or liquid nature of its cash investments placed with approved financial institutions of high credit standing. The expected credit loss on the Group's cash in banks and short-term investments is calculated using the general approach.

Customer credit risk is managed by the Group's policy, procedures, and control relating to customer credit risk management. The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, short-term liquidity and financial position. In addition, outstanding trade receivable balances are regularly monitored on an ongoing basis, with the result that the Group's exposure to credit-impaired balances and bad debts is not significant. The Group's trade receivables are not subject to the recognition of expected credit loss since these are measured at fair value through profit or loss

With respect to credit risk arising from the other financial assets of the Group, which comprise investment in pooled funds, quoted equity instrument, and investment in unit investment trust fund and refundable deposits under other noncurrent assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its counterparty credit risk on these assets by dealing only with financial institutions with high credit ratings. The expected credit loss on the other financial assets of the Group measured at amortized cost is computed using the general approach.

The following table summarizes the gross maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure is shown gross, before the effect of any allowance for impairment.

| | **30-Jun-21** | 31-Dec-20 |
|---|---|---|
| Cash and cash equivalents | | |
| Cash in banks | **1,364,789** | 1,190,654 |
| Short-term investments | **271,147** | 266,481 |
| Receivables | | |
| Trade | **1,253,730** | 594,127 |
| Nontrade | **101,948** | 194,970 |
| Interest | **28** | 38 |
| Advances to | | |
| Related parties | **17,830** | 17,830 |
| Advances to Officers and employees | **11,885** | 8,739 |
| Other current asset | | |
| Investment in pooled funds | **219,898** | 143,659 |
| Other noncurrent assets | | |
| Investment in unit investment trust fund | **27,471** | 26,972 |
| Refundable security deposits | **3,106** | 3,113 |
| | **3,271,832** | **2,446,582** |

**Credit quality per class of financial assets**
The table below shows the credit quality by class of assets for the Group's financial asset based on credit rating system:

**30 June 2021**

| | **Neither Past due nor impaired High Grade** | **Past Due But Not Impaired** | **Impaired** | **Total** |
|---|---|---|---|---|
| **Cash and cash equivalents** | | | | |
| Cash in banks | 1,364,789 | | | 1,364,789 |
| **Short-term investments** | 271,147 | | | 271,147 |
| **Receivables** | | | | |
| Trade | 1,253,730 | | | 1,253,730 |
| Nontrade | | 27,972 | 73,976 | 101,948 |
| Interest | 28 | | | 28 |
| Advances to | | | | |
| Related parties | | 17,830 | | 17,830 |
| Officers and employees | | 11,885 | | 11,885 |
| **Other current asset** | | | | |
| Investment in pooled funds | 219,898 | | | 219,898 |
| **Other noncurrent assets** | | | | |
| Investment in unit investment trust fund | 27,471 | | | 27,471 |
| Refundable security deposits | 3,106 | | | 3,106 |
| | **3,140,169** | **57,687** | **73,976** | **3,271,832** |

**31 December 2020**

| | Neither Past due nor impaired High Grade | Past Due But Not Impaired | Impaired | Total |
|---|---|---|---|---|
| **Cash and cash equivalents** | | | | |
| Cash in banks | 1,190,654 | | | 1,190,654 |
| **Short-term investments** | 266,481 | | | 266,481 |
| **Receivables** | | | | 0 |
| Trade | 594,127 | | | 594,127 |
| Nontrade | | 121,579 | 73,391 | 194,970 |
| Interest | 38 | | | 38 |
| Advances to | | | | 0 |
| Related parties | | 17,830 | | 17,830 |
| Officers and employees | | 8,739 | | 8,739 |
| **Other current asset** | | | | |
| Investment in pooled funds | 143,659 | | | 143,659 |
| **Other noncurrent assets** | | | | |
| Investment in unit investment trust fund | 26,971 | | | 26,972 |
| Refundable security deposits | 3,113 | | | 3,113 |
| | **2,225,043** | **148,148** | **73,391** | **2,446,582** |

The credit quality of the financial assets was determined as follows:

- Cash in banks, short-term investments and related interest receivables are assessed as high-grade since these are deposited in reputable banks, which have a low probability of insolvency.
- Trade receivables, which pertain mainly to receivables from sale of copper concentrate, are assessed as high-grade. These are assessed based on past collection experience of full settlement within two months after invoice date with no history of default.
- Nontrade receivables, which mainly pertain to receivables from the settlement of commodity swap transactions, and other billings not related to main operations, consist of past due but not impaired and impaired accounts.
- Advances to related parties are assessed as past due but not impaired since the Group still expects to collect the balance from its related parties.
- Advances to officers and employees, which pertain mainly to advances subject to payroll deduction, consist of both past due but not impaired, and impaired accounts.
- Investment in pooled funds is assessed as high grade since this is investment in a diversified market which have low probability of insolvency.
- Quoted equity instrument is assessed as impaired since the Group no longer expects future benefits from the said equity instrument.
- Investment in unit investment trust fund is assessed as high grade since this is deposited in a reputable bank.
- Refundable deposits are assessed as high grade since these are still expected to be received after the completion/performance of the Group's contracts with various counterparties.

The above high grade credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience.

**Liquidity Risk**

Liquidity risk is the risk where the Group becomes unable to meet its payment obligations when these fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group also manages its liquidity risk on a consolidated basis based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The tables below of the Group, as well as financial assets considered by management as part of its liquidity risk management based on remaining undiscounted contractual obligations:

## 30 June 2021

| | On demand | Within one year | 1 to < 3 years | > 3 years | Total |
|---|---|---|---|---|---|
| **Cash and cash equivalents** | | | | | |
| Cash in banks | 1,364,789 | | | | 1,364,789 |
| Cash on hand | 5,018 | | | | 5,018 |
| **Short-term investments** | | 271,147 | | | 271,147 |
| **Receivables** | | | | | - |
| Trade | | 1,253,730 | | | 1,253,730 |
| Nontrade | 101,948 | | | | 101,948 |
| Interest | | 28 | | | 28 |
| Advances to | | | | | - |
| Related parties | 17,830 | | | | 17,830 |
| Officers and employees | 11,885 | | | | 11,885 |
| **Other current asset** | | | | | |
| Investment in pooled funds | | 219,898 | | | 219,898 |
| **Other noncurrent assets** | | | | | - |
| Investment in unit investment trust fund | | | | 27,471 | 27,471 |
| Refundable security deposits | | | | 3,106 | 3,106 |
| | **1,501,470** | **1,744,803** | **-** | **30,577** | **3,276,850** |
| **Financial liabilities:** | | | | | |
| Accounts payable and accrued liabilities** | | 1,601,733 | | | 1,601,733 |
| Bank loans | | 5,612,000 | | | 5,612,000 |
| Other current liability | | 1,827,984 | | | 1,827,984 |
| Long-term debt and other interest-bearing liabilities | | 98,512 | 134,272 | 19,086,249 | 19,319,034 |
| Lease Liability | | - | - | | - |
| | **-** | **9,140,229** | **134,272** | **19,086,249** | **28,360,751** |
| | **1,501,470** | **(7,395,426)** | **(134,272)** | **(19,055,672)** | **(25,083,901)** |

*** Excluding Government Payables*

## 31 December 2020

| | On demand | Within one year | 1 to < 3 years | > 3 years | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | | | | | |
| Cash in banks | 1,190,654 | | | | 1,190,654 |
| Cash on hand | 14,507 | | | | 14,507 |
| Short-term investments | | 266,481 | | | 266,481 |
| Receivables | | | | | |
| Trade | | 594,127 | | | 594,127 |
| Nontrade | 194,970 | | | | 194,970 |
| Interest | | 38 | | | 38 |
| Advances to | | | | | |
| Related parties | 17,830 | | | | 17,830 |
| Officers and employees | 8,739 | | | | 8,739 |
| Other current asset | | | | | |
| Investment in pooled funds | | 143,659 | | | 143,659 |
| Other noncurrent assets | | | | | |
| Investment in unit investment trust fund | | | | 26,972 | 26,972 |
| Refundable security deposits | | | | 3,113 | 3,113 |
| | **1,426,700** | **1,004,305** | | **30,085** | **2,461,090** |
| Financial liabilities: | | | | | |
| Accounts payable and accrued | | 2,699,329 | | | 2,699,329 |
| Bank loans | | 6,242,990 | | | 6,242,990 |
| Other current liability | | 1,798,878 | | | 1,798,878 |
| Long-term debt and other | | 194,445 | 134,252 | 19,467,212 | 19,795,909 |
| Derivative liability | | 59,308 | | | 59,308 |
| Lease liability | | 782 | | | 782 |
| | | **10,995,732** | **134,252** | **19,467,212** | **30,597,196** |
| | **1,426,700** | **(9,991,427)** | **(134,252)** | **(19,437,127)** | **(28,136,106)** |

**Financial instruments**
The following table shows the carrying amounts and fair value of the Group's financial instruments other than those with carrying amounts that are reasonable approximations of fair values:

| | Carrying Values | | Fair Values | |
|---|---|---|---|---|
| | **30-Jun-21** | 31-Dec-20 | **30-Jun-21** | 31-Dec-20 |
| **Other Financial Liabilities** | | | | |
| Long-term debt and other interest-bearing liabilities: | | | | |
| BDO | **13,211,531** | 13,686,677 | **15,611,989** | 13,926,670 |
| SMIC | **5,287,311** | 5,204,104 | **6,037,271** | 5,204,104 |
| APHC | **471,260** | 463,843 | **541,869** | 463,843 |
| BDO Leasing | **232,764** | 326,945 | **233,725** | 330,035 |
| Alakor Corporation | **116,168** | 114,340 | **127,247** | 114,340 |
| | **19,319,034** | 19,795,909 | **22,552,101** | 20,038,992 |

The carrying amounts of cash in banks, short-term investments and interest receivables approximate their fair value due to the relatively short-term maturities of these financial instruments.

Trade receivables are measured at fair value. Subsequent movements on provisionally priced trade receivables are being recognized in fair value gain/loss in the consolidated statement of comprehensive income. The fair value of provisionally priced trade receivables is determined by obtaining future prices of copper and gold and applying the projected prices to the outstanding trade receivables. The fair value of investment in pooled funds is determined by referencing the fund's portfolio with the fair value of other similar funds. The fair value of quoted equity instrument is determined by reference to market bid quotes at the end of the reporting period and is carried at fair value. The fair value of the investment in unit investment trust fund is determined by the movements of its net asset value per unit, which is computed as the total market value of the assets, less fees, taxes, and other qualified expenses divided by total outstanding units.

The carrying amounts of accounts payable, contract liabilities and accrued liabilities excluding government payables, other current liability and bank loans approximate their fair values due to the relatively short-term maturities of these financial instruments.

Fair value of long-term debt and other interest-bearing liabilities is estimated using the discounted cash flow methodology using the benchmark risk-free rates for similar types of long-term debt and other interest-bearing liabilities.

The Group uses the following hierarchy in determining and disclosing the fair value by valuation technique:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value hierarchy of the financial assets and liabilities is presented in the following table:

**30 June 2021**

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Assets measured at fair value: | | | | |
| Trade receivables | | 1,253,730 | | 1,253,730 |
| Investment in pooled funds | 219,898 | | | 219,898 |
| Investment in unit investment trust fund | 27,471 | | | 27,471 |
| **Total** | **247,369** | **1,253,730** | | **1,501,099** |

| | | | | |
|---|---|---|---|---|
| Liability for which fair values are disclosed: | | | | |
| Long-term debt and other interest-bearing liabilities | | | (22,552,101) | (22,552,101) |
| **Total** | | | **(22,552,101)** | **(22,552,101)** |

**31 December 2020**

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Assets measured at fair value: | | | | |
| Trade receivables | | 594,127 | | 594,127 |
| **Investment in pooled funds** | 143,659 | | | 143,659 |
| Investment in unit investment trust fund | 26,972 | | | 26,972 |
| Quoted equity instrument | - | | | - |
| **Total** | **170,630** | **594,127** | | **764,757** |
| Liability for which fair values are disclosed: | | | | |
| Long-term debt and other interest-bearing liabilities | | | (20,038,992) | (20,038,992) |
| **Total** | **-** | **-** | **(20,038,992)** | **(20,038,992)** |

There were no transfers between levels of fair value measurement as of 30 June 2021 and 31 December 2020.

### D. Accounting Policies and Disclosures

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for certain parcels of land, which are carried at revalued amounts, trade receivables, derivatives, investment in pooled funds, quoted equity instrument, and investment in unit investment trust fund which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the presentation currency under Philippine Financial Reporting Standards (PFRSs). Based on the economic substance of the underlying circumstances relevant to Atlas Consolidated Mining and Development Corporation and Subsidiaries (collectively, the Group), the functional currencies of the Parent Company and its associates and subsidiaries is the Philippine Peso, except for CCC whose functional currency is the US$. All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Group’s financial position or performance, unless otherwise stated.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.
  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.
  The Group adopted the amendments beginning January 1, 2020. Based on the Group's assessment, the amendments to PFRS 16 did not have a significant impact on the Group's financial position, performance and disclosures.

*Effective beginning on or after January 1, 2021*

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
    - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
    - Relief from discontinuing hedging relationships
    - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
    - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
    - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

<u>Standard Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group company does not expect that the future adoption of the said pronouncements to have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when these become effective.

*Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.
  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.
  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

  *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.
    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the ’10 per cent’ test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

    These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

*Effective beginning on or after January 1, 2023*

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The mendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.
  The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

  *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

## 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.

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION**
Issuer

| | |
|---|---|
| **ADRIAN PAULINO S. RAMOS** | **FERNANDO A. RIMANDO** |
| President | Vice President/Chief Finance Officer |

*Signed this 23rd day of July 2021*

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**
**UNAUDITED CONSOLIDATED BALANCE SHEETS**
**AS OF JUNE 2021**
*(Pesos in Thousands, Except Par Value)*

| | Unaudited June 2021 | Audited December 2020 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | 1,369,807 | 1,205,161 |
| Short-term investments | 271,147 | 266,481 |
| Receivable - net | 1,311,445 | 744,617 |
| Inventories - net | 1,098,151 | 1,146,832 |
| Prepayments and other current assets | 472,871 | 345,951 |
| **Total Current Assets** | **4,523,421** | **3,709,042** |
| **Noncurrent Assets** | | |
| Intangible assets, net | 26,504,503 | 26,584,347 |
| Property, plant and equipment - net | 34,028,406 | 34,453,313 |
| Deferred tax assets | 347,228 | 832,144 |
| Other noncurrent assets | 1,560,364 | 1,570,026 |
| Investment in associate | 419,721 | 237,525 |
| **Total Noncurrent Assets** | **62,860,222** | **63,677,355** |
| **TOTAL ASSETS** | **67,383,643** | **67,386,397** |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities | 1,780,967 | 2,823,024 |
| Current portion of long-term debt | 5,710,503 | 6,437,435 |
| Income tax payable | 78,171 | - |
| Derivative liabilities | - | 59,308 |
| Lease Liability- Current | - | 782 |
| Other Current Liabilities | 1,827,984 | 1,798,878 |
| **Total Current Liabilities** | **9,397,625** | **11,119,427** |
| **Noncurrent Liabilities** | | |
| Long-term debt – net of current portion | 19,220,531 | 19,601,464 |
| Retirement benefits liability | 573,008 | 554,290 |
| Liability for mine rehabilitation | 76,355 | 74,187 |
| Deferred income tax liabilities | 2,296,088 | 2,413,801 |
| **Total Noncurrent Liabilities** | **22,165,982** | **22,643,742** |
| **Total Liabilities** | **31,563,607** | **33,763,169** |
| **Stockholders' Equity** | | |
| Capital stock | 3,559,533 | 3,559,533 |
| Additional paid in capital | 19,650,936 | 19,650,936 |
| Subscription Receivable | (4,841,801) | (4,841,801) |
| Revaluation increment in land | 298,869 | 298,869 |
| Remeasurement gain on retirement | 53,438 | 53,438 |
| Foreign currency translation reserve | 1,356,501 | 1,094,906 |
| Retained earnings | 15,765,827 | 13,830,614 |
| Attributable to equity holders of the Parent Company | 35,843,303 | 33,646,495 |
| Minority interests | | |
| Treasury Shares | (23,267) | (23,267) |
| **Total Stockholders' Equity** | **35,820,036** | **33,623,228** |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **67,383,643** | **67,386,397** |

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**
**FOR THE PERIOD ENDED JUNE 2021 and 2020**
*(Pesos in Thousands, Except Per Share Amounts)*

| | For the Three Months Ended | | For the Six Months Ended | |
|---|---|---|---|---|
| | **30 June 2021** | **30 June 2020** | **30 June 2021** | **30 June 2020** |
| **REVENUES** | | | | |
| Copper | 4,955,525 | 2,993,485 | 8,111,126 | 6,250,449 |
| Gold | 477,985 | 993,250 | 899,139 | 1,776,393 |
| Silver | - | 17,195 | (425) | 17,195 |
| | **5,433,510** | **4,008,768** | **9,009,840** | **8,048,875** |
| Marketing charges | (113,156) | (224,578) | (234,600) | (449,756) |
| | **5,320,354** | **3,784,190** | **8,775,240** | **7,599,119** |
| **COSTS AND OPERATING EXPENSES** | | | | |
| Cost of sales | (2,740,413) | (2,687,307) | (4,921,653) | (5,431,209) |
| Operating expenses | (414,396) | (438,602) | (830,373) | (843,916) |
| Depletion of mining rights | (58,182) | (62,260) | (79,844) | (117,875) |
| | **(3,212,991)** | **(3,188,169)** | **(5,831,870)** | **(6,393,000)** |
| **INCOME (LOSS) FROM OPERATIONS** | **2,107,363** | **596,021** | **2,943,370** | **1,206,119** |
| **OTHER INCOME (CHARGES)** | | | | |
| Share in net income from associates | 116,731 | 47,253 | 182,196 | 70,651 |
| Finance charges | (312,066) | (568,989) | (625,197) | (1,111,111) |
| Unrealized foreign exchange gain (loss)-net | (42,011) | 80,073 | (85,246) | 74,607 |
| Mark to Market gain/(loss) on Derivatives - Net | 15,329 | 341 | (104,830) | (4,142) |
| Interest income | 964 | 7,180 | 1,668 | 15,846 |
| Other income (charges) - net | 5,650 | (23,865) | 55,617 | (35,196) |
| | **(215,403)** | **(458,007)** | **(575,792)** | **(989,345)** |
| **INCOME (LOSS) BEFORE INCOME TAX** | **1,891,960** | **138,014** | **2,367,578** | **216,774** |
| **BENEFIT FROM (PROVISION FOR) INCOME TAX** | | | | |
| Current | (352,389) | 53,858 | (379,304) | (19,752) |
| Deferred | (24,556) | (345,037) | (53,058) | (386,943) |
| **NET INCOME (LOSS)** | **1,515,015** | **(153,165)** | **1,935,216** | **(189,921)** |
| **Net income (loss) attributable to:** | | | | |
| Equity holders of the parent | **1,515,015** | **(153,165)** | **1,935,216** | **(189,921)** |
| Minority interests | - | - | - | - |
| | **1,515,015** | **(153,165)** | **1,935,216** | **(189,921)** |
| **DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO PARENT COMPANY** | **0.426** | **(0.043)** | **0.544** | **(0.053)** |
| * Based on weighted average number of common shares outstanding | **3,557,553** | **3,557,553** | **3,557,553** | **3,557,553** |

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE PERIOD ENDED JUNE 2021 and 2020**
*(Pesos in Thousands)*

| | Capital Stock | Additional Paid -in Capital | Subscription Receivable | Revaluation Increment on Land | Remeasurement gain (loss) on Retirement Plan | Cumulative Translation Adjustments | Retained Earnings | Total | Treasury shares held by a Subsidiary | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at January 1, 2020 | 3,559,533 | 19,650,936 | (4,841,801) | 298,869 | 94,069 | 1,903,902 | 13,712,921 | 34,378,429 | (23,267) | 34,355,162 |
| Net Income | - | - | - | - | - | - | (189,923) | (189,923) | - | (189,923) |
| Cumulative translation adjustment | - | - | - | - | - | (244,928) | - | (244,928) | - | (244,928) |
| | - | - | - | - | - | - | - | | - | |
| **Balance at June 30, 2020** | **3,559,533** | **19,650,936** | **(4,841,801)** | **298,869** | **94,069** | **1,658,974** | **13,522,998** | **33,943,578** | **(23,267)** | **33,920,311** |
| Balance at January 1, 2021 | 3,559,533 | 19,650,936 | (4,841,801) | 298,869 | 53,438 | 1,094,906 | 13,830,613 | 33,646,494 | (23,267) | 33,623,227 |
| Net Income | - | - | - | - | - | - | 1,935,216 | 1,935,216 | - | 1,935,216 |
| Cumulative translation adjustment | - | - | - | - | - | 261,595 | - | 261,595 | - | 261,595 |
| **Balance at June 30, 2021** | **3,559,533** | **19,650,936** | **(4,841,801)** | **298,869** | **53,438** | **1,356,501** | **15,765,829** | **35,843,305** | **(23,267)** | **35,820,038** |

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE PERIOD ENDED JUNE 2021 and 2020**
*(Pesos in Thousands)*

| | For the Three Months Ended | | For the Six Months Ended | |
|---|---|---|---|---|
| | **30 June 2021** | **30 June 2020** | **30 June 2021** | **30 June 2020** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Income before income tax | 1,891,962 | 138,014 | 2,367,579 | 216,773 |
| Adjustments for: | | | | |
| Depreciation and depletion | 1,030,491 | 1,108,214 | 1,806,152 | 2,096,399 |
| Finance charges | 312,066 | - | 625,197 | - |
| Realized mark-to-market gain (loss) on derivative assets (liab | 59,308 | - | - | - |
| Provision for impairment of property, plant and equipment | - | - | - | - |
| Gain on loan restructuring | - | - | - | - |
| Unrealized foreign exchange losses (gains) - net | 42,012 | (80,467) | 85,246 | (74,607) |
| Share in net income from associates | (116,730) | (47,253) | (182,196) | (70,651) |
| Fair value loss (gain) on provisionally priced sales (Note 6) | - | - | - | - |
| Unrealized losses (gains) on AFS | 11,121 | - | 18,717 | - |
| Interest income | (964) | (7,180) | (1,668) | (15,846) |
| Loss on retirement of property, plant and | - | - | - | - |
| Loss (gain) on disposal of property, plant and | - | (375) | - | (375) |
| Marked to market gains (losses)-unrealized | (516) | - | (721) | - |
| Operating income before working capital changes | 3,228,750 | 1,110,953 | 4,718,306 | 2,151,693 |
| Current and Deferred Tax | - | (291,179) | - | (406,695) |
| Interest expense | - | 568,989 | - | 1,111,111 |
| Provision for mine rehabilitation | 903 | (956) | 2,168 | (700) |
| Retirement benefit cost | - | 3,288 | - | 7,097 |
| Decrease (increase) in: | - | - | - | - |
| Receivable - net | (1,131,430) | 568,964 | (664,554) | 1,374,462 |
| Inventories - net | (40,512) | (20,550) | (10,942) | 50,624 |
| Prepayments and other current assets | (19,912) | 283,918 | (130,085) | 322,306 |
| Other Non Current Assets | 117,391 | (80,077) | 62,936 | (80,054) |
| Increase (decrease) in: | - | - | - | - |
| Accounts payable and accrued liabilities | (462,061) | (208,570) | (613,438) | (229,254) |
| Derivative liabilities | (59,308) | - | (59,308) | - |
| Deferred tax liabilities | (111,241) | (18,678) | (117,714) | (35,363) |
| Retirement benefits payable | - | - | - | - |
| Income tax payable | - | - | - | - |
| **Cash from operations** | 1,522,580 | 1,916,102 | 3,187,369 | 4,265,227 |
| Interest paid | (369,401) | (291,562) | (656,424) | (1,034,222) |
| Income taxes paid | (301,267) | - | (301,133) | - |
| Interest received | 964 | 8,238 | 1,678 | 16,617 |
| **Net cash provided by (used in) operating activities** | 852,876 | 1,632,778 | 2,231,490 | 3,247,622 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Decrease (increase) in: | - | - | - | - |
| Short-term investments | (1,051) | 97 | (2,956) | - |
| Dividends received | (100,800) | 375 | - | 375 |
| Disposal of property and equipment | - | - | - | - |
| (Gain) loss on sale of AFS | - | - | - | - |
| Additions to property, plant and equipment | (351,420) | 110,055 | (1,242,472) | (613,519) |
| **Net cash used in investing activities** | (453,271) | 110,527 | (1,245,428) | (613,144) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Issuance of shares of stock/Change of RE | - | - | - | - |
| Equity conversion option | - | - | - | - |
| Dividend declaration | - | - | - | - |
| Loans proceeds (payment) | (1,495,111) | (974,561) | (1,525,777) | (925,218) |
| Principal portion of of lease liability (Note 15) | - | - | - | - |
| **Net cash provided by financing activities** | (1,495,111) | (974,561) | (1,525,777) | (925,218) |
| EFFECT OF EXCHANGE RATE CHANGES | 255,004 | (823,470) | 704,362 | (780,164) |
| | - | - | - | - |
| NET INCREASE (DECREASE) IN CASH | (840,502) | (54,726) | 164,647 | 929,096 |
| | - | - | - | - |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | 2,210,310 | 2,564,749 | 1,205,161 | 1,580,927 |
| | - | - | - | - |
| **CASH AND CASH EQUIVALENTS AT 31 MARCH** | 1,369,808 | 2,510,023 | 1,369,808 | 2,510,023 |

**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES**
**UNAUDITED CONSOLIDATED AGING SCHEDULE OF ACCOUNTS RECEIVABLE**
**FOR THE PERIOD ENDED JUNE 2021 and 2020**
*(Pesos in Thousands)*

| Type of Accounts Receivable | Total | Current | 31 - 90 Days | 91 - 120 Days | Over 121 Days |
|---|---|---|---|---|---|
| Trade Receivable | | | | | |
| Various trade receivable | 1,253,730 | 1,225,722 | 0 | 0 | 28,008 |
| Non-Trade Receivables | | | | | |
| Deposits and advances | - | - | - | - | - |
| Scrap | - | - | - | - | - |
| With court cases | 13,254 | - | - | - | 13,254 |
| Others | 115,550 | 25,795 | 291 | 1,776 | 87,688 |
| Allowance for Doubtful Accounts | (71,089) | - | - | - | (71,089) |
| **Accounts Receivable - Net** | **1,311,445** | **1,251,517** | **291** | **1,776** | **57,861** |

| Type of Receivable | Nature/Description of Receivable | Collection Period |
|---|---|---|
| Various trade receivable | Sale of copper concentrates, gold, magnetite, and nickel | |
| Deposits & Advances | Deposits on rentals | |
| Scrap | Sale of excess and scrap materials | |
| With Court Cases | Various claims | |
| Others | Non-trade receivables, advances to employees and others | |
| **Normal Operating Cycle** | Calendar year | |