

# COVER SHEET

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S.E.C. Registration Number

A T L A S C O N S O L I D A T E D M I N I N G  
A N D D E V E L O P M E N T C O R P O R A T I O N

(Company's Full Name)

5 F F I V E E - C O M C E N T E R , P A L M  
C O A S T A V E N U E C O R . P A C I F I C  
D R I V E , M A L L O F A S I A , P A S A Y  
C I T Y

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

MARIA ELEONOR A. SANTIAGO

Contact Person

(632) 8403-0813 local 25001

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

1 7 - 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 No. of Stockholders

Total Amount of Borrowings

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: **31 March 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:

**5F Five E-com Center, Palm Coast Avenue cor. Pacific Drive  
Mall of Asia Complex, Pasay City**

Postal Code

**1300**

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 ☒ 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 ☒ No ☐

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

Yes ☒ 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 nine-month period ending 30 September 2020 and 2019:

<i>(amounts in PHP millions)</i>	<b>3/31/2021</b>	<b>3/31/2020</b>	<b>% Change</b>
Consolidated net income/(loss)	420	(37)	NA
Consolidated income/(loss) from operations	836	610	37%
Consolidated gross revenues	3,576	4,040	-11%
Consolidated net revenues	3,455	3,815	-9%
Costs and operating expenses	2,619	3,205	-18%
Net income/(loss) attributable to Equity holders of the parent	420	(37)	NA

Atlas Consolidated Mining and Development Corporation (“Atlas Mining”) reported a net income of Php420 million for the first quarter of 2021 compared to the net loss of Php37 million for the same period in 2020. Sustaining its stable operation has enabled the significant turn-around in the bottom line as it was able to capture the increase in copper prices which more than offset the lower volume of production and shipments.

The increase in metal prices continued in the first quarter this year where copper price increased by 55% to \$3.93/lb and gold price also continued to improve by 14% to USD1,797/ounce compared to the same period last year.

Atlas Mining’s wholly-owned subsidiary, Carmen Copper Corporation, reported lower production due to the lower grades of ore milled as these were sourced from stockpiles. Copper grades were lower by 33% from 0.321% to 0.215%; while gold grade decreased by 19% from 7.12 grams/dmt to 5.77 grams/dmt. This caused copper metal production to decrease from 27.92 million pounds in 2020 to 15.93 million pounds in 2021. Gold production decreased by 52% from 11,169 ounces to 5,346 ounces. Correspondingly, copper metal content of concentrate shipments decreased by 36% to 17.02 million pounds and gold content decreased by 46% to 5,239 ounces.

Cash costs decreased by 20% from Php2.44 billion in 2020 to Php1.96 billion in 2021 as volume of shipments and production decreased. But with lower volume due to lower grade of ore milled, the average cost per pound increased by 54% from USD1.10/lb in 2020 to USD1.69/lb in 2021.

Earnings before interest, tax, depreciation and amortization (EBITDA) settled at Php1.677 billion, 3% higher compared to Php1.622 billion of 2020 on the strength of improving metal prices. This pushed core income for the period higher by 412% to Php579 million in 2021 from Php133 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 PHP65 million as compared to PHP23 million income in the same period last year.

*Finance charges* (9% of net revenues) decreased by 42% due to lower amortization of debt issue cost.

*USD:PHP Exchange rate* closed at USD1.00:PHP48.530 as at 31 March 2021 versus USD1.00:PHP48.023 as at 31 December 2020. This triggered the recognition of *Foreign exchange gain-net* of PHP43 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 million accounts for the interest earned on cash in bank and time deposits.

*Other income (charges)-net* of PHP50 million includes sales of scrap materials net of bank and other charges.

*Provision for Income Tax* for the period of PHP27 million was based from the 2% minimum corporate income tax. *Deferred Income Tax* of PHP29 million resulted mainly from future tax provision impact of unrealized forex gains 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 31 March 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. *Short-term investments* of Php270 million increased mainly due to interest income gained from time deposits. *Receivable-net* consists mostly of receivables from trade customers and receivables from associates. An 85% decrease was due to collection of 2020 trade receivables. *Inventories* slightly decreased by 8% due to consumption of materials to support production. *Prepayments and other current assets* consisted mostly of advances made to suppliers, prepaid insurance, creditable withholding tax from trade sales and investment in pooled funds.

Movement in *Intangible assets* of PHP22 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 due to utilized NOLCO against RCIT and amortization of expiring NOLCO. *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 28% or PHP65 million representing its share in the net income in Nickel Corporation's operations.

*Accounts Payable and accrued liabilities* decreased by 6% mainly due to payment of trade payables and advances from buyers. *Current portion of long-term debt* increased slightly due to translation effect, net of leasing amortization. *Income tax payable* pertains to the minimum corporate income tax for the first quarter of 2021. *Leased Liability* pertains to the obligation recognized for office space, parking lot and other equipment under lease contracts.

*Other current liabilities* of Php1.818 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 increased by 1% due to 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* composed of accretion of 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 PHP420 million accounts for the net income for the period ended 31 March 2021. *Foreign currency translation reserve* relates to the impact of changes in foreign exchange rates.

## Material Plans, Trends, Events or Uncertainties

None

## Key Performance Indicators

The key performance indicators of the Group are shown below:

	31-Mar-21	31-Dec-20
<b>Current/Liquidity Ratio</b>		
Current Ratio	0.37:1	0.33:1
<b>Solvency Ratios</b>		
Debt-to-Equity	1.02:1	1.04:1
Debt-to-Assets	0.49:1	0.5:1
Asset-to-Equity	2.06:1	2.07:1
Interest Rate Coverage	2.52:1	1.59:1
<b>Profitability Ratios</b>		
Return on Equity	1.28%	0.36%
Return on Sales	12.16%	0.67%
Return on Assets (Fixed Assets)	1.22%	0.32%

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

## B. Liquidity and Capital Resources

The Group's consolidated cash flow as of 31 March 2021 is summarized below: