

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17 – A, AS AMENDED

### ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended DECEMBER 31, 2010
2. SEC Identification Number 115 PRE WAR
3. BIR Tax Identification No. 000-154-572-000

4. ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION  
Exact name of issuer as specified in its charter

5. PHILIPPINES  
Province, country or other jurisdiction of Incorporation or organization

6.  (SEC Use Only)  
Industry Classification Code

7. 9/F QUAD ALPHA CENTRUM , 125 PIONEER ST., MANDALUYONG CITY 1554  
Address of principal office Postal Code

8. (632) 635-23-87 and (632) 635-4495  
Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of RSA

Title of Each Class	Number of Shares of Common Stock
	Outstanding and Amount of Debt Outstanding
<b>COMMON STOCK, ₱10 PAR VALUE</b>	<b>1,138,813,882</b>

11. Are any or all of these securities listed on a Stock Exchange?  
Yes  No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange - Common Stock

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or section 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 that 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

13. Aggregate market value of the voting stock held by non-affiliates: ₱14,276,000,000

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## **PART I – BUSINESS AND GENERAL INFORMATION**

### **ITEM 1. BUSINESS**

Atlas Consolidated Mining & Development Corporation (“The Company”, ACMDC, or “Atlas”) was incorporated as Masbate Consolidated Mining Company, Inc. on March 9, 1935 as a result of the merger of assets and equities of three pre-war mining companies, namely, Masbate Consolidated Mining Company Inc., Antamok Goldfields Mining Company and IXL Mining Company. Thereafter, it amended its Articles of Incorporation to reflect its present corporate name. The Company is engaged in mineral and metallic mining, exploration and development and primarily produces copper concentrate and gold with silver, magnetite and pyrites as major by-products.

On September 16, 2004, Carmen Copper Corporation (“CCC”), was incorporated. It is engaged primarily in the business of searching, prospecting, exploring, mining, processing and locating ores and mineral resources. Berong Nickel Corporation (“BNC”) (25.2%) was registered with the Securities and Exchange Commission (“SEC”) on September 27, 2004 for the purpose of exploring, developing and mining the Berong Mineral Properties in Palawan. Another subsidiary, TMM Management, Inc. (“TMM”) (60%) was incorporated on September 28, 2004 to provide management services to individual or corporate entities.

On June 23, 2005, two new subsidiaries were incorporated, namely, the Ulugan Nickel Corporation (UNC) (42%) and the Ulugan Resources Holdings, Inc. (URHI) (70%). The former is tasked to explore and mine, among others, all the minerals and products that may be extracted or produced within the Ulugan Mineral Properties located in the Province of Palawan. The latter has the responsibility to acquire, obtain, direct and manage interests in securities of every kind and in real properties.

Atlas owns a forty two percent (42%) interest in Nickeline Resources Holdings, Inc. (NRHI), a company engaged mainly in the acquisition and management of interests in properties and securities of every kind.

Another wholly-owned subsidiary, Atlas Exploration Inc. (AEI), was incorporated on August 26, 2005 primarily to carry out, either solely or in co-ventures with others, the exploration work for the purpose of determining the existence of mineral resources and the feasibility of mining them for profit and to acquire or dispose of claims in mineral and/or other natural resources and other properties.

The Company organized and registered on May 26, 2005 its water subsidiary, AquAtlas, Inc. (AAI) the primary purpose of which is to provide and supply wholesale/bulk water to local water districts and other clients and to make available other related and value added services.

On May 15, 2007, the Company acquired a 100% ownership in the Amosite Holdings Inc (AHI), a company formerly owned by Anscor Property Holdings Inc. and the holder of rights to certain properties which will be needed in the operation of the Toledo copper mine.

The new subsidiaries are the result of the strategic program designed to diversify the substantial asset base of the Company and reap economic benefits from this synergy.

The Company’s transactions with related parties are discussed in Item 12.

The Company’s copper mining operations which started in 1955 are centered in Toledo City, Cebu where three open pit mines, three underground mines and three milling complexes (concentrators) are located.

Due to a strong typhoon that hit Cebu in 1993, the mining facilities suffered considerable damage, forcing Atlas to shut down its mining operations at its Toledo copper mines in early 1994. CCC, the operator of the Toledo Copper Mines, started the rehabilitation of the mine assets in September 2007. In July 2008, mining operations commenced and in October 2008 the concentrator complex produced the initial copper concentrates.

The Company's revenues are currently derived from royalty fees and the sale of copper concentrates from its Toledo Copper Mines production, rental of some of its idle assets and proceeds from sale of scrap and excess materials. The Company is not dependent upon a single buyer or client in the pursuit of its business.

The Company and its subsidiaries ("the Group") are not involved in any bankruptcy, receivership or any similar proceedings.

Unlike most industries, mining companies operate in a less than competitive business condition. Prices of metals produced are not dictated by the mining companies themselves but are rather influenced by and highly dependent on quotations prevailing in the world market. The Company usually relies on the London Metal Exchange (LME) quotations to price its metal output. No patents, trademarks and franchises have been required from the Company for its normal operations. The Company has agreements with several claimowners granting it the right to use certain mining areas in exchange for payment of royalties. All sales made by the Company are considered export sales and compliance with appropriate rules and regulations of the Bangko Sentral ng Pilipinas (BSP) is strictly adhered to. The Company is not aware of any governmental rules and environmental laws that will materially affect the results of its operations.

On September 29, 2007, a Collective Bargaining Agreement (CBA) was signed between the recognized labor union and CCC. The CBA covers only the regular rank and file employees as at the date of the agreement and will expire five years hence. On September 13, 2010, CCC and the rank-and-file labor union Panaghiusa sa mga Mammuo sa Carmen Copper (PAMCC-SPFL) signed a supplemental Collective Bargaining Agreement (CBA) covering the economic benefits of its rank and file employees for the years 2011 and 2012.

The total number of employees as of December 31, 2010 is 3,808. The number and distribution of personnel at the end of 2010 compared to the same period of 2009 and 2008 are summarized below:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
Managerial and Confidential	924	561	600
Rank and File	2,884	3,160	5,151
<b>Total</b>	<b>3,808</b>	<b>3,721</b>	<b>5,751</b>

The harmonious and cordial partnership forged by the union and management was apparently beneficial to all concerned as no work stoppage or any similar incident was staged by the union during the period between 2008 and 2010. The Company faithfully complies with labor laws and regulations that mandate increases in the minimum wages and the provision of other benefits to employees. As of December 31, 2010, AAI, AHI, AEI, NRHI, UNC and URHI have yet to start commercial operations and to hire regular employees.

2010 has proven to be a challenging yet promising year for CCC in managing its environmental and corporate social imperatives. While more works were needed to repair and restore the environment on mine-affected areas and at the same time address the new challenges posed by the current operations, CCC continued to stay the course and implement its comprehensive mine environmental protection and enhancement, and social development programs in an endeavor to remain true to its vision of achieving a sustainable mining environment.

Major accomplishments for the year-in-review include the following:

- Completion of the Carmen Underground dewatering project in line with the rehabilitation and development plan for the underground mine;
- Acquisition of an Environmental Compliance Certificate (ECC) for the proposed 25 megawatt standby diesel power plant for the Carmen Concentrator facility;
- Acquisition of the ECC covering the new mine waste dump west of the airstrip that will contain the stripped waste materials from the expanded Lutopan and Carmen pits;
- Reforestation of 25 hectares of Lusong waste dump areas located on the south periphery of Biga Pit and implementation of the Mine Rehabilitation and Enhanced Watershed Research and Development (Mine REWARD project);
- Implementation of numerous community development projects that benefited households of the directly-impacted barangays, namely Don Andres Soriano, Biga, Luay and Media Once, all in Toledo City;

The company spent a total of ₱45,818,084.00 for the implementation of its 2010 Environmental Protection and Enhancement Program (EPEP), while ₱3,373,150.58 was disbursed for the Social Development and Management community-based economic enterprises and activities. Standby guarantee funds comprising the Rehabilitation Cash Fund, Monitoring Trust Fund and Environmental Trust Fund totalled ₱5,202,801.79 as of January 2011.

The Company does not employ a system or method for distributing its products or services. BNC delivered in February 2007 its first shipment of laterite nickel ore to its Chinese buyers. On December 29, 2008 CCC made its first shipment of copper concentrates to Qingdao, China. Aside from copper concentrates, CCC also made the initial delivery of magnetite concentrate on February 17, 2010 to China while it will introduce pyrite concentrates as new product.

Except as disclosed elsewhere in this report, the Company suspended expenditures on capital projects, research and development and exploration activities during the last three years. Reference is made to Notes on Consolidated Financial Statements (“Notes”) 1, 2, 9, 10, 11, 12 and 13.

## ITEM 2. PROPERTIES

The Group owns several mining claims and is a holder of rights over mining claims by virtue of Operating Agreements signed with private claimowners. Some of these mining claims are covered by Mineral Production Sharing Agreement (MPSA) granted by the government, others are either covered by Declaration of Location (DOL) or Mining Lease Applications (MLA). Mining claims with Lease contracts issued or renewed after the effectivity of the 1987 Constitution and those under DOL and/or MLA are now covered by application for MPSA or Exploration Permit Applications (EPA). Tabulated below is a breakdown of the Group’s mineral properties.

### A. CEBU

#### i) APPROVED MPSA

MPSA NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. MPSA-210-2005-VII	119.1663	115.1212	234.2875	Approved on April 28, 2005	Development Works at Carmen Pit is in progress
2. MPSA-264-2008-VII	546.2330	101.7923	648.0253	Approved on July 9, 2008	Mining operations resumed in September 2008 on mining claims with existing Lease Contracts covered by the MPSA by virtue of the 5-Year Work Program approved by MGB on Sept. 12, 2008
3. MPSA-307-2009-VII	1,274.1270	0	1,274.1270	Approved on December 23, 2009	Exploration activities in progress
<b>Sub-total =</b>	<b>1,939.5263</b>	<b>216.9135</b>	<b>2,156.4398</b>		

ii) **MPSA APPLICATION:**

MPSA APPLICATION NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. APSA-000013VII	287.6172	-	287.6172	Under processing by MGB, Central Office, Q.C.	For exploration upon approval of APSA
2. APSA-000042VII	252.3926	-	252.3926	- do -	- do -
3. APSA-000044VII	236.2024	295.9382	532.1406	- do -	- do -
4. APSA-000045VII	-	2,552.0993	2,552.0993	- do -	- do -
5. APSA-000046VII	1,038.8948	653.9947	1,692.8895	- do -	- do -
6. APSA-000196VII	-	764.7666	764.7666	- do -	- do -
<b>Sub-total =</b>	<b>1,815.1070</b>	<b>4,266.7988</b>	<b>6,081.9058</b>		

iii) **EXPLORATION PERMIT APPLICATION**

EXPLORATION PERMIT APPLICATION NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. EXPA-000083-VI	323.5254	-	323.5254	Under processing by MGB, Central Office, Q.C.	For exploration upon approval of APSA
<b>Sub-total =</b>	<b>323.5254</b>	<b>-</b>	<b>323.5254</b>		
<b>TOTAL CEBU =</b>	<b>4,078.1587</b>	<b>4,483.7123</b>	<b>8,561.8710</b>		

**B. CAMARINES NORTE**

MPSA APPLICATION NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. APSA-V-0036	-	2,987.1144	2,987.1144	Under processing by MGB-V	For exploration upon approval of APSA
<b>TOTAL CAMARINES NORTE =</b>	<b>-</b>	<b>2,987.1144</b>	<b>2,987.1144</b>		

**C. AGUSAN DEL SUR/SURIGAO DEL SUR**

EXPLORATION PERMIT APPLICATION NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. EPA-000073-XIII (02-02-05)	4,222.9041	213.4459	4,436.3500	Formerly MPSA Appl. Nos. APSA-00003X and MPSA-(XI)-09 converted into 1-Expl. Permit Appl. Under processing at MGB-XIII	For exploration upon approval of APSA
<b>TOTAL AGUSAN / SURIGAO DEL SUR =</b>	<b>4,222.9041</b>	<b>213.4459</b>	<b>4,436.3500</b>		

**D. PALAWAN**

i) **APPROVED MPSA**

MPSA NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. MPSA-235-2007-IVB	-	288.0000	288.0000	Approved on June 8, 2007	Pls. refer to Item 6
<b>Sub-total =</b>	<b>-</b>	<b>288.0000</b>	<b>288.0000</b>		

ii) **MPSA APPLICATION**

MPSA APPLICATION NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. AMA-IVB-038(Amd) (APSA00369 IV)	-	1,062.0000	1,062.0000	Under processing by MGB-IV (MIMAROPA)	Pls. refer to Item 6
3. AMA-IVB-147(Amd)	-	2,493.0000	2,493.0000	Formerly AMA-IVB-02, AMA-IVB-17, AMA-IVB-20, and AMA-IVB-36 Consolidated into one MPSA – under processing by MGB-IV (MIMAROPA)	- do -
<b>Sub-total =</b>	<b>-</b>	<b>3,555.0000</b>	<b>3,555.0000</b>		

iii) **EXPLORATION PERMIT APPLICATION**

EXPLORATION PERMIT APPLICATION NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. EPA-IVB-011	-	16,130.4400	16,130.4400	Under processing by MGB-IV (MIMAROPA)	For exploration upon approval of APSA
2. EPA-IVB-058	970.0000	-	970.0000	-do-	For exploration upon approval of APSA
3. EPA-IVB-060	540.0000	5,466.2352	6,006.2352	Formerly PMPSA-IV(1)-7 converted into EXPA. Under processing by MGB-IV (MIMAROPA)	For exploration upon approval of APSA
4. EPA-IVB-061	810.0000	-	810.0000	Formerly PMPSA-IV(1)-9 converted into EXPA. Under processing by MGB-IV (MIMAROPA)	For exploration upon approval of APSA
<b>Sub-total =</b>	<b>2,320.0000</b>	<b>21,596.6752</b>	<b>23,916.6752</b>		
<b>TOTAL PALAWAN =</b>	<b>2,320.0000</b>	<b>25,439.6752</b>	<b>27,759.6752</b>		

**E. BENGUET**

i) **MPSA APPLICATION**

MPSA APPLICATION NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. APSA-011	152.1846	-	152.1846	Under processing by MGB-CAR.	Under exploration by Benguet Consolidated, Inc. (BCI)
<b>Sub-total =</b>	<b>152.1846</b>	<b>-</b>	<b>152.1846</b>		

ii) **EXPLORATION PERMIT APPLICATION**

EXPLORATION PERMIT APPLICATION NUMBER	AREA (HECTARES)			STATUS	WORK PERFORMED
	Owned by ACMDC	Under Operating Agreement	Total Area (Has.)		
1. EXPA-069-CAR	3,693.0000	-	3,693.0000	Under processing by MGB-CAR	For exploration upon approval of APSA
<b>Sub-total =</b>	<b>3,693.0000</b>	<b>-</b>	<b>3,693.0000</b>		
<b>TOTAL BENGUET =</b>	<b>3,845.1846</b>	<b>-</b>	<b>3,845.1846</b>		

<b>TOTAL PHILIPPINES=</b>	<b>14,466.2474</b>	<b>33,123.9478</b>	<b>47,590.1952</b>
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Presented below are the Group's principal mining properties, mills and other materially important properties as at December 31, 2010:

Properties	Location	Developments	Nature of Interest
<b>Mining Properties:</b> Lutopan Underground Mine (Second Lift)	Toledo City, Cebu	Suspended Operations on December 31, 1993	Mining claims are owned by the Company. All claims are covered by Lease Contracts (LC) renewed after the effectivity of 1987 Constitution, now under MPSA No. 264-2008-VII approved by MGB on July 9, 2008.
Lutopan Open Pit Mine (South and North Lutopan Pits)	Toledo City, Cebu	Mining Operations resumed in September 2008 by virtue of approval of the 5-Year Work Program by MGB on September 12, 2008 covering 3-existing lease contracts (No. V-407, 423, and 424) which are within MPSA No. 264-2008-VII	All the mining claims are owned by ACMDC.
Greater Biga Mine	Toledo City, Cebu	Suspended Operations on February 25, 1992	Mining claims partly owned by Atlas and partly operated by the Company under operating agreements with several private claimowners. Some of the claims are covered by LC issued by the state, others with Declaration of Location and Mining Lease Applications. All these claims have been applied with MPSA designated as APSA-000044VII that had been endorsed by MGB Regional Office VII, Cebu to the MGB Central Office Q.C. on January 11, 2008 for final evaluation prior to approval by the DENR Secretary.
Carmen Mine (includes Carmen Pit and Carmen Underground First Lift Project)	Toledo City, Cebu	Mine rehabilitation is in progress	Mining claims are partly owned and partly operated by Atlas under operating agreements with private claimowners. Some of these claims are covered by LC and some have already expired but all were applied with MPSA, which was approved on April 28, 2005 as MPSA-210-2005-VII (Production).
Carmen Copper Concentrator with a milling capacity of 44,000 metric tons of ore/day	Toledo City, Cebu	Milling operations resumed in October 2008	Owned by the Company
Palawan Nickel Projects	Quezon and Aborlan and Puerto Princesa	BNC commenced Direct Shipping Operations (DSO) in January 2007	Atlas has acquired or is acquiring all mining rights with MPSA and EPA. TMC and European Nickel have earned an interest in BNC. Reference is made to Item 6.

The registered office address of AAI, AEI, BNC, CCC, NRHI, UNC, and URHI is 9<sup>th</sup> Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City. TMM's office is at 3<sup>rd</sup> Floor, Philam Building, 100 C. Palanca Street, corner de la Rosa Street, Makati City.

Reference is also made to Item 6 and Notes 1, 2, 3, 9, 10, 11, 12, 13, 15, 17, 18, 21 and 23.

### ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various lawsuits and claims involving civil, labor, mining, tax and other cases. In the opinion of management, these lawsuits and claims, if decided adversely, will not involve sums having material effect on the financial position or operating results of the Company.

Please refer to Notes 1, 15, 16, 26 and 33.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

### PART II – OPERATIONAL AND FINANCIAL INFORMATION

#### ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

The Company has not declared dividends since 1981 on account of its capital deficiency which resulted from long periods of recurring losses.

In 2010, the Company issued to the following entities a total of 63,682,000 common shares of stock pursuant to their exercise of warrants/options covering the right to subscribe to the Company's common shares of stock at the price of ₱10.00 per share:

<u>Warrant/Option Holder</u>	<u>No. of Shares Issued pursuant to the Exercise of the Warrant/Option</u>	<u>Exercise Period</u>	<u>No. of shares underlying the Warrant/Option</u>
Globalfund Holdings, Inc.	4,682,000	1 December 2009 to 1 December 2014	4,682,000
Banco de Oro Unibank, Inc.	9,000,000	1 December 2009 to 1 December 2014	9,000,000
Abacus Securities Corporation	50,000,000	Until 31 December 2010	50,000,000

The Company's common stock is traded at the Philippine Stock Exchange, Inc. (PSE).

The high and low sales prices for each period are indicated below:

	<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	15.80	15.26	13.00	9.20	4.55	2.80
Second Quarter	-	-	10.50	8.80	7.60	4.05
Third Quarter	-	-	16.52	9.40	9.30	5.60
Fourth Quarter	-	-	19.98	14.94	10.50	8.30

The price as of 5 April 2011 is ₱16.32 per share.

The number of shareholders of record at PSE as of 31 December 2010 is 21,610. Common shares outstanding as of 31 December 2010 aggregate 1,138,813,882.

Following are the Top 20 stockholders as of December 31, 2010:

<u>No.</u>	<u>Name</u>	<u>No. of Shares</u>	<u>Percent</u>
1	PCD Nominee Corporation	570,857,204	50.13%
2	Alakor Corporation	241,804,961	21.23%
3	Anglo Philippine Holdings Corporation	121,000,000	10.63%
4	PCD Nominee Corporation (Non-Filipino)	116,998,166	10.27%
5	Cede & Co.	10,699,120	0.94%
6	Alfredo C. Ramos	10,000,100	0.88%
7	National Book Store Inc.	9,203,407	0.81%
8	Globalfund Holdings, Inc.	4,682,000	0.41%
9	The Bank Of Nova Scotia	4,425,254	0.39%
10	Bank Of Nova Scotia	2,950,169	0.26%

No.	Name	No. of Shares	Percent
11	Philippine Overseas Drilling & Oil Dev't Corp.	2,621,000	0.23%
12	Peter F. Tanchi	1,850,000	0.16%
13	Metropolitan Bank And Trust Company	1,701,281	0.15%
14	Mitsubishi Metal Corporation	1,680,000	0.15%
15	Ernesto Chua Chiaco	1,570,000	0.14%
16	Ernesto Chua Chiaco	1,282,000	0.11%
17	Philippine Securities Corp.	1,111,389	0.10%
18	Lucio W. Yan &/Or Clara Yan	1,100,000	0.10%
19	Domingo U. Lim	1,040,000	0.09%
20	Toledo City Government	1,000,000	0.09%
<b>TOTAL</b>		<b>1,107,576,051</b>	<b>97.27%</b>

Please refer also to Items 6 and 14 and Notes 1, 15, 17, 19, 20, 24 and 29 of the Notes to the Consolidated Financial Statements.

## **ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

### **2010 Compared with 2009**

The Company incurred a consolidated net loss of ₱429 million for the year 2010 which is more than six times lower, compared to the ₱2,773 million net loss recorded in 2009.

The Consolidated revenues of ₱8,233 million for 2010 were nearly twice that of 2009's ₱4,186 million. These revenues pertain to the various shipments of copper concentrates to China and Korea by Carmen Copper Corporation (CCC), a subsidiary of the Company. The 2010 shipments covered deliveries of copper concentrate aggregating 58.3 million lbs. 60% more than the total weight of the shipments in 2009.

In 2010, the Company incurred consolidated costs and operating expenses amounting to ₱6,815 million which is ₱2,153 million more than 2009's ₱4,662 million. The increases in direct costs such as mine product taxes and mining and milling charges were brought about by the expansion of CCC's production facility. Mining and milling costs include production overhead, depreciation, depletion and amortization, personnel cost and outside services.

The USD:₱ exchange rate on 31 December 2010 was USD1.00:₱43.84. On 31 December 2009, the exchange rate was USD1.00:₱46.20. Because of the appreciation of the Philippine Peso in 2010, the Company incurred net foreign exchange gain amounting to ₱298 million.

Total assets grew by 27% to ₱17,644 million following the continued acquisition of machineries and equipment by CCC for its mounting production requirements. In 2009, total assets were valued at ₱13,929 million.

The financial position of the Company as of and for the year ended December 31, 2010 showed the following changes as compared to the financial position as of and for the year ended December 31, 2009.

#### *Receivables*

The increment of 8% in the Receivables account is principally due to the subscription receivables from Abacus Securities Corporation which subscribed to a total of 30,300,000 of the Company's shares of stock pursuant to the exercise of its option (please see table under Item 5).

*Derivative assets - current*

Derivative assets dropped as a result of the lower value of the bifurcated derivative on shipments made by CCC.

*Inventories*

Inventory level went down by 18% compared to last year due to more frequent deliveries of copper concentrates to MRI in 2010.

*Prepayments and other current assets*

This account declined as a consequence of liquidation of deposits made to various suppliers and the amortization of other prepayments within the year and the excess input tax on local purchases of goods and services.

*Property, plant and equipment*

The sustained acquisition of machineries and equipment and the capitalization of the cost of rehabilitation and improvements of mine facilities drove the Property plant and equipment account to register a 9% growth.

*Available-for-sale (AFS) financial assets*

AFS financial assets were revalued at fair market value after taking into consideration the effects of the foreign exchange loss at year end, thus resulted to a decline of ₱0.3 million.

*Other noncurrent assets*

Other noncurrent assets rose by 29% for the reason that additional input VAT receivable was recorded during the period on CCC's books coupled with additional prepayments for materials and supplies. Also, BNC recognized further exploration costs in its Berong Nickel Project.

*Derivative assets – noncurrent*

This relates to the derivative assets arising from the prepayment option feature of the USD140 million BDO loan facility secured by CCC.

*Loans payable*

Loans payable from Anglo in the amount of \$11.5 million were reclassified to Deposits on future stock subscriptions due to its conversion to equity while the bridge financing extended by PhilExim to CCC amounting to the peso equivalent of \$10 million were paid during the year.

*Accounts payable and accrued liabilities*

The decrease of 4% in Accounts payable and accrued liabilities largely relates to the payment of trade credits from various suppliers of CCC.

*Current portion of long-term debt/Long-term debt – net of current portion*

This pertains chiefly to a portion of a loan facility agreement between CCC and BDO becoming due a year from balance sheet date with the balance classified as long-term debt.

*Income tax payable*

Income tax payable relates to the 2% minimum corporate income tax (MCIT) for the year.

*Derivative liabilities*

The derivative liabilities pertain to the outstanding commodity forward on copper concentrates to be delivered subsequent to the reporting date.

*Advances from and due to related parties*

The payment of and the conversion into equity of advances made by Alakor Corporation to the Company resulted in the decrease in the amount of advances from and due to related parties.

#### *Liability for mine rehabilitation*

The amount of ₱26 million was deducted from the Liability for Mine Rehabilitation Account as a result of the change in CCC's accounting estimate. CCC revised the discount rate used in 2010, taking into consideration the market interest rate and timing of cash flow.

#### *Retirement benefits liability*

Retirement benefits liability increased by ₱29 million because of the accrual of additional pension costs.

#### *Deferred income tax liabilities*

The decrease of about ₱9 million is attributable to reversal of deferred taxes pertaining to the prior year's unrealized foreign exchange gains.

#### *Capital stock*

The increase in the Company's outstanding capital stock resulted from the issuance of the Company's shares of stock to Banco de Oro Unibank, Inc., Globalfund Holdings, Inc., Abacus Securities Corporation and Alakor Corporation.

#### *Additional paid-in capital*

Additional paid-in capital amounting to ₱41 million was booked in 2010 as a result of the recognition of share-based compensation expense arising from the Company's Comprehensive Stock Option Plan.

#### *Deposits for future stock subscriptions*

This account increased as a result of the conversion of the loans extended by Anglo Philippine Holdings, Inc. and Alakor Corporation to the Company and the subscription of Abacus Securities Corporation to the Company's shares of stock.

#### *Net unrealized gain on AFS financial assets*

This refers to the recognition of unrealized foreign exchange gain on the restatement of the value of shares of TMC using the closing rate as of reporting date.

Consolidated current ratio stood at 0.66:1 for the year ended December 31, 2010 compared to 0.27:1 for the year ended December 31, 2009. The Company's majority owned subsidiaries namely, AquAtlas, Inc. (AI), Ulugan Resources Holdings, Inc. (URHI), Atlas Exploration, Inc. (AEI) and Amosite Holdings, Inc. have not commenced commercial operations as at the end of the period under review.

The following key performance indicators pertain to the Company and its majority-owned subsidiaries (based on consolidated figures):

<b>Particulars</b>	<b>12/31/2010</b>	<b>12/31/2009</b>
Current ratio	<b>0.66:1</b>	0.27:1
Debt to equity	<b>2.06:1</b>	4.85:1
Return on equity	—	—

The manner Company calculates current ratio by dividing current assets by current liabilities. Debt-to-equity ratio is determined by dividing total liabilities by total capital equity. Return-on-equity ratio is derived by dividing net income for the period by the total capital equity of the Company.

### **Corporate Matters**

In July 2010, Anglo Philippine Holdings, Inc. (Anglo) agreed to extend the maturity of the USD11.5 million convertible loan it granted to the Company in 2009 under the same terms and conditions which includes the accrual of interest at the rate of 15% per annum and the settlement of the loan

through lump sum cash payment or through the conversion of the loan into the Company's shares at the conversion price of ₱10, or a combination of both modes of payment, at the option of Anglo.

On September 24, 2010, the Company received a Warrant of Distraint and/or Levy (WDL) issued by the Bureau of Internal Revenue (BIR) in Masbate City for the collection of alleged deficiency excise taxes amounting to ₱198 million (basic tax of ₱82.331 million plus surcharge and interest of ₱115.263 million) which the BIR claims are due from the Company's gold mining operations in Aroroy, Masbate from 1991 to 1993 (the "Masbate Excise Taxes"). The collection action arose from the revocation of BIR Ruling No. DA-772-2006 (the "Ruling") which confirmed that the government's right to collect the Masbate Excise Taxes has already prescribed. The Company has filed with the Court of Tax Appeals (CTA) a Petition for Review which seeks, among others, to reverse the revocation of the Ruling. The petition is still pending, but the CTA has already issued an order suspending all actions for the collection of the Masbate Excise Taxes.

The Securities and Exchange Commission (SEC) approved on October 8, 2010 the increase in the authorized capital stock of the Company from ₱12 billion to ₱14.2 billion. Out of the increase, 56.5 million common shares were issued to Alakor Corporation.

On October 13, 2010, the Company notified Banco De Oro Unibank, Inc. (BDO) and Globalfund Holdings, Inc. (Globalfund) that the conditions for the mandatory conversion of the loan covered by the November 27, 2009 Convertible Loan and Security Agreement (CLSA) among the Company, BDO and Globalfund (the "BDO Loan") have been fulfilled. As such, the Company required BDO and Globalfund to convert into equity of the Company the full principal amount of the BDO Loan based on the conversion price of ₱10.00 per share and the USD-₱ exchange rate of US\$1.00: ₱43.82.

In October 2010, BDO and Globalfund exercised their rights under the warrants that they received from the Company pursuant to the terms of the CLSA. The warrants cover the right to subscribe to the Company's shares of stock at the price of ₱10.00 per share. BDO's partial exercise resulted in its subscription to a total of 9,000,000 of the Company's shares of stock. Globalfund's full exercise on the other hand resulted in its subscription to a total of 4,682,000 of the Company's shares of stock.

On October 21, 2010, the Company executed with Alakor Corporation (Alakor) an indemnity agreement embodying the obligation of the Company to pay Alakor the amount of ₱1.1705 billion (the "Indemnity Obligation") in consideration of the assignment by Alakor to BDO and Globalfund of 117,050,000 of its shares of stock in the Company as full payment for the BDO Loan. The Indemnity Obligation may be converted into equity of the Company through the issuance of the Company's shares of stock at the price of ₱10.00 per share.

During the last calendar quarter of 2010, Abacus Securities Corporation (Abacus) fully exercised in six (6) tranches its option to subscribe to a total of 50,000,000 of the Company's shares of stock at the price of ₱10.00 per share. The Company and Abacus executed Subscription Agreements embodying the terms of the issuance to Abacus of a total of 50,000,000 of the Company's shares of stock.

In November 2010, Anglo Philippine Holdings, Inc. (Anglo) notified the Company that it would exercise its option to convert into equity the entire US\$11.5 million principal amount of the loan covered by the Loan Agreement executed by Anglo and the Company on July 9, 2009. The conversion was effectuated through the assignment by Anglo to the Company of the Philippine Peso equivalent of the loan (based on the November 11, 2010 PDEX closing FX rate of USD1:₱43.87) as full payment for Anglo's subscription to a total of 50,450,500 of the Company's shares of stock at the price of ₱10.00 per share. Such assignment is embodied in a Deed of Assignment with Subscription Agreement which was executed by Anglo and the Company on December 29, 2010.

On December 30, 2010, Alakor and the Company executed a Deed of Assignment with Subscription Agreement embodying the assignment by Alakor to the Company of the full amount of the Indemnity Obligation covered by the October 21, 2010 Indemnity Agreement as payment for its subscription to a

total of 117,050,000 of the Company's shares of stock at the price of ₱10.00 per share. Such assignment followed Alakor's exercise of its option to convert the Indemnity Obligation into equity of the Company.

On January 20, 2011, the Company executed with BDO a Convertible Note Facility and Security Agreement which embodies the terms of the grant by BDO to the Company of a financing facility covering the total amount of US\$10 million. The Company has not drawn from the proceeds of the loan facility.

### **Berong Nickel Corporation (BNC)**

As of December 31, 2010, total assets of the subsidiary fell to ₱865 million vis-à-vis the ₱933 million of 2009. Total liabilities increased to ₱588 million against ₱522 million in 2009 because of the advances provided by stockholders and translation of foreign currency denominated debts.

BNC remained on a care and maintenance status, thus, with no revenue flowing in, it incurred a net loss of ₱135 million compared to ₱142 million posted last year. Current year's result of operations was attributable to discontinued mining operations due to low nickel prices and demand thereby generating no current revenues and decrease in cost of sales and operating expenses by 56% or about ₱200 million.

On January 22, 2010, the Mines and Geosciences Bureau granted Exploration Permit (EP) No. EP-002-2010IVB in favor of the Company. This authorized the commencement of the planned nickel drilling program which covers approximately one thousand sixty-nine hectares situated in the Municipalities of Quezon and Aborlan of Palawan. The permit is valid for a period of two (2) years from the date of issuance thereof.

During its annual general meeting held on March 2, 2011, the stockholders approved the resumption of direct ore shipping operation due to attractive world nickel prices. Actual mining activities are projected to start on the third week of April.

### **Carmen Copper Corporation (CCC)**

At the end of 2010, CCC's assets totaled ₱16,580 million which is higher by 25% than the aggregate value in 2009. Total liabilities were up by ₱2,697 million or 33%, mainly because of the recognition of long-term debt and retirement benefits.

CCC's operations earned a net income of ₱670 million, a turnaround from last year's net loss of ₱1,662 million. The improved performance of production facilities enabled CCC to double its copper (95.51%) and gold revenues (100.59 %) to ₱8,423 million and ₱423 million, respectively. Revenues from sale of silver were generated for the first time in 2010 amounting to about ₱5 million. Albeit the upsurge in revenues, cost and expenses were restrained at ₱6,754 million.

Other significant factors that positively lifted the bottom line include higher net foreign exchange gains, reversal of previous realized and unrealized mark-to-market losses on derivatives and other charges accounts.

In 2010, better production performance paved the way for twenty (20) shipments to various smelters in China and Korea of copper concentrate having an aggregate weight of 98,206.091 dmt. In 2009, CCC completed only twelve (12) shipments of copper concentrate with a total weight of 59,480 dmt.

On May 14, 2010, CCC commissioned its Ball Mill No. 7 which increased the milling capacity of the Carmen concentrator.

During the period, CCC entered into a secured prepayment agreement with its offtaker MRI Trading AG. The agreement covered the terms of a US\$5 million prepayment facility, the proceeds of which were used by CCC to procure six (6) Komatsu HD 785-7 100-ton rigid dump trucks (the "Equipment"). The prepayment facility which carried an interest rate equal to LIBOR plus a margin of 4.50% over LIBOR and which was secured by a chattel mortgage over the Equipment was repaid through deliveries of copper concentrate. The Equipment is expected to increase the rate of excavation of materials (and/or waste) to 122,000 metric tons per day.

On June 18, 2010, the Trade and Investment Development Corporation of the Philippines (TIDCORP) extended another bridge loan to CCC in the amount of the Philippine Peso equivalent of US\$10 million at the time of disbursement. This facility has terms substantially similar to those contained in the Credit Agreement that CCC and TIDCORP executed in December 2009. The proceeds of the loan were used to finance a portion of the amortization on the US\$100 million loan owed by CCC to Deutsche Bank AG (the "DB Loan"). The DB Loan and the two bridge loans extended by TIDCORP were fully paid by CCC on December 22, 2010 using the proceeds of the US\$140 million BDO loan.

On December 15, 2010, the Company entered into an Omnibus Loan and Security Agreement (OLSA) with BDO which covers a 3-year loan facility for the amount of \$140,000,000 (the "BDO Loan"). The proceeds of the loan were used to finance (i) the full prepayment of the DB Loan, the First TIDCORP Facility and the Second TIDCORP Facility, (ii) the costs arising from the prepayment, and (iii) the Company's working capital requirements. On December 22, 2010, the Company drew down the entire amount of the BDO Loan.

The long-term supply of power to the mine was assured when CCC executed a supply agreement with Toledo Power Corporation (TPC). The arrangement will ensure the availability of power requirements of CCC's mining operations on a 24-hour stable basis for the next three (3) to five (5) years at a significantly lower cost than the previous arrangement which affected adversely the daily production of copper concentrates, particularly during the peak hours.

To finance its working capital requirements and to repay a portion of its outstanding trade credits, CCC obtained from BDO on July 13, 2010 a prepaid offtake loan for the amount of US\$17 million which was guaranteed by the Company. Amortizations on the principal amount of the loan are to be made in eight equal monthly installments beginning three months from the drawdown date.

On September 13, 2010, CCC and the rank-and-file labor union Panaghiusa sa mga Mammuo sa Carmen Copper (PAMCC-SPFL) signed a supplemental Collective Bargaining Agreement (CBA) covering the economic benefits of its rank and file employees for the years 2011 and 2012.

Except for the underground mine project which had been put on hold in view of its long rehabilitation and development timeframe, the CCC Toledo mining operation in 2010 has improved ore and concentrate production following a successful facility restoration program. The focus of mine production and the principal source of feed to the mill was the Lutopan open-cast mine. Sustained ore extraction at the South Lutopan open pit and the subsequent development of the North Lutopan block have enabled the mining department to deliver the raw feed needed in running the concentrator plant at full production. Likewise, the completion of the Carmen concentrator's Ball Mill No. 7 rehabilitation and its re-commissioning in May 2010 was the key factor in ramping up the milling rate to the budgeted maximum capacity.

A couple of historic production milestones were attained by the Carmen Operation in 2010. The first significant record was achieved on February 14, 2010 when the mine open pit extracted and hauled its first 10-million dry metric tons (dmt) of copper ore from its Lutopan open-cut. Then, on October 17, 2010, the Carmen concentrator (Carcon) plant milled a peak capacity of 47,496 dmt of ore in a 24-hour continuous operation that exceeded the projected maximum rate of 42,000 dmt set forth in the original feasibility study.



This outstanding production performance allowed CCC to make twenty (20) copper concentrate shipments this year which totaled 98,206.091 dmt. The bulk of this year's shipments were consigned to smelters in China with only a couple transported to Korea.

Waste stripping at the North section of the Lutopan pit is currently carried out full-time to expose better grade outcrops simultaneously with ore extraction. To hasten stripping and increase ore production, additional new excavator and six (6) units of 100-ton capacity dump trucks were acquired and commissioned midway this year. The added fleet increased the tonnage of materials (ore+waste) excavated and moved to a total of 35.413 Million metric tons (mt) for 2010 or a daily average of 97,023 mt.

Meanwhile, widening of the Lutopan south pit continues in preparation for drop-cutting the lower benches and subsequently extracting the higher-grade ore zone thereat by summer of 2011. At the same time, push-back removal of the old barren backfilled materials at the northeast quadrant of the south pit is progressing as planned. This operation will expand the pit limit further eastward and enable drop-cutting the mining floor to the targeted elevation.

At the mine underground, rehabilitation and development activities have slowed down due to budgetary constraints and unfavorable ground conditions encountered in the course of cleaning the access drifts. Despite the delays, at the end of 2010, rehabilitation works at the Carmen Decline Tunnel No. 1 were completed and the forward heading of Carmen Decline Tunnel No. 2 has reached the desired target point. Works are underway to plug the Grizzly Level Access Drift (GLAD) and the lower Haulage Access Drift (HAD) to preserve both mine entries for future underground development.

The other significant operational and development highlights for the CCC Toledo Mine during 2010 included the following:

- The Carmen processing plant milled 12,236,317 dmt of copper ore averaging a milling rate of 33,524 dmt per day. The corresponding copper concentrate produced totaled 96,501 dmt containing 58.273 million pounds (lbs.) of copper, 7,423 ounces (oz.) of gold and 81,115 oz. of silver.
- The surface mine department extracted and delivered to the mill a total of 12,280,715 dmt of copper ore from the Lutopan open cast averaging 33,645 mt per day. It also stripped 23,132,690 metric tons of waste materials overall averaging 63,377 mt per day.
- CCC's energy supply-and-demand situation has stabilized this year with fewer and briefer occurrences of power outage enabling the company to normalize operation and ramp up copper production. The local power providers are National Power Corporation, Toledo Power Company and Cebeco-III Cooperative.
- Installation of the 11.2-megawatt twin-set power generating plant is almost complete and undergoing test runs and commissioning. This emergency generating facility will further improve the stability of mine CCC's power requirements and partially free the company from the disruptive fluctuation of local energy supply. The plant is expected to run on normal operation in January 2011.
- No significant environmental and pollution issues have impacted on the company's operation during the past 12-month period.
- CCC's safety performance for this year ending December 31, 2010 was remarkable with accident frequency and severity rates of 0.86 lost-time cases and 594 days lost, respectively, per million man-hours worked.
- Maintenance of infrastructure and refurbishing of camp facilities like office buildings, employee housing, recreational centers, and comfort amenities has continued but on a much constrained level.
- CCC's in-house manpower count as of December 31, 2010 totaled 3,673 employees. The 10 mining and service contractors have added 353 people to the overall labor force.

## **Liquidity and Capital Resources**

Net cash inflows was ₱2,174 million during the year compared to outflows of ₱580 million in 2009. The Company's net cash flows from operating activities was ₱982 million compared to ₱679 million cash flows used in the previous year. Net cash outflows used in investing activities during the year was ₱2,319 million from ₱2,211 million used in 2009. Net cash inflows from financing activities was ₱3,577 million from ₱2,271 million in 2009.

### **2009 Compared with 2008**

The Company generated consolidated revenues of ₱4,690 million in 2009, four times higher than last year's sales of only ₱923 million. The much improved output was largely contributed by the operation of the Company's copper subsidiary, Carmen Copper Corporation (CCC) which was brought about by an expanded milling capacity of the concentrator plants. Comprising the revenues are copper sales totaling to ₱4,308 million, ₱211 million from sale of gold and ₱171 million from sale of beneficiated nickel ore. The continued depressed market and price for nickel accounted for the lower sales of the Company's nickel operations.

Also in 2009, the Company recognized ₱88 million in royalty income from CCC's use of the rights and assets conveyed by the Company under the May 5, 2006 Operating Agreement between the Company and CCC.

From the total consolidated costs and expenses of only ₱1,567 million in 2008, the Company experienced an upsurge in costs and expenses to aggregate ₱4,662 million in 2009. The increment was associated with the improved production activities of CCC that resulted in an increase of ₱3,095 million mainly because of the rise in mining and milling costs by ₱2,796 million. These mining and milling costs include production overhead, depreciation, depletion and amortization, personnel costs and outside services.

For the period under review, the Company registered a consolidated net loss of ₱2,773 million against the consolidated net income of ₱129 million attained the previous year. The losses were attributed for the most part to the fixed-price contracts entered into by CCC with regard to its deliveries of copper concentrates to a buyer. The reversal of prior year's gain on mark-to-market accounted for the large portion of the loss coupled with the realized losses sustained on settled and completed contracts and the unrealized losses on undelivered shipments. Further, the Company booked additional indemnity charges of ₱465 million in consideration for the extension of repayment date of the Parent Company's loan to Spinnaker Capital Group.

Interest expense was higher than the previous year due to the accrual of interest for the new loan secured from Anglo on top of the interest from the Spinnaker Loan.

The probable loss of ₱59 million pertains to the recognition of an allowance for the impairment loss on excess input VAT being claimed by the Company from the tax regulators. Likewise, the Company recorded a loss of ₱16 million due to significant decline in the fair value of its available-for-sale (AFS) investment.

Total assets grew by 3% to ₱13,936 million following the continued acquisition of machineries and equipment by CCC for its mounting production requirements. Last year's resources were recorded at ₱13,556.

During the year, net foreign exchange gain was recorded at ₱120 million, principally from the restatement of the Company's dollar denominated loans, compared with the foreign exchange loss of ₱554 million in 2008. As of December 31, 2009, US dollar closed at ₱46.20 compared to ₱47.52 in 2008. The appreciation of the peso against the dollar was the main contributor in recognizing the gain related to foreign exchange transactions.

The financial position of the Company as of and for the year ended December 31, 2009 showed the following changes as compared to the financial position as of and for the year ended December 31, 2008.

*Receivables*

The increment by 37% in the Receivables account principally relates to transaction entered into by CCC with its copper concentrates buyer MRI Trading AG (MRI).

*Derivative assets*

Derivative assets dropped as a net result of outstanding commodity forward deliveries made in 2009 pertaining to copper concentrates shipments contracted in 2008 and the recognition of the value of the bifurcated derivatives related to the last shipment made by CCC in 2009.

*Inventories*

Higher Inventory level by 54% was registered compared to last year because of stockpiling and undelivered copper concentrates to MRI and the procurement of materials and supplies.

*Prepayments and other current assets*

Included in Prepayments and other current assets are the deposits made to various suppliers, the unexpended portion of the guarantee fee paid in advance and the debt service account set up for repayment of principal and interest on the BDO loan.

*Property, plant and equipment*

The sustained acquisition of machineries and equipment and the capitalization of the cost of rehabilitation and improvements of mine facilities drove the Property plant and equipment account to register a 13% growth.

*Available-for-sale (AFS) financial assets*

The reclassification of investments from being Held-to-maturity to Available-for-sale asset (AFS) amounted to ₱5.2 million.

*Other noncurrent assets*

Other noncurrent assets rose by 30% for the reason that additional input VAT receivable was recorded during the period.

*Loans payable*

Loans payable jacked up from ₱950 million to ₱978 due to the net effect of the settlement of the loan from the Spinnaker Capital Group of \$19 million, the granting of loan by Anglo to Atlas in the amount of \$11.5 million and the bridge financing extended by PhilExim to CCC amounting to the peso equivalent of \$10 million at the time of disbursement.

*Accounts payable and accrued liabilities*

The increase of ₱556 million in Accounts payable and accrued liabilities largely relate to the incurrence of trade credits from various suppliers of CCC, advances from MRI and the recognition of accrued expenses, duties and professional fees.

*Current portion of long-term debt/Long-term debt – net of current portion*

The rise in the Current portion of long-term debt was the outcome of the reclassification of the part (\$20 million) of the loan principal owed by CCC to Deutsche Bank AG becoming due within a year from the balance sheet date. The reclassification had an inverse effect on the noncurrent portion of the Long-term debt.

#### *Income tax payable*

Income tax payable advanced as a consequence of recognition of royalty income by Atlas and that bigger amounts were received by CCC from scrap sales during the period in review that were outside the scope of its registered activities as provided for in its registration with the BOI.

#### *Derivative liabilities*

The Derivatives liabilities were recorded as a result of loan agreements entered into by Atlas with BDO and Anglo with convertibility options, thus, containing embedded derivatives and by CCC for its supply agreement with MRI.

#### *Advances from and due to related parties*

The cash advances made by Alakor to the Parent and the transfer of Atlas shares it owned to Spinnaker coupled with the non-interest bearing cash advances made by CASOP to CCC and by TMC and European Nickel PLC to BNC caused the upsurge in Advances from and due to related parties account by ₱102 million to ₱1,890 million.

#### *Liability for mine rehabilitation*

The amount of ₱35 million was added to Liability for mine rehabilitation account as CCC and BNC recorded additional accrual of mine rehabilitation liabilities in their books.

#### *Retirement benefits liability*

Retirement benefits liability expanded by ₱24 million to end the year at ₱71 million because of the accrual of additional pension costs.

#### *Deferred income tax liability*

The tax effect on the unrealized foreign exchange gains accounts for the hike in the Deferred income tax liabilities account.

#### *Additional paid-in capital*

A higher Additional paid-in capital of ₱76 million was booked in 2009 and this is attributed to the share-based compensation expense in relation to the comprehensive Stock option plan of Atlas.

#### *Premium on deemed disposal of an investment in a subsidiary*

The dilution of Atlas interest in CCC's outstanding shareholdings from 65.53% to 64.94% in 2009 was classified as disposal of interest in CCC thus, a Premium on deemed disposal of an investment in subsidiary amounting to ₱7 million was recorded in 2009. The reduction of Atlas interest was the consequence of the conversion of cash advances provided by Atlas and CASOP to CCC into CCC's share of stock.

Consolidated current ratio stood at 0.27:1 for the year ended December 31, 2009 compared to 0.57:1 for the year ended December 31, 2008. The Company's majority owned subsidiaries namely, AquAtlas, Inc. (AI), Ulugan Resources Holdings, Inc. (URHI), Atlas Exploration, Inc. (AEI) and Amosite Holdings, Inc. have not commenced commercial operations as at the end of the period under review.

The key performance indicators (consolidated figures), including the majority owned subsidiaries, are as follows:

Particulars	12/31/2009	12/31/2008
Current ratio	<b>0.27:1</b>	0.57:1
Debt to equity	<b>4.87:1</b>	2.68:1
Return on equity	–	3.50%

The manner by which the Company calculates current ratio is by dividing current assets by current liabilities. Debt to equity is calculated by dividing total liabilities by total capital equity and return on equity by dividing net income for the period by the total capital equity of the Company.

The Company posted an increase in its consolidated assets by ₱380 million from ₱13,556 million as of December 31, 2008 to ₱13,936 million in 2009. Consolidated liabilities climbed by ₱1,690 million from ₱9,870 million to ₱11,560 million. Consolidated current liabilities (₱7,272 million) exceeded consolidated current assets (₱1,974 million) by ₱5,298 million.

The Company's annual general meeting of stockholders (AGM) for 2009 was postponed and rescheduled to be held on June 25, 2010.

The BOD approved the execution of a memorandum of agreement (MOA) with certain indigenous peoples/indigenous cultural communities (IP/ICC) in the municipalities of Aborlan and Quezon, Palawan to comply with the requirements for the processing of the Company's exploration permit application designated as EPA IV-B-060.

On July 9, 2009, the Company executed a loan agreement with Anglo covering a facility for the amount of US\$11.5 million with a term of one (1) year at an interest rate of fifteen percent (15%) per annum based on the principal amount.

On July 10, 2009, the Company executed a Fifth Amendment Agreement with the various funds managed by the Spinnaker Capital Group (Spinnaker) respecting the 23 July 2008 loan agreement between the Company and Spinnaker. The amendment extended the term of the loan by moving the maturity date to September 30, 2009. It also embodied Spinnaker's undertaking not to sell, assign or transfer their interests in any obligation of the Company. In consideration of such undertaking, the Company agreed to do, among others, the following:

- a) add to the principal amount of the loan all accrued interest as of June 30, 2009;
- b) issue warrants to Spinnaker covering the right to subscribe to a total of 29 million of the Company's shares at the price of ₱10 per share, exercisable at any time during the three-year period reckoned from 15 July 2009; and
- c) procure the transfer by Alakor Corporation to Spinnaker of a total of 36.5 million Atlas shares

Further amendments to the Spinnaker loan agreement were executed and designated as the Sixth and Seventh Amendment Agreements. The amendatory agreements allowed Spinnaker Global Emerging Markets Limited and Spinnaker Global Strategic Fund Limited to be substituted by Alakor as creditors of the Company to the extent of \$2 million of their participation in the principal amount of the loan and the interest accruing thereon.

On August 12, 2009, the Company authorized (i) the conversion of 21,291,291 of the Company's class B shares into common shares based on the conversion ratio of one common share for every class B share, and (ii) the issuance of stock certificates covering the conversion shares. .

The Company's Board of Directors (BOD) approved on September 30, 2009 the issuance of additional warrants to Spinnaker in consideration of the further extension of the term of the Spinnaker loan until November 30, 2009.

The details of the issuance of the warrants are as follows:

- a) The warrants cover the right to subscribe to a total of 6,000,000 of the Company's common shares at the price of Php10.00 per share.
- b) The subscription rights covered by the warrants may be exercised within a period of three (3) years to be reckoned from September 30, 2009.
- c) The shares to be issued to Spinnaker or their designee upon the exercise of their rights under the warrants are to be taken from the Company's unissued capital stock.

The BOD approved on October 27, 2009 the assignment by Atlas to BNC of its rights to and interest in the following exploration permits applications:

- a) EPA IVB-058 covering 970 hectares in Puerto Princesa, Palawan;
- b) EPA IVB-060 covering 6,006.2352 hectares in Quezon and Aborlan, Palawan;
- c) EPA IVB-061 covering 810 hectares in Puerto Princesa, Palawan.

The assignment would become effective only upon the approval thereof by the Mine and Geosciences Bureau (MGB).

On November 27, 2009, the BOD adopted resolutions authorizing the Company to obtain from Banco de Oro Unibank, Inc.(BDO) and Global fund Holdings, Inc. (Globalfund) a convertible loan facility for the amount of US\$25,000,000 (the “BDO Loan”). The proceeds from the BDO Loan were used to (i) fully pay the Company’s obligations to Spinnaker, (ii) partially and repay the advances made by Alakor, and (iii) fund the capital expenditures of CCC.

The agreement respecting the BDO Loan provides for, among others, (a) the mandatory conversion of the principal amount of the BDO Loan into equity through the issuance of the Company’s common shares to BDO and Globafund at the price of ₱10 per share, upon confirmation that the volume weighted average price of the Company’s share for twenty (20) consecutive trading days at the Philippine Stock Exchange is at least ₱13, and (b) the accrual of interest on the BDO Loan at the rate of ten percent (10%) per annum.

On December 18, 2009, the Company subscribed to 46,188,281 common shares of CCC at the price of ₱4 per share. The amount paid by the Company to CCC was used to fund further capital expenditures related to the operation of the Toledo Mining Project.

#### **Berong Nickel Corporation (BNC)**

BNC recommenced shipment of nickel laterite ore in May 2009, followed by another shipment on June and August. Although BNC has temporarily ceased mining operations, the deliveries were supplied from present stockpiles.

Total assets of BNC fell to ₱933 million vis-à-vis the ₱1,074 million registered as of December 31, 2008. Total liabilities slightly increased to ₱522 million against ₱521 million in 2008 because of the advances made by BNC’s stockholders to finance its working capital requirements.

For the period ended December 31, 2009, BNC incurred a net loss of ₱142 million brought about by the continued depressed laterite market and nickel prices compared to ₱146 million posted during the same period last year.

Total costs and expenses amounted to ₱332 million in 2009 compared to ₱840 million posted a year ago, a 60% decrease due to the decline in cost of sales, general and administrative expenses, marketing and shipping, excise taxes and royalties.

As of December 31, 2009, BNC shipped a total of 143,765 WMT nickel laterite ore to Queensland Nickel Pty. Ltd. but remained in “Care and Maintenance” status as of balance sheet date. As previously stated, the shipments were taken from the ore inventory of BNC.

BNC signed two Memorandums of Agreement (MOA) with Jiangxi Rare Earth and Rare Metals Tungsten Group (“JXTC”) for the supply of ore to the pilot planned nickel refinery in China and an affirmation of the latter’s commitment to BNC as the favoured supplier of ore.

The long term supply contract executed with BHP Billiton/Queensland Nickel Inc. was being terminated in a notification sent to BNC in November 2009. BNC consequently sought the advice of legal advisors.

With more than enough stocks to meet the first shipment to BHP Billiton, all production activity at Berong ceased for the time being with the consequent significant reduction in manning and site costs. These actions were essential to the long term viability of BNC and enhanced the prospects for the future prosperity of the local community.

### **Carmen Copper Corporation (CCC)**

CCC's assets totaled ₱13,213 million, higher by 4.6% versus the 2008 records. Total liabilities were up by ₱672 million or 8.90%, mainly attributable to the recognition of derivative liabilities as well as the accrual of additional mine rehabilitation costs and retirement benefits and higher advances from MRI and other accrued expenses.

During 2009, CCC put up higher copper and gold sales by ₱3,917 million in contrast to ₱194 million revenues generated as of December 31, 2008. Total cost and expenses climbed to ₱4,148 million from a year ago level of only ₱619 million. The reason for this was that full year mining operation was achieved only in 2009 and add to that was the increased milling capacity of the plants.

Net loss amounted to ₱1,662 million during the year in contrast to net income of ₱692 million as of December 31, 2008. CCC's losses would have been lower had it not been affected by the recognition of the net effect of realized and unrealized mark to market loss of ₱1,415 million associated with its supply contract with MRI.

After successfully completing its first shipment of copper concentrates in late December 2008, CCC completed twelve (12) shipments of copper concentrates in 2009 totaling 59,480 dmt containing 40.24 million lbs. of copper, 5,715 ozs. of gold and 54,330 ozs. of silver.

The Carmen concentrator has achieved the upward target of and consistently processed 30,000 tons of ore per day (TPD). Milling capacity of at least 42,000 TPD is expected by early part of 2010 and approximately 50,000 TPD by the second quarter of 2011 based on CCC's revised operational plans. The increase in production will be made possible by additional available power and the commissioning of newly acquired trucks which shall boost mining capacity from the open pit.

CCC expects its revenues to be augmented by sales credits from its by-products; namely, pyrite and magnetite concentrates.

### **Liquidity and Capital Resources**

During 2009, the Company's cash used in operating activities amounted to ₱679 million. Net cash outflows during the period was ₱580 million, which included net cash used in investing activities of ₱2,211 million and net cash inflows from financing activities of ₱2,271 million, including the effects in exchange rates amounting to ₱38 million.

### **2008 Compared with 2007**

The Company posted another consolidated net income of ₱128.7 million in 2008 compared to ₱289.0 million registered in 2007. The decrease by 55% in profit was the result of lower revenue generated from the sale of nickel laterite ore and higher operating costs incurred by the copper and nickel projects. The nickel project was heavily affected by an unusually long wet season experienced in its areas of operations and by the depressed nickel market.

Consolidated revenues declined 26% to ₱923.0 million in 2008 compared to ₱1,253.3 million in 2007, mostly contributed by the Company's subsidiaries, Carmen Copper Corporation (CCC) and Berong Nickel Corporation (BNC), amounting to ₱208.0 million and ₱715.0 million, respectively.

Although the Group yielded weaker sales by ₱330.3 million this was offset by the recognition of gain on mark-to-market of derivative assets amounting to ₱1,597.5 million.

On a consolidated basis, cost of sales went up to ₱838.7 million in 2008 as compared to ₱316.7 million in 2007 due to higher production overhead (₱375.6 million), outside services (₱267.1 million), depreciation (₱104.4 million) and personnel costs (₱91.6 million).

As of December 31, 2008, foreign exchange losses aggregate ₱553.8 million, principally from the restatement of the Group's dollar denominated loans, compared with the foreign exchange gain of ₱86.7 million in 2007. As of December 31, 2008, US dollar closed at ₱47.52 compared to ₱41.28 a year before.

The financial position of the Company as of and for the year ended December 31, 2008 showed the following changes as compared to the financial position as of and for the year ended December 31, 2007.

Accounts receivable went up chiefly as a consequence of unpaid copper concentrates and nickel ore deliveries. Derivatives assets were recognized because of the outstanding commodity forward to be delivered to MRI Trading AG (MRI). Inventories surged as CCC and BNC continued to stockpile copper concentrates and nickel laterite ore. Prepayments and other current assets rose as a result of additional recognition of input tax receivables and deposits to suppliers and advances to service contractors and the prepayments of supplies and materials in transit to be used by CCC.

The continued acquisition of machineries and equipment during the period effectively increased the Property, plant and equipment account. Mining rights went down as a consequence of the recognition of depletion cost. The increase in other noncurrent assets pertains to additional capitalized expenditures by both CCC and BNC and the acquisition of shares of stock of Toledo Mining Corp. (TMC shares).

Loan payable pertains to the bridge loan secured from Spinnaker Capital Group. Accounts payable and accrued liabilities went up primarily because of further incurrence of trade and non trade payables and the recording of payables to various customers, suppliers and the accrual of salaries, professional fees and interest expense. Income tax payable refers to the 2% minimum corporate income tax (MCIT) during the year. The increment in advances from and due to related parties was the result of the recognition of ₱100 million loss on indemnity agreement between related parties and the additional cash advances extended for administrative and operating expenses of subsidiaries. Long-term debt registered an increase due to the restatement of foreign currency denominated loan at a higher exchange rate than previously recorded. Current portion of long-term debt is presented separately as part of current liabilities. Deferred income tax liabilities increased due to the effect of the temporary differences. Retirement liability went up because of the accrual of additional pension cost. Liability for mine rehabilitation increased as CCC and BNC recorded the accrual of supplemental mine rehabilitation liability in their books. Additional paid-in capital increased due to the valuation made on the Comprehensive Stock Option Plan (CSOP) of the Company.

Consolidated current ratio showed 0.70:1 for the year ended December 31, 2008 compared to 2.835:1 for the year ended December 31, 2007. The Company's majority owned subsidiaries namely, AquAtlas, Inc. (AI), Ulugan Resources Holdings, Inc. (URHI), Atlas Exploration, Inc. (AEI) and Amosite Holdings, Inc. have not commenced commercial operations as at the end of the period under review.



The key performance indicators (consolidated figures), including the majority owned subsidiaries, are as follows:

Particulars	12/31/2008	12/31/2007
Current ratio	0.70:1	2.835:1
Debt to equity	2.67:1	2.053:1
Return on equity	3.49%	10.05%

The manner by which the Company calculates current ratio is by dividing current assets by current liabilities. Debt to equity is calculated by dividing total liabilities by total capital equity and return on equity by dividing net income for the period by the total capital equity of the Company.

Consolidated assets of the Company grew by ₱4,776.5 million from ₱8,779.1 million as of December 31, 2007 to ₱13,555.6 million a year later. Consolidated liabilities climbed by ₱3,966.90 million from ₱5,903.5 million to ₱9,870.4 million. Consolidated current liabilities (₱5,827.6 million) exceeded consolidated current assets (₱3,781.2 million) by ₱1,584.3 million.

During a special meeting held on December 21, 2007, the Company's Board of Directors (BOD) approved the participation of the Company in the Canatuan Copper/Zinc Sulphide Project being undertaken and operated by TVI Resource Development (Phils.), Inc. (TVIRD). Upon the execution of the agreement on December 26, 2007, the Company advanced the amount of ₱42 million to TVIRD secured by the pledge of shares of TVI International Marketing, Ltd (TVIM) and an option to require the mortgage of TVIRD's chattel. To allow the Company to conduct a more thorough due diligence review of the Project, the parties agreed to move the "Option Date", the date on which the Company is to decide whether it will go ahead with the joint venture with TVIRD for the development of the Project, to January 31, 2008. However, after considering the relevant facts and information available, the Company elected not to exercise its option to participate in the said joint venture project. On October 17, 2008, TVIRD paid in full the balance of the amount advanced, including interest.

In January 2008, the Company infused additional capital into its copper subsidiary, Carmen Copper Corporation (CCC), amounting to \$6.553 million while Crescent Asian Special Opportunities Portfolio (CASOP) contributed \$3.447 million based on the ratio of their current shareholdings in CCC. The supplemental capital aggregating to US\$10 million was subscribed for a total of 112,328,766 common shares of CCC.

On June 3, 2008, the Company and Toledo Mining Corporation (TMC) waived their direct and indirect pre-emptive rights of first refusal with respect to the sale of Investika Limited's 18.7% interest in BNC in favor of European Nickel PLC (ENP). The transaction enabled ENP to acquire the 18.7% direct stake of Investika in BNC as well as the 19.3% shareholding of TMC for an aggregate consideration of approximately \$48 million.

A Mineral Production Sharing Agreement (MPSA 264-2008-VII) was signed on July 9, 2008 between the Company and the Department of Environment and Natural Resources (DENR) covering an area measuring approximately 648,0159 hectares located in Toledo City, Cebu. The Company's BOD approved the assignment of the MPSA to CCC pursuant to the Operating Agreement between the Company and CCC.

The Company's BOD approved on July 18, 2008 the execution of a bridge loan facility agreement with Spinnaker Capital Group (Spinnaker) amounting to \$20 million with a term of ninety (90) days at the interest rate of fifteen percent (15%) per annum. Alakor Corporation (Alakor) provided security for the bridge loan in the form of a share pledge. In connection with the creation of the pledge, the Company executed indemnity agreements to fully indemnify Alakor for any loss, damage, liability or injury that Alakor may suffer by virtue of the pledge. The bridge loan is intended to be transformed to a convertible loan agreement at a conversion price of ₱12.60 per share and most of the proceeds were

infused into CCC for its funding requirements. The loan agreement underwent several amendments with the recent one extending the term of the bridge loan from the original 90 days to a later date to be determined by the agent of the lenders. In consideration for the amendments, Alakor transferred a total of 10 million Atlas shares to the lenders as of December 31, 2008. A further 2.5 million Atlas shares were transferred by Alakor to the lenders in January 2009. In addition, the Company executed in favor of the lenders deeds of pledge covering its shares in AEI, AAI, and URHI. The Company paid a total of \$1.23 million on interest due on the loan and \$0.159 million on other fees as of December 31, 2008.

Also, the BOD approved the infusion of additional capital to CCC in the amount of \$18.021 million by way of subscription to 108,713,178 common shares of CCC with CASOP contributing \$9,479 million as subscription to 57,185,155 common shares of CCC. Finally, the BOD authorized the Company to subscribe to 24,995 shares of AHI at par value of P100 per share.

In October 2008, ACMDC agreed with CASOP to a schedule of cash advances for infusion to the Company amounting to US\$48 million. The advances are to be made on scheduled dates until January 2009 and on a pro-rata basis. A shareholder has the right to infuse the contribution of the other if the latter fails to make the contribution. The advances may be converted into equity at a later date. At the end of 2008, a total of US\$28 million have been infused by the stockholders into CCC with CASOP contributing US\$26.004 million. Of the amount contributed by CASOP, US\$24,954,219 is convertible, at the option of CASOP into 308,170,751 of the Company's common shares, the issuance of which shall be subject to the Company's compliance with the legal and regulatory requirements enforced by the Philippine Securities and Exchange Commission with respect to the conversion of debt into equity. The conversion by CASOP of its total convertible advances could result in CASOP owning 45.54% of the Company's outstanding capital stock.

The Company settled a pending case filed by the SSS against the directors of ACMDC Ventures Inc (AVI) for the latter's failure to remit the premium contribution and loan amortization of its former employees. The Company paid SSS ₱5.9 million as full liquidation of the obligation.

In accordance with the Loan Agreement executed with TMC in 2006, the amount of \$2.1 million was advanced by TMC to BNC for and on behalf of the Company representing the Company's share in the operating expenses of BNC.

### **Berong Nickel Corporation (BNC)**

BNC's total assets jumped 24% to ₱1,074 million in contrast to ₱869 million registered the previous year. However, total liabilities also increased by ₱352 million mainly attributable to the advances made by BNC's stockholders to finance its working capital requirements. Without such advances, total liabilities actually declined by 16% in 2008.

During the year in review, BNC suffered a net loss of ₱145 million compared to ₱548 million profit posted in 2007 brought about by the depressed laterite market and nickel price throughout the year coupled with extreme wet weather conditions experienced during the first half of 2008. Total revenues dropped by 43% to ₱715 million against last year's ₱1,253 million generated sales.

Total costs and expenses was higher by ₱181 million, an increase of 27% compared to last year's amount of ₱659 million. Production and shipping volumes for the full year 2008 was 476,850 tonnes, lower by 53,318 tonnes as contrasted to last year's registered volume of approximately 530,168 tonnes.

From the period October 2007 to February 2008, ship loading was challenging due to excessive sea swells making laterite trans-shipment from barge to ocean carriers unsafe. BNC is currently assessing specific alternative loading systems that may be put in place in 2009.

In May 2008, Investika Limited entered into an agreement with European Nickel PLC (ENP) for the sale of the former's equity interest in BNC. On June 3, 2009, the Company and TMC waived their pre-emption rights of first refusal with respect to the sale by Investika of its interest in BNC. This paved the way for ENP to purchase an 18.7% direct interest in BNC. ENP has leading edge experience in heap leaching of laterite ores.

BNC signed in November 2008, a Memorandum of Understanding (MOU) with Jiangxi Rare Earth and Rare Metals Tungsten Group Co. Ltd (JXCT) for the development of a demonstration nickel-cobalt leaching plant at BNC's nickel laterite deposit in Palawan Province. The plant has a design capacity of 3,000 tonnes to 5,000 tonnes per year (TPY) of mixed nickel-cobalt hydroxide product which will be sold to JXTC under a long term off-take arrangement with prices linked to LME market price. JXTC will fund the entire capital cost of the plant and the associated infrastructure in exchange for a guaranteed long term laterite ore supply agreement. The final ownership percentages of the leach plant are yet to be agreed upon. The demonstration plant replaces a pilot plant of the same capacity originally planned to be built under the MOU signed earlier for the development of the Ipilán deposit. The plant will require up to 600,000 TPY laterite ore feed. Detailed metallurgical testing in China will be required over the next six months to define the optimum flow sheet for the plant which will in turn define the best leach technology to employ and provide the key process design parameters for the construction of the full scale plant(s) of up to 40,000 TPY nickel in mixed hydroxide product. JXTC has already commenced the construction of a refinery in China to process the mixed nickel-cobalt product from the demonstration leach plant to produce nickel and associated cobalt metal products. BNC will have an option to acquire an equity interest of up to 25% in the refinery.

The long term contract signed by BNC with BHP Billiton/Queensland Nickel Inc in 2007 to supply up to 500,000 tonnes per annum of nickel laterite until 2013 has helped BNC to minimize the impact of the disappointing Chinese market; however, negotiations to increase the sales volume to around one (1) million tonnes per year proved unsuccessful. BHP Billiton agreed to allocate only 400,000 tonnes for the full year 2009 with approximately 40% of the volume to be supplied by the current stockpiles. These related events mean that the full scale mining operations may have to be deferred until the second half of 2009.

The initial shipment for BHP Billiton is scheduled for April 2009, with monthly shipments thereafter. With more than enough stocks to meet the first shipment to BHP Billiton, all production activity at Berong has ceased for the time being with the consequent significant reduction in manning and site costs. Consequently, more than 600 employees and contractors were laid off. This action was essential to the long term viability of BNC and enhanced the prospects for the future prosperity of the people within the local community.

### **Carmen Copper Corporation (CCC)**

CCC ended the year by posting a net income of ₱691.9 million, a reversal from the net loss of ₱452.5 million suffered in 2007.

Net revenues amounted to ₱193.9 million during the year and nil in 2007. (CCC commenced commercial operations only in October 2008 and made its first shipment on December 29, 2008). Cost of sales totals ₱446.7 million, nil the previous year. During the year in review, a 62% decline in operating expenses was posted, ₱152.7 million as against the ₱398.3 million incurred during the preceding year.

Other income, net of other charges, was recorded at ₱1,116.8 million in 2008 comprising mainly of the ₱1,597.5 million in the mark-to-market gain on derivative assets. Also included is the interest income derived from deposit accounts amounting to ₱19.6 million and loss of ₱481.2 million on foreign exchange transactions.

CCC paid on April 15, 2009 an income tax of ₱0.024 million (₱24,786.00). Although CCC is a BOI registered firm and thus enjoys an Income Tax Holiday (ITH) for four years, it is still covered by the 2% Minimum Corporate Income Tax (MCIT) on operations not registered with the BOI such as income on rental of certain facilities at the mine.

By and large, total assets rose by 67% to ₱12,631.3 million compared to ₱7,554.1 million in 2007. The increase largely reflected the capitalized purchases made by CCC during the year. Consequently, total liabilities correspondingly climbed to ₱7,552.8 million from last year's amount of ₱4,820.9 million. Current assets went down by ₱397.2 million when matched against last year's balance of ₱3,793.9 million. The drop is attributable to the cash outflows for the procurement of materials and services required for the completion of the initial phase of the rehabilitation and for operating requirements.

The equity section grew by almost twice as much as last year's to settle at ₱5,078.6 million from a year ago level of ₱2,733.2 million principally due to additional subscription payments by the stockholders and the income generated.

On March 14, 2008, CCC signed a power supply agreement with the National Power Corporation (NPC) which provides for NPC to supply 40 MW of electricity to CCC over a period of three years, from 2008 to 2011. The supply of power to CCC commenced after completion of standard safety tests carried out by National Transmission Corp. (TRANSCO).

In August 2008, CCC signed an offtake agreement to sell its first 60,000 dry metric tons (DMT) of copper concentrates to MRI Trading AG (MRI). The agreement calls for MRI to provide copper price hedging arrangements for the first 30,000 DMT of copper concentrates (or 8,250 DMT of contained copper) with an average price of \$7,612.50 per DMT. Also, MRI agreed to pay for concentrates delivered into the warehouse at the Sangi Port in Toledo City.

CCC started its mining operations during the second week of July 2008 and thereafter commenced stockpiling ore near the primary crusher. Test runs and debugging were conducted on the Carmen Concentrator until September 2008.

After substantially completing the Phase-1 of project rehabilitation of the CCC Toledo mine facilities in September 2008, CCC commenced commercial operation at the initial milling rate of 20,000 metric tons of copper ore per day. During the first week of October 2008, CCC successfully produced copper and pyrite concentrates from the test operations. CCC capped the year with its first shipment of 5,625.86 wet metric tons (WMT) of copper concentrates in CCC's loading terminal at Sangi, Toledo City. The historic shipment marked the end of the 14-year long hiatus following the shutdown of the former Atlas Mine. Remaining copper concentrate stock inventories at yearend at the terminal bins totaled 2,919.42 WMT.

By year end, CCC's manpower strength totaled 5,400 personnel comprising of 2,506 regulars, 175 probationary and 2,719 project-hired.

A second shipment totaling 5,690.20 WMT of copper concentrates was likewise made to Qingdao, China on February 8, 2009.

### **Liquidity and Capital Resources**

Net cash outflows was ₱3,119.6 million during the year versus the inflows of ₱3,837.8 million in 2007. The Company's net cash flows used in operating activities was ₱827.1 million compared to ₱56.0 million the previous year. Net cash outflows from investing activities during the year was ₱5,410.8 million from ₱2,030.7 million generated in 2007. Net cash inflows from financing activities was ₱3,113.5 million from ₱6,313.2 million in 2007.



✎	Elected Chairman of the Board, President and Chairman of the Nomination Committee on June 25, 2010
y	Elected Chairman Emeritus on June 25, 2010
●	Elected Director and Vice-President on June 25, 2010
○	Elected Director, Executive Vice-President and CFO on June 25, 2010
☒	Elected Treasurer on June 25, 2010
*	Elected Chairman of Audit Committee on June 25, 2010
⊕	Elected Member of the Audit Committee on June 25, 2010
e	Elected Chairman of the Nomination Committee on June 25, 2010
⊗	Elected Member of Nomination Committee on June 25, 2010
⊕	Elected Director and Chairman of Remuneration Committee on June 25, 2010
⊗	Elected Member of Remuneration Committee on June 25, 2010
↳	Elected Director on June 25, 2010
*	Elected Independent Director on June 25, 2010
□	Elected Officer on June 25, 2010
✱	Nominee of Alakor
❖	Nominee of Anglo

## Directors

- a) **ALFREDO C. RAMOS**, Director of the Company since 1989, elected Chairman of the Board of the Company on April 2, 2003. He is the incumbent Chairman of the Board of various publishing, finance and holding companies, among them Anvil Publishing, Atlas Publishing Corp., Convoy Consolidated Holdings, Inc., Penta Capital Finance Corporation and Trafalgar Holdings Philippines Inc., and the incumbent Chairman and President of Alakor Corporation, National Book Store Inc., Philodrill Corporation, Vulcan Industrial & Mining Corporation and United Paragon Mining Corporation (he has been holding these positions for more than five consecutive years). He graduated from the Ateneo de Manila University with a Bachelor of Arts Degree in 1963. He attended Graduate Studies on Small Business also at the Ateneo de Manila University in 1965.
- b) **JOSE C. IBAZETA**, has been elected as Chairman Emeritus on June 25, 2010. He is affiliated with the following companies: A Soriano Corporation as Consultant to the Chairman, Island Aviation Inc. and Stratbase Inc. as Chairman and Chief Executive Officer/Director and Vesper Industrial and Development Corporation as President/Director among others. Mr. Ibazeta served as Acting Secretary of Energy during the latter part of President Gloria Macapagal-Arroyo's term. He was a former President and CEO of Power Sector Assets and Liabilities Management Corporation (PSALM).
- c) **ADRIAN S. RAMOS**, Director and Vice-President of the Company since July 18, 2007. He is the incumbent Vice President of Alakor Corporation and Corporate Secretary of Music One Corporation. He is also an incumbent director of various corporations including Alakor Securities Corporation, Zenith Holdings Corporation, AquAtlas, Inc., Anglo Philippine Holdings Corporation, The Philodrill Corporation, United Paragon Mining Corporation, Treasurer of Peakpres Corporation and Business Development Manager of National Bookstore, Inc. (he has been holding these positions for the past five years). He graduated Cum Laude in 1999 with a degree in Management (Honors Program) from the Ateneo de Manila University. He earned his MBA with distinction at the Kellogg School of Management, Northwestern University.
- d) **MARTIN C. BUCKINGHAM**, Director of the Company since December 4, 1996 and appointed CFO on July 22, 2002. He obtained his law degree from Cambridge University in the UK and has served on a number of company boards, both public and private, including Consort Research Ltd., Clogau Gold Mines plc, Philippine Gold plc and Minoro Mining and Exploration Corporation.
- e) **MARCIANO A. PADILLA**, Director of the Company since July 18, 2008, President and General Manager of Angeles Feeds, Inc. (1995 to present), Angeles General Haulers, Inc. (1998 to present) and Angeles Harvests, Inc. (2006 to present), Vice-President and Vice-Chairman of Safeguard Security Group (2002 to present), and Director of the Padi's Point Restaurant Group (1992 to present). He obtained his Bachelor's Degree in Business Management from the Ateneo

de Manila University in 1991. He attended the Masters Program in Entrepreneurship of the Asian Institute of Management from 2000 to 2001.

- f) **GERARD ANTON S. RAMOS**, Director of the Company since July 18, 2008. He is the incumbent President of The Music One Corporation, The Media One Broadcasting Corporation, Music First Management Corporation; the incumbent Assistant Vice-President of Alakor Corporation; the incumbent Assistant to the Vice-President of National Book Store, Inc.; the incumbent Assistant Treasurer of Alakor Securities Corporation; and an incumbent Director of Zenith Holdings Corporation (he has been holding these positions for the past five years). He obtained his Bachelor's Degree in Business Management from the Ateneo de Manila University in 1996.
- g) **RICARDO V. QUINTOS**, Director of the Company since October 27, 1999. From 1992-2003, he served as Chairman of the Board of Jack Nicklaus Sportswear. He was also a partner at R. Quintos, H.G. Feliciano & Associates from 1993-2004. He graduated with a degree in Veterinary Medicine from the University of the Philippines. He likewise obtained a bachelor's degree in Commerce from San Beda College. He served as a delegate to the 1971 Constitutional Convention, authored various pioneering books on agriculture and livestock management, and acquired more than 30 years of experience in managing agriculture-based companies and associations.
- h) **FELIPE R. RELUCIO, JR.**, Director of the Company since July 22, 2002. He served as President of Kesang Mining Corporation from 1993 to 1996 and Ayamas Philippines Incorporated from 1997-1999. He is currently a consultant to the office of Senator Rodolfo Biazon. A Chemical Engineer, he completed the academic requirements for MBA at the De La Salle College. He was formerly the General Manager of Veritas Newsmagazine.
- i) **WALTER C. WASSMER**, Director of the Company since June 25, 2010. He is currently the Senior Vice President and Head of the Institutional Banking Group of Banco de Oro Unibank, Inc. He has almost 30 years of experience in the banking industry, serving in various capacities for the country's biggest banks which include Equitable PCI Bank and Union Bank of the Philippines. He obtained his bachelor's degree in Commerce from De La Salle University and attended the Management Development Program of the Asian Institute of Management.
- j) **CHRISTOPHER M. GOTANCO**, Director of the Company since September 6, 2006. He is currently serving as President and COO of Anglo Philippines Holdings Corporation, Chairman of PentaCapital Finance Corporation, and Vice Chairman of PentaCapital Investment Corporation. He is also an incumbent member of the Boards of Directors of MRT Holdings, Inc., MRT Development Corporation, North Triangle Depot Commercial Corporation, Philodrill Corporation, Vulcan Industrial & Mining Corporation, Carmen Copper Corporation and Boulevard Holdings, Inc. Mr. Gotanco has a master's degrees in Business Management (Asian Institute of Management) and International Finance & Development (Tufts University, Boston, MA).
- k) **ALFREDO R. ROSAL, JR.**, Independent Director of the Company since March 31, 2003 and elected Independent Director on even date. Managing Partner of Rosal and Valera Law Offices. He was an Associate Attorney of Sycip Salazar Luna Manalo & Feliciano Law Offices and an Associate Member of Norberto J. Quisumbing & Associates. He served as general counsel to various local and foreign investment companies and a Director and Corporate Secretary of Multistone Mining Corporation. He served as President of Natural Resources Development Corporation and Bukidnon Forest, Inc. He graduated from the San Beda College of Law and earned his MBA at the University of the Philippines. The law firm of Rosal and Valera Law Offices does not act as legal counsel of the Company.

- 1) **WALTER W. BROWN**, Independent Director of the Company since June 25, 2010. He is the Chairman and Director of A Brown Company, Inc., President and Director for both Atok - Big Wedge Co. Inc. and Monte Oro Resources Energy Inc. and Director of ISM Communications.

### Officers

- a) **RODERICO V. PUNO**, has been serving as Corporate Secretary of the Company since September 15, 2006. He obtained his law degree in 1989 from the Ateneo de Manila University College of Law. He immediately immersed himself in law practice as Associate Attorney in the law firm of Puno and Puno Law Offices. He served as Vice President-Legal for First Philippine Holdings Corporation from 2001 to 2003. He is a current member of the Board of Directors of Global Business Holdings, Global Business Power Holdings and all the operating subsidiary power companies and was cited by the leading international publication Chambers Global and International Financial Law Review as one of the leading Philippine Lawyers in Business Law.
- b) **NOEL T. DEL CASTILLO**, Treasurer of the Company. He is the Director, Corporate Secretary and Treasurer of Atlas Exploration, Inc., Director and Corporate Secretary of TMM Management Inc., Director of Berong Nickel Corporation., and director in other companies. He is also the Treasurer of Carmen Copper Corporation. He is a Certified Public Accountant and a Realtor. He completed the academic requirements for MBA at the Ateneo de Manila University.
- c) **PABLITO M. ONG**, obtained his Bachelor's degree in Mining Engineering from the Mapua Institute of Technology in Manila and worked as a geologist at the Bureau of Mines and Geosciences. Finished post graduate training at Camborne School of Mines in Cornwall, England and completed the PhD program in Geology, Applied Geochemistry at Royal School of Mines, Imperial College, London University. He has been working as Exploration Geologist for the Company for over 30 years. He led the team of geologists who discovered the Long Point, Berong, Moorsom, Tagkawayan / Ulugan Nickel deposits in the Province of Palawan as well as a nickel deposit in Tawi-Tawi. He also led the team of geologists who explored the Pujada Nickel Laterite Deposits in Davao.
- d) **JESUS C. VALLEDOR, JR.**, graduated with a degree of Bachelor of Science in Commerce Major in Accounting. He passed the CPA board examinations on October 25, 1985. He joined the Company on January 22, 1988 and rose from the ranks to his present position as AVP – Administration/Comptroller, Head Office.
- e) **CARMEN ROSE A. BASALLO-ESTAMPADOR**, has been serving as Assistant Corporate Secretary and Assistant Compliance Officer of the Company since September 15, 2006. She obtained her law degree from the University of the Philippines-College of Law and worked as a tax consultant for the Manila Office of the multinational auditing firm KPMG until March 2006 when she joined Alakor Corporation to serve as corporate legal counsel.



## ITEM 10. EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid during the last two fiscal years and to be paid in the ensuing year to the five (5) most highly compensated officers follows:

ANNUAL COMPENSATION *			
Name and Position	Year	Salary	Bonus and other Compensation
CEO and four most highly compensated Officers			
Alfredo C. Ramos	-- Chairman of the Board & President		
Martin C. Buckingham	-- Director, Executive Vice President & CFO		
Adrian S. Ramos	-- Director, Vice-President		
Pablito M. Ong	-- General Manager – Exploration		
Noel T. Del Castillo	-- Treasurer		
	2011 (est.)	₱ 13.6 M	-
	2010	13.6 M	-
	2009	13.6 M	-
All Directors and Officers			
	2011 (est.)	₱ 14.7 M	-
	2010	14.7 M	-
	2009	14.7 M	-

No compensation of whatever form is presently given to the Company's directors except the payment of ₱5,000 as per diem for every meeting of the Board of Directors attended. The Company has not entered into any arrangement or contract that will compensate its directors and officers for any service provided as director or officer of the Company. There are no warrants and options outstanding held by the Company's directors and executive officers. However, the Company's Board of Directors approved on January 27, 2005 a proposal to grant Stock Options to directors and qualified officers and employees of the company.

The Comprehensive Stock Option Plan (CSOP) was approved by the Board on June 18, 2007 and the same was subsequently ratified by the Stockholders on July 18, 2007 during the Company's Annual General Meeting of Stockholders. The CSOP and the application for the exemption from registration of the securities underlying the CSOP was approved by the SEC on 9 April 2008. Reference is also made to Notes 1, 2, 19, 20, 24 and 25.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT (AS OF DECEMBER 31, 2010)**

**Security Ownership of Certain Record and Beneficial Owners**

<b>Title of Class</b>	<b>Name</b>	<b>No. of Shares</b>	<b>% of Ownership</b>	
Common	PCD Nominee Corporation	570,857,204	50.13%	x
Common	Alakor Corporation	241,804,961	21.23%	>
Common	Anglo Philippine Holdings Corporation	121,000,000	10.63%	>
Common	PCD Nominee Corporation (Non-Filipino)	116,998,166	10.27%	x
Common	Cede & Co.	10,699,120	0.94%	r
Common	Alfredo C. Ramos	10,000,100	0.88%	r >
Common	National Book Store Inc.	9,203,407	0.81%	r >
Common	Globalfund Holdings, Inc.	4,682,000	0.41%	
Common	The Bank Of Nova Scotia	4,425,254	0.39%	
Common	Bank Of Nova Scotia	2,950,169	0.26%	

**Security Ownership**

<b>Title of Class</b>	<b>Name of Owner</b>	<b>No. of Shares</b>	<b>Citizenship</b>	<b>% of Ownership</b>	
Common	Alfredo C. Ramos	10,000,100	Filipino	0.88%	r
Common	Adrian S. Ramos	6,203,000	Filipino	0.59%	r
Common	Martin C. Buckingham	26,500,001	British	2.33%	r
Common	Marciano A. Padilla	1,000	Filipino	*	r
Common	Gerard Anton S. Ramos	10,000,100	Filipino	0.88%	r
Common	Ricardo V. Quintos	1	Filipino	*	r
Common	Felipe R. Relucio, Jr.	1,000	Filipino	*	r
Common	Walter C. Wassmer	100			
Common	Alfredo R. Rosal, Jr.	100	Filipino	*	r
Common	Christopher M. Gotanco	110,000	Filipino	*	r
Common	Walter W. Brown	100	Filipino	*	r
Common	Roderico V. Puno	-	Filipino		
Common	Noel T. Del Castillo	50,000	Filipino		
Common	Pablito M. Ong	10,033	Filipino		
Common	Jesus C. Valledor, Jr.	-	Filipino		
Common	Carmen-Rose A. Basallo-Estampador	-	Filipino		
Common	Frank N. Lubbock	-	Australian	*	r
Common	All Directors and Officers as a Group	52,875,535			

\* -- Less than 0.01%

> -- Related to Mr. Alfredo C. Ramos with address at 9/F Quad Alpha, 125 Pioneer St., Mandaluyong City

x -- Only broker members can identify holders of more than 5% security. PCD Nominee hold offices a G/F MSE Bldg., 6767 Ayala Ave., Makati City.

r -- record owner

The Company has no information of person(s) holding 5% or more of the securities held under a voting trust or similar agreement. The company is not aware, except as are disclosed, of any arrangements that may result in a change in control of the Company.

**ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Management is not aware of any transaction in the last two (2) years or proposed transaction to which the Company was or is to be a party in which any of its directors, executive officers or their immediate family have or is to have any material interest. No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of shareholders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices. Please refer to Notes 1, 2, 5, 6, 9, 12, 15, 19, 20, 21, 24 and 25.

**PART IV – CORPORATE GOVERNANCE**

**ITEM 13. CORPORATE GOVERNANCE**

The evaluation system adopted by the Company is based primarily on the SEC Corporate Governance Scorecard (which replaced the Corporate Governance Self-Rating Form). Current pronouncements and / or rulings by regulatory bodies with regard to leading practices on good corporate governance are adopted / incorporated in the Company's Manual on Corporate Governance (the "Manual") to assure full compliance thereon.

Except to amend Section 4.2 of the Manual to include a provision on the mandatory attendance of directors at a corporate governance seminar prior to their assumption of office, the Company has not deviated from the Manual. The Company submitted its duly-accomplished Corporate Governance Scorecard on September 22, 2009.

## PART V – EXHIBITS AND SCHEDULES

### ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits = See accompanying Index to Exhibits (page 33)

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C

Date filed	Item	Particulars
Jan. 4, 2010	Item 9 – Other events	Announcement of Annual General Stockholders’ Meeting
Jan. 11, 2010	Item 9 – Other events	ACMDC completed its 1 <sup>st</sup> shipment of copper concentrates for 2010
Jan. 26, 2010	Item 9 – Other events	ACMDC completed its 2 <sup>nd</sup> shipment of copper concentrates for 2010
Feb. 10, 2010	Item 9 – Other events	Postponement of Annual General Meeting
Feb. 18, 2010	Item 9 – Other events	ACMDC completed its 3 <sup>rd</sup> shipment of copper concentrates for 2010 and Berong Nickel Corporation announced the commencement of drilling after grant of exploration permit
March 3, 2010	Item 9 – Other events	ACMDC completed its 4 <sup>th</sup> shipment of copper concentrates for 2010 and CCC mined its 10-millionth ton of copper ore
Mar. 28, 2010	Item 9 – Other events	ACMDC completes its 5 <sup>th</sup> shipment of copper concentrates from its Carmen Copper Mine for 2010
Apr. 22, 2010	Item 9 – Other events	ACMDC completes its 6 <sup>th</sup> shipment of copper concentrates for 2010
Apr. 30, 2010	Item 9 – Other events	Reported on result of 2009 operations of the Company and its subsidiaries
May 14, 2010	Item 9 – Other events	Over 98,000 mt of copper concentrates exported to China since CCC mine re-opened with the completion of its 7 <sup>th</sup> shipment of copper concentrates for 2010
May 28, 2010	Item 9 – Other events	ACMDC completed its 8 <sup>th</sup> shipment of copper concentrates for 2010
June 22, 2010	Item 9 – Other events	Announcement of ACMDC Investors’ Briefing
June 25, 2010	Item 9 – Other events	Atlas reported additions to open pit mining fleet, latest production data and long-term power agreement with Toledo Power Corporation
June 29, 2010	Item 9 – Other events	Atlas completed its 1 <sup>st</sup> shipment to Korean to Smelter and 9 <sup>th</sup> shipment for the year
July 12, 2010	Item 9 – Other events	ACMDC completed its 10 <sup>th</sup> shipment of copper concentrates for 2010 and its 23 <sup>rd</sup> since December 2008
July 26, 2010	Item 9 – Other events	Extension of Term of US \$11.5 Million Anglo Loan Facility
July 29, 2010	Item 9 – Other events	ACMDC completes its 9 <sup>th</sup> shipment of copper concentrates
Aug. 9, 2010	Item 9 – Other events	ACMDC completes its 11 <sup>th</sup> shipment of copper concentrates
Sept. 13, 2010	Item 9 – Other events	CCC signs supplemental CBA with labor union
Sept. 16, 2010	Item 9 – Other events	BDO notified Atlas that it will partially exercise its rights under warrants covering 3,000,000 shares out of the total 18,728,000 common shares
Sept. 17, 2010	Item 9 – Other events	Atlas reported its 13 <sup>th</sup> Shipment of copper concentrates and its record mill throughput of 42,540 tons at CCC’s concentrator
Sept. 17, 2010	Item 9 – Other events	Abacus notified Atlas that it will partially exercise its option to subscribe 2,000,000 shares out of 50,000,000 shares. BOD authorized the subscription of BDO for the 3,000,000 common shares per 17 September 2010 disclosure.

<b>Date filed</b>	<b>Item</b>	<b>Particulars</b>
Sept. 22, 2010	Item 9 – Other events	BDO notified Atlas that it will exercise its subscription rights with respect to 9,000,000 out of a total of 18,7228,000 common shares.
Sept. 23, 2010	Item 9 – Other events	BOD authorized BDO’s subscription of 6,000,000 common shares
Sept. 24, 2010	Item 9 – Other events	ACMDC received a Warrant of Distrain issued by the Revenue District Office of Masbate
Oct. 8, 2010	Item 9 – Other events	SEC approved the increase in the authorized capital stock of Atlas from ₱12 billion to ₱14.2 billion.
Oct. 12, 2010	Item 9 – Other events	Atlas Subsidiary completes 15 <sup>th</sup> Shipment of Copper Concentrate for 2010 and set a record of 24-hour milling output.
Oct. 14, 2010	Item 9 – Other events	Atlas notified BDO and Globalfund that it will be requiring the full conversion of the loan into equity.
Oct. 20, 2010	Item 9 – Other events	Globalfund notified Atlas that it will exercise its rights under warrants covering 4,682,000 shares.
Oct. 21, 2010	Item 9 – Other events	BOD approved the following agreements: <ul style="list-style-type: none"> <li>a. Subscription agreement with Global fund covering 4,682,000 shares</li> <li>b. Share Purchase Agreement embodying the transfer of 117,050,000 Atlas shares by Alakor to BDO and Globalfund</li> <li>c. Indemnity Agreement embodying the obligation of Atlas to either pay Alakor the par value of the conversion shares or issue shares as compensation for the conveyance by Alakor of the conversion shares</li> </ul>
Oct. 22, 2010	Item 9 – Other events	Abacus notified Atlas that it will partially exercise its option to subscribe to a total of 11,200,000 of the total 50,000,000 common shares
Oct. 26, 2010	Item 9 – Other events	ACMDC executed a Subscription Agreement with Abacus covering 11,200,000 shares.
Oct. 27, 2010	Item 9 – Other events	Atlas subsidiary completed 16 <sup>th</sup> shipment of copper concentrates for 2010 and set a new daily milling record.
Nov. 9, 2010	Item 9 – Other events	Abacus notified Atlas that it will partially exercise its option to subscribe 6,500,000 of the total 13,200,000 shares.
Nov. 10, 2010	Item 9 – Other events	Atlas subsidiary completes 17 <sup>th</sup> shipment of copper concentrate for the year.
Nov. 11, 2010	Item 9 – Other events	Anglo will exercise its option to convert the entire USD 11.5 million principal amount of the loan into equity which covers 50,450,500 shares.
Dec. 2, 2010	Item 9 – Other events	CCC’s BOD approved and accepted by terms of the USD140 million Offtake Loan Facility by BDO. Atlas’ BOD approved and accepted by terms of the USD10 million Convertible Loan Facility by BDO. Alakor agreed to purchase 70,230,000 shares from BDO and Globalfund to effectuate the mandatory conversion of the loan covered by 27 November 2009 Convertible Loan and Security Agreement.
Dec. 23, 2010	Item 9 – Other events	Full drawdown of proceeds from BDO Loan of CCC and logistical delay in the completion of the 33 <sup>rd</sup> shipment due were disclosed.
Dec. 29, 2010	Item 9 – Other events	Deed of Assignment with Subscription Agreement was executed embodying the assignment of 50,450,000 Atlas shares owned by Anglo to Atlas.

<b>Date filed</b>	<b>Item</b>	<b>Particulars</b>
Dec. 30, 2010	Item 9 – Other events	Abacus notified Atlas that it will fully exercise its option to the subscribe for the remaining 30,300,000 shares. Further, Alakor elected to convert the obligation of Atlas into equity by assigning the entire amount of the obligation to Atlas as payment for its subscription to 117,050,000 Atlas shares.
Jan. 6, 2011	Item 9 – Other events	CCC completed its 33 <sup>rd</sup> shipment of copper concentrate
Jan. 11, 2011	Item 9 – Other events	CCC completed 34 <sup>th</sup> shipment of copper concentrate
Jan. 20, 2011	Item 9 – Other events	ACMDC executed a USD10 million Convertible Note Facility and Security Agreement with BDO
Jan. 24, 2011	Item 9 – Other events	Atlas subsidiary completed its 35 <sup>th</sup> shipment of copper concentrate
Feb. 9, 2011	Item 9 – Other events	Production and Shipment Report for January 2011
Mar. 9, 2011	Item 9 – Other events	Production and Shipment Report for February 2011
Mar. 16, 2011	Item 9 – Other events	Atlas subsidiary completes 37 <sup>th</sup> shipment of copper concentrate

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_.

By:

\_\_\_\_\_  
**ALFREDO C. RAMOS**  
Chairman of the Board and President

\_\_\_\_\_  
**ADRIAN S. RAMOS**  
Director and Vice President

\_\_\_\_\_  
**MARTIN C. BUCKINGHAM**  
Director/Executive Vice President and CFO

\_\_\_\_\_  
**NOEL T. DEL CASTILLO**  
Treasurer (Principal Accounting Officer)

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_ day of \_\_\_\_\_ affiants exhibiting to me their Tax Identification Numbers/Passport, as follows:

<u>NAMES</u>	<u>TIN/PASSPORT</u>
Alfredo C. Ramos	132-017-513
Adrian S. Ramos	188-355-989
Martin C. Buckingham	Passport - 099219951, date of issue Dec. 30, 2010, British Embassy, Manila
Noel T. Del Castillo	100-718-884

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2011

\_\_\_\_\_  
**Notary Public**

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*\* These schedules have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements.*