COVER SHEET

115 Pre-War

SEC Registration Number

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

(Company's Full Name)

Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City

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

Carmen-Rose A. Basallo-Estampador

(Contact Person)

(632) 584 - 9788

(Company Telephone Number)

12	31	Definitive Information Statement 20-IS	04	24
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

Not Applicable

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

20,938

Total No. of Stockholders

Total Amount of Borrowings

Php6.481 billion	**USD342 million**
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

ATLAS Mining

NOTICE OF ANNUAL GENERAL MEETING OF STOCKHOLDERS

TO OUR STOCKHOLDERS:

The Annual General Meeting ("Meeting") of the stockholders of **ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION** ("Atlas") will be held at the EDSA Shangri-La Hotel in Mandaluyong City on 28 April 2015, Tuesday, at 3:00 p.m with the following agenda:

I. Election of Directors
II. Approval of Audited Financial Statements for the year ended 31 December 2014
III. Presentation of Management's report to the Stockholders
IV. Approval of the minutes of the Annual General Stockholders' Meeting held on 29 April 2014
V. Ratification of Acts and Resolutions of the Board of Directors and Management
VI. Election/Appointment of External Auditors
VII. Other Matters

The Atlas Board of Directors has fixed 10 March 2015 as the record date for the determination of the list of stockholders who are entitled to receive notice of and to vote at the Meeting. The list will be available for inspection thirty (30) calendar days prior to the date of the Meeting at the principal office of Atlas located at the 9th Floor Quad Alpha Centrum,125 Pioneer Street, Mandaluyong City, Philippines 1554 ("Office").

Stockholders who cannot attend the Meeting in person but wish to be represented thereat should deliver to the Office their proxies – in the form to be sent on or before 1 April 2015 –not later than 5:00 p.m. on 22 April 2015. All proxies received will be validated on 24 April 2015. The submission of a proxy will not affect your right to vote in person should you decide to attend the Meeting.

Please bring proper identification card/s to facilitate registration which will start at 1:00 p.m.

CARMEN-ROSE A. BASALLO-ESTAMPADOR
Assistant Corporate Secretary
10 March 2015

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION

INFORMATION STATEMENT
SEC FORM 20-IS
Pursuant to Section 17.1(b) of the Securities Regulation Code

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter
   ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION

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

4. SEC Identification Number **115 Pre War**

5. BIR Tax Identification Code **000-154-572-000-VAT**

6. **Quad Alpha Centrum, Pioneer Street, Mandaluyong City** **1554**
   Address of principal office Postal Code

7. Registrant's telephone number **(632) 584-9788 / (632) 632-7847**

8. **28 April 2015, 3:00 P.M., EDSA Shangri-La Hotel, Mandaluyong City**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **1 April 2014**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding as of record date
Common Stock, ₱ 8.00 par value	**2,087,032,774**

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes ___/___ No ________

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Philippine Stock Exchange, Inc. – Common Stock

PART I
Information required in Information Statement

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting (the "Meeting")

(a) Date : 28 April 2015
Time : 3:00 P.M.
Place : EDSA Shangri-La Hotel

- Complete mailing address of the Company:

  9th Floor Quad Alpha Centrum, 125 Pioneer Street,
  Mandaluyong City, Metro Manila 1554

(b) Approximate date on which the Information Statement is first to be sent or given to security holders: 1 April 2014

Item 2. Dissenter's right of appraisal

There is no action to be presented for approval with respect to which stockholders may exercise their appraisal rights under Title X of the Corporation Code of the Philippines.

Any stockholder who shall oppose and vote against any action with respect to which it/he/she may invoke its/his/her appraisal right may exercise such right according to the following procedure provided under Title X of the Corporation Code of the Philippines:

Section 81. Instances of appraisal right. – Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; and

3. In case of merger or consolidation.

Section 82. How right is exercised. – The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Section 83. Effect of demand and termination of right. – From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend rights, shall be suspended in *accordance with the provisions of this Code, except the right of such stockholder to receive payment of the fair value thereof: Provided, That if the dissenting stockholder is not paid the value of his shares within 30 days after the award, his voting and dividend rights shall immediately be restored.*

Section 84. When right to payment ceases. - No demand for payment under this Title may be withdrawn unless the corporation consents thereto. If, however, such demand for payment is withdrawn with the consent of the corporation, or if the proposed corporate action is abandoned or rescinded by the corporation or disapproved by the Securities and Exchange Commission where such approval is necessary, or if the Securities and Exchange Commission determines that such stockholder is not entitled to the appraisal right, then the right of said stockholder to be paid the fair value of his shares shall cease, his status as a stockholder shall thereupon be restored, and all dividend distributions which would have accrued on his shares shall be paid to him.

Section 85. Who bears costs of appraisal. – The costs and expenses of appraisal shall be borne by the corporation, unless the fair value ascertained by the appraisers is approximately the same as the price which the corporation may have offered to pay the stockholder, in which case they shall be borne by the latter. In the case of an action to recover such fair value, all costs and expenses shall be assessed against the corporation, unless the refusal of the stockholder to receive payment was unjustified.

Section 86. Notation on certificates; rights of transferee. – Within ten (10) days after demanding payment for his shares, a dissenting stockholder shall submit the certificates of stock representing his shares to the corporation for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the corporation, terminate his rights under this Title. If shares represented by the certificates bearing such notation are transferred, and the certificates consequently canceled, the rights of the transferor as a dissenting stockholder under this Title shall cease and the transferee shall have all the rights of a regular stockholder; and all dividend distributions which would have accrued on such shares shall be paid to the transferee.

Item 3. Interest of certain persons in or opposition to matters to be acted upon

a) No person who (i) has been a director or executive officer of the Company at any time since the beginning of the last fiscal year, (ii) is a nominee for election as a director or officer of the Company, or (iii) is an associate of the foregoing persons, has substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than, in the case of the persons described in the preceding clause (ii), election to office.

   The nominees for election as directors of the Company will not be receiving any extra or special benefit by reason of the matters to be acted upon at the Meeting other than what may be shared on a *pro rata* basis by all holders of the Company's common shares of stock.

b) No incumbent director of the Company has given notice of his intention to oppose the actions/motions and/or matters to be taken up at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting securities and principal holders thereof

a) On 10 March 2015 (the "Record Date"), the Company had **2,087,032,774** issued and outstanding common shares with a par value of Eight Pesos (PhP8.00) per share. Each common share entitles the holder to one vote.

b) Only stockholders of record as of the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting. A holder of common shares who is entitled to vote at the Meeting shall have the right to vote in person or by proxy such number of shares registered in its/his/her name in the stock and transfer books of the Company as of the Record Date.

c) With respect to the election of directors –

   1. Each stockholder shall have the right to cumulate its/his/her shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of shares registered in its/his/her name shall equal, or it/he/she may distribute them on the same cumulative voting principle among as many nominees as it/he/she shall see fit; *provided*, that the aggregate number of votes cast by a stockholder shall not exceed the number of shares registered in its/his/her name multiplied by the number of directors to be elected.

2. There is no condition precedent to the exercise of a stockholder's right to cumulative voting.

3. The Company is not soliciting discretionary authority to cumulate votes.

d) Security ownership of certain owners and management

1. *Security ownership of record/beneficial owners of more than 5% of the Company's voting securities (As of Record Date)*

Title or Class of Shares	Name & Address of Record Owner and Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Holdings	%
Common	SM INVESTMENTS CORPORATION 10th Floor, One E-Com Center, Mall of Asia Complex, CBP-1A Pasay City - Not related to the Company except as stockholder	Record and beneficial owner	Filipino	604,975,205	28.99
Common	ALAKOR CORPORATION Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City - Not related to the Company except as stockholder	Record and beneficial owner	Filipino	453,963,461	21.75
Common	BDO Unibank, Inc. BDO Corporate Center, 7899 Makati Avenue, Makati City	Record and beneficial owner	Filipino	131,114,419	6.28
Common	ANGLO PHILIPPINE HOLDINGS CORPORATION Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City - Not related to the Company except as stockholder	Record and beneficial owner	Filipino	171,450,500	8.22

- The Company has no information as to person/s holding 5% or more of the Company's securities which are held under a voting trust or similar agreement.

2. *Security ownership of management (As of Record Date)*

Title of Class	Name of Directors / Officers	No. of Shares Held	Citizenship	Percent (%)	Nature of Ownership
Common	Alfredo C. Ramos	463,963,561	Filipino	22.23	Record and Beneficial Owner
Common	Frederic C. DyBuncio	1,001	Filipino	0.00	Beneficial Owner
Common	Martin C. Buckingham	22,053,301	British	1.06	Beneficial Owner
Common	Isidro A. Consunji	95,991,305	Filipino	4.60	Beneficial Owner
Common	Adrian Paulino S. Ramos	5,833,010	Filipino	0.28	Beneficial Owner
Common	Gerard Anton S. Ramos	7,384,560	Filipino	0.35	Beneficial Owner
Common	Jose T. Sio	1,001	Filipino	0.00	Beneficial Owner
Common	Fulgencio S. Factoran Jr.	110,000	Filipino	0.00	Beneficial Owner
Common	Richard J. Gordon	1	Filipino	0.00	Beneficial Owner
Common	Alfredo R. Rosal Jr.	1	Filipino	0.00	Beneficial Owner
Common	Laurito E. Serrano	2,000	Filipino	0.00	Beneficial Owner
Common	Roderico V. Puno	0	Filipino	0.00	N/A
Common	Fernando A. Rimando	0	Filipino	0.00	N/A
Common	Carmen-Rose A. Basallo-Estampador	7,080	Filipino	0.00	Record and Beneficial Owner
Common	Leila Marie P. Cabanes	0	Filipino	0.00	N/A
	All Directors and Officers as a Group	595,389,741		28.52	

e) Changes in control

There has been no change in the control of the Company since the election on 9 November 2011 of the nominees of SM Investments Corporation to fill four of the nine seats on the Board of Directors of the Company that are not reserved for independent directors.

Item 5. Directors and Executive Officers

a) The Company's Board of Directors is composed of eleven (11) members. The directors are elected by the stockholders at the Annual General Stockholders' Meeting (AGSM) to hold office until removed or replaced by a duly-elected and qualified candidates.

The incumbent directors of the Company who were elected on 29 April 2014 are:

ALFREDO C. RAMOS
ADRIAN PAULINO S. RAMOS
GERARD ANTON S. RAMOS
JOSE T. SIO
RICHARD J. GORDON
LAURITO E. SERRANO
FREDERIC C. DYBUNCIO
MARTIN C. BUCKINGHAM
ISIDRO A. CONSUNJI
FULGENCIO S. FACTORAN Jr.
ALFREDO R. ROSAL Jr.

b) The principal officers of the Company are appointed/elected annually by the Board of Directors during its organizational meeting following the AGSM, each to hold office until removed or replaced by a duly-elected/appointed and qualified candidate.

The incumbent principal officers of the Company are:

ALFREDO C. RAMOS	-	Chairman and President
FREDERIC C. DYBUNCIO	-	Vice-Chairman
ADRIAN PAULINO S. RAMOS	-	Executive Vice-President
MARTIN C. BUCKINGHAM	-	Executive Vice-President
RODERICO V. PUNO	-	Corporate Secretary
LEILA MARIE P. CABAÑES	-	Treasurer
FERNANDO A. RIMANDO	-	Vice-President-Chief Financial Officer

RENE G. DE OCAMPO	-	Vice-President-Human Resources
CARMEN-ROSE A. BASALLO-ESTAMPADOR	-	Assistant Vice President – Corporate Legal Affairs and Corporate Governance/ Compliance Officer / Assistant Corporate Secretary

c) Other than those between Mr. Alfredo C. Ramos and his sons Mr. Adrian Paulino S. Ramos and Mr. Gerard Anton S. Ramos, there are no immediate family relationships among the directors and officers listed above.

d) The Company has no significant employees and is not aware of any legal proceeding of the nature required to be disclosed under Part IV, paragraph (A), (4) of SRC Rule 12, Annex C with respect to directors and executive officers.

e) The Company believes that the incumbent independent directors, Atty. Fulgencio S. Factoran Jr., Atty. Richard J. Gordon, Atty. Alfredo R. Rosal Jr., and Mr. Laurito E. Serrano continue to qualify as such pursuant to SRC Rule 38. To the best of the Company's knowledge, Attys. Factoran, Gordon, and Rosal, and Mr. Serrano have always possessed the qualifications and none of the disqualifications for the position of independent director.

f) During a regular meeting held on 23 March 2015, the Boards of Directors of Atlas and Carmen Copper accepted the retirement of Mr. Alfredo C. Ramos as President of Atlas Mining and Carmen Copper which will be effective on 1 April 2015. The resulting vacancies will be filled by Mr. Adrian Paulino S. Ramos whose appointment was confirmed at the same meeting.

g) No independent director has exceeded the term limit as stated in SEC Memorandum Circular No. 9 Series of 2011 re: Term limits of Independent Director.

Details of persons who have been nominated to become directors and/or officers of the Company:

Office/s	Name of Nominee	Citizenship	Age	Footnote Legends
Chairman of the Board of Directors	Alfredo C. Ramos	Filipino	71	(a)
Vice-Chairman of the Board of Directors	Frederic C. DyBuncio	Filipino	55	(b)
Director/ President	Adrian Paulino S. Ramos	Filipino	36	(c)
Director/Executive Vice-President	Martin C. Buckingham	British	63	(d)
Director	Isidro A. Consunji	Filipino	65	(e)
Director	Gerard Anton S. Ramos	Filipino	39	(f)
Director	Jose T. Sio	Filipino	74	(g)
Independent Director	Fulgencio S. Factoran Jr.	Filipino	70	(h)
Independent Director	Richard J. Gordon	Filipino	68	(i)
Independent Director	Alfredo R. Rosal, Jr.	Filipino	66	(j)
Independent Director	Laurito E. Serrano	Filipino	53	(k)
Corporate Secretary	Roderico V. Puno	Filipino	50	
Vice-President-Chief Financial Officer	Fernando A. Rimando	Filipino	47	
Vice-President-Human Resources	Rene G. De Ocampo	Filipino	50	
Compliance Officer/Assistant Corporate Secretary/Assistant Vice-President – Legal Affairs and Corporate Governance	Carmen-Rose A. Basallo-Estampador	Filipino	37	
Treasurer	Leila Marie P. Cabanes	Filipino	36	

(a) - Elected as Chairman of the Board of Directors and President on 24 April 2013; Retired as President of the Company effective 1 April 2015; nominee of Alakor Corporation (“Alakor”)
(b) - Elected as Director on 24 April 2013; nominee of SM Investments Corporation (“SMIC”)
(c) - Elected as Director and Vice-President on 24 April 2013; Appointed as President effective on 1 April 2015; nominee of Alakor;
(d) - Elected as Director and Executive Vice-President on 24 April 2013; nominee of Alakor
(e) - Elected as Director on 24 April 2013; nominee of SMIC
(f) - Elected as Director on 24 April 2013; nominee of Alakor
(g) - Elected as Director on 24 April 2013; nominee of SMIC
(h) - Elected as Independent Director on 24 April 2013; nominee of Alakor and SMIC

(i) - Elected as Independent Director on 24 April 2013; nominee of Alakor
(j) - Elected as Independent Director on 24 April 2013; nominee of Alakor
(k) - Elected as Independent Director on 24 April 2013; Nominee of SMIC

- *Profiles of the nominees*

ALFREDO C. RAMOS

- Director of the Company since 1989
- President/Chairman of the Board of Directors of the Company since 2 April 2003
- Retired as President of the Atlas and Carmen Copper effective on 1 April 2015

- Mr. Ramos is concurrently the incumbent President/Chairman of the Boards of Directors of Carmen Copper Corporation, Berong Nickel Corporation, Alakor Corporation, National Book Store, Inc., Anglo Philippine Holdings Corporation, The Philodrill Corporation, Vulcan Industrial and Mining Corporation, and United Paragon Mining Corporation. He has held these positions over the last five years.

- He obtained his bachelor's degree from the Ateneo de Manila University.

FREDERIC C. DYBUNCIO

- Director of the Board of Directors of the Company since 12 August 2011
- Vice Chairman of the Board of Directors of the Company since 22 August 2012

- Mr. DyBuncio is concurrently a Senior Vice President of SM Investments Corporation; President, Chief Executive Officer, and Director of APC Group, Inc. and Belle Corporation; Chairman and Executive Officer of Philippine Geothermal Production Company; and a director of Carmen Copper Corporation, Indophil Resources NL, Pacific Online Systems, and Sinophil Corporation. Prior to holding these posts, he was a career banker who spent over 20 years with JPMorgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various managerial/executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management.

- He obtained his undergraduate degree in Business Management from the Ateneo de Manila University, and his master's degree in Business Administration from the Asian Institute of Management.

ADRIAN PAULINO S. RAMOS

- Director of the Company since 18 July 2007
- Vice-President of the Company from 2006 to 2012
- Executive Vice-President of the Company since 2012
- President of Atlas Mining and Carmen Copper effective on 1 April 2015

- Mr. A.P.S. Ramos is concurrently holding the following positions (which he has held over the last five years):
    - Executive Vice-President of Carmen Copper Corporation and Alakor Corporation
    - Director of Carmen Copper Corporation, Berong Nickel Corporation, Anglo Philippine Holdings Corporation, The Philodrill Corporation, United Paragon Mining Corporation, and Zenith Holdings Corporation
- He is also an executive vice-president of Anglo Philippine Holdings Corporation.

MARTIN C. BUCKINGHAM

- Director of the Company since 4 December 4 1996
- Executive Vice-President of the Company since 22 July 2002

- Mr. Buckingham is concurrently a director of Carmen Copper Corporation and Berong Nickel Corporation. He has held these positions over the last five years.
- He obtained his law degree from Cambridge University (United Kingdom).

ISIDRO A. CONSUNJI

- Director of the Company since 20 April 2012

❖ Mr. Consunji is concurrently the Chief Executive Officer of Semirara Mining Corporation and DMCI Holdings, Inc., and a director of Carmen Copper Corporation. He has held these positions over the last five years.

❖ He obtained his undergraduate degree in Civil Engineering from the University of the Philippines, and his master's degree in Business Administration from the Asian Institute of Management.

GERARD ANTON S. RAMOS

- Director of the Company since 18 July 2007

❖ Mr. G.A.S. Ramos is concurrently holding the following positions (which he has held over the last five years):
  - Vice-President of Alakor Corporation
  - Assistant to the Vice-President of National Book Store, Inc.
  - Assistant Treasurer of Alakor Securities Corporation
  - Director of Zenith Holdings Corporation

  He is also (i) an incumbent director of Carmen Copper Corporation, and (ii) a director and executive vice-president of Anglo Philippines Holdings Corporation.

❖ He obtained his bachelor's degree in Business Management from the Ateneo de Manila University.

JOSE T. SIO

- Director of the Company since 12 August 2011

❖ Mr. Sio is concurrently a director, the Executive Vice-President and Chief Financial Officer, and a member of the Executive Committee of SM Investments Corporation which is the holding company of the SM Group. He is also currently affiliated with the following companies listed with the Philippine Stock Exchange: (i) China Banking Corporation, as director and Chairman of the Trust and Investment Committee; (ii) Belle Corporation, as a director; (iii) BDO Unibank, Inc., as Adviser to the Board of Directors; (iv) Premium Leisure Corporation, as Adviesr to the Board of Directors; and (v) SM Prime Holdings, as a member of the Audit and Risk Management Committee.

  In addition, Mr. Sio serves as director of several private companies, namely: (i) SM Keppel Land, Inc; (ii) Asia Pacific College; (iii) OCLP (Ortigas) Holdins, Inc., (iv) Carmen Copper Corporation; (v) Manila North Tollways Corporation;, and (vi) First Asia Realty Development Corporation. He is likewise serving as president of SM Foundation, Inc. and Globalfund Holdings, Inc.

  Mr. Sio was a senior partner of Sycip Gorres Velayo & Co. (SGV) from 1977 to 1990. He was voted as CFO of the year in 2009 by the Financial Executives of the Philippines (FINEX), and was awarded as BEST CFO (Philippines) for various years by HongKong-based publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia, and The Asset.

❖ Mr. Sio is a Certified Public Accountant and holds a Bachelor of Science degree in Commerce (major in Accounting) from the University of San Agustin. He obtained his master's degree in Business Administration from New York University.

FULGENCIO S. FACTORAN Jr.

- Director of the Company since 28 February 2012

❖ Atty. Factoran is the managing partner at the law office of Factoran and Associates. He is concurrently an independent director of Nickel Asia Corporation. He served as Secretary of the Department of Environment and Natural Resources during the term of President Corazon Aquino.

❖ He obtained his Bachelor of Laws degree from the University of the Philippines (Cum Laude; Valedictorian), and his Master of Laws degree from the Harvard Law School (Harvard University, Cambridge, Massachusetts).

- The law office of Factoran and Associates does not act as legal counsel of the Company.

RICHARD J. GORDON

- Independent Director of the Company since 5 April 2011

- Atty. Gordon served as a member of the House of Senate of the 13^{th} and 14^{th} Congresses of the Philippines. Prior to his election as a senator in 2004, he held the post of Secretary of the Department of Tourism for three years beginning January 2001. He is the founding Chairman of the Subic Bay Metropolitan Authority and is currently the Chairman and CEO of the Philippine Red Cross.

- He obtained his undergraduate degree in History and Government from the Ateneo de Manila University, and his Bachelor of Laws degree from the University of the Philippines.

ALFREDO R. ROSAL JR.

- Independent Director of the Company since 31 March 2003

- Atty. Rosal is the Managing Partner of the law office of Rosal and Valera. As a legal professional, he rendered services as general counsel to various local and foreign investment companies. He also served as President of the Natural Resources Development Corporation and Bukidnon Forest, Inc.

- He obtained his Bachelor of Laws degree from the San Beda College of Law, and his master's degree in Business Administration from the University of the Philippines.

- The law office of Rosal and Valera does not act as legal counsel of the Company.

LAURITO E. SERRANO

- Independent Director of the Company since 22 August 2012

- Mr. Serrano is currently a senior financial adviser of the Fil-Estate Group of Companies. He is a former partner at SGV & Co. where he was part of the Corporate Finance Consulting Group. His professional experience which span over 25 years cover, among others, audit services, project development, public debt/equity offerings, business acquisitions, investment promotion, transaction structuring, and other similar financial advisory services.

- He is a Certified Public Accountant with a master's degree in Business Administration from the Harvard Business School (Harvard University, Cambridge, Massachusetts).

RODERICO V. PUNO

- Corporate Secretary of the Company since 15 September 2006

- Atty. Puno is a senior partner at the law office of Puno and Puno. He is concurrently the corporate secretary of Carmen Copper Corporation, BDO Private Bank, Inc., BDO Securities, Inc., and Rustan Supercenter, Inc.; a director of Global Business Power Holdings Corporation; and the president of American E-Discovery Resources, Inc.

- He obtained his Bachelor of Laws degree from the Ateneo de Manila University.

- Citations:
  - Recognized by the Chambers Global and International Financial Law Review as one of the leading Philippine Lawyers in Business Law

FERNANDO A. RIMANDO

- Chief Financial Officer of the Company since 12 September 2012

- Mr. Rimando is concurrently the Chief Financial Officer of Carmen Copper Corporation.

- ❖ He has more than 25 years of experience in the fields of audit and finance and has held executive positions in the mining, energy and telecommunication industries.

- ❖ He is a Certified Public Accountant. He obtained his bachelor's degree in accountancy from Saint Louis University.

RENE G. DE OCAMPO

- Vice-President of the Company (for Human Resources) since 2 January 2012

- ❖ Mr. de Ocampo has been an HR practitioner for the past two decades. He has broad experience in the fields of strategic hiring, employee engagement, manpower planning and development, and compensation and benefits structuring, which he gained from holding HR executive positions in multinational firms and member firms of local conglomerates across various industries.

CARMEN-ROSE A. BASALLO-ESTAMPADOR

- Assistant Corporate Secretary and legal counsel of the Company since 15 September 2006
- Compliance Officer of the Company since 9 November 2011
- Assistant Vice-President (AVP) of the Company (for Legal Affairs and Corporate Governance) since 1 July 2012

- ❖ Atty. Basallo-Estampador is concurrently the Assistant Corporate Secretary and the AVP for Legal Affairs and Compliance of Carmen Copper Corporation. She served as corporate secretary of Berong Nickel Corporation from April 2007 to March 2011. Prior to joining the Company, she worked as a tax and corporate attorney for the Manila office of the accounting firm KPMG.

- ❖ She obtained her undergraduate degree in Economics and her Bachelor of Laws degree from the University of the Philippines.

LEILA MARIE P. CABANES

- Treasurer of the Company since 24 April 2013

- ❖ Ms. Cabanes has more than a decade of experience in the local banking industry where she specialized in trust banking and fund management.

- ❖ She obtained her undergraduate degree in Applied Economics and her master's degree in Business Administration from the De La Salle University.

  - ➢ *Representations regarding the nominees*

- The above nominees were selected through the nomination process determined and implemented by the Company's Nomination Committee pursuant to the Company's By-Laws and Manual of Corporate Governance and in accordance with applicable laws and regulations. The incumbent members of the Nomination Committee are Mr. Alfredo C. Ramos (Chairman), Mr. Frederic C. DyBuncio, and Atty. Alfredo R. Rosal Jr.

- The nominees for election to the seats reserved for independent directors were nominated by the following shareholders:

Name of Nominee	Nominating Shareholder
Atty. Fulgencio S. Factoran Jr.	Alakor Corporation and SM Investments Corporation
Atty. Richard J. Gordon	Alakor Corporation
Atty. Alfredo R. Rosal Jr.	Alakor Corporation
Mr. Laurito E. Serrano	SM Investments Corporation

- Attys. Factoran Jr, Gordon, and Rosal Jr., and Mr. Serrano have no existing relationship or affiliation with the Company other than that created by virtue of their election as the Company's independent directors.

- Attys. Factoran Jr, Gordon, and Rosal Jr., and Mr. Serrano have no existing relationship or affiliation with Alakor Corporation or SM Investments Corporation.

h) Related-party transactions

As disclosed in Note 23 of the Atlas Group's Audited Consolidated Financial Statements (ACFS) for the year ended 31 December 2014 (please refer to the attached ACFS):

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

In the normal course of business, transactions with related parties consist mainly of payments made by the parent company for various expenses and noninterest-bearing, short-term cash advances for working capital requirements. Intercompany transactions are eliminated in the consolidated financial statements.

The Group's related party transactions, which are under terms that are no less favorable than those arranged with third parties as at December 31, are as follows:

2014

	Amount/ Volume	*Outstanding Balance*	*Terms*	*Conditions*
Subsidiaries Receivables				
AEI	*131*	*100,787*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
AI	*115*	*31,568*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
CCC	*6,769*	*29,906*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
	7,015	*162,261*		
Payables:				
AHI	*–*	*2,384*	*On demand; noninterest- bearing*	*Unsecured, no guarantee*

2013

	Amount/ Volume	*Outstanding Balance*	*Terms*	*Conditions*
Subsidiaries Receivables				
CCC	*3,209*	*23,137*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
AEI	*–*	*101,916*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
AI	*123*	*31,459*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
BNC	*6,546*	*108,969*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
UNC	*–*	*597*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
URHI	*–*	*1,224*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
NRHI	*–*	*3,006*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
Payables:				
AHI	*–*	*2,598*	*On demand; noninterest- bearing*	*Unsecured, no guarantee*
	9,878	*272,906*		

The consolidated statements of financial position include the following amounts resulting from the various transactions with related parties as at December 31, are as follows:

	2014			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Associates				
Receivables (see Note 5)				
BNC	7,556	109,767	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
URHI	–	3,006	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
UNC	13,742	13,742	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
	21,298	126,515		

	2013			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Affiliates				
Receivables (see Note 5)				
Alakor	–	27,722	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
TMC	1,668	3,818	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
	1,668	31,540		
Payables				
TMC	112,677	434,015	On demand; noninterest- bearing	Unsecured, no guarantee
Interest payable				
Alakor	–	21,986	On demand; noninterest- bearing	Unsecured, no guarantee

Advances from TMC pertain to the parent company's share in the operating expenses of BNC that was advanced by TMC for the account of the parent company.

In November 2008, the parent company contributed PhP22,068 for the payment of the purchase price of certain parcels of land that were conveyed by the SSS to Alakor. As the parent company was unable to participate in the transaction covering the conveyance of the properties, the amount contributed was treated as advances to Alakor which was repaid in 2014.

In December 2010, the parent company issued a promissory note to Philodrill Corporation for the principal amount of USD1,670 (the "Philodrill Note"). The loan shall accrue interest from January 22, 2010 at the rate of 10% per annum. The parent company incurred interest expense amounting to nil and PhP3,102 in 2013 and 2012, respectively. In June 2012, the parent company discharged fully the loan obligation under the Philodrill Note amounting to PhP73,213.

In 2012, CCC settled in tranches its payable to the parent company amounting to PhP860,954. In July 2011, CCC agreed to provide security for the loan obligations of the parent company to BDO under the BDO Facility. CCC executed an irrevocable suretyship in favor of BDO whereby it became solidarily liable with the parent company for the discharge of all obligations under the BDO Facility.

Receivable from officers and employees as at December 31, 2013 and 2012 amounting to PhP32,700 and PhP31,568 respectively, pertain to the receivable extended by the Group to its officers and employees and unliquidated advances used in the Group's operations. These receivables from officers and employees are due and demandable.

Compensation of Key Management Personnel

The Group considers all senior officers as key management personnel.

	2014	**2013**	**2012**
Short-term benefits	190,201	144,164	106,644
Retirement benefits	15,669	7,382	7,869
	205,870	151,546	114,513

No director has resigned or declined to stand for re-election to the Company's Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Item 6. Compensation of directors and executive officers

a) Aggregate cash compensation paid during the last two fiscal years and to be paid during the current fiscal year to the five (5) most highly compensated officers and to all other officers as a group

Name and Position	**Aggregate annual cash compensation (PhP)**			
		Salaries	Other compensation	Bonuses
Alfredo C. Ramos -- President Martin C. Buckingham -- Executive Vice-President Adrian Paulino S. Ramos -- Executive Vice-President Fernando A. Rimando -- Chief Financial Officer Rene G. De Ocampo – VP for Human Resources	2012	24,229,812	-0-	2,019,151
	2013	24,397,812	-0-	5,955,808
	2014	24,963,812	-0-	4,160,635
All other officers as a group	2012	12,420,000	-0-	1,035,00
	2013	15,801,950	-0-	3,411,332
	2014	14,455,480	-0-	2,377,415

* For 2015, the estimated aggregate cash compensation to be paid (i) to the four most highly compensated officers amounts to PhP29,124,447, and (ii) to all officers as a group amounts to PhP16,832,895.

b) Compensation of directors

Atlas Group compensates its directors with a *per diem* of PhP10,000.00 for every meeting attended.

c) Stock Options

On 18 July 2007, the Company's stockholders approved a Comprehensive Stock Option Plan (CSOP) covering directors, officers, managers and key consultants of the Company and its significant subsidiaries. The salient terms and features of the CSOP are as follows:

i. *Number of underlying shares*: 50,000,000 common shares to be taken out of the unissued portion of the Company's authorized capital stock; 25,000,000 of the shares have already been earmarked for the first-tranche optionees comprising the Company's directors and officers

ii. *Option Period*: Three years from the date the stock option is awarded to the optionees (The award date for the first-tranche optionees is 14 July 2011)

iii. *Vesting Period*: Subscription rights covering 1/3 of the shares of stock underlying the stock option award will vest during each year of the three-year option period

iv. *Exercise Price*: PhP10.00 per share

The following table shows the extent of the stock option award under the CSOP to the three (3) most highly compensated officers of the Company and to all other directors and officers of the Company collectively:

Name	Position	No. of Shares
Alfredo C. Ramos	Chairman and President	4,385,970
Martin C. Buckingham	Executive Vice-President and Director	3,508,770
Adrian Paulino S. Ramos	Executive Vice-President	2,631,570
Other officers and directors as a group		3,491,236
TOTAL		**14,017,546**

Qualified employees who were previously granted stock option awards exercised their subscription rights with respect to shares of stock of the Company. Details are as follows:

	2014	2013	2012
Number of shares	1,183,604	1,754,190	2,215,788
Total subscription price	PhP11,836,040	PhP17,541,900.00	PhP22,157,880

Item 7. Independent public accountants

a) SYCIP GORRES VELAYO & COMPANY ("SGV"), with business address at 6760 Ayala Avenue, Makati City, is recommended to stockholders for appointment as independent accountant/external auditor of the Company for the current fiscal year. SGV was the Company's independent accountant/external auditor for fiscal year 2014.

b) The representatives of SGV are expected to be present at the Meeting and they will have the opportunity to make a statement if they desire to do so to respond to questions raised whenever appropriate or necessary.

c) SGV has been the Company's independent accountant since 1958. No independent accountant engaged by the Company has resigned, or has declined to stand for re-election, or was dismissed, and the Company has engaged no new independent accountant.

d) The Company has not had any disagreement on accounting and financial disclosures with its current independent accountant/external auditor for the same periods or any subsequent interim period.

e) SGV's current certifying partner for the Company is Ms. Eleanore A. Layug who took over from Mr. John C. Ong in 2013 who took over from Mr. Martin C. Guantes in 2009. The Company has always faithfully complied with the five-year rotation requirement with respect to its external auditor's certifying partner.

f) The incumbent members of the Company's Audit and Risk Management Committee are Mr. Laurito E. Serrano (Chairman), Atty. Alfredo R. Rosal Jr. (Deputy Chairman), Mr. Frederic C. DyBuncio, and Mr. Gerard Anton S. Ramos.

Item 8. Compensation Plans

No action respecting any plan pursuant to which cash or non-cash compensation may be paid or distributed shall be presented for approval.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Issuance of securities

No action involving the issuance of the Company's securities shall be presented for approval.

Item 10. Modification or Exchange of Securities

No action involving the modification or exchange of the Company's securities shall be presented for approval.

Item 11. Financial and other information

No action involving Items 9 and 10 above will be presented for approval. This notwithstanding, we have presented in the accompanying management report (Part III) the information required under this Item 11.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action involving any of the following shall be presented for approval:

a) the merger or consolidation of the Company into or with any other person, or of any other person into or with the Company;
b) the acquisition by the Company or any of its security holders of securities of another person;
c) the acquisition by the Company of any other going business or of the assets thereof;
d) the sale or other transfer of all or any substantial part of the assets of the Company; or
e) the liquidation or dissolution of the Company

Item 13. Acquisition or Disposition of Property

No action involving the acquisition by the Company of any property/the disposition by the Company of any of its properties shall be presented for approval.

Item 14. Restatement of Accounts

No action involving the restatement of the Company's asset, capital or surplus account shall be presented for approval.

D. OTHER MATTERS

Item 15. Action with respect to reports

The following reports/minutes/matters shall be submitted to the stockholders for approval/ratification:

a. Minutes of the Annual General Meeting of Stockholders held on 29 April 2014
b. Audited Financial Statements and Annual Report for the year ended 31 December 2014
c. Acts and resolutions of the Board of Directors and Management during the period beginning 29 April 2014 and ending on the date of the Meeting
d. Appointment of SGV&Co. as independent accountant/external auditor for fiscal year 2015

With respect to item (a) above, any action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in the minutes as the same are deemed to have already been approved.

The following were approved during the 29 April 2014 Annual General Stockholders' Meeting:

1) Audited Financial Statements for the fiscal year ended 31 December 2013
2) Minutes of the Annual General Stockholders' Meeting held on 24 Aprll 2013
3) Acts and resolutions of the Board of Directors and Management during the period between 24 April 2013 and 29 April 2014

As to item (c), no material corporate action was approved by the Company's Board of Directors during the period beginning 29 April 2014 and ending on the date of this information statement[1].

[1] Any material action to be taken by the Company's Board of Directors during the period between the date of this information statement and the date of the Meeting shall be presented for ratification at the Meeting.

Copies of the minutes of the 24 April 2014 Annual General Meeting of Stockholders and the 2014 audited financial statements of the Company will be available at the venue and may be reviewed by the stockholders attending the Meeting.

The affirmative vote of a majority of the votes cast shall be necessary for the approval of items (a), (b), (c), and (d) above.

Item 16. Matters Not Required to be Submitted

The Company will not present any matter that does not require the vote of stockholders.

Item 17. Amendment of Charter

No action involving the amendment of the Company's charter shall be presented for approval.

Item 18. Other proposed actions

Not applicable.

Item 19. Voting procedures

a) The approval of the matters to be submitted to the stockholders shall require the affirmative vote of stockholders representing a majority of the outstanding capital stock of the Company.

b) Except as to the election of directors, the manner of voting shall be non-cumulative. Unless required by law or demanded by a stockholder present or represented at the Meeting and entitled to vote thereat, voting need not be by ballot.

c) All votes cast shall be counted under the supervision and control of the Corporate Secretary and/or the Assistant Corporate Secretary.

PART II
Information required in proxy form

Please see accompanying proxy form.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on 17 March 2015.

ATLAS CONSOLIDATED MINING AND
DEVELOPMENT CORPORATION

By:

CARMEN-ROSE A. BASALLO-ESTAMPADOR
Assistant Corporate Secretary and Compliance Officer

PROXY

This solicitation is being made by ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION (the "Company").

The proxy contained herein will serve to constitute and appoint:

The incumbent Chairman of the Board of Directors of the Company, or in his absence, the Chairman of the 28 April 2015 Annual General Meeting of the Stockholders of the Company

as proxy to represent you and to vote all the shares registered in your name in the records of the Company and/or such shares as you are authorized to represent and vote in your capacity as administrator, executor or attorney-in-fact at the Annual General Meeting of the Company's Stockholders on 28 April 2015 (the "Meeting"), and any adjournment thereof, as fully to all intents and purposes as you might do if present and acting in person, thus, ratifying and confirming all that the proxy shall lawfully do or cause to be done by virtue of these presents.

The proxy form contained herein shall be accomplished according to the instructions herein written in *italicized font*. In case you fail to indicate your vote on the items specified below, you shall be deemed to have granted discretionary authority upon the proxy to act on such items in accordance with the recommendation of the management of the Company, provided, that this proxy form has been properly executed.

The duly-executed proxy should be delivered to the Corporate Secretary or the Assistant Corporate Secretary at the principal office of the Company located at the 9th Floor Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Metro Manila, Philippines not later than 5:00 p.m. on 22 April 2015.

In the case of a corporation, the proxy may be issued in the form of a board resolution clearly stating the vote of the corporation with respect to the matters requiring action or approval as stated herein. Alternatively, the corporation issuing the proxy may execute this proxy form through a representative appointed *via* a board resolution. The pertinent board resolution must be contained in and attested through a Secretary's Certificate, which in the latter case should accompany the duly-accomplished proxy form.

The following are the matters to be acted upon at the Meeting. Please indicate how you intend for the proxy to vote on your behalf based on the instructions provided below.

INSTRUCTION: Indicate choice with an "X" mark in the appropriate box.

	APPROVE/ RATIFY	DISAPPROVE	ABSTAIN
1. Minutes of the Annual General Meeting of Stockholders held on 29 April 2014			
2. Audited Financial Statements and Annual Report for the year ended 31 December 2014			
3. Acts and Resolutions of the Board of Directors and Management during the period beginning on 29 April 2014 (date of the last annual meeting) and ending on 28 April 2015			
4. Appointment of SGV & Co. as External Auditors for fiscal year 2015			

Management recommends a vote FOR the approval/ratification of the above items.

The following are the names of the persons who have been nominated for election to the Company's Board of Directors for the year 2015-2016. Please indicate how you intend for the proxy to vote on your behalf based on the instructions provided below:

INSTRUCTION: Indicate choice with an "X" mark in the appropriate space.

Name	Vote For	Withhold Vote
Alfredo C. Ramos		
Frederic C. DyBuncio		
Martin C. Buckingham		
Isidro A. Consunji		
Adrian Paulino S. Ramos		
Gerard Anton S. Ramos		
Jose T. Sio		
Fulgencio S. Factoran Jr. (Independent Director)		
Richard J. Gordon (Independent Director)		
Alfredo R. Rosal Jr. (Independent Director)		
Laurito E. Serrano (Independent Director)		

IT IS HEREBY UNDERSTOOD THAT WITH RESPECT TO MATTERS/NOMINEES FOR WHICH THE CHOSEN ACTION WAS NOT INDICATED OR SPECIFIED PURSUANT TO THE ABOVE INSTRUCTIONS, THE PROXY SHALL CAST YOUR VOTE IN SUCH MANNER AS HE SHALL DEEM APPROPRIATE BASED ON THE RECOMMENDATION OF MANAGEMENT.

The completion, execution and submission of this proxy form shall likewise confer discretionary authority upon the proxy to vote on the following matters as he deems appropriate:

1. Matters that are to be presented at the Meeting but which are not known to the Company before the solicitation;
2. Election of any person to any office for which a bona fide nominee is named above and such nominee is unable to serve or, for good cause, will not serve; and
3. All matters incident to the conduct of the Meeting.

As of the date of this solicitation, the Company does not know of any other matter that will be brought before the stockholders for a vote at the Meeting.

Validation of proxies shall be held on 24 April 2015 at the Company's principal office at the 9th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Metro Manila, Philippines 1550 under the supervision and control of the Corporate Secretary and/or the Assistant Corporate Secretary.

REVOCABILITY OF PROXY

Unless earlier withdrawn through a written notice delivered to the Corporate Secretary or the Assistant Corporate Secretary at least five (5) calendar days before the date of the Meeting, this proxy shall be valid and effective for and during the Meeting and any adjournment thereof, but only for such Meeting and its adjournment. A proxy that revokes a previously-issued proxy shall not be allowed to vote unless it has passed the proxy validation process described herein.

PERSON MAKING THE SOLICITATION

The solicitation is being made by the Company. In addition to the solicitation of proxies by mail, officers and employees of the Company, without extra compensation, may solicit proxies personally or by telephone. The cost of solicitation which is estimated to reach PhP237,000.00 will be borne by the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who (i) has been a director or executive officer of the Company at any time since the beginning of the last fiscal year, (ii) is a nominee for election as a director or officer of the Company, or (iii) is an associate of the foregoing persons, has substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than, in the case of the persons described in the preceding clause (ii), election to office.

The nominees for election as directors of the Company will not be receiving any extra or special benefit by reason of the matters to be acted upon at the Meeting other than what may be shared on a *pro rata* basis by all holders of the Company's common shares of stock.

IN WITNESS WHEREOF, I have hereunto signed these presents this ____________________ in ____________________.

____
Signature over printed name
of Stockholder/Authorized Representative

____
Number of Shares
Owned or Represented

____
Date

PART III
Management Report

I. BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(1) Business Development

Atlas Consolidated Mining & Development Corporation ("Atlas") was incorporated in accordance with Philippine law on 9 March 1935, initially under the name Masbate Consolidated Mining Company, Inc. as a result of the merger of the assets and equities of three pre-war mining companies, namely: Masbate Consolidated Mining Company Inc., Antamok Goldfields Mining Company, and IXL Mining Company. Its Articles of Incorporation were subsequently amended to reflect its present corporate name.

Atlas has never been involved in a bankruptcy, receivership, or any similar proceeding. During the past three (3) years, Atlas did not engage in (i) any transaction involving a material reclassification or reorganization, or (ii) any purchase or sale of a significant amount of assets not in the ordinary course of business, except for its acquisition of an additional 45.54% equity interest in its subsidiary Carmen Copper Corporation.

- *Significant Subsidiary*

Carmen Copper Corporation ("CCC") is the only significant subsidiary[2] of Atlas.

CCC was incorporated under Philippine law on 16 September 2004. CCC has never been involved in in a bankruptcy, receivership, or any similar proceeding. During the past three (3) years, CCC did not engage in (i) any transaction involving a material reclassification or reorganization, or (ii) any purchase or sale of a significant amount of assets not in the ordinary course of business.

Atlas owns one hundred per cent (100%) of the outstanding capital stock of CCC.

(2) Business of Atlas and CCC

Atlas, through CCC as operating subsidiary, is engaged in metallic mining and mineral exploration and development. CCC, as the operator of Atlas's copper mines in the City of Toledo, Province of Cebu (the "Toledo Copper Mine"), primarily produces and exports copper metal in concentrate and the principal by-products of copper mining and processing: gold and silver. It is also pursuing the development and commercial production of other marketable by-products such as pyrite, magnetite, and molybdenum.

CCC exports one hundred per cent (100%) of its copper production. Since the resumption of commercial mining operations at the Toledo copper mine in 2008, CCC has been shipping its copper concentrate output to smelters in China and South Korea pursuant to offtake agreements with MRI Trading AG ("MRI"). In 2013, it began delivering copper concentrate to the plant of the Philippine Associated Smelting and Refining Corporation (PASAR) in Isabel, Leyte, Ocean Partners UK Ltd. and to smelters in Japan by virtue of an offtake contract with Mitsui & Co. Ltd.

While a substantial portion of CCC's copper production in 2014 were covered by offtake contracts entered into with MRI on account of MRI's ability to provide the most favorable terms and facilities, CCC is not dependent upon a single counterparty.

CCC has an existing long-term electrical power purchase agreement with Toledo Power Company which is the principal supplier of the electrical power required for CCC's mining operations. The fuel requirements of CCC are principally provided by Pilipinas Shell Petroleum Corporation under the terms of a supply agreement that will expire in 2015.

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[2] *Under Part I, 1(B) of Rule 68 of the amended rules and regulations implementing the Securities Regulation Code, "Significant Subsidiary" means a subsidiary, including its subsidiaries, which meet any of the following conditions:*
(a) The corporation's and its other subsidiaries' investments in and advances to the subsidiary exceed ten per cent (10%) of the total assets of the corporation and its subsidiaries as of the end of the most recently completed fiscal year; or
(b) The corporation's and its other subsidiaries' proportionate share of the total assets (after inter-company eliminations) of the subsidiary exceeds ten per cent (10%) of the total assets of the corporation and its subsidiaries as of the end of the most recently completed fiscal year; or
(c) The corporation's and its other subsidiaries' equity in the income from continuing operations before income taxes exceeds ten per cent (10%) of such income of the corporation and its subsidiaries consolidated for the most recently completed fiscal year.

The related-party transactions of Atlas and CCC are limited to advances to and from affiliates mainly for the funding of working capital requirements.

CCC is not dependent upon the registration of, or any agreement respecting intellectual property rights for the conduct of its operations.

Except to the extent that CCC is required to obtain an ore transport permit from the Mines and Geosciences Bureau for the shipment of its copper concentrate production, CCC's products are not subject to any government examination prior to sale.

The extent of competition in the mining industry is largely defined by economic forces prevailing in the world market. These factors determine the cost and pricing structures of mining companies and give rise to price risks.

To manage commodity price risks, CCC enters into price fixing arrangements with offtakers that are covered by the terms of the offtake agreements respecting CCC's sale of copper, and gold and silver by-products. Under such arrangements, the selling price is to be computed based on the average of the agreed market price quotes over the stipulated quotational period, unless CCC exercises its option to fix the price in advance of such quotational period. CCC likewise hedges price risk through put option facilities covering its copper production.

CCC's operating rights with respect to the Toledo Copper Mine are derived from and are governed by its 5 May 2006 Operating Agreement with Atlas. The underlying mining rights pertaining to the areas spanned by the Toledo Copper Mine, on the other hand, are covered by valid and existing Mineral Production and Sharing Agreements (MPSA) between Atlas and the government of the Philippines, or by pending MPSA applications in the name of Atlas and/or individual claim owners having effective and enforceable operating agreements with Atlas.

While the government is considering the adoption of certain fiscal policies that may result in an increase in the rate of its share in mining revenues, no definitive legislation, regulation, or order has been promulgated in pursuit of such end. An escalation in the rate of taxes due on CCC's mining operations will naturally raise the cost of production. To address the risk of higher operating costs, CCC is aggressively pursuing plans to improve production efficiency.

Atlas and CCC has 4,189 employees, of whom 63 are senior executive officers, 658 are junior/mid-level managers, 2,953 are rank and file and 525 are contractual. Around 2,393 of such employees are rank and file and are members of the certified rank-and-file union that has an existing Collective Bargaining Agreement (the "CBA") with CCC

In October 2012, CCC executed a five-year CBA with its rank-and-file union (the "Union"). However, in view of the election of a new bargaining representative for the Union in October 2014, a new CBA was executed by CCC on January 30, 2015 (the "2015 CBA"). The 2015 CBA shall be valid as to the representation aspect for a period of five years. Under the provisions of the Labor Code, the economic provisions of the 2015 CBA shall be re-negotiated on the third anniversary of its execution.

Neither Atlas nor CCC anticipates any material change in the number of its employees during the twelve months of 2015.

There has not been any labor dispute in the last three years that was not resolved through mediation and conciliation proceedings before the Department of Labor and Employment.

CCC maintains compliance with the applicable environmental laws, regulations, and orders. The following activities were undertaken as part of its continuing mine rehabilitation program:

- Forested approximately 21.11 hectares of mine-affected and barren waste dump lands within the Biga-Lusong area by planting 22,308 seedlings of various fruit and forest tree species

- Development of 101.69 hectares (40,677 seedlings) by planting various fruit tree species which were planted on areas not affected by the mining activity of the company

- 172,900 seedlings of various tree species were donated to the host and neighboring communities, government schools, local government units and non-government organizations

As a result of the abovementioned activities, CCC was awarded 2nd Runner Up for the Metallic Mining Category of the Best Mining Forest Competition during the 2014 Annual PMSEA Convention. For the implementation and maintenance of its Environmental Protection and Enhancement Program (EPEP), CCC incurred costs totaling PhP596,729,652.

In 2014, Atlas and its subsidiaries spent PhP4,338,172, representing 0.03% of consolidated gross revenues, for exploration activities. In 2013, exploration costs amounted to PhP25,305,008.00, representing 0.18% of consolidated gross revenues.

Details relevant to the foregoing discussion are provided in the notes to the consolidated financial statements (the "Notes to FS") of Atlas and its subsidiaries (the "Atlas Group") which are integrally appended to this report.

ITEM 2. PROPERTIES

The Atlas Group owns and/or holds operating rights to several mining claims. These mining rights are covered by MPSA, MPSA applications, or Exploration Permit Applications (EPA).

A. LAND, MACHINERIES AND EQUIPMENT

Atlas has a total landholding of 3,468.4438 hectares in Toledo City. Of this, 563.8738 hectares are registered in the name of Atlas, while the remaining 2,904.5700 hectares are covered by lease agreements with several individuals and corporate landowners.

The tables below show the details of Atlas-owned and managed parcels of land:

1. Atlas-owned parcels of land

		No. of Lots	Area (Has.)
1.1	Titled Lands	21	98.0485
1.2	Lands with Tax Declarations	63	465.8253
	Total	**84**	**563.8738**

2. Atlas-managed parcels of land

		No. of Lots	Area (Has.)
2.1	Titled Lands	1	7.5982
2.2	Lands with Tax Declarations	288	2,896.9718
	Total	**289**	**2,904.5700**
	Grand Total	**373**	**3,468.4438**

B. MINERAL PROPERTIES

Atlas is the owner of several mineral properties registered in its name. It also operates several mining claims by virtue of existing operating agreements with claimowners. These mineral properties are covered by existing Mineral Production Sharing Agreements (MPSA), Exploration Permit Applications (EPA) and Applications for Mineral Production Sharing Agreement (APSA).

The tables below present the relevant details pertaining to the mining rights of the Atlas Group.

- **CEBU**

i) APPROVED MPSAs

MPSA NUMBER	Location	Mortgage, Lien or Encumbrance	AREA COVERED (in hectares)			DATE OF APPROVAL	WORK PERFORMED
			Owned by ACMDC	Under Operating Agreement	Total Area		
1. MPSA-210-2005-VII	Toledo City, Cebu	none	119.1663	115.1212	234.2875	April 28, 2005	This MPSA covers the Carmen ore body where open pit mining operations are ongoing
2. MPSA-264-2008-VII	Toledo City, Cebu	none	546.2330	101.7829	648.0159	July 9, 2008	This MPSA covers the Lutopan ore body where open mining operations are ongoing.
3. MPSA-307-2009-VII	Toledo City, Cebu and City of Naga, Cebu	none	1,274.1270	0	1,274.1270	December 23, 2009	Exploration activities in the area covered by this MPSA are in progress
Sub-total =			**1,939.5263**	**216.9041**	**2,156.4304**		

ii) PENDING MPSA APPLICATIONS

MPSA APPLICATION NUMBER	Location	Mortgage, Lien or Encumbrance	AREA (in hectares)			STATUS OF APPLICATION	WORK PERFORMED
			Owned by ACMDC	Under Operating Agreement	Total Area		
1. APSA-000013VII	Toledo City, Cebu	none	287.6172	-	287.6172	Application documents are still under evaluation by the MGB Central Office	None. For exploration upon approval of APSA
2. APSA-000042VII	Pinamungajan, Cebu	none	252.3926	-	252.3926	Application documents are still under evaluation by the MGB Central Office	-do-
3. APSA-000044VII	Toledo City, Cebu	none	275.2029	256.7019	531.9048	Application documents are still under evaluation by the MGB Central Office	-do-
4. APSA-000045VII	Toledo City, Cebu, and Balamban, Cebu	none	-	2,552.0993	2,552.0993	Application documents are still under evaluation by the MGB Central Office	-do-
5. APSA-000046VII	Toledo City, Cebu, and Cebu City, Cebu	none	1,286.8032	406.0730	1,692.8762	Application documents are still under evaluation by the MGB Central Office	-do-
6. APSA-000196VII	Toledo City, Cebu	none	570.4192	194.3474	764.7666	Application documents are still under evaluation by the MGB Central Office	-do-
Sub-total =			**2,672.4351**	**3,409.2216**	**6,081.6567**		

iii) EXPLORATION PERMIT APPLICATION

EXPL. PERMIT APPLICATION NUMBER	Location	Mortgage, Lien or Encumbrance	AREA (in hectares) Owned by ACMDC	Under Operating Agreement	Total Area	STATUS OF APPLICATION	WORK PERFORMED
1. EXPA-000083-VII	Toledo City, Cebu	none	323.5254	-	323.5254	Application documents are still under evaluation by the MGB Central Office	For exploration upon approval of EPA
Sub-total =			**323.5254**	**-**	**323.5254**		
TOTAL CEBU =			**4,935.4868**	**3,626.1257**	**8,561.6125**		

- **SURIGAO DEL SUR**

EXPLORATION PERMIT APPLICATION NUMBER	Location	Mortgage, Lien or Encumbrance	AREA (in hectares) Owned by ACMDC	Under Operating Agreement	Total Area	STATUS OF APPLICATION	WORK PERFORMED
1. EPA-000073-XIII (02-02-05)	Surigao del Sur	none	3,658.1616	210.6984	3,868.8600	Application documents are still under evaluation by the MGB Regional Office	None. For exploration upon approval of EPA
TOTAL SURIGAO DEL SUR =			**3,658.1616**	**210.6984**	**3,868.8600**		

- **PALAWAN**

i) APPROVED MPSA

MPSA NUMBER	Location	Mortgage, Lien or Encumbrance	AREA (in hectares) Owned by ACMDC	Under Operating Agreement	Total Area	DATE OF APPROVAL	WORK PERFORMED
1. MPSA-235-2007-IVB	Palawan	none	-	288.0000	288.0000	June 8, 2007	Commercial mining activities are on-going
Sub-total =			**-**	**288.0000**	**288.0000**		

ii) MPSA APPLICATION

MPSA APPLICATION NUMBER	Location	Mortgage, Lien or Encumbrance	AREA (in hectares) Owned by ACMDC	Under Operating Agreement	Total Area	STATUS	WORK PERFORMED
1. AMA-IVB-038(Amd) (APSA00369 IV)	Palawan	none	-	1,062.0000	1,062.0000	Application documents are still under evaluation by the MGB Regional Office	None. For exploration upon approval of AMA
3. AMA-IVB-147(Amd)	Palawan	none	-	2,493.0000	2,493.0000	Application documents are still under evaluation by the MGB Regional Office	-do-
Sub-total =			**-**	**3.555.0000**	**3,555.0000**		

iii) EXPLORATION PERMIT APPLICATION

EXPLORATION PERMIT APPLICATION NUMBER	Location	Mortgage, Lien or Encumbrance	AREA (in hectares) Owned by ACMDC	Under Operating Agreement	Total Area	STATUS	WORK PERFORMED
1. EPA-IVB-011	Palawan	none	-	16,130.4400	16,130.4400	Application documents are still under evaluation by the MGB Regional Office	None. For exploration upon approval of EPA
2. EPA-IVB-058	Palawan	none	970.0000	-	970.0000	Application documents are still under evaluation by the MGB Regional Office	None. For exploration upon approval of EPA
3. EPA-IVB-060	Palawan	none	540.0000	5,466.2352	6,006.2352	Application documents are still under evaluation by the MGB Regional Office	None. For exploration upon approval of EPA
4. EPA-IVB-061	Palawan	none	810.0000	-	810.0000	Application documents are still under evaluation by the MGB Regional Office	None. For exploration upon approval of EPA
Sub-total =			**2,320.0000**	**21,596.6752**	**23,916.6752**		
TOTAL PALAWAN =			**2,320.0000**	**25,439.6752**	**27,759.6752**		

TOTAL PHILIPPINES=	**10,913.6484**	**29,276.1257**	**40,190.1477**

ITEM 3. LEGAL PROCEEDINGS

Petition for Review before the Court of Tax Appeals:
Revocation of tax ruling issued in favor of Atlas

Atlas Consolidated Mining and Development Corporation vs. Atty. Kim S. Jacinto-Henares, in her Capacity as the Commissioner of Internal Revenue, et al.
CTA Case No. 8150, Court of Tax Appeals

This case involves a Petition for Review with Application for Temporary Restraining Order and/or Writ of Preliminary Injunction and Motion for Suspension of Collection of Tax filed by Atlas against Atty. Kim S. Jacinto-Henares, in her capacity as the Commissioner of Internal Revenue, and Melquiades A. Cancela, in his capacity as the OIC-Revenue District Officer of Revenue District No. 70, Masbate City (the "Respondents"), with the Court of Tax Appeals ("CTA").

On 29 February 2000, the Bureau of Internal Revenue ("BIR") Revenue Region No. 10 issued against the Corporation assessment notices for deficiency excise taxes for the taxable years 1991 to 1993 amounting to PhP197,595,158.77. On 24 May 2000, Atlas received a Formal Letter of Demand from the BIR Revenue Region No. 10 requesting Atlas to settle its deficiency excise taxes. The assessments became final and executory on 23 June 2000.

On 21 November 2006, Atlas requested the BIR to confirm that the period to collect the Atlas's's deficiency excise taxes had already prescribed. On 15 December 2006, the BIR issued BIR Ruling No. DA-722-2006 (the "Ruling") confirming that the period to collect the alleged deficiency excise taxes of Atlas had already prescribed.

On 24 November 2008, the Regional Director of BIR Revenue Region Office No. 10 requested the BIR to revoke the Ruling. On 13 July 2010, the Commissioner of Internal Revenue issued a Memorandum Letter revoking the Ruling due to the alleged misrepresentation of facts by Atlas. The Memorandum Letter was circularized on 10 August 2010 through Revenue Memorandum Circular No. 67-2010.

In a demand letter dated 11 August 2010, the Respondent Revenue District Officer demanded the payment of the deficiency excise taxes from Atlas. The demand letter was to serve as a Formal Notice of Warrant of Distraint and/or Levy and Garnishment ("WDL") with Notices of Tax Lien on all the properties of Atlas in the event of non-payment.

Hence, on 17 August 2010, Atlas instituted a Petition for Review (the "Petition") with Application for Temporary Restraining Order and/or Writ of Preliminary Injunction and Motion for Suspension of Collection of Tax in the CTA. On 14 October 2010, the CTA issued a Resolution granting Atlas's Motion for Suspension of Collection of Tax and ordered the Respondents to hold in abeyance the collection of the alleged deficiency excise tax assessed in the amount of PhP197,595,159. Atlas posted a bond in the amount of PhP296,392,738.

On 1 October 2013, the CTA granted the Petition and cancelled the WDL. The motion for reconsideration filed by the BIR with respect to such decision was denied by the CTA on 27 November 2013. The BIR has elevated the case to the CTA *en banc* for review.

The parties have already filed their respective memoranda and the case is deemed submitted for decision. As at 31 December 2014, the CTA *en banc* had yet to promulgate its decision on the petition.

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

On 29 April 2014, the stockholders of Atlas convened for their annual general meeting for the year 2014.

At such meeting –

A. The following matters were submitted for the approval of the stockholders and were consequently approved by a unanimous vote of the stockholders present/represented:

1) Audited Financial Statements for the fiscal year ended 31 December 2013
2) Minutes of the Annual General Stockholders' Meeting held on 24 April 2013
3) Acts and resolutions of the Board of Directors and Management during the period between 24 April 2013 and 29 April 2014

B. The following were elected to the Board of Directors of Atlas:

ALFREDO C. RAMOS (Chairman)
ADRIAN PAULINO S. RAMOS
GERARD ANTON S. RAMOS
JOSE T. SIO
RICHARD J. GORDON
LAURITO E. SERRANO
FREDERIC C. DYBUNCIO (Vice-Chairman)
MARTIN C. BUCKINGHAM
ISIDRO A. CONSUNJI
FULGENCIO S. FACTORAN Jr.
ALFREDO R. ROSAL Jr.

II. OPERATIONAL AND FINANCIAL INFORMATION

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

(1) Market Information

Atlas's common shares of stock are traded on the Philippine Stock Exchange (PSE).

The table below provides the details on the trading price range of Atlas shares of stock for each calendar quarter of the last two (2) fiscal years:

Period	2014 (in PhP per share)		2013 (in PhP per share)	
	High	**Low**	**High**	**Low**
First Quarter	16.82	13.68	23.35	18.70
Second Quarter	16.10	13.40	22.55	13.40
Third Quarter	17.24	19.94	15.58	11.70
Fourth Quarter	15.80	10.10	14.98	11.48

The closing price of Atlas shares of stock on 10 March 2015 as quoted by the PSE is PhP9.73 per share.

(2) Holders

As of 28 February 2015, (i) there were a total of 20,920 individuals/entities holding Atlas shares of stock, and (ii) 6.25% of the total issued and outstanding Atlas shares of stock were held by foreigners.

The Top 20 stockholders of Atlas as of 28 February 2015 were:

No.	Name	No. of Shares Held	% of Ownership
1	PCD Nominee Corporation	1,437,731,477	68.89%
2	Alakor Corporation	295,850,686	14.18%
3	Anglo Philippine Holdings Corporation	171,450,500	8.22%
4	PCD Nominee Corporation (Non-Filipino)	105,501,377	5.06%
5	National Book Store Inc.	9,203,407	0.44%
6	SM Investments Corporation	9,190,000	0.44%
7	The Bank of Nova Scotia	4,425,254	0.21%
8	Bank of Nova Scotia	2,950,169	0.14%
9	Tytana Corporation	2,562,439	0.12%
10	Merrill Lynch, Pierce Fenner & Smith Safekeeping	2,138,244	0.10%
11	Globalfund Holdings, Inc.	1,787,000	0.09%
12	Metropolitan Bank And Trust Company	1,701,281	0.08%
13	Mitsubishi Metal Corporation	1,680,000	0.08%
14	National Financial Services, Inc.	1,474,233	0.07%
15	Lucio W. Yan &/Or Clara Yan	1,100,000	0.05%
16	Eric U. Lim	1,088,000	0.05%
17	Edwin U. Lim	1,088,000	0.05%
18	Toledo City Government	1,000,000	0.05%
19	Asian Oceanic Holdings Phils. Inc.	972,501	0.05%
20	Donald Rosborn as Trustee	945,677	0.05%
	Total	**2,053,840,245**	**98.42%**
	Total Issued and Outstanding Shares	**2,087,032,774**	

(3) Dividends

Upon the approval granted by its BOD on April 29, 2014 and March 8, 2013, Atlas declared cash dividends in the amount of PhP0.15 per share and PhP0.25 per share of its capital stock in 2014 and 2013, respectively. The dividends were paid to all stockholders of record as at May 19, 2014 and March 22, 2013, respectively.

(4) Recent sales of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction

The table below provides the details of the issuances of Atlas shares of stock during the last three (3) fiscal years:

Purchaser	**Number of Shares Purchased**	**Date/s of Issuance of Shares**	**Consideration/Price per share**	**Basis of Exemption under the Securities Regulation Code**
2014				
Optionees under the Comprehensive Stock Option Plan	1,183,604	Various dates	Cash/PhP10.00	Exempted from registration by the SEC
BDO Unibank, Inc.	9,728,000	November 2014	Cash/PhP10.00	**Section 10.1 (l) (sale of securities to a qualified buyer)**
2013				
Optionees under the Comprehensive Stock Option Plan	1,754,190	Various dates	Cash/PhP10.00	Exempted from registration by the SEC
2012				
Spinnaker	35,000,000	March 2012	Cash/PhP10	----
SM Investments Corporation	273,098,160	July 2012	Cash/PhP20.11	Section 10.1 (i) (notice of exemption is not required)
Optionees under the Comprehensive Stock Option Plan	2,215,788	Various dates	Cash/PhP10.00	Exempted from registration by the SEC

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

As of December 31, 2014

The table below shows the results of operations of the Atlas Group over the last three fiscal years (*'000)*:

	2014	**∆%**	**2013**	**∆%**	**2012** *(Audited and Restated)*
Consolidated Net Income	397,080	79%	1,895,956	45%	3,438,501
Consolidated Gross Revenues	16,181,061	12%	14,450,749	7%	15,539,963
Costs and operating expenses	12,150,780	24%	9,766,643	7%	10,446,727

Consolidated net income (25% of gross revenues) declined by 79% was driven by the following factors:

- Low copper prices - Average copper prices plunged by 6% to USD3.12 per pound vis-à-vis last year's USD3.30 because of the commodity slump in the global market.

- Increase in depreciation charges – This is primarily attributable to the capital equipment acquired during the expansion phase of Carmen Copper.

- Increase in finance charges – Financing costs were fully charged to operations and additional loans were availed for working capital requirements.

- Increase in income taxes – This was due to the full year effect of the expiration of Carmen Copper's Income Tax Holiday incentive.

Gross revenues for the year reached PhP16.181 billion, 12% higher year-on-year due mainly to increased shipment of payable metals. Copper revenues hiked by 10% and registered at PhP13.730 billion.

- Average copper prices during the period slid by 6% to USD3.12 per pound, while average gold prices also dropped by 9% to USD1,265 per ounce.

- Carmen Copper reached an average daily milling rate of 49,225 dmt per day which is 14% higher year-on-year on account of process improvements and completion of the plant expansion. Consequently, it produced a total of 177,876 dmt of copper concentrate for the period, thus realizing a 14% increase in output based on production for a similar period last year. Gold yield also went up by 23% to 26,310 ounces.

- Carmen Copper shipped 175,966 dmt and 154,378 dmt of copper concentrates in 2014 and 2013, respectively. Copper metal content is 100,145,961 lbs. and gold is 24,071 Ozs., representing increases of 15% and 23%vis-a vis last year.

- Although higher production was achieved and more shipments were made during the year as compared with last year's, the lower average copper prices reduced the positive impact on the company's performance.

On 19 June 2014, Toledo Mining Corporation (TMC) gained Board and management control over Ulugan Resources Holding, Inc. (URHI), TMM Management, Inc. (TMMI), Ulugan Nickel Corporation (UNC), Nickeline Resources Holdings, Inc. (NRHI), and BNC (the "Nickel Corporations") by having its nominees elected (i) to fill 71% or 60% (as applicable) of the Board seats of the Nickel Corporations, and (ii) to serve as principal officers of the Nickel Corporations. As a result, the Nickel Corporations are no longer controlled by Atlas. TMC is owned and controlled by DMCI Mining Corporation. Atlas retained significant influence on the Nickel Corporations as at December 31, 2014.

Atlas however has sustained the power to participate in the financial and operating policy decisions of the Nickel Corporations. Thus, the related investments of Atlas in the Nickel Corporations were reclassified from investments in subsidiaries to investments in associates in 2014. Atlas recognized the fair value of the investments retained in the aforementioned nickel corporations and recognized a *Gain associated with loss of control of subsidiaries* amounting to PhP44.62 million in 2014. Atlas also recognized the 2nd semester results of the nickel corporations as *Equity in the net earnings of an associate* which amounted to PhP30.08 million.

Costs and operating expenses (75% of gross revenues) were higher by 24% due to the increase in depreciation charges and higher production and shipment levels. Higher milling tonnage demanded higher power and fuel consumption, additional equipment rental costs, more reagents, materials and spares utilized to support 49,225 dmt per day compared with 42.682 dmt last year. Furthermore, increase in shipment volume called for higher smelting charges. Depreciation charges increased because of the capital equipment acquired during the expansion phase of Carmen Copper.

Finance charges (9% of gross revenues) increased due to the full charging of financing costs to operations and availment of additional loans for working capital requirements.

USD:PhP Exchange rate closed at USD1.00:PhP44.720 as at 31 December 2014 versus USD1.00:PhP44.395 as at 31 December 2013. The appreciation of the Peso against the US dollar triggered the recognition of *Net unrealized foreign exchange loss* of PhP165 million primarily from the restatement of US dollar-denominated loans and payables. A net unrealized foreign exchange loss of PhP1.02 billion was recognized during the same period in the previous year. Carmen Copper's debt obligations are mostly US dollar-denominated to match US dollar revenues. This establishes a natural hedge against foreign exchange fluctuations. As such, there will be no actual or real foreign exchange effect as the US dollar-denominated debts are settled using US dollar revenue receipts.

The *Net unrealized mark-to-market loss* of PhP310 million was attributable to the recognition of derivative assets and liabilities from provisional pricing contracts for copper concentrate shipments..

Interest income earned from short-term deposit placements decreased by 64%. The 753% rise in Other Income (charges) – net was caused by increase in revenues earned from rent and scrap materials.

Depletion of mining rights was up by 15% because of higher production level.

Carmen Copper's Income Tax Holiday incentive expired on 31 October 2013. Thus, Atlas Mining incurred aggregate *Net current income tax* amounting to PhP239 million.

Changes in Financial Position

The table below shows the highlights in the financial position of the Atlas Group over the last three fiscal years (*'000)*:

	2014	2013	2012 *(Audited and Restated)*
Assets	65,915,281	63,205,327	57,953,182
Liabilities	29,516,491	26,353,582	22,485,691
Retained Earnings	19,654,791	19,842,996	18,447,515

Upon the approval granted by its Board of Directors on 29 April 2014, the Atlas declared cash dividends in the amount of PhP0.15 per share of its outstanding capital stock. The dividends were paid last 9 June 2014 to all stockholders of record as of 14 May 2014.

Atlas has issued a total of 1,183,603 of its shares of stock (the "Option Shares") as a result of the exercise of stock subscription rights granted under the existing stock option plan covering directors, officers, and employees of Atlas Mining and Carmen Copper (the "Stock Option Plan"). The Option Shares were issued at the price of PhP10.00 per share. For the same period last year. 1,754,190 option shares were issued at the same exercise price. On 28 November 2014, BDO Unibank Inc. exercised its subscription rights under stock warrants respecting a total of 18,728,000 of the authorized and unissued shares of stock. The exercise covers 9,728,000 of the issuer's shares which represent the balance of the shares underlying the warrants after the initial subscription to 9,000,000 shares in 2010.

The Revised PAS 19 on Employee Benefits has been applied retrospectively from 1 January 2012. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 1 January 2012 as adjustment to opening balances.

On 6 July 2012, the SEC approved Atlas's application for equity restructuring through the application of its additional paid-in capital to wipe out its accumulated deficit as of 31 December 2011.

The discussion below pertains to the consolidated financial condition of the Group as of 31 December 2014 vis-à-vis that as of 31 December 2013:

Short-term investments decreased by 52% due to pre-termination of short-term deposit placements. *Receivables* decreased by 15% due to collection of trade credits at year end. There are no outstanding put options at year end, hence, *Derivative Assets* was nil. *Inventories* decreased by 15% due to increase in issuance of materials and supplies during the year. *Other current assets* increased by 3% due to deposits to suppliers, prepaid insurance and deferred cost of consumables.

Goodwill (29% of total assets) mainly pertains to the allocated provisional fair values of identifiable assets and liabilities of Carmen Copper. *Property, plant and equipment* (47% of total assets) increased by 16% due to continued capital acquisitions in Carmen Copper. Movement in *Mining Rights* (13% of total assets) was mainly due to production-driven amortization during the year. *Investment in associate* pertains to Atlas Mining's ownership over in BNC, TMMI, URHI, UNC and NRHI, respectively. The Group assessed that it has significant influence over these entities and are accounted for investments as associates. *Available-for-sale (AFS) financial assets* decreased due to impairment adjustments.

Accounts payable and accrued liabilities (7% of total assets) increased by 42% due to additional trade credits and accruals. *Current and noncurrent portions of long-term debt* (4% and 28% of total assets) decreased by 29% and increased by 20%, respectively. This was a net effect of availment of long-term loans for working capital requirements and foreign exchange translation adjustment on US dollar-denominated loans. As a part of DMCI's acquisition, *Payable to related parties* changed due to settlement of liability relating to TMC. *Derivative liabilities* pertain to the exercise and delivery of commodity forwards on copper concentrate within this year. *Income tax payable* pertains to the accrual of income tax liability for the fourth quarter of this year. *Retirement benefits liability* increased by 54% due to accrual of pension costs and actual valuation adjustments.

Capital stock (25% of total assets) and *Additional paid-in capital* increased due to the issuance of shares pursuant to Atlas Mining's stock option plan and exercise of stock warrants by BDO Unibank, Inc. *Remeasurement loss on retirement plan* increased by 89% because of the recognition of actuarial valuation results. *Net unrealized gains on AFS investment* decreased due to impairment adjustments at year end. *Non-controlling interest* was derecognized as a result of the change in accounting treatment for investments in BNC, TMMI, URHI, UNC and NRHI.

Performance Indicators

The following table shows the key performance indicators of Atlas Group:

Consolidated

Particulars	**12/31/2014**	**12/31/2013**	**12/31/2012** *(Audited and Restated)*
Current ratio	0.60:1	0.77:1	2.03:1
Debt to equity	0.82:1	0.73:1	0.63:1
Return on equity	0.34%	5.34%	10.70%
Return on assets	0.19%	3.15%	6.16%
Net profit margin	0.76%	13.25%	21.14%

The abovementioned ratios were computed as follows:

- Current Ratio = Current Assets / Current Liabilities
- Debt-to-Equity = Total Liabilities / Total Stockholders' Equity Attributable to Equity Holders of Parent Company
- Return on Equity = Net Income Attributable to Equity Holders of Parent Company / Average Total Stockholders' Equity Attributable to Equity Holders of Parent Company
- Return on Assets = Net Income Attributable to Equity Holders of Parent Company / Average Fixed Assets-Net
- Return on Sales = Net Income Attributable to Equity Holders of Parent Company / Total Consolidated Revenues

Liquidity and Capital Resources

Below is a summary of the consolidated cash flow of the Atlas Group *('000):*

- Net cash flow from operating activities - Php 5,116
- Net cash flows used in investing activities - Php (6,387)
- Net cash flows from financing activities - Php 1,747
- Net increase in cash and cash equivalents - Php 496

The increase in cash from operating activities was mainly due to advance collection of creditors and maximizing trade credits.

Net cash used in investing activities was a result of the increased acquisition of property, plant and equipment.

Net cash from financing activities was chiefly from availment of additional loans for working capital.

Net increase in cash and cash equivalents was largely due to availment of loans.

Material Plans, Trends, Events or Uncertainties

- In the first quarter of 2014, Carmen Copper Corporation completed and commissioned its expanded ore processing plant which increased the nameplate capacity by 50% to 60,000 tonnes per day throughput.

- Copper concentrate revenues are based on international commodity quotations over which Atlas has no significant influence or control. This exposes the results of operations to commodity price volatilities that may significantly impact its cash inflows.

- As at 31 December 2014, (i) there was no known trend or contingent event that may have a material effect on the liquidity of Atlas or Carmen Copper, or on the marketability of Carmen Copper's products, other than commodity price volatility in the world market, (ii) there were no material off-balance sheet transactions, arrangements, or obligations involving Carmen Copper, (iii) there were no material firm commitments for new capital expenditures, and (iv) there was no significant element of income or loss from continuing operations, other than commodity price volatility in the work market.

As of December 31, 2013

The table below shows the changes in the financial position of the Atlas Group over the last three fiscal years (*'000)*:

	2013	**2012** *(Audited and Restated)*	**2011** *(Audited and Restated)*
Retained Earnings	19,842,996	18,447,515	2,439,066

On 8 March 2013, the Board of Directors of Atlas approved the declaration of cash dividends in the amount of Php0.25 per share of its capital stock. The cash dividend payable aggregating to Php519 million was paid on 19 April 2013 to stockholders of record as of 22 March 2013.

The Revised PAS 19 on Employee Benefits has been applied retrospectively from 1 January 2012. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 1 January 2012 as adjustment to opening balances.

On 6 July 2012, the SEC approved Atlas's application for equity restructuring through the application of its additional paid-in capital to wipe out its accumulated deficit as of 31 December 2011.

The reversal in the financial position of the Atlas Group in 2011 was brought about (i) by the strong performance of CCC which posted a net income of Php2.5 billion, and (ii) by the gain resulting from the recognition of the fair value of Atlas's previously held interest in CCC.

The table below shows the results of operations of the Atlas Group over the last three fiscal years (*'000)*:

	2013	**2012** *(Audited and Restated)*	**2011** *(Audited and Restated)*
Consolidated Comprehensive Income	1,908,816	3,383,140	15,048,891

The decline in the consolidated comprehensive income in 2013 was driven mainly by lower copper prices, lower shipment volume, and foreign currency translation adjustments. This is despite higher production volume and decrease in cash costs during the year. The appreciation of the US dollar against the Philippine Peso resulted in the recognition of a net unrealized foreign exchange loss of Php1.02 billion.

Although copper prices were also lower, higher levels of production and lower operating costs were achieved in 2012.

The significant improvement in the operating results that was achieved in 2011 was due largely to (i) more robust copper prices in the global market, and (ii) increased productivity. Atlas reported a one-time gain of Php14 billion with the recognition of the fair value gain resulting from its acquisition of minority equity interest in CCC.

As disclosed on 5 February 2014, the initial commissioning of CCC's expanded plant yielded a higher copper recovery rate. The project will increase milling capacity by 50% to 60,000 tonnes per day. This will strengthen the Group's operating and financial performance in the coming years.

The discussion on the causes of material changes in the 2013 financial position and results of operations is contained in Annex A. This annex contains horizontal and vertical analyses of balance sheet and income statement accounts.

Key Performance Indicators

The following table shows the key performance indicators of Atlas and its majority-owned significant subsidiary for 2013, 2012 and 2011:

Consolidated

Particulars	**12/31/2013**	**12/31/2012** (Audited and Restated)	**12/31/2011** (Audited and Restated)
Current ratio	0.77:1	2.03:1	0.29:1
Debt to equity	0.73:1	0.63:1	0.74:1
Return on equity	5.34%	10.70%	104%
Return on assets	3.15%	6.16%	60%
Net profit margin	13.25%	21.14%	290%

Carmen Copper Corporation

Particulars	**12/31/2013**	**12/31/2012** (Audited and Restated)	**12/31/2011** (Audited and Restated)
Current ratio	0.71:1	1.83:1	0.44:1
Debt to equity	1.83:1	1.69:1	1.27:1
Return on equity	23%	35.5%	37%
Return on assets	8.4%	14.2%	14%
Net profit margin	19.1%	23.1%	21%

- Current ratio is derived 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 attributable equity holders of parent company for the period by the total capital equity attributable equity holders of parent company.
- Return on assets is computed by dividing net income by average total assets.
- Net profit margin is derived by dividing net income attributable equity holders of parent company by net revenues.

Liquidity and Capital Resources

Below is a summary of the consolidated cash flow of the Atlas Group *(in Php millions):*

- Net cash flow from operating activities - Php 4,754
- Net cash flows used in investing activities - Php (7,648)
- Net cash flows from financing activities - Php 2,976
- Net increase in cash and cash equivalents - Php 212

Increase in cash from operating activities was a result of collection of receivables, and restrained costs and expenses.

Net cash used in investing activities was a result of the increased acquisition of property, plant and equipment.

Net cash from financing activities arose from availment of additional loans for working capital requirements and the issuance of Atlas shares of stock to qualified availees under CSOP.

Net increase in cash and cash equivalents was predominantly due to collection of receivables, restrained costs and expenses and availment of loans.

2013 Material Events

In 2013 CCC aggressively pursued the expansion of its copper ore processing plant and the development of the by-products of copper beneficiation. The expanded plant is expected to increase the current throughput by 50%.

On 8 March 2013, the Board of Directors of Atlas approved the declaration and payment of cash dividends in the amount of Php0.25 per share. The dividends were paid to qualified stockholders on 19 April 2013.

As at 31 December 2013, (i) there was no known trend or contingent event that may have a material effect on the liquidity of Atlas or Carmen Copper, or on the marketability of Carmen Copper's products, (ii) there were no material off-balance sheet transactions, arrangements, or obligations involving Carmen Copper, and (iii) there were no material firm commitments for new capital expenditures.

As of December 31, 2012

The table below shows the changes in the financial position of the Atlas Group over the last three fiscal years:

Php ('000)	**2012**	**2011**	**2010** (Audited and Restated)
Retained Earnings/(Capital Deficiency)	**18,434,748**	**2,431,361**	**(12,584,614)**

On 6 July 2012, the SEC approved Atlas's application for equity restructuring through the application of its additional paid-in capital to wipe out its accumulated deficit as of 31 December 2011.

The reversal in the financial position of the Atlas Group in 2011 was brought about (i) by the strong performance of CCC which posted a net income of PhP2.5 billion, and (ii) by the gain resulting from the recognition of the fair value of Atlas's previously held interest in CCC.

The table below shows the results of operations of the Atlas Group over the last three fiscal years:

Php ('000)	**2012**	**2011**	**2010**
Total Comprehensive Income (Loss)	3,434,765	15,073,429	(847,171)

The consolidated comprehensive income in 2012 was driven mainly by higher levels of production and lower operating costs that offset lower copper prices.

The appreciation of the Philippine Peso against the US dollar yielded favorable results in 2012 as it enabled the Atlas Group to recognize a net unrealized foreign exchange gain of PhP593 million. The discharge of a long-outstanding liability amounting to PhP438 million, the accrual of interest income of PhP232 million, and the turnaround in the nickel mining operations of Berong Nickel Corporation likewise boosted the 2012 financial performance of the Atlas Group.

The significant improvement in the operating results that was achieved in 2011 was due largely to (i) more robust copper prices in the global market, and (ii) increased productivity. Atlas reported a one-time gain of PhP14 billion with the recognition of the fair value gain resulting from its acquisition of minority equity interest in CCC.

The losses incurred in 2010 were primarily attributable (i) to the decline in the price of copper as a result of the financial crisis, and (ii) to the inability of CCC to optimize production.

The operating and financial performance of the Atlas Group is expected to further strengthen in the coming years in view of optimistic projections on commodity prices and the intended expansion of CCC's production capacity. This, however, may be affected by (i) movements in the prices of key production components such as fuel, power, and labor; (ii) volatility in global macroeconomic conditions; and (iii) abrupt changes in the regulatory environment.

The discussion on the causes of material changes in the financial position and results of operations is contained in Annex B. The annex contains horizontal and vertical analyses of balance sheet and income statement accounts.

Key Performance Indicators

The following table shows the key performance indicators of Atlas and its majority-owned significant subsidiary for 2012, 2011 and 2010:

Consolidated						
Particulars		**12/31/2012**		**12/31/2011**		**12/31/2010** (Audited and Restated)
Current ratio		2.03:1		0.29:1		0.82:1
Debt to equity		0.63:1		0.86:1		0.64:1
Return on equity		9%		58%		(26%)
Return on assets		18%		106%		(75%)
Net profit margin		21%		289%		(0%)
CARMEN COPPER CORPORATION						
Particulars		**12/31/2012**		12/31/2011		**12/31/2010**
Current ratio		1.83:1		0.44:1		0.65:1
Debt to equity		1.66:1		1.27:1		1.93:1
Return on equity		46%		31%		12%
Return on assets		17%		14%		4%
Net profit margin		25%		22%		8%

- Current ratio is derived 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.
- Return on assets is computed by dividing net income by total assets.
- Net profit margin is derived by dividing net income by net revenues.

Liquidity and Capital Resources

Below is a summary of the consolidated cash flow of the Atlas Group (in PhP millions):

- Net cash flow from operating activities - PhP 3,553
- Net cash flows used in investing activities - PhP (10,280)
- Net cash flows from financing activities - PhP 7,155
- Net increase in cash and cash equivalents - PhP 300

Increase in cash from operating activities was a result of higher production rates and restrained costs and expenses.

Net cash used in investing activities was a result of the increased acquisition of property, plant and equipment and placement in short-term investments.

Net cash from financing activities arose from (i) the issuance of US Dollar-denominated fixed-rate notes representing USD300 million of CCC's senior unsecured debt with a tenor of five (5) years and five (5) days (the "Notes") (ii) the issuance of Atlas shares of stock to SM Investments Corporation and Spinnaker.

Net increase in cash and cash equivalents was predominantly due to the issuance of the Notes and significant increase in the revenues of CCC.

2012 Material Events

On 16 March 2012, CCC completed the issuance of US Dollar-denominated fixed-rate notes representing USD300 million of CCC's senior unsecured debt with a tenor of five (5) years and five (5) days (the "Notes"). The Notes, which were issued at a price equivalent to 98.95% of face value, will pay interest semi-annually at the rate of 6.5% per annum and will carry a yield to maturity of 6.75%. The net proceeds from the issuance of the Notes are intended (i) to refinance certain existing indebtedness of CCC, (ii) to fund CCC's capital and project expenditures, (iii) to enable Atlas to refinance a portion of its existing indebtedness in respect of which CCC has provided a suretyship, and (iv) to fund other general corporate purposes.

ITEM 7. FINANCIAL STATEMENTS

The 2014 audited financial statements of the Company are incorporated herein by reference.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

- *Audit and Audit-Related Fees*

The table below shows the aggregate amounts paid by the Atlas Group to SGV and Co. in 2014 and 2013 (i) for audit work pertaining to the annual financial statements of the Atlas Group, (ii) for services pertaining to the conduct of review with respect to CCC's tax compliance, and (iii) for other related services involving the examination of Atlas's or CCC's books of account.

Particulars		**2014**		**2013**
Audit	PhP	4,223,087	PhP	3,500,000
Interim Review		878,966		879,499
Performance of agreed-upon procedures		-		350,638
TOTAL	**PhP**	**5,102,053**	**PhP**	4,730,137

- *Other Fees*

Except as described above, SGV and Co. did not perform any other service for the benefit of the Atlas Group in 2014 and 2013.

- *Approval by the Audit Committee of Audit Services*

Prior to the formal engagement of SGV and Co., the Audit Committee evaluates the terms of the engagement agreement to determine whether the fees to be charged are commensurate with the scope of the services to be performed.

Changes in and Disagreements with Accountants
On Accounting and Financial Disclosures

SGV and Co. has been Atlas's independent accountant since 1958. No independent accountant engaged by Atlas has resigned, or has declined to stand for re-election, or was dismissed.

Atlas did not have any disagreement on accounting and financial disclosures with SGV and Co. during the last two fiscal years.

III. CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

Atlas's Board of Directors is composed of eleven (11) members. The directors are elected by the stockholders at the Annual General Stockholders' Meeting (AGSM) to hold office until removed or replaced by a duly-elected and qualified candidate.

The incumbent directors of Atlas are:

ALFREDO C. RAMOS	FREDERIC C. DYBUNCIO
ADRIAN PAULINO S. RAMOS	MARTIN C. BUCKINGHAM
GERARD ANTON S. RAMOS	ISIDRO A. CONSUNJI
JOSE T. SIO	FULGENCIO S. FACTORAN Jr.
RICHARD J. GORDON	ALFREDO R. ROSAL Jr.
LAURITO E. SERRANO	

The principal officers of Atlas are appointed/elected annually by the Board of Directors during its organizational meeting following the AGSM, each to hold office until removed or replaced by a duly-elected/appointed and qualified candidate.

The incumbent principal officers of Atlas are:

ALFREDO C. RAMOS	-	Chairman (retired as President effective April 1, 2015)
FREDERIC C. DYBUNCIO	-	Vice-Chairman
ADRIAN PAULINO S. RAMOS	-	President (appointment to take effect on April 1, 2015)
MARTIN C. BUCKINGHAM	-	Executive Vice-President
RODERICO V. PUNO	-	Corporate Secretary
LEILA MARIE P. CABANAES	-	Treasurer
FERNANDO A. RIMANDO	-	Chief Financial Officer
RENE G. DE OCAMPO	-	Vice-President-Human Resources
CARMEN-ROSE A. BASALLO-ESTAMPADOR	-	Compliance Officer/Assistant Corporate Secretary/Assistant Vice-President – Legal Affairs, Compliance and Corporate Governance

Other than those between Mr. Alfredo C. Ramos and his sons Mr. Adrian Paulino S. Ramos and Mr. Gerard Anton S. Ramos, there are no immediate family relationships among the directors and officers listed above.

Atlas has no significant employees and is not aware of any legal proceeding of the nature required to be disclosed under Part IV, paragraph (A), (4) of SRC Rule 12, Annex C with respect to directors and executive officers.

Profile of Atlas's directors and officers

Office/s	Name of Nominee	Citizenship	Age	Footnote Legends
Chairman of the Board of Directors/	Alfredo C. Ramos	Filipino	71	(a)
Vice-Chairman of the Board of Directors	Frederic C. DyBuncio	Filipino	55	(b)
Director/ President	Adrian Paulino S. Ramos	Filipino	36	(c)
Director/Executive Vice-President	Martin C. Buckingham	British	63	(d)
Director	Isidro A. Consunji	Filipino	65	(e)
Director	Gerard Anton S. Ramos	Filipino	39	(f)
Director	Jose T. Sio	Filipino	74	(g)
Independent Director	Fulgencio S. Factoran Jr.	Filipino	70	(h)
Independent Director	Richard J. Gordon	Filipino	68	(i)
Independent Director	Alfredo R. Rosal, Jr.	Filipino	66	(j)

Office/s	Name of Nominee	Citizenship	Age	Footnote Legends
Independent Director	Laurito E. Serrano	Filipino	53	(k)
Corporate Secretary	Roderico V. Puno	Filipino	50	
Vice-President-Chief Financial Officer	Fernando A. Rimando	Filipino	47	
Vice-President-Human Resources	Rene G. De Ocampo	Filipino	50	
Compliance Officer/Assistant Corporate Secretary/Assistant Vice-President – Legal Affairs and Corporate Governance	Carmen-Rose A. Basallo-Estampador	Filipino	37	
Treasurer	Leila Marie P. Cabanes	Filipino	36	

(a) - Elected as Chairman of the Board of Directors and President on 24 April 2013; Retired as President of the Company effective 1 April 2015; nominee of Alakor Corporation ("Alakor")
(b) - Elected as Director on 24 April 2013; nominee of SM Investments Corporation ("SMIC")
(c) - Elected as Director and Vice-President on 24 April 2013; Appointed as President effective on 1 April 2015; nominee of Alakor; (d) - Elected as Director and Executive Vice-President on 24 April 2013; nominee of Alakor
(e) - Elected as Director on 24 April 2013; nominee of SMIC
(f) - Elected as Director on 24 April 2013; nominee of Alakor
(g) - Elected as Director on 24 April 2013; nominee of SMIC
(h) - Elected as Independent Director on 24 April 2013; nominee of Alakor and SMIC
(i) - Elected as Independent Director on 24 April 2013; nominee of Alakor
(j) - Elected as Independent Director on 24 April 2013; nominee of Alakor
(k) - Elected as Independent Director on 24 April 2013; Nominee of SMIC

➢ *Profiles of the nominees*

ALFREDO C. RAMOS

- Director of the Company since 1989
- President/Chairman of the Board of Directors of the Company since 2 April 2003
- Retired as President of the Atlas and Carmen Copper effective on 1 April 2015

❖ Mr. Ramos is concurrently the incumbent President/Chairman of the Boards of Directors of Carmen Copper Corporation, Berong Nickel Corporation, Alakor Corporation, National Book Store, Inc., Anglo Philippine Holdings Corporation, The Philodrill Corporation, Vulcan Industrial and Mining Corporation, and United Paragon Mining Corporation. He has held these positions over the last five years.

❖ He obtained his bachelor's degree from the Ateneo de Manila University.

FREDERIC C. DYBUNCIO

- Director of the Board of Directors of the Company since 12 August 2011
- Vice Chairman of the Board of Directors of the Company since 22 August 2012

❖ Mr. DyBuncio is concurrently a Senior Vice President of SM Investments Corporation; President, Chief Executive Officer, and Director of APC Group, Inc. and Belle Corporation; Chairman and Executive Officer of Philippine Geothermal Production Company; and a director of Carmen Copper Corporation, Indophil Resources NL, Pacific Online Systems, and Sinophil Corporation. Prior to holding these posts, he was a career banker who spent over 20 years with JPMorgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various managerial/executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management.

❖ He obtained his undergraduate degree in Business Management from the Ateneo de Manila University, and his master's degree in Business Administration from the Asian Institute of Management.

ADRIAN PAULINO S. RAMOS

- Director of the Company since 18 July 2007
- Vice-President of the Company from 2006 to 2012

- Executive Vice-President of the Company since 2012
- President of Atlas Mining and Carmen Copper effective on 1 April 2015

❖ Mr. A.P.S. Ramos is concurrently holding the following positions (which he has held over the last five years):
  - Executive Vice-President of Carmen Copper Corporation and Alakor Corporation
  - Director of Carmen Copper Corporation, Berong Nickel Corporation, Anglo Philippine Holdings Corporation, The Philodrill Corporation, United Paragon Mining Corporation, and Zenith Holdings Corporation

❖ He is also an executive vice-president of Anglo Philippine Holdings Corporation.

MARTIN C. BUCKINGHAM

- Director of the Company since 4 December 4 1996
- Executive Vice-President of the Company since 22 July 2002

❖ Mr. Buckingham is concurrently a director of Carmen Copper Corporation and Berong Nickel Corporation. He has held these positions over the last five years.

❖ He obtained his law degree from Cambridge University (United Kingdom).

ISIDRO A. CONSUNJI

- Director of the Company since 20 April 2012

❖ Mr. Consunji is concurrently the Chief Executive Officer of Semirara Mining Corporation and DMCI Holdings, Inc., and a director of Carmen Copper Corporation. He has held these positions over the last five years.

❖ He obtained his undergraduate degree in Civil Engineering from the University of the Philippines, and his master's degree in Business Administration from the Asian Institute of Management.

GERARD ANTON S. RAMOS

- Director of the Company since 18 July 2007

❖ Mr. G.A.S. Ramos is concurrently holding the following positions (which he has held over the last five years):
  - Vice-President of Alakor Corporation
  - Assistant to the Vice-President of National Book Store, Inc.
  - Assistant Treasurer of Alakor Securities Corporation
  - Director of Zenith Holdings Corporation

He is also (i) an incumbent director of Carmen Copper Corporation, and (ii) a director and executive vice-president of Anglo Philippines Holdings Corporation.

❖ He obtained his bachelor's degree in Business Management from the Ateneo de Manila University.

JOSE T. SIO

- Director of the Company since 12 August 2011

❖ Mr. Sio is concurrently a director, the Executive Vice-President and Chief Financial Officer, and a member of the Executive Committee of SM Investments Corporation which is the holding company of the SM Group. He is also currently affiliated with the following companies listed with the Philippine Stock Exchange: (i) China Banking Corporation, as director and Chairman of the Trust and Investment Committee; (ii) Belle Corporation, as a director; (iii) BDO Unibank, Inc., as Adviser to the Board of Directors; (iv) Premium Leisure Corporation, as Adviesr to the Board of Directors; and (v) SM Prime Holdings, as a member of the Audit and Risk Management Committee.

In addition, Mr. Sio serves as director of several private companies, namely: (i) SM Keppel Land, Inc; (ii) Asia Pacific College; (iii) OCLP (Ortigas) Holdins, Inc., (iv) Carmen Copper Corporation; (v) Manila North Tollways Corporation;, and (vi) First Asia Realty Development Corporation. He is likewise serving as president of SM Foundation, Inc. and Globalfund Holdings, Inc.

Mr. Sio was a senior partner of Sycip Gorres Velayo & Co. (SGV) from 1977 to 1990. He was voted as CFO of the year in 2009 by the Financial Executives of the Philippines (FINEX), and was awarded as BEST CFO (Philippines) for various years by HongKong-based publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia, and The Asset.

❖ Mr. Sio is a Certified Public Accountant and holds a Bachelor of Science degree in Commerce (major in Accounting) from the University of San Agustin. He obtained his mater’s degree in Business Administration from New York University.

FULGENCIO S. FACTORAN Jr.

- Director of the Company since 28 February 2012

❖ Atty. Factoran is the managing partner at the law office of Factoran and Associates. He is concurrently an independent director of Nickel Asia Corporation. He served as Secretary of the Department of Environment and Natural Resources during the term of President Corazon Aquino.

❖ He obtained his Bachelor of Laws degree from the University of the Philippines (Cum Laude; Valedictorian), and his Master of Laws degree from the Harvard Law School (Harvard University, Cambridge, Massachusetts).

❖ The law office of Factoran and Associates does not act as legal counsel of the Company.

RICHARD J. GORDON

- Independent Director of the Company since 5 April 2011

❖ Atty. Gordon served as a member of the House of Senate of the 13th and 14th Congresses of the Philippines. Prior to his election as a senator in 2004, he held the post of Secretary of the Department of Tourism for three years beginning January 2001. He is the founding Chairman of the Subic Bay Metropolitan Authority and is currently the Chairman and CEO of the Philippine Red Cross.

❖ He obtained his undergraduate degree in History and Government from the Ateneo de Manila University, and his Bachelor of Laws degree from the University of the Philippines.

ALFREDO R. ROSAL JR.

- Independent Director of the Company since 31 March 2003

❖ Atty. Rosal is the Managing Partner of the law office of Rosal and Valera. As a legal professional, he rendered services as general counsel to various local and foreign investment companies. He also served as President of the Natural Resources Development Corporation and Bukidnon Forest, Inc.

❖ He obtained his Bachelor of Laws degree from the San Beda College of Law, and his master’s degree in Business Administration from the University of the Philippines.

❖ The law office of Rosal and Valera does not act as legal counsel of the Company.

LAURITO E. SERRANO

- Independent Director of the Company since 22 August 2012

❖ Mr. Serrano is currently a senior financial adviser of the Fil-Estate Group of Companies. He is a former partner at SGV & Co. where he was part of the Corporate Finance Consulting Group. His professional experience which span over 25 years cover, among others, audit services, project development, public debt/equity offerings, business acquisitions, investment promotion, transaction structuring, and other similar financial advisory services.

❖ He is a Certified Public Accountant with a master’s degree in Business Administration from the Harvard Business School (Harvard University, Cambridge, Massachusetts).

RODERICO V. PUNO

- Corporate Secretary of the Company since 15 September 2006

❖ Atty. Puno is a senior partner at the law office of Puno and Puno. He is concurrently the corporate secretary of Carmen Copper Corporation, BDO Private Bank, Inc., BDO Securities, Inc., and Rustan Supercenter, Inc.; a director of Global Business Power Holdings Corporation; and the president of American E-Discovery Resources, Inc.

❖ He obtained his Bachelor of Laws degree from the Ateneo de Manila University.

❖ Citations:
  - Recognized by the Chambers Global and International Financial Law Review as one of the leading Philippine Lawyers in Business Law

FERNANDO A. RIMANDO

- Chief Financial Officer of the Company since 12 September 2012

❖ Mr. Rimando is concurrently the Chief Financial Officer of Carmen Copper Corporation.

❖ He has more than 25 years of experience in the fields of audit and finance and has held executive positions in the mining, energy and telecommunication industries.

❖ He is a Certified Public Accountant. He obtained his bachelor's degree in accountancy from Saint Louis University.

RENE G. DE OCAMPO

- Vice-President of the Company (for Human Resources) since 2 January 2012

❖ Mr. de Ocampo has been an HR practitioner for the past two decades. He has broad experience in the fields of strategic hiring, employee engagement, manpower planning and development, and compensation and benefits structuring, which he gained from holding HR executive positions in multinational firms and member firms of local conglomerates across various industries.

CARMEN-ROSE A. BASALLO-ESTAMPADOR

- Assistant Corporate Secretary and legal counsel of the Company since 15 September 2006
- Compliance Officer of the Company since 9 November 2011
- Assistant Vice-President (AVP) of the Company (for Legal Affairs and Corporate Governance) since 1 July 2012

❖ Atty. Basallo-Estampador is concurrently the Assistant Corporate Secretary and the AVP for Legal Affairs and Compliance of Carmen Copper Corporation. She served as corporate secretary of Berong Nickel Corporation from April 2007 to March 2011. Prior to joining the Company, she worked as a tax and corporate attorney for the Manila office of the accounting firm KPMG.

❖ She obtained her undergraduate degree in Economics and her Bachelor of Laws degree from the University of the Philippines.

LEILA MARIE P. CABANES

- Treasurer of the Company since 24 April 2013

❖ Ms. Cabanes has more than a decade of experience in the local banking industry where she specialized in trust banking and fund management.

❖ She obtained her undergraduate degree in Applied Economics and her master's degree in Business Administration from the De La Salle University.

ITEM 10. EXECUTIVE COMPENSATION

Compensation of Officers

a) Aggregate cash compensation paid during the last two fiscal years and to be paid during the current fiscal year to the five (5) most highly compensated officers and to all other officers as a group
:

Name and Position		Aggregate annual cash compensation (PhP)		
		Salaries	Other compensation	Bonuses
Alfredo C. Ramos -- President Martin C. Buckingham -- Executive Vice-President Adrian Paulino S. Ramos -- Executive Vice-President Fernando A. Rimando -- Chief Financial Officer Rene G. De Ocampo – VP for Human Resources	2012	24,229,812	-0-	2,019,151
	2013	24,397,812	-0-	5,955,808
	2014	24,963,812	-0-	4,160,635
All other officers as a group	2012	12,420,000	-0-	1,035,00
	2013	15,801,950	-0-	3,411,332
	2014	14,455,480	-0-	2,377,415

* For 2015, the estimated aggregate cash compensation to be paid (i) to the four most highly compensated officers amounts to PhP29,124,447, and (ii) to all officers as a group amounts to PhP16,832,895.

Compensation of Directors

Atlas Group compensates its directors with a *per diem* of PhP10,000.00 for every meeting attended.

Stock Options

On 18 July 2007, Atlas's stockholders approved a Comprehensive Stock Option Plan (CSOP) covering directors, officers, managers and key consultants of Atlas and its significant subsidiaries. The salient terms and features of the CSOP are as follows:

v. Number of underlying shares: 50,000,000 common shares to be taken out of the unissued portion of Atlas's's authorized capital stock; 25,000,000 of the shares have already been earmarked for the first-tranche optionees comprising of Atlas's directors and officers

vi. Option Period: Three years from the date the stock option is awarded to the optionees (The award date for the first-tranche optionees is 14 July 2011)

vii. Vesting Period: Subscription rights covering 1/3 of the shares of stock underlying the stock option award will vest during each year of the three-year option period

viii. Exercise Price: PhP10.00 per share

The following table shows the extent of the stock option award under the CSOP to the four (4) most highly compensated officers of the Company and to all other directors and officers of the Company collectively:

Name	***Position***	***No. of Shares***
Alfredo C. Ramos	Chairman and President	4,385,970
Martin C. Buckingham	Executive Vice-President and Director	3,508,770
Adrian Paulino S. Ramos	Executive Vice-President	2,631,570
Other officers and directors as a group		3,491,236
TOTAL		**14,017,546**

Qualified employees who were previously granted stock option awards exercised their subscription rights with respect to shares of stock of Atlas. Details are as follows:

	2014	2013	2012
Number of shares	1,183,604	1,754,190	2,215,788
Total subscription price	PhP11,836,040	PhP17,541,900.00	PhP22,157,880

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security ownership of record/beneficial owners of more than 5% of Atlas's voting securities

Title or Class of Shares	Name & Address of Record Owner and Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Holdings	%
Common	SM INVESTMENTS CORPORATION 10th Floor, One E-Com Center, Mall of Asia Complex, CBP-1A Pasay City - Not related to the Company except as stockholder	Record and beneficial owner	Filipino	604,975,205	28.99
Common	ALAKOR CORPORATION Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City - Not related to the Company except as stockholder	Record and beneficial owner	Filipino	453,963,461	21.75
Common	BDO Unibank, Inc. BDO Corporate Center, 7899 Makati Avenue, Makati City	Record and beneficial owner	Filipino	131,114,419	6.28
Common	ANGLO PHILIPPINE HOLDINGS CORPORATION Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City - Not related to the Company except as stockholder	Record and beneficial owner	Filipino	171,450,500	8.22

Security ownership of management (As of 31 December 2014 and the Record Date)

Title of Class	Name of Directors / Officers	No. of Shares Held	Citizenship	Percent (%)	Nature of Ownership
Common	Alfredo C. Ramos	463,963,561	Filipino	22.23	Record and Beneficial Owner
Common	Frederic C. DyBuncio	1,001	Filipino	0.00	Beneficial Owner
Common	Martin C. Buckingham	22,053,301	British	1.06	Beneficial Owner
Common	Isidro A. Consunji	95,991,305	Filipino	4.60	Beneficial Owner
Common	Adrian Paulino S. Ramos	5,833,010	Filipino	0.28	Beneficial Owner
Common	Gerard Anton S. Ramos	7,384,560	Filipino	0.35	Beneficial Owner
Common	Jose T. Sio	1,001	Filipino	0.00	Beneficial Owner
Common	Fulgencio S. Factoran Jr.	110,000	Filipino	0.00	Beneficial Owner
Common	Richard J. Gordon	1	Filipino	0.00	Beneficial Owner
Common	Alfredo R. Rosal Jr.	1	Filipino	0.00	Beneficial Owner

Title of Class	Name of Directors / Officers	No. of Shares Held	Citizenship	Percent (%)	Nature of Ownership
Common	Laurito E. Serrano	2,000	Filipino	0.00	Beneficial Owner
Common	Roderico V. Puno	0	Filipino	0.00	N/A
Common	Fernando A. Rimando	0	Filipino	0.00	N/A
Common	Carmen-Rose A. Basallo-Estampador	7,080	Filipino	0.00	Record and Beneficial Owner
Common	Leila Marie P. Cabanes	0	Filipino	0.00	N/A
	All Directors and Officers as a Group	595,389,741		28.52	

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As disclosed in Note 23 of the Atlas Group's Audited Consolidated Financial Statements (ACFS) for the year ended 31 December 2014 (please refer to the attached ACFS):

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

In the normal course of business, transactions with related parties consist mainly of payments made by the parent company for various expenses and noninterest-bearing, short-term cash advances for working capital requirements. Intercompany transactions are eliminated in the consolidated financial statements.

The Group's related party transactions, which are under terms that are no less favorable than those arranged with third parties as at December 31, are as follows:

2014

	Amount/ Volume	*Outstanding Balance*	*Terms*	*Conditions*
Subsidiaries Receivables				
AEI	*131*	*100,787*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
AI	*115*	*31,568*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
CCC	*6,769*	*29,906*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
	7,015	*162,261*		
Payables:				
AHI	*–*	*2,384*	*On demand; noninterest- bearing*	*Unsecured, no guarantee*

2013

	Amount/ Volume	*Outstanding Balance*	*Terms*	*Conditions*
Subsidiaries Receivables				
CCC	*3,209*	*23,137*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
AEI	*–*	*101,916*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
AI	*123*	*31,459*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
BNC	*6,546*	*108,969*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
UNC	*–*	*597*	*On demand; noninterest- bearing*	*Unsecured, no impairment, no guarantee*
URHI	*–*	*1,224*	*On demand;*	*Unsecured, no impairment,*

2013				
	Amount/ Volume	Outstanding Balance	Terms	Conditions
			noninterest- bearing	no guarantee
NRHI	–	3,006	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
Payables:				
AHI	–	2,598	On demand; noninterest- bearing	Unsecured, no guarantee
	9,878	272,906		

The consolidated statements of financial position include the following amounts resulting from the various transactions with related parties as at December 31, are as follows:

2014				
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Associates				
Receivables (see Note 5)				
BNC	7,556	109,767	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
URHI	–	3,006	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
UNC	13,742	13,742	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
	21,298	126,515		

2013				
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Affiliates				
Receivables (see Note 5)				
Alakor	–	27,722	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
TMC	1,668	3,818	On demand; noninterest- bearing	Unsecured, no impairment, no guarantee
	1,668	31,540		
Payables				
TMC	112,677	434,015	On demand; noninterest- bearing	Unsecured, no guarantee
Interest payable				
Alakor	–	21,986	On demand; noninterest- bearing	Unsecured, no guarantee

Advances from TMC pertain to the parent company's share in the operating expenses of BNC that was advanced by TMC for the account of the parent company.

In November 2008, the parent company contributed PhP22,068 for the payment of the purchase price of certain parcels of land that were conveyed by the SSS to Alakor. As the parent company was unable to participate in the transaction covering the conveyance of the properties, the amount contributed was treated as advances to Alakor which was repaid in 2014.

In December 2010, the parent company issued a promissory note to Philodrill Corporation for the principal amount of USD1,670 (the "Philodrill Note"). The loan shall accrue interest from January 22, 2010 at the rate of 10% per annum. The parent company incurred interest expense amounting to nil and PhP3,102 in 2013 and 2012, respectively. In June 2012, the parent company discharged fully the loan obligation under the Philodrill Note amounting to PhP73,213.

In 2012, CCC settled in tranches its payable to the parent company amounting to PhP860,954. In July 2011, CCC *agreed to provide security for the loan obligations of the parent company to BDO under the BDO Facility. CCC executed an irrevocable suretyship in favor of BDO whereby it became solidarily liable with the parent company for the discharge of all obligations under the BDO Facility.*

Receivable from officers and employees as at December 31, 2013 and 2012 amounting to PhP32,700 and PhP31,568 respectively, pertain to the receivable extended by the Group to its officers and employees and unliquidated advances used in the Group's operations. These receivables from officers and employees are due and demandable.

IV. CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The evaluation system adopted by Atlas is based primarily on the SEC's Corporate Governance Scorecard and the PSE's disclosure survey on compliance with its corporate governance guidelines. Current pronouncements and / or rulings by regulatory bodies with regard to leading practices on good corporate governance are adopted / incorporated in Atlas's Manual on Corporate Governance (the "Manual") to ensure full compliance therewith.

Atlas has not deviated from the Manual and is in the process of implementing its governance enhancement program which involves the establishment of stronger risk management, internal audit, and compliance structures and systems.

DISTRIBUTION OF ANNUAL REPORT TO REGISTERED SHAREHOLDERS

A copy of the Company's Annual Report on SEC Form 17-A will be provided without charge to registered stockholders upon written request addressed to:

THE OFFICE OF THE CORPORATE SECRETARY
9th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City
Metro Manila, Philippines 1550

Atlas Consolidated Mining and Development Corporation **ANNEX A**
(in thousands)

2013 vs. 2012 Horizontal Analysis and Vertical Analyses of Accounts in the Statements of Financial Position

			Horizontal Analysis		Vertical Analysis		
		Audited and	**2013 vs 2012**		**2013**	2012	
	Audited	Restated	**Increase/**	**% of**	**% of**	% of	
	12/31/2013	12/31/2012	**(Decrease)**	**change**	**assets**	assets	Remarks
ASSETS							
Current Assets							
Cash and cash equivalents	**866,359**	654,788	**211,571**	**32%**	**1%**	1%	The increase is attributable to proceeds of loans availed during the year and pre-terminated placements.
Short-term investments	**2,032,276**	4,982,395	**(2,950,119)**	**-59%**	**3%**	9%	This refers to the pre-termination of CCC's investment in short-term money market placements.
Receivable - net	**1,059,598**	1,582,993	**(523,395)**	**-33%**	**2%**	3%	Decrease in the account is a consequence of collected copper concentrates deliveries, decrease in interest receivable from short-term placements, and settlement of outstanding balances from various debtors.
Derivative assets	**14,108**	-	**14,108**	**100%**	**0%**	0%	This pertains to the fair value of unexercised put options as of the reporting period.
Inventories - net	**1,653,196**	1,032,056	**621,140**	**60%**	**3%**	2%	This is attributtable to increase in procured materials and supplies and stockpiled copper concentrates awaiting delivery.
Other current assets	**613,258**	1,169,119	**(555,861)**	**-48%**	**1%**	2%	Advance payments made by the Company to its suppliers and contractors were utilized during the year due to the expansion project of CCC.
Total Current Assets	**6,238,795**	9,421,351	**(3,182,556)**	**-34%**	**10%**	16%	
Noncurrent Assets							
Goodwill	**19,026,119**	19,026,119	**-**	**0%**	**30%**	33%	This mainly pertains to recognized goodwill from provisional fair values of identifiable assets and liabilities of CCC.
Property, plant and equipment - net	**26,682,227**	18,250,821	**8,431,406**	**46%**	**42%**	31%	This is due to increased acquisition by CCC of new machineries and other movable equipment, capitalization of the cost of rehabilitation, and improvement of mine facilities.
Mining Rights	**9,145,204**	9,491,916	**(346,712)**	**-4%**	**14%**	16%	This is due to depletion charges during the year.
Deferred tax assets	**361,199**	83,635	**277,564**	**332%**	**1%**	0%	Account increased because of the net benefit effect of unrealized foreign exchange gains (losses) for the year.
Available-for-sale (AFS) financial assets	**5,599**	4,896	**703**	**14%**	**0%**	0%	This refers to the fair value adjustment for the year.
Other noncurrent assets	**2,107,383**	1,674,444	**432,939**	**26%**	**3%**	3%	The is due to input tax credits from the increase in various purchases for the continuous operations, increase in production and for the expansion project of CCC.
Total Noncurrent Assets	**57,327,731**	48,531,831	**8,795,900**	**18%**	**90%**	84%	
TOTAL ASSETS	**63,566,526**	57,953,182	**5,613,344**	**10%**	**100%**	100%	

Atlas Consolidated Mining and Development Corporation **ANNEX A**

(in thousands)

2013 vs. 2012 Horizontal Analysis and Vertical Analyses of Accounts in the Statements of Financial Position

			Horizontal Analysis		Vertical Analysis		
		Audited and	**2013 vs 2012**		**2013**	2012	
	Audited	Restated	**Increase/**	**% of**	**% of**	% of	
	12/31/2013	12/31/2012	**(Decrease)**	**change**	**assets**	assets	Remarks
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities							
Accounts payable and accrued liabilities	**3,436,432**	2,714,537	**721,895**	**27%**	**5%**	5%	This is due to additional trade credits and accruals from property and equipment acquisitions and various purchases of materials and supplies for the expansion project.
Current portion of long-term debt and other interest-bearing liabilities	**4,143,182**	1,585,243	**2,557,939**	**161%**	**7%**	3%	This refers to additional loans availed for the year, foreign exchange translation adjustment, and reclassification of the current portion of the long-term debt.
Payable to related parties	**434,015**	324,354	**109,661**	**34%**	**1%**	1%	The increase pertains to additional advances to TMC.
Income tax payable	**63,200**	14,648	**48,552**	**331%**	**0%**	0%	Increase the account pertains to the expiration of CCC's income tax holiday incentive.
Derivative liabilities	**925**	7,590	**(6,665)**	**-88%**	**0%**	0%	CCC has no outstanding provisional pricing agreements for its copper sales with MRI Trading AG as of year-end.
Total Current Liabilities	**8,077,754**	4,646,372	**3,431,382**	**74%**	**13%**	8%	
Noncurrent Liabilities							
Long-term debt and other interest-bearing liabilities – net of current portion	**15,348,650**	14,473,422	**875,228**	**6%**	**24%**	25%	This refers to the additional loans availed for the year and effect of foreign exchange translation adjustment of USD denominated loans.
Retirement benefits liability	**404,766**	311,905	**92,861**	**30%**	**1%**	1%	Change pertains to accrual of additional pension costs and actuarial adjustments during the year.
Liability for mine rehabilitation cost	**46,382**	112,749	**(66,367)**	**-59%**	**0%**	0%	The decrease pertains to change in its future rehabilitation cost projections.
Deferred tax liabilities	**2,837,229**	2,941,243	**(104,014)**	**-4%**	**4%**	5%	Same as deferred tax assets
Total Noncurrent Liabilities	**18,637,027**	17,839,319	**797,708**	**4%**	**29%**	31%	
Total Liabilities	**26,714,781**	22,485,691	**4,229,090**	**19%**	**42%**	39%	
Equity							
Capital stock	**16,608,969**	16,594,936	**14,033**	**0%**	**26%**	29%	Qualified availees of CSOP exercised their subscription rights during the year.
Additional paid in capital	**7,063**	3,554	**3,509**	**99%**	**0%**	0%	
Revaluation increment in land	**218,559**	218,559	**-**	**0%**	**0%**	0%	
Unrealized gain on AFS financial assets	**10,460**	2,160	**8,300**	**384%**	**0%**	0%	This refers to the fair value adjustment for the year and the sale of TMC shares.
Remeasurement loss on retirement plan	**(96,760)**	(101,320)	**4,560**	**-5%**	**0%**	0%	This is a result of actuarial valuation adjustments.
Retained earnings (Deficit)	**19,842,996**	18,447,515	**1,395,481**	**8%**	**31%**	32%	This represents Atlas's share in the total comprehensive income for the year.
Attributable to equity holders of the Parent Company	**36,591,287**	35,165,404	**1,425,883**	**4%**	**58%**	61%	
Non-controlling interest	**283,725**	302,087	**(18,362)**	**-6%**	**0%**	1%	This represents the share of minority holders in the total comprehensive income for the year.
	36,875,012	35,467,491	**1,407,521**	**4%**	**58%**	61%	
Less cost of 1,800,000 shares held by a subsidiary	**23,267**	-	**23,267**	**100%**	**0%**	0%	Shares held by Atlas' subsidiary
Equity	**36,851,745**	35,467,491	**1,384,254**	**4%**	**58%**	61%	
TOTAL LIABILITIES AND EQUITY	**63,566,526**	57,953,182	**5,613,344**	**10%**	**100%**	100%	

Atlas Consolidated Mining and Development Corporation **ANNEX A**
(in thousands)

2013 vs. 2012 Horizontal and Vertical Analyses of Accounts in the Statements of Comprehensive Income

			Horizontal Analysis		**Vertical Analysis**		
		Audited and	**2013 vs 2012**		**2013**	2012	
	Audited	Restated	**Increase/**	**% of**	**% of**	% of	
	12/31/2013	12/31/2012	**(Decrease)**	**Change**	**Sales**	Sales	Remarks
Revenue							
Copper	**12,431,869**	13,412,754	**(980,884.59)**	**-7%**	**92%**	93%	The drop peratins to lower shipment volume and lower copper prices.
Gold	**1,135,791**	905,560	**230,231**	**25%**	**8%**	6%	There was increase in shipment volume during the year.
Silver	**1,377**	476	**901**	**0%**	**0%**	0%	Decrease pertains to lower silver content in copper.
Magnetite	**14,913**	22,562	**(7,649)**	**0%**	**0%**	0%	
Nickel	**859,633**	1,189,716	**(330,083)**	**-28%**	**6%**	8%	Nickel sales decreased due to lower prices and lower shipment volume.
Miscellaneous	**7,166**	8,895	**(1,729)**	**0%**	**0%**	0%	This pertains to TMM's service income.
	14,450,749	15,539,963	**(1,089,214)**	**-7%**	**107%**	107%	
Less: Smelting and related charges	**947,518**	1,080,642	**(133,124)**	**-12%**	**7%**	7%	Same as Copper revenues
	13,503,231	14,459,321	**(956,090)**	**-7%**	**100%**	100%	
Cost and Expenses							
Mining and milling costs	**8,011,314**	8,669,962	**(658,648)**	**-8%**	**59%**	60%	Despite higher production volume, CCC managed to restrain production and operating costs during the year.
General and administrative expenses	**1,474,387**	1,469,499	**4,888**	**0%**	**11%**	10%	
Mine products taxes	**280,942**	307,266	**(26,324)**	**-9%**	**2%**	2%	
	9,766,643	10,446,727	**(680,084)**	**-7%**	**72%**	72%	
Other Charges							
Foreign exchange gains (losses) - net	**(1,021,655)**	592,966	**(1,614,621)**	**-272%**	**-8%**	4%	The decrease was mainly due to translation and transaction adjustments of foreign currency denominated liabilities.
Finance charges	**(987,203)**	(1,216,450)	**229,247**	**-19%**	**-7%**	-8%	Decrease in the account was due to incurrence of bond issuance costs last year.
Depletion of mining rights	**(346,712)**	(329,508)	**(17,204)**	**5%**	**-3%**	-2%	Higher production resulted to higher amortization charges of mining rights.
Interest income	**157,639**	213,753	**(56,114)**	**-26%**	**1%**	1%	This pertains to income earned from short-term placements for the full year.
Gain on settlement of liability	**79,275**	519,548	**(440,273)**	**-85%**	**1%**	4%	This pertains to the write-off of TPC liability last year.
Realized gain (loss) on derivatives - net	**(44,998)**	(437,608)	**392,610**	**-90%**	**0%**	-3%	This pertains to provisional pricing and prepayment option entered into by the Group.
Unrealized loss on derivatives	**-**	(7,590)	**7,590**	**100%**	**0%**	0%	
Others - net	**10,765**	60,058	**(49,293)**	**-82%**	**0%**	0%	There was an accretion of interest for the derivative portion of USD140 loan in 2012.
	(2,152,889)	(604,831)	**(1,548,058)**	**256%**	**-16%**	-4%	
INCOME BEFORE INCOME TAX	**1,583,699**	3,407,763	**(1,824,064)**	**-54%**	**12%**	24%	
BENEFIT FROM (PROVISION FOR)	**312,257**	30,738	**281,519**	**916%**	**2%**	0%	
NET INCOME (LOSS)	**1,895,956**	3,438,501	**(1,542,545)**	**-45%**	**14%**	24%	
OTHER COMPREHENSIVE INCOME	**12,860**	(55,361)	**68,221**	**0%**	**0%**	0%	
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,908,816**	3,383,140	**(1,474,324)**	**-44%**	**14%**	23%	

Atlas Consolidated Mining and Development Corporation **ANNEX B**

(in thousands)

2012 vs. 2011 Horizontal Analysis and Vertical Analyses of Accounts in the Statements of Financial Position

			Horizontal Analysis		Vertical Analysis		
			2012 vs 2011		**2012**	2011	
	Audited 12/31/2012	Audited 12/31/2011	**Increase/ (Decrease)**	**% of change**	**% of assets**	% of assets	Remarks
ASSETS							
Current Assets							
Cash and cash equivalents	**654,788**	354,458	**300,330**	**85%**	**1%**	1%	The increase is attributable to the rise in revenues and collected receivables.
Short-term investments	**4,982,395**	864,585	**4,117,810**	**476%**	**9%**	2%	The increase pertains to CCC's investment in short-term money market placements from the proceeds of its bond issue.
Receivable - net	**1,582,993**	563,231	**1,019,762**	**181%**	**3%**	1%	Rise in the account is mainly a consequence of unpaid copper concentrates deliveries.
Derivative assets	**-**	477,573	**(477,573)**	**-100%**	**0%**	1%	The decrease is attributable to a) the freestanding commodity put options as of December 31, 2011 which matured in 2012, and b) the reversal of the derivative asset arising from the early settlement of the US$140 million loan facility obtained by CCC from BDO
Inventories - net	**1,032,056**	1,111,241	**(79,185)**	**-7%**	**2%**	2%	Increase in current year's number of shipments resulted to decrease in stockpiled mine products at year end.
Other current assets	**1,169,119**	497,691	**671,428**	**135%**	**2%**	1%	The increase is due to advance payments made to suppliers.
Total Current Assets	**9,421,351**	3,868,779	**5,552,572**	**144%**	**16%**	8%	
Noncurrent Assets							
Goodwill	**19,026,119**	19,026,119	**-**	**0%**	**33%**	39%	This is a result of the final allocation of purchase price on the basis of fair values of CCC's assets and liabilities at the acquisition date.
Property, plant and equipment - net	**18,250,821**	14,164,839	**4,085,982**	**29%**	**32%**	29%	This is due to increased acquisition by CCC of new machineries and other movable equipment and the leasehold improvements undertaken by Atlas. The increase is also attributable to the capitalization of the cost of rehabilitation and improvement of mine facilities.
Mining Rights	**9,491,916**	9,821,424	**(329,508)**	**-3%**	**16%**	20%	The decrease was due to the amortization of minings rights.
Deferred tax assets	**43,019**	86,963	**(43,944)**	**-51%**	**0%**	0%	The decrease was due to the offsetting of deferred tax assets against deferred tax liabilities
Available-for-sale (AFS) financial assets	**4,896**	4,927	**(31)**	**-1%**	**0%**	0%	
Derivative assets	**-**	221,395	**(221,395)**	**-100%**	**0%**	0%	Same as Derivative assets - current
Investment in an associate							
Other noncurrent assets	**1,674,444**	1,478,154	**196,290**	**13%**	**3%**	3%	The is due to input tax credits from the increase in various purchases.
Total Noncurrent Assets	**48,491,215**	44,803,821	**3,687,394**	**8%**	**84%**	92%	
TOTAL ASSETS	**57,912,566**	48,672,600	**9,239,966**	**19%**	**100%**	100%	

Atlas Consolidated Mining and Development Corporation **ANNEX B**
(in thousands)

2012 vs. 2011 Horizontal Analysis and Vertical Analyses of Accounts in the Statements of Financial Position

			Horizontal Analysis		Vertical Analysis		
			2012 vs 2011		**2012**	2011	
	Audited 12/31/2012	Audited 12/31/2011	**Increase/ (Decrease)**	**% of change**	**% of assets**	% of assets	Remarks
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities							
Loans payable	**-**	5,341,800	**(5,341,800)**	**-100%**	**0%**	11%	The decrease represents the effect of the conversion of the loan obligation to SM Investments Corporation into Atlas equity.
Accounts payable and accrued liabilities	**2,714,537**	3,100,386	**(385,849)**	**-12%**	**5%**	6%	The decrease is due to settlement of trade and non-trade payables.
Current portion of long-term debt and other interest-bearing liabilities	**1,585,243**	4,298,353	**(2,713,110)**	**-63%**	**3%**	9%	Apart from the reclassification of the current portion of the long-term debt and the restatement of foreign currency denominated loans, the bulk of the decrease was brought about by the prepayment by CCC of its US$140 million loan obligation to BDO Unibank, Inc. using the proceeds of the bond issue.
Payable to related parties	**324,354**	531,700	**(207,346)**	**-39%**	**1%**	1%	The decrease is due to settlement of payables.
Income tax payable	**14,648**	323	**14,325**	**4435%**	**0%**	0%	Increase in taxable income resulted to the change in payable during the year.
Derivative liabilities	**7,590**	18,929	**(11,339)**	**-60%**	**0%**	0%	CCC has no outstanding provisional pricing agreements for its copper sales with MRI Trading AG as of year-end.
Total Current Liabilities	**4,646,372**	13,291,491	**(8,645,119)**	**-65%**	**8%**	27%	
Noncurrent Liabilities							
Long-term debt and other interest-bearing liabilities – net of current portion	**14,473,422**	5,856,671	**8,616,751**	**147%**	**25%**	12%	The increase is largely due to the issuance of US Dollar-denominated fixed-rate notes representing US$300 million senior unsecured debt with a tenor of five (5) years and five (5)
Retirement benefits liability	**180,515**	121,974	**58,541**	**48%**	**0%**	0%	The increment is attributed to the additional accrual of pension costs.
Liability for mine rehabilitation cost	**112,749**	96,896	**15,853**	**16%**	**0%**	0%	The increase is due to the recognition of CCC's mine closure provision for the year.
Deferred tax liabilities	**2,941,243**	3,046,910	**(105,667)**	**-3%**	**5%**	6%	Same as deferred tax assets
Total Noncurrent Liabilities	**17,707,929**	9,122,451	**8,585,478**	**94%**	**31%**	19%	
Total Liabilities	**22,354,301**	22,413,942	**(59,641)**	**0%**	**39%**	46%	
Equity							
Capital stock	**16,594,936**	17,640,530	**(1,045,594)**	**-6%**	**29%**	36%	This is the net effect of reduction in par value and the issuance of Atlas's shares of stock to SMIC, Spinnaker and partial exercise of subscription rights under CSOP.
Additional paid in capital	**3,554**	5,816,306	**(5,812,752)**	**-100%**	**0%**	12%	The decrease represents the effect of equity restructuring exercise during the year.
Revaluation increment in land	**218,559**	218,559	**-**	**0%**	**0%**	0%	
Unrealized gain on AFS financial assets	**2,160**	1,464	**696**	**48%**	**0%**	0%	This is the fair value adjustment of AFS investments as of year end.
Retained earnings (Deficit)	**18,434,748**	2,431,361	**16,003,387**	**658%**	**32%**	5%	This represents Atlas's share in the total comprehensive income for the year.
Attributable to equity holders of the Parent Company	**35,253,957**	26,108,220	**9,145,737**	**35%**	**61%**	54%	
Non-controlling interest	**304,308**	150,438	**153,870**	**102%**	**1%**	0%	This represents the share of minority holders in the total comprehensive income for the year.
Equity	**35,558,265**	26,258,658	**9,299,607**	**35%**	**61%**	54%	
TOTAL LIABILITIES AND EQUITY	**57,912,566**	48,672,600	**9,239,966**	**19%**	**100%**	100%	

Atlas Consolidated Mining and Development Corporation **ANNEX B**
(in thousands)

2012 vs. 2011 Horizontal and Vertical Analyses of Accounts in the Statements of Comprehensive Income

			Horizontal Analysis		Vertical Analysis		
			2012 vs 2011		2012	2011	
	Audited 12/31/2012	Audited 12/31/2011	Increase/ (Decrease)	% of Change	% of Sales	% of Sales	Remarks
INCOME							
Revenue							
Copper	**13,412,754**	4,369,989	**9,042,765**	**207%**	**93%**	92%	The increase in copper sales is attributable to
Gold	**905,560**	241,146	**664,414**	**276%**	**6%**	5%	higher level of production of Carmen Copper
Silver	**476**	-	**476**	**0%**	**0%**	0%	Corporation ("CCC") which offset lower copper
Magnetite	**22,562**	-	**22,562**	**0%**	**0%**	0%	prices.
Nickel	**1,189,716**	589,652	**600,064**	**102%**	**8%**	12%	The increase in nickel sales is attributable to the turn-around in the commercial operations of Berong Nickel Corporation ("BNC")
Miscellaneous	**8,895**	-	**8,895**	**0%**	**0%**	0%	This pertains to TMM's service income.
	15,539,963	5,200,787	**10,339,176**	**199%**	**107%**	109%	
Less: Smelting and related charges	**(1,080,642)**	(425,535)	**(655,107)**	**154%**	**-7%**	-9%	The increase was due to the improved production of both CCC and BNC
	14,459,321	4,775,252	**9,684,069**	**203%**	**100%**	100%	
Fair value gain on previously held interest	**-**	13,788,051	**(13,788,051)**	**-100%**	**0%**	289%	This pertains to the excess of fair value over the carrying value of the investment in CCC as of July 2011. CCC's mine production activities was reflected in 2011 as part of the retroactive application of PFRS 10,11 and 12.
Equity in net earnings of an associate	**-**	1,247,884	**(1,247,884)**	**-100%**	**0%**	26%	This represents Atlas's share in the total comprehensive income of CCC.
Other income							
Foreign exchange gain	**1,966,512**	-	**1,966,512**	**0%**	**14%**	0%	The increase is attributable to the appreciation of the Peso against the US Dollar.
Gain on settlement of liability	**519,548**	90,458	**429,090**	**474%**	**4%**	2%	This pertains to settlement of liabilities to TPC and TMC for the current year.
Interest Income	**213,753**	1,296	**212,457**	**16393%**	**1%**	0%	This mainly pertains to the accrual of interest on short-term money market placements.
Realized gain on derivatives	**-**	218,094	**(218,094)**	**-100%**	**0%**	5%	This pertains to provisional pricing and prepayment option entered into by the Group.
Other income - net	**60,058**	277,627	**(217,569)**	**-78%**	**0%**	6%	This currently pertains to CCC's income tax benefit, scrap sales and rental income. For the previous years, this was largely royalty income from CCC.
	17,219,192	20,398,662	**(3,179,470)**	**-16%**	**119%**	427%	
EXPENSES							
Cost and Expenses							
Mining and milling costs	**(8,678,572)**	(3,395,225)	**(5,283,347)**	**156%**	**-60%**	-71%	The increase was due to the improved production
General and administrative expenses	**(1,476,891)**	(929,634)	**(547,257)**	**59%**	**-10%**	-19%	of both CCC and BNC
Mine products taxes	**(307,266)**	(196,421)	**(110,845)**	**56%**	**-2%**	-4%	
Other Charges							
Foreign exchange loss	**(1,373,546)**	(199,113)	**(1,174,433)**	**590%**	**-9%**	-4%	The increase was due to the fluctuation of exchange rates for each period.
Finance charges	**(1,206,221)**	(237,103)	**(969,118)**	**409%**	**-8%**	-5%	This largely pertains to interest expense from USD300M bond.
Realized loss on derivatives	**(437,608)**	-	**(437,608)**	**0%**	**-3%**	0%	This pertains to provisional pricing and prepayment option entered into by the Group.
Depletion of mining rights	**(329,508)**	(122,785)	**(206,723)**	**168%**	**-2%**	-3%	This refers to the depletion of mining rights which started in August 2011.
Unrealized loss on derivatives	**(7,590)**	(351,485)	**343,895**	**-98%**	**0%**	-7%	This pertains to provisional pricing and prepayment option entered into by the Group.
	(13,817,202)	(5,431,766)	**(8,385,436)**	**154%**	**-96%**	-114%	

Atlas Consolidated Mining and Development Corporation **ANNEX B**

(in thousands)

2012 vs. 2011 Horizontal and Vertical Analyses of Accounts in the Statements of Comprehensive Income

			Horizontal Analysis		Vertical Analysis		
			2012 vs 2011		2012	2011	
	Audited 12/31/2012	Audited 12/31/2011	Increase/ (Decrease)	% of Change	% of Sales	% of Sales	Remarks
INCOME BEFORE INCOME TAX	**3,401,990**	14,966,896	**(11,564,906)**	**-77%**	**24%**	313%	
BENEFIT FROM (PROVISION FOR) INCOME TAX	**32,079**	106,533	**(74,454)**	**-70%**	**0%**	2%	Pertains to deferred tax liabilities on the depletion of mining rights
NET INCOME (LOSS)	**3,434,069**	15,073,429	**(11,639,360)**	**-77%**	**24%**	316%	
OTHER COMPREHENSIVE INCOME	**696**	-	**696**	**0%**	**0%**	0%	
TOTAL COMPREHENSIVE INCOME (LOSS)	**3,434,765**	15,073,429	**(11,638,664)**	**-77%**	**24%**	316%	

Annex C

REPUBLIC OF THE PHILIPPINES)
City of PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, CARMEN-ROSE A. BASALLO-ESTAMPADOR, Filipino, of legal age, with office address at the 9th Floor Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Philippines, after being duly sworn in accordance with law hereby depose and state that:

1. I am the duly elected and incumbent Assistant Corporate Secretary of Atlas Consolidated Mining and Development Corporation (the "Corporation"), a corporation duly organized and existing in accordance with the laws of the Philippines, with principal office at Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Philippines.

2. Based on information provided to the Corporation and to the best of the Corporation's knowledge, none of its (i) incumbent directors and officers, or (ii) nominees for directors' and officers' positions, are working for or with the government.

IN WITNESS WHEREOF, I have set my hand this MAR 25 2015 in PASIG CITY.

CARMEN-ROSE A. BASALLO-ESTAMPADOR
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me in the City of MAR 25 2015 this ___ day of ___________ 2015 by Carmen-Rose A. Basallo-Estampador whose identity I have confirmed through her Philippine Passport with number EC2470394 issued on 20 October 2014 at DFA NCR South Office.

Doc. No. 205;
Page No. 42;
Book No. II;
Series of 2015.

ATTY. BENIGNO M. PUNO
NOTARY PUBLIC
PTR NO 0380753 / 1-06-15 / PASIG CITY
IBP NO [illegible] / 1-05-15 / PASIG CITY
VALID UNTIL DEC. 31, 2016
TIN NO. [illegible]
MCLE NO. [illegible] 1-4-11
ROLL NO. 15836
RM. 104 MN SQ. BLDG. 678 SHAW BLVD.
KAPITOLYO PASIG CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Laurito E. Serrano, Filipino, of legal age and a resident of Unit 4205-C Madras Street, Palanan Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION**;

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Philippine Veterans Bank	Director	June, 2012 to present
APC Group, Inc.	Independent Director	June, 2013 to present
Travellers International Hotel Group, Inc.	Independent Director	November, 2013 to present
Pacific Online Systems Corporation	Independent Director	May, 2014 to present
MJC Investments Corp.	Independent Director	May, 2014 to present
MRT Dev. Corporation	Director	July, 2013 to present
Makati Parking Authority	Trustee/Vice-President	May, 2013 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ATLAS CONSOLITATED MINING AND DEVELOPMENT CORPORATION**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations;

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of **ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION** of any changes in the abovementioned information within five days from its occurrence.

Done this 12th day of March, 2015 at Makati City, Philippines.

LAURITO E. SERRANO
Affiant

MAR 12 2015

SUBSCRIBED AND SWORN to before me in the City of Makati this ___ day of March, 2015 by Mr. Laurito E. Serrano who personally appeared before me and exhibited to me his Drivers' License # N05-79-030116 expiring on August 3, 2016.

Doc. No. 58;
Page No. 13;
Book No. 261;
Series of 2015.

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2015
IBP NO. 978780 / CY 2015
ROLL NO. 28947/ MCLE 4 NO. 0006524/6-19-12
PTR NO. MKT. 4750751/1-5-15 MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, FULGENCIO S. FACTORAN, Filipino, of legal age and a residence of No. 8, Gladiola Street, Tahanan Village, Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of **Atlas Consolidated Mining and Development Corporation (ATLAS)**;

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
GAIA South, Inc.	Chairman	1992-
Agility Inc.	Chairman	1992-
Weather Foundation Phils., Inc.	Independent Director	2012-
Nickel Asia Corporation	Independent Director	2011-
PETA	Trustee	1994-

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ATLAS, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations;

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code; and

5. I shall inform the Corporate Secretary of ATLAS of any changes in the abovementioned information within five (5) days from its occurrence.

DONE, this ______ day of FEB 0 9 2015 in PASIG CITY.

Affiant

SUBSCRIBED AND SWORN to before me in the City of PASIG CITY this FEB 0 9 2015 by ______________________ whose identity I have confirmed through his ______________ with number ______________ issued on ____________ in ______________.

Doc. No. 421
Page No. 81
Book No. 1
Series of 2015.

ATTY. BENIGNO M. PUNO
NOTARY PUBLIC
PTR NO 0398253 / 01-05-15 / PASIG CITY
IBP NO 0[illegible] / 1-05-15 / PASIG CITY
[illegible] DEC. 31, 2016
[illegible]
[illegible] 1-4-11
[illegible] NO. 15836
RM 104 [illegible] BLDG. 678 SHAW BLVD.
KAPITOLYO PASIG CITY

CERTIFICATE OF INDEPENDENT DIRECTORS

I, *Chairman and CEO of the Philippine Red Cross*, **RICHARD J. GORDON**, Filipino, of legal age and with office address at 2/F Chairman's Office, National Headquarters, Philippine Red Cross, Bonifacio Drive, Port Area, Manila, after having been duly sworn to in accordance with law do hereby declare That:

1. I am an Independent Director of Atlas Consolidated Mining and Development Corporation (ATLAS);

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Philippine Red Cross	Chairman & CEO	11 years
Philippine Red Cross	Board of Governor	29 years
Admiral Royal Multi Venture Inc	Director	5 years
Century Peak Metals Holdings Corporation.	Director	3 years and 10 months
Enabled & Ennobled Group, Inc.	Director	3 year and 6 months
Gordon Dario Reyes Buted Hocson Viado &Blanco Law Offices	Senior Partner	2 years

3. I possess all the qualifications and none of the disqualifications to serve as An Independent Director of Atlas Consolidated Mining and Development Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.
5. I shall inform the Atlas Consolidated Mining and Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __ day of ______ 2014, at PASIG CITY.

RICHARD J. GORDON
Affiant

SUBSCRIBED AND SWORN to before me this FEB 17 2015 at PASIG CITY, affiant personally appeared before me and exhibited to me his Passport ID No. ECO480511 issued at DFA, Manila on 05March2014.

DOC. NO.: 479
PAGE NO.: 96
BOOK NO.: I
SERIES OF 2015

ATTY. [illegible] PUNO
PTR NO. [illegible]
IBP NO. [illegible]

CERTIFICATION OF INDEPENDENT DIRECTOR

I, ALFREDO R. ROSAL, JR., Filipino, of legal age and a resident of 3rd One Corporate Plaza, 845 Arnaiz Avenue, Legaspi Village, Makati City after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of **Atlas Consolidated Mining and Development Corporation (ATLAS);**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
San Beda Law Alumni Association	Trustee	2005 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ATLAS, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations;

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code; and

5. I shall inform the Corporate Secretary of ATLAS of any changes in the abovementioned information within five (5) days from its occurrence.

DONE, this 3rd day of February 2015 at ______________.

ALFREDO R. ROSAL, JR
Affiant

SUBSCRIBED AND SWORN to before me in the City of PASIG CITY this FEB 0 9 2015 by Alfredo R. Rosal, Jr. whose identity I have confirmed through his SSS ID No. 03-2763098-8 issued in Makati City.

Doc. No. 429
Page No. 87
Book No. I
Series of 2015.

ATTY. BENIGNO M. PUNO
PTR NO 038... / ...-15 / PASIG CITY
IBP NO ... / 1-06-15 / PASIG CITY
... DEC 31, 2016
...
...1-4-11
...36
RM 104 ... 878 SHAW BLVD.
KAPITOLYO PASIG CITY

ATLAS Mining

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ATLAS CONSOLIDATED MINING & DEVELOPMENT CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, including additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Alfredo C. Ramos
Chairman of the Board and President

Adrian Paulino S. Ramos
Executive Vice-President

Fernando A. Rimando
Vice President/Chief Financial Officer

* Signed this 16th day of March 2015

SUBSCRIBED AND SWORN to before me this 16th day of March 2015 affiants exhibiting to me their Tax Identification Numbers, as follows:

Name	Tax Identification Number
Alfredo C. Ramos	132-017-513
Adrian Paulino S. Ramos	188-355-989
Fernando A. Rimando	101-647-461

Document no. 131
Page no. 28
Book no. II
Series of 2015

ATTY. BENIGNO M. PUNO
NOTARY PUBLIC
PTR NO 0380253 / 1-06-15 / PASIG CITY
IBP NO 098364[illegible] / 1-[illegible]-15 / PASIG CITY
VALID UNTIL DEC. 31, 2015
TIN NO. [illegible]
MCLE NO. [illegible]
ROLL [illegible]
RM. 104 [illegible] BLDG. 678 SHAW BLVD.
KAPITOLYO PASIG CITY

Atlas Consolidated Mining and Development Corporation
9F Quad Alpha Centrum, 125 Pioneer St.
Mandaluyong City 1550 PH
Tel +632 584 9788
Fax +632 635 4495
www.atlasmining.com.ph

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 1 5 Pre-War

Company Name

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@atlasphilippines.com	**(632) 584-9788**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
20,938	**04/29**	**12/31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Fernando A. Rimando	**info@atlasphilippines.com**	**(632) 584-9788**	**N/A**

Contact Person's Address

9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Atlas Consolidated Mining and Development Corporation
9th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

We have audited the accompanying consolidated financial statements of Atlas Consolidated Mining and Development Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Atlas Consolidated Mining and Development Corporation and Subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
SEC Accreditation No. 1250-A (Group A),
August 9, 2012, valid until August 8, 2015
Tax Identification No. 163-069-453
BIR Accreditation No. 08-001998-97-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 4751289, January 5, 2015, Makati City

March 16, 2015

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Par Value Per Share)

	December 31	
	2014	**2013**
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱951,358**	₱866,359
Short-term investments (Note 17)	**980,997**	2,032,276
Receivables (Note 5)	**898,960**	1,059,598
Inventories (Note 7)	**1,406,931**	1,653,196
Derivative assets (Note 6)	–	14,108
Other current assets (Note 8)	**629,025**	613,258
Total Current Assets	**4,867,271**	6,238,795
Noncurrent Assets		
Goodwill (Notes 11 and 12)	**19,026,119**	19,026,119
Property, plant and equipment (Note 10):		
At cost	**30,550,045**	26,366,669
At revalued amount	**315,558**	315,558
Mining rights (Note 11)	**8,747,032**	9,145,204
Investments in associates (Note 14)	**292,082**	–
Available-for-sale (AFS) financial asset (Note 13)	**1,220**	5,599
Other noncurrent assets (Note 15)	**2,115,954**	2,107,383
Total Noncurrent Assets	**61,048,010**	56,966,532
TOTAL ASSETS	**₱65,915,281**	₱63,205,327
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 16)	**₱4,873,269**	₱3,436,432
Current portion of long-term debt and other interest-bearing liabilities (Note 17)	**2,959,570**	4,143,182
Payable to related parties (Note 23)	–	434,015
Derivative liabilities (Note 6)	**289,696**	925
Income tax payable	**240**	63,200
Total Current Liabilities	**8,122,775**	8,077,754
Noncurrent Liabilities		
Long-term debt and other interest-bearing liabilities - net of current portion (Note 17)	**18,472,017**	15,348,650
Retirement benefits liability (Note 24)	**622,359**	404,766
Liability for mine rehabilitation cost (Note 18)	**44,975**	46,382
Deferred income tax liabilities (Note 25)	**2,254,365**	2,476,030
Total Noncurrent Liabilities	**21,393,716**	18,275,828
Total Liabilities	**₱29,516,491**	₱26,353,582

(Forward)

	December 31	
	2014	**2013**
Equity		
Capital stock - ₱8 par value (Note 19)	**₱16,696,262**	₱16,608,969
Additional paid-in capital (Note 19)	**28,886**	7,063
Revaluation increment on land (Note 10)	**218,559**	218,559
Remeasurement loss on retirement plan	**(182,522)**	(96,760)
Unrealized gain on AFS financial asset - net (Note 13)	**6,081**	10,460
Retained earnings (Note 31)	**19,654,791**	19,842,996
Attributable to equity holders of the Parent Company	**36,422,057**	36,591,287
Non-controlling interest	**–**	283,725
	36,422,057	36,875,012
Less cost of 1,800,000 shares held by a subsidiary	**23,267**	23,267
Equity	**36,398,790**	36,851,745
TOTAL LIABILITIES AND EQUITY	**₱65,915,281**	₱63,205,327

See accompanying Notes to Consolidated Financial Statements.

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Amounts)

	Years Ended December 31		
	2014	2013	2012
REVENUE			
Copper (Note 6)	**₱13,729,786**	₱12,431,869	₱13,412,754
Gold (Note 6)	**1,333,406**	1,135,791	905,560
Beneficiated nickel ore and others (Note 32)	**1,117,869**	883,089	1,221,649
	16,181,061	14,450,749	15,539,963
Less smelting and related charges	**1,304,313**	947,518	1,080,642
	14,876,748	13,503,231	14,459,321
COSTS AND EXPENSES			
Mining and milling costs (Note 21)	**10,428,157**	8,011,314	8,669,962
General and administrative expenses (Note 22)	**1,412,497**	1,474,387	1,469,499
Mine products taxes (Note 21)	**310,126**	280,942	307,266
	12,150,780	9,766,643	10,446,727
Gain associated with loss of control of subsidiaries (Note 14)	**44,615**	–	–
Equity in net earnings of associates (Note 14)	**30,083**	–	–
OTHER INCOME (CHARGES)			
Finance charges (Note 26)	**(1,439,895)**	(987,203)	(1,216,450)
Depletion of mining rights (Note 11)	**(398,172)**	(346,712)	(329,508)
Unrealized loss on derivatives - net (Note 6)	**(289,696)**	(17,662)	(7,590)
Foreign exchange gains (losses) - net	**(164,804)**	(1,021,655)	592,966
Interest income (Notes 4 and 17)	**56,564**	157,639	213,753
Realized loss on derivatives - net (Note 6)	**(20,274)**	(27,336)	(437,608)
Gain on settlement of liability (Note 16)	**–**	79,275	519,548
Others - net	**91,844**	10,765	60,058
	(2,164,433)	(2,152,889)	(604,831)
INCOME BEFORE INCOME TAX	**636,233**	1,583,699	3,407,763
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 25)	**(239,153)**	312,257	30,738
NET INCOME	**₱397,080**	₱1,895,956	₱3,438,501
Total net income attributable to:			
Equity holders of the Parent Company	**₱122,436**	₱1,914,318	₱3,285,261
Non-controlling interest	**274,644**	(18,362)	153,240
	₱397,080	₱1,895,956	₱3,438,501

	Years Ended December 31		
	2014	2013	2012
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified to consolidated statements of income:			
Remeasurement gain (loss) on retirement plan	**(₱85,733)**	₱4,560	(₱56,057)
Item that may be reclassified subsequently to consolidated statements of income:			
Unrealized gain (loss) on AFS financial assets (Note 13)	**(4,379)**	8,300	696
	(90,112)	12,860	(55,361)
TOTAL COMPREHENSIVE INCOME	**₱306,968**	₱1,908,816	₱3,383,140
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**₱32,324**	₱1,927,178	₱3,229,900
Non-controlling interest	**274,644**	(18,362)	153,240
	₱306,968	₱1,908,816	₱3,383,140
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Note 28)			
Basic earnings per share	**₱0.0590**	₱0.9223	₱1.7017
Diluted earnings per share	**₱0.0543**	₱0.8458	₱1.5496

See accompanying Notes to Consolidated Financial Statements.

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Revaluation Increment on Land (Note 10)	Net Unrealized Gain on AFS Financial Assets (Note 13)	Remeasurement Gain (Loss) on Retirement Plan (Note 24)	Retained Earnings (Deficit)	Total	Non-controlling Interest	Shares held by a Subsidiary	Total
BALANCES AT JANUARY 1, 2012	₱17,640,530	₱5,816,306	₱218,559	₱1,464	(₱45,263)	₱2,439,066	₱26,070,662	₱148,847	₱–	₱26,219,509
Net income	–	–	–	–	–	3,285,261	3,285,261	153,240	–	3,438,501
Other comprehensive income	–	–	–	696	–	–	696	–	–	696
Total comprehensive income	–	–	–	696	–	3,285,261	3,285,957	153,240	–	3,439,197
Effect of adoption of Revised PAS 19	–	–	–	–	(56,057)	–	(56,057)	–	–	(56,057)
Issuance of shares	3,099,586	2,765,256	–	–	–	–	5,864,842	–	–	5,864,842
Equity restructuring	(4,145,180)	(8,578,008)	–	–	–	12,723,188	–	–	–	–
BALANCES AT DECEMBER 31, 2012	16,594,936	3,554	218,559	2,160	(101,320)	18,447,515	35,165,404	302,087	–	35,467,491
Net income	–	–	–	–	–	1,914,318	1,914,318	(18,362)	–	1,895,956
Other comprehensive income	–	–	–	8,300	4,560	–	12,860	–	–	12,860
Total comprehensive income	–	–	–	8,300	4,560	1,914,318	1,927,178	(18,362)	–	1,908,816
Issuance of shares (Note 19)	14,033	3,509	–	–	–	–	17,542	–	–	17,542
Dividend declaration (Note 33)	–	–	–	–	–	(518,837)	(518,837)	–	–	(518,837)
Acquisition of shares held by a subsidiary	–	–	–	–	–	–	–	–	(23,267)	(23,267)
BALANCES AT DECEMBER 31, 2013	16,608,969	7,063	218,559	10,460	(96,760)	19,842,996	36,591,287	283,725	(23,267)	36,851,745
Net income	–	–	–	–	–	122,436	122,436	274,644	–	397,080
Other comprehensive loss	–	–	–	(4,379)	(85,733)	–	(90,112)	–	–	(90,112)
Total comprehensive income (loss)	–	–	–	(4,379)	(85,733)	122,436	32,324	274,644	–	306,968
Issuance of shares (Note 19)	87,293	21,823	–	–	–	–	109,116	–	–	109,116
Dividend declaration (Note 33)	–	–	–	–	–	(311,121)	(311,121)	–	–	(311,121)
Effect of deconsolidation due to loss of control	–	–	–	–	(29)	480	451	(558,369)	–	(557,918)
BALANCES AT DECEMBER 31, 2014	₱16,696,262	₱28,886	₱218,559	₱6,081	(₱182,522)	₱19,654,791	₱36,422,057	₱–	(₱23,267)	₱36,398,790

See accompanying Notes to Consolidated Financial Statements.

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱636,233**	₱1,583,699	₱3,407,763
Adjustments for:			
Depreciation and depletion (Notes 10 and 11)	**2,715,392**	2,026,933	2,115,904
Finance charge (Notes 27 and 34)	**1,377,050**	968,780	1,206,221
Unrealized loss on derivatives - net (Note 6)	**289,696**	17,662	7,590
Net unrealized foreign exchange losses (gains) - net	**164,804**	1,021,655	(592,964)
Retirement benefits costs (Notes 24)	**134,545**	105,127	60,855
Interest income (Notes 4 and 17)	**(56,564)**	(157,639)	(213,753)
Gain associated with loss of control of subsidiaries	**(44,615)**	–	–
Equity in net loss in an associate	**(30,083)**	–	–
Net realized loss on derivatives - net (Note 6)	**20,274**	27,336	430,018
Loss (gain) on disposals of property plant and equipment	**(7,625)**	256	–
Impairment loss on:			
Inventories	**6,033**	12,201	–
Input value-added tax (VAT) (Note 14)	**–**	14,576	–
Receivables (Note 5)	**–**	9,536	–
Loss on asset write-down (see Note 10)	**5,944**	–	20,552
Change in accounting estimate for liability on mine rehabilitation cost (Note 18)	**(990)**	(8,256)	–
Gain on sale of AFS financial assets	**–**	(2,330)	–
Gain on settlement of liabilities (Note 16)	**–**	(79,275)	(519,548)
Operating income before working capital changes	**5,210,094**	5,540,261	5,922,638
Decrease (increase) in:			
Receivables	**(93,524)**	511,389	(873,919)
Other current assets	**(58,586)**	555,861	(777,621)
Inventories	**54,670**	(633,341)	79,185
Derivative asset and liability	**–**	–	250,021
Increase (decrease) in:			
Accounts payable and accrued liabilities	**1,695,402**	298,551	(122,976)
Net cash generated from operations	**6,808,056**	6,272,721	4,477,328
Interest received	**94,200**	181,272	54,880
Interest paid	**(1,400,529)**	(1,398,260)	(956,075)
Income taxes paid	**(357,087)**	(24,318)	(15,319)
Settlements and payments of retirement benefits (Note 24)	**(28,993)**	(4,157)	(8,087)
Net cash flows from operating activities	**5,115,647**	5,027,258	3,552,727
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment (Note 10)	**(7,281,812)**	(9,722,835)	(5,862,543)
Proceeds (additions) of short-term investments (Note 17)	**1,052,342**	3,239,090	(4,339,832)
Proceeds of disposal of AFS financial assets	**–**	9,926	–
Proceeds of disposal of property, plant and equipment	**13,035**	–	–
Increase in other noncurrent assets	**(170,969)**	(447,515)	(77,543)
Net cash flows used in investing activities	**(₱6,387,404)**	(₱6,921,334)	(₱10,279,918)

(Forward)

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of loan and long-term debt (Note 17)	**₱6,462,032**	₱4,274,436	₱11,993,727
Issuance of shares (Note 19)	**109,116**	17,542	372,158
Payment of loans and long-term debt and other interest bearing liabilities (Notes 15 and 17)	**(4,521,338)**	(1,817,959)	(5,003,726)
Movement in payable to related parties	**15,606**	109,661	(207,346)
Dividends paid	**(311,121)**	(518,837)	–
Purchase of entity's own shares by a subsidiary	**–**	(23,267)	–
Purchase of put option	**(7,091)**	(65,770)	–
Net cash flows from financing activities	**1,747,204**	1,975,806	7,154,813
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH	**20,530**	129,841	(127,292)
NET INCREASE IN CASH	**495,977**	211,571	300,330
DECREASE ASSOCIATED WITH LOSS OF CONTROL OF SUBSIDIARIES	**(410,978)**	–	–
CASH AT BEGINNING OF YEAR	**866,359**	654,788	354,458
CASH AT END OF YEAR	**₱951,358**	₱866,359	₱654,788

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Per Share Data and as Otherwise Indicated)

1. Corporate Information, Business Operations, and Authorization for Issue of the Consolidated Financial Statements

Corporate Information

Atlas Consolidated Mining and Development Corporation (Parent Company; the Company) was incorporated and was registered with the Philippine Securities and Exchange Commission (SEC) 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, Antamok Goldfields Mining Company and IXL Mining Company. Thereafter, it amended its articles of incorporation to reflect the present corporate name. It also amended its charter to extend its corporate life up to March 2035. The registered business address of the Parent Company is 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City.

The Parent Company, through its subsidiaries, is engaged in metallic mineral and mining and exploration, and currently produces, copper concentrate (with gold and silver), magnetite iron ore concentrate and laterite nickel.

The Parent Company's shares of stock are listed with the Philippine Stock Exchange (PSE).

A major restructuring of the Parent Company was undertaken in 2004 and 2005 with the creation of three special-purpose subsidiaries to develop the Toledo Copper Project, Berong Nickel Project and the Toledo-Cebu Bulk Water and Reservoir Project. As a result, Carmen Copper Corporation (CCC), Berong Nickel Corporation (BNC) and AquAtlas, Inc. (AI) were incorporated and, subsequently, were positioned to attract project financing, as well as specialist management and operating expertise. In addition, the Parent Company incorporated a wholly owned subsidiary, Atlas Exploration Inc. (AEI) to host, explore and develop copper, gold, nickel and other mineral exploration properties. AEI will also explore for other metalliferous and industrial minerals to increase and diversify the mineral holdings and portfolio of the Parent Company.

Business Operations

The Parent Company has effective control in four (4) and nine (9) subsidiaries as at December 31, 2014 and 2013, respectively. These subsidiaries are engaged in or are registered to engage in mining, professional services, asset and equity acquisition and bulk water supply. The Parent Company has no geographical segments as these entities were incorporated and are operating within the Philippines.

On June 19, 2014, Toledo Mining Corporation (TMC) gained Board and management control over Ulugan Resources Holding, Inc. (URHI), TMM Management, Inc. (TMMI), Ulugan Nickel Corporation (UNC), Nickeline Resources Holdings, Inc. (NRHI), and BNC (the "Nickel Corporations") by having its nominees elected (i) to fill 71% or 60% (as applicable) of the Board seats of the Nickel Corporations, and (ii) to serve as principal officers of the Nickel Corporations. As a result, the Nickel Corporations are no longer controlled by the Parent Company (see Note 14). TMC is owned and controlled by DMCI Mining Corporation. The Parent Company retained significant influence on the Nickel Corporations as at December 31, 2014.

The table below contains the details of the Parent Company's equity interest in its subsidiaries and associates, and a description of the nature of the business of each of such subsidiaries and associates as at December 31, 2014 and 2013:

	Nature of Business	Percentage of Ownership **2014**	2013
Subsidiaries as at December 31, 2014 and 2013			
AEI	Incorporated in the Philippines on August 26, 2005 to engage in the business of searching, prospecting, exploring and locating of ores and mineral resources, and other exploration work.	**100.00**	100.00
AI	Incorporated in the Philippines on May 26, 2005 to provide and supply wholesale or bulk water to local water districts and other customers.	**100.00**	100.00
Amosite Holdings, Inc. (AHI)	Incorporated in the Philippines on October 17, 2006 to hold assets for investment purposes.	**100.00**	100.00
CCC (see Note 11)	Incorporated in the Philippines on September 16, 2004 primarily to engage in exploration work for the purpose of determining the existence of mineral resources, extent, quality and quantity and the feasibility of mining them for profit.	**100.00**	100.00
Associates as at December 31, 2014 that were subsidiaries as at December 31, 2013:			
TMMI	Incorporated in the Philippines on September 28, 2004 to provide management, investment and technical advice to companies.	**60.00**	60.00
URHI	Incorporated in the Philippines on June 23, 2005 to deal in and with personal properties and securities of every kind and description of any government, municipality, political subdivision or agency, corporation, association or entity; exercising any and all interest in respect of any of such securities; and promoting, managing, and participating in and act as agent for the purchase and sale of any securities as may be allowed by law.	**70.00**	70.00
UNC**	Incorporated in the Philippines on June 23, 2005 to explore, develop and mine the Ulugan mineral properties located in the province of Palawan.	**42.00**	42.00
NRHI**	Incorporated in the Philippines on August 15, 2005 to deal in and with any kind of shares and securities and to exercise all the rights, powers and privileges of ownership or interest in respect to them.	**42.00**	42.00
BNC**	Incorporated in the Philippines on September 27, 2004 to explore, develop and mine the Berong Mineral Properties located in the province of Palawan.	**25.20**	25.20

**URHI owns 60% of UNC and NRHI. NRHI owns 60% of BNC.

a. *AEI*
In 2014, AEI continued its exploration activities for the geotechnical survey of the Sigpit gold prospect and for the drilling at the southern extension of the Lutopan orebody. AEI incurred a net loss of ₱368 and had a cumulative capital deficiency of ₱102,874 as at December 31, 2014.

b. *AI*
In 2014, AI continued to explore and assess the feasibility of projects involving the bulk supply of potable water from the Parent Company's Malubog Dam. AI incurred a net loss of ₱114 in 2014 and had a cumulative capital deficiency of ₱31,712.

c. *CCC*
On May 5, 2006, the Parent Company entered into an Operating Agreement with CCC ("the Operating Agreement") respecting the terms of the assignment by the Parent Company to CCC of operating rights over the Toledo mining complex, and the right to acquire certain fixed assets. The agreement may be terminated by the Parent Company upon thirty (30) days prior written notice. In December 2014 and September 2013, the Board of Directors (BOD) approved the waiver of its entitlement to receive from CCC, pursuant to the Operating Agreement, royalties due from operations in 2014 and 2013, respectively.

The Executive Committees of the Parent Company and CCC, during a joint meeting held on February 3, 2015, approved the set off of (i) amounts withdrawn from the collection account of CCC with BDO Unibank, Inc. (BDO) (that was established under the December 2010 Omnibus Loan and Security Agreement between CCC and BDO) to fund the debt service reserve account of the Parent Company in respect of the BDO Facility, against (ii) fees receivable by the Parent Company from CCC pursuant to the Operating Agreement (the "Netting Arrangement"). Under the terms of the approval, the Netting Arrangement shall be applied retroactively to cover the relevant balances as at December 31, 2014.

In July 2011, the Parent Company acquired all of the equity interest of CASOP Atlas BV and CASOP Atlas Corporation (collectively called "CASOP") in CCC. As a result, the Parent Company became the owner of 100% of CCC's outstanding capital stock. Prior to such acquisition, the Parent Company owned 54.45% of the outstanding capital stock of CCC.

On September 25, 2013, CCC's BOD authorized the declaration of cash dividends out of its retained earnings to stockholders of record as at September 25, 2013 amounting to ₱1,000,000 or ₱0.52 per share. On June 5, 2014, CCC's BOD authorized the declaration of cash dividends out of the Company's retained earnings to stockholders of record as at May 30, 2014 amounting to ₱500,000 or ₱0.26 per share.

d. *AHI*
AHI is the owner of certain real properties that are used in the mining operations of CCC.

e. *BNC*
On February 12, 2010, the Mines and Geosciences Bureau (MGB) issued in favor of BNC an exploration permit (EP) designated as EP-002-2010-IVB which covers an area of approximately 1,069 hectares situated in the municipalities of Quezon and Aborlan in the province of Palawan. The EP is valid for an initial period of two (2) years reckoned from the date of issuance. Such period may be extended up to six (6) years.

f. *TMMI*
TMMI recorded a net income of ₱4,336 and ₱874 in 2014 and 2013, respectively.

g. *URHI, UNC and NRHI*
These subsidiaries have not started commercial operations as at December 31, 2014.

Authorization for Issue of the Consolidated Financial Statements
The consolidated financial statements of the Parent Company and its subsidiaries (the Group) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 were authorized for issue by the BOD on March 16, 2015.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for land, which is carried at revalued amounts, derivative financial instruments and AFS financial asset, which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company and its subsidiaries' functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

The specific accounting policies followed by the Group are disclosed in the following section.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with PFRS.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Parent Company controls an investee if and only if the Parent Company has all of the following:
- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the Parent Company's returns.

Subsidiaries are deconsolidated from the date on which control ceases.

Subsidiaries
Subsidiaries are entities over which the Parent Company has control.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions that are recognized in assets are eliminated in full.

Non-controlling Interest
Where the ownership of a subsidiary is less than 100%, and therefore a non-controlling interest exists, any losses of that subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recognized in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income or OCI to profit or loss or retained earnings, as appropriate.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with Philippine Accounting Standards (PAS) 39, *Financial Instruments: Recognition and Measurement,* either in profit or loss or as change to OCI. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the financial statements are consistent with the prior year, except for the adoption of the following new and amended PFRS, PAS and Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) which were adopted as at January 1, 2014:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no effect to the Group since it does not qualify to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. The amendments affect presentation only and have no effect on the Group's financial position or performance.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no effect on the Group's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no effect on the Group as the Group has no novation of derivatives and any derivatives accounted for under hedge accounting during the current or prior periods.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. The interpretation has no effect on the Group's consolidated financial statements.

- *Annual Improvements to PFRSs* (2010-2012 cycle)
  In the 2010-2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no significant effect to the Group's financial statements.

- *Annual Improvements to PFRSs* (2011-2013 cycle)
  In the 2011 - 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

<u>Standards and Interpretations Issued but not yet Effective</u>
The following new and revised standards, amendments to PFRS and Philippine Interpretations will become effective subsequent to December 31, 2014:

Effective Date to be Determined

- PFRS 9, *Financial Instruments - Classification and Measurement* (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any effect on the financial statements of the Group.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval of the BOA.

Effective in 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  The amendments apply to contributions from employees or third parties to defined benefit plans. Where contributions are linked to service, they should be attributable to periods of service as a negative benefit. These amendments clarify that, if the amount of the contribution is independent of the number of year of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group since the Group has no benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material effect to the Group. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition.
  - A performance target must be met while the counterparty is rendering service.
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
  - A performance condition may be a market or non-market condition.
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  The amendment has no effect to the Group.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39 (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar".
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment*, and PAS 38*, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material effect to the Group. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective in 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets* - *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any effect to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any effect to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements* - *Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any effect on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments will not have any effect on the Group's consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any effect to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the consolidated statement of financial position and present movements in these account balances as separate line items in the consolidated statement of profit or loss and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material effect to the Group. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information "Elsewhere in the Interim Financial Report"*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- PFRS 9, *Financial Instruments* - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by the BOA. The adoption of PFRS 9 is not expected to have any significant effect on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting. The Group is currently assessing the impact of adopting this standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC.

- International Financial Reporting Standard (IFRS) 15, *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the effect of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

<u>Summary of Significant Accounting Policies</u>

<u>Presentation of Consolidated Financial Statements</u>
The Group has elected to present all items of recognized income and expense in a single consolidated statement of comprehensive income.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the dates of acquisition and that are subject to an insignificant risk of change in value.

<u>Financial Instruments</u>
Date of Recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition and Classification of Financial Instruments
Financial instruments are recognized initially at fair value. The initial measurement of financial instruments, except for those financial assets and liabilities at FVPL, includes transaction cost.

On initial recognition, the Group classifies its financial assets in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets, as appropriate. Financial liabilities, on the other hand, are classified as financial liability at FVPL and other financial liabilities, as appropriate. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at each end of the reporting period.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As at December 31, 2014 and 2013, the Group has no financial assets classified as HTM investments.

Fair Value Measurement
The Group measures financial instruments, such as, AFS financial assets, derivative assets and liabilities, and long-term debt and other interest-bearing liabilities at fair value at each end of the reporting period. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business on the end of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for the recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the amount of "Day 1" difference.

Subsequent Measurement
The subsequent measurement of financial instruments depends on their classification as follows:

Financial Assets and Financial Liabilities at FVPL
Financial assets and financial liabilities are classified in this category if acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition, it is designated by management as at FVPL. Financial assets and financial liabilities at FVPL are designated by management on initial recognition as at FVPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or (ii) the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performances are evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or (iii) the financial instrument contains an embedded derivative that would need to be separately recorded. Derivatives, including separated embedded derivatives, are also categorized as held at FVPL, except those derivatives designated and considered as effective hedging instruments. Assets and liabilities classified under this category are carried at fair value in the consolidated statement of financial position. Changes in the fair value of such assets are accounted for in profit or loss.

As at December 31, 2014 and 2013, the Group's financial assets and liabilities at FVPL consist of derivative assets, derivative liabilities and put option contracts.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within twelve (12) months from the end of the reporting period. Otherwise, these are classified as noncurrent assets. As at December 31, 2014 and 2013, the Group's loans and receivables consist of "Cash", "Short-term investments", "Receivables" and "Others" under "Other noncurrent assets".

AFS Financial Assets
AFS financial assets include investments in equity and debt securities. Equity investments classified as AFS financial assets are those which are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in the consolidated statement of comprehensive income in the net unrealized gain on AFS financial assets until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss, or determined to be impaired, at which time the cumulative loss is reclassified to the profit or loss and removed from OCI.

The Group evaluated its AFS financial assets whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the HTM category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the AFS financial assets category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

As at December 31, 2014 and 2013, the Group's AFS financial asset pertains to its investment in equity shares.

Other Financial Liabilities
Other financial liabilities are initially recorded at fair value, less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in the Group's profit or loss when the liabilities are derecognized as well as through the amortization process.

As at December 31, 2014 and 2013, other financial liabilities consist of "Accounts payable and accrued liabilities", "Payable to related parties" and "Long-term debt and other interest-bearing liabilities".

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Impairment of Financial Assets
The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the contracted parties or a group of contracted parties is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

Loans and Receivables
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

AFS Financial Assets
For AFS financial assets, the Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. The determination of what is "Significant" or "Prolonged" requires judgment. The Group treats "Significant" generally as twenty percent (20%) or more and "Prolonged" as greater than twelve (12) months for quoted equity securities. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized on that investment is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through the profit or loss. Increases in the fair value after impairment are recognized directly in OCI.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original EIR on the reduced carrying amount of the asset and is recorded as part of "Interest income" in profit or loss. If subsequently, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial Assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in profit or loss.

Derivatives and Hedging
Derivative financial instruments (e.g., currency and commodity derivatives such as forwards, swaps and option contracts to economically hedge exposure to fluctuations in copper prices) are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives are accounted for as at FVPL, where any gains or losses arising from changes in fair value on derivatives are taken directly to net profit or loss for the year, unless the transaction is designated as effective hedging instrument.

For the purpose of hedge accounting, hedges are classified as:
a. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability; or
b. Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecast transaction; or
c. Hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting periods for which they were designated. Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair Value Hedges
Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and gains and losses from both are recognized in profit or loss.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest rate method is used is amortized to profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss. The changes in the fair value of the hedging instrument are also recognized in profit or loss. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the EIR method is used is amortized to profit or loss.

Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Cash Flow Hedges
Cash flow hedges are hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognized directly in OCI, while the ineffective portion is recognized in profit or loss.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognized or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognized in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Embedded Derivatives
An embedded derivative is separated from the host financial or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid or combined instrument is not recognized as at FVPL.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL. Changes in fair values are included in profit or loss. As at December 31, 2014 and 2013, the Group recognized bifurcated derivative assets and derivative liabilities arising from the provisionally priced commodity sales contracts.

Convertible Loans Payable and Long-term Debt
Convertible loans payable and long-term debt denominated in the functional currency of the Group are regarded as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recorded within borrowings. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component representing the embedded option to convert the liability into equity of the Group is included in the consolidated statement of changes of equity.

When the embedded option in convertible loans payable and long-term debt is denominated in a currency other than the functional currency of the Group, the option is classified as a liability. The option is mark-to-market with subsequent gains and losses being recognized in profit or loss.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity. The interest expense on the liability component is calculated by applying the EIR for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loans payable and long-term debt.

Borrowing Costs
Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Capitalization of borrowing costs commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recorded.

When funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. When surplus funds are temporarily invested, the income generated from such temporary investment is deducted from the total capitalized borrowing cost. When the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Inventories

Mine products inventory, which consists of copper concentrates containing copper, gold and silver, and materials and supplies are valued at the lower of cost and net realizable value (NRV).

NRV for mine products is the selling price in the ordinary course of business, less the estimated costs of completion and costs of selling the final product. In the case of materials and supplies, NRV is the value of the inventories when sold at their condition at each end of the reporting period.

Cost is determined using the following methods:

Copper Concentrates and Beneficiated Nickel Silicate Ore

The cost of copper concentrate containing copper, gold and silver and beneficiated nickel ore or nickeliferous laterite ore are determined using the moving average mining and milling and comprise of materials and supplies, depreciation, depletion and amortization, personnel costs and other cost that are directly attributable in bringing the copper concentrates and beneficiated nickel ore or nickeliferous laterite ore in its saleable condition. NRV for copper concentrates and beneficiated nickel ore or nickeliferous laterite ore is the fair value less cost to sell in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Materials and Supplies

Materials and supplies significantly consist of consumable bearing and grinding balls, coolant and lubricants for the concentrators, concentrator supplies like floatation regent to process the extracted ores, spare parts for concentrator machineries, crushers and conveyors, supplies such as diesel and gasoline fuels used by dump tracks and drilling machineries in extracting and transporting the ores and explosives, blasting and accessories for open pit mining. NRV is the value of the inventories when sold at their condition at each end of the reporting period. Cost is determined using the weighted average method.

The Group determines the NRV of inventories at each end of the reporting period. If the cost of the inventories exceeds its NRV, the asset is written down to its NRV and impairment loss is recognized in the statement of comprehensive income in the period the impairment incurred. In case the NRV of the inventories increased subsequently, the NRV will increase carrying amount of inventories but only to the extent of the impairment loss previously recognized.

Other Current and Noncurrent Assets

Other current assets are composed of deposits and advances to suppliers and prepayments. Other noncurrent assets are composed of input VAT, deferred mine exploration costs, mine rehabilitation funds (MRF) and others. These are classified as current when it is probable to be realized or consumed within one (1) year from the end of the reporting period. Otherwise, these are classified as noncurrent assets.

Input VAT
Input VAT represents the VAT imposed on the Group by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. Deferred input VAT represents input VAT on purchase of capital goods exceeding one (1) million pesos. The related input VAT is recognized over five (5) years or the useful life of the capital goods, whichever is shorter. The input VAT is recognized as an asset and will be used to offset against the Group's current output VAT liabilities and any excess will be claimed as tax credits. Input VAT is stated at its estimated NRV.

<u>Property, Plant and Equipment</u>
Items of property, plant and equipment, except portions of land, are carried at cost less accumulated depreciation and depletion and any impairment in value. Portions of land are carried at cost less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes, and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been placed into operation, such as repairs and maintenance costs, are normally recognized in profit or loss in the period they are incurred.

When assets are sold or retired, the cost and related accumulated depletion and depreciation are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Depreciation of property, plant and equipment, except mine development costs, is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Roadways and bridges	5 - 40
Buildings and improvements	5 - 25
Machinery and equipment	3 - 10
Transportation equipment	5 - 7
Furniture and fixtures	5

Depreciation, depletion or amortization of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or depletion ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued,* and the date the asset is derecognized.

The estimated recoverable reserves, useful lives, and depreciation and depletion methods are reviewed periodically to ensure that the estimated recoverable reserves, periods and methods of depreciation and depletion are consistent with the expected pattern of economic benefits from the items of property, plant and equipment. Property, plant and equipment also include the estimated costs of rehabilitating the mine site, for which the Group is constructively liable. These costs, included under mine development costs, are amortized using the units-of-production method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The asset's useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each end of the reporting period.

Expenditures on major maintenance refits or repairs comprise the cost of replacement assets or parts of assets and overhaul cost. Where an asset or part of an asset that was separately depreciated and is now written-off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, expenditure is capitalized. All other day to day maintenance costs are expensed as incurred.

A portion of land is carried at revalued amount as determined by independent appraisers less impairment in value. The net appraisal increment resulting from the revaluation of land was credited to the "Revaluation increment on land" account shown under the equity section of the consolidated statement of financial position. Any appraisal decrease is first offset against revaluation increment on earlier revaluation. The revaluation increment pertaining to disposed land is transferred to the "Retained earnings" account.

Mine Development Costs
Mine development costs are stated at cost, which includes cost of construction, property, plant and equipment, borrowing costs and other direct costs. Mine development costs pertain to costs attributable to current commercial operations and are depleted using the units-of-production method based on estimated recoverable reserves in tonnes.

Mine development costs also include the estimated costs of rehabilitating the mine site, for which the Group is constructively liable. These costs are amortized using the units-of-production method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

Construction In-progress
Construction in-progress includes mine development costs which are not attributable to current commercial operations and are not depleted until such time as the relevant assets are completed and become available for use. Construction in-progress are transferred to the related property, plant and equipment account when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are complete and the property, plant and equipment are ready for service.

Deferred Stripping Costs
Stripping costs incurred in the development of a mine before production commences are capitalized as part of the cost of constructing the mine (under construction in-progress) and subsequently amortized over the estimated life of the mine on a units of production basis. Where a mine operates several open pit that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping, (i.e., overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation.

For stripping costs incurred subsequently during the production stage of the operation, the stripping activity cost is accounted as part of the cost of inventory if the benefit from the stripping activity will be realized in the current period. When the benefit is the improved access to ore, the Company shall recognize these costs as stripping activity assets. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the deferred stripping cost is carried at its cost less depreciation or amortization and less impairment losses.

Deferred Mine Exploration Costs
Costs incurred during the start-up phase of a mine are expensed as incurred. Ongoing mining expenditures on producing properties are charged against earnings as incurred.

Expenditures for mine exploration work prior to drilling are charged to operations. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. Upon the start of commercial operations, such costs are transferred to “Mine and mining properties” under “Mine development costs”. Capitalized amounts may be written down if future cash flows, including potential sales proceeds related to the property, are projected to be less than the carrying value of the property. If no mineable ore body is discovered, capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value.

Major development expenditures incurred to expose the ore, increase production or extend the life of an existing mine are capitalized.

Mining Rights
Mining rights are identifiable intangible assets acquired by the entity to explore, extract, and retain at least a portion of the benefits from mineral deposits. A mining right shall be recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

The cost of a separately acquired mining right comprises: (a) its purchase price and non-refundable purchase taxes; and (b) any directly attributable cost of preparing the asset for its intended use. Mining rights acquired through business combination is initially valued at its fair value at the acquisition date. The fair value of a mining right will reflect expectations about the probability that the expected future economic benefits embodied in the asset will flow to the entity.

Mining rights shall be subsequently depleted using the units-of-production method based on estimated recoverable reserves in tonnes or legal right to extract the minerals, whichever is shorter.

Depletion shall begin when the asset is available for use and shall cease at the earlier of the date that the asset is classified as held for sale in accordance with PFRS 5 and the date that the asset is derecognized. The depletion expense for each period shall be recognized in profit or loss.

Investments in Subsidiaries and Associates
The Parent Company's investments in subsidiaries and associates are accounted for under the cost method less any impairment losses. A subsidiary is an entity in which the Parent Company has control. An associate is an entity in which the Parent Company has a significant influence and which is neither a subsidiary nor a joint venture (JV).

Under the cost method, the investments in subsidiaries and associates are carried in the Parent Company's statement of financial position at cost less any impairment in value. The Parent Company recognizes income from the investments only to the extent that it receives distributions from accumulated profits of the subsidiaries and associates arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction in the cost of the investment.

Advances in subsidiaries and associates granted by the Parent Company are in the nature of cash advances or expenses paid by the Parent Company on behalf of its associates. These are based on normal credit terms, unsecured, interest-free and are recognized and carried at original amounts advanced.

Impairment of Nonfinancial Assets
Inventories
The Group determines the NRV of inventories at each end of the reporting period. If the cost of the inventories exceeds its NRV, the asset is written down to its NRV and impairment loss is recognized in the consolidated statement of comprehensive income in the period the impairment incurred. In case the NRV of the inventories increased subsequently, the NRV will increase carrying amount of inventories but only to the extent of the impairment loss previously recognized.

Property, Plant and Equipment and Mining Rights
Property, plant and equipment and mining rights, except land, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or CGUs is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's CGU's fair value less cost to sell and value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a large CGU. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value-in-use is the present value, using a pre-tax discount rate, of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses are recognized in the consolidated statement of comprehensive income.

Recovery of impairment losses recognized in prior periods is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of comprehensive income. However, the increased carrying amount of an asset due to recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depletion, depreciation and amortization) had no impairment loss been recognized for that asset in prior periods.

Deferred Mine Exploration Costs
An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined.

Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Other Nonfinancial Assets
The Group provides allowance for impairment losses on other nonfinancial assets when they can no longer be realized. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other nonfinancial assets.

Foreign Currency-denominated Transactions
Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the rate of exchange at each end of the reporting period. Foreign currency gains or losses are recognized in the profit or loss.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Operating Lease - Group as a Lessor
Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased assets and are recognized over the lease term on the same basis as rental income.

Operating Lease - Group as a Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Income Taxes
Current Income Tax
Current income tax assets and current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that have been enacted or substantively enacted as of the end of the reporting period.

Deferred Income Tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amount for financial reporting purpose. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses from net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and NOLCO can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets are reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized before their reversal or expiration. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the income tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on income tax rates and income tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Share-based Payments
The cost of equity-settled transactions with employees is measured by reference to their fair value at the date they are granted, determined using the acceptable valuation techniques.

The cost of equity-settled transactions, together with a corresponding increase in equity, is recognized over the period in which the performance and/or service conditions are fulfilled ending on the date on which the employees become fully entitled to the award ("Vesting date"). The cumulative expense recognized for equity-settled transactions at each end of the reporting period up to and until the Vesting date reflects the extent to which the vesting period has expired, as well as the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for the period represents the movement in cumulative expense recognized as the beginning and end of that period. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which awards are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. An additional expense is likewise recognized for any modification which increases the total fair value of the share-based payment arrangement or which is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. If a new award, however, is substituted for the cancelled awards and designated as a replacement award, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Capital Stock and Additional Paid-in Capital
The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in the consolidated statement of changes in equity as a deduction, net of tax, from the proceeds.

Where the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Group's equity holders. Amount of contribution in excess of par value is accounted for as an additional paid-in capital.

Retained Earnings
The amount included in retained earnings includes profit (loss) attributable to the Parent Company's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the Parent Company's stockholders. Interim dividends, if any, are deducted from equity when they are paid. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions. Retained earnings may be appropriated for any plant expansion, investments and funding of certain reserve accounts to be established pursuant to the requirements of the lenders in accordance with the agreement. When appropriation is no longer needed, it is reversed.

When retained earnings account has a debit balance, it is called "Deficit". A deficit is not an asset but a deduction from equity.

OCI
OCI comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the profit or loss for the year in accordance with PFRS.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty, as applicable. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements.

Copper, Gold and Silver Concentrate Sales
Contract terms for CCC's sale of copper, gold and silver in concentrate allow for a sales value adjustment based on price adjustment and final assay results of the metal concentrate by the customer to determine the content. Recognition of sales revenue for the commodities is based on determined metal in concentrate and the London Metal Exchange (LME) quoted prices, net of smelting and related charges.

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing LME spot prices on a specified future date after shipment to the customer (the "Quotation Period"; QP). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one (1) to six (6) months. The provisionally priced sales of metal in concentrate contain an embedded derivative, which is required to be separated from the host contract for accounting purposes. The host contract is the sale of metals in concentrate while the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. The embedded derivative, which does not qualify for hedge accounting, is recognized at fair value, with subsequent changes in the fair value recognized in profit or loss until final settlement, and presented as "Unrealized gain (loss) on derivative assets (liabilities)". Changes in fair value over the Quotation Period and up until final settlement are estimated by reference to forward market prices for copper, gold and silver.

Sale of Beneficiated Nickel Silicate Ore
Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with the loading of the ores onto the buyer's vessel. Under the terms of the arrangements with customers, the Group bills the remaining ten percent (10%) of the ores shipped based on the result of the assay agreed by both the Group and the customers. Where the assay tests are not yet available as at the end of the reporting period, the Group accrues for the remaining ten percent (10%) of the revenue based on the amount of the initial billing made.

Magnetite Sales
Revenue from magnetite sales is recognized when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated, usually upon delivery.

Interest Income
Interest income is recognized as the interest accrues using the EIR method.

Others
Revenue is recognized in the consolidated statement of comprehensive income as they are earned.

Costs and Expenses
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized in the consolidated statement of comprehensive income when the services are used or the expenses are incurred.

Business Segment
For management purposes, the Group is organized into two (2) major operating segments (mining and non-mining businesses) according to the nature of products and the services provided with each segment representing a strategic business unit that offers different products and serves different markets. The entities are the basis upon which the Group reports its primary segment information. Financial information on business segments is presented in Note 27.

Basic Earnings Per Share
Basic earnings per share amounts are calculated by dividing net income (loss) attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the year.

Diluted Earnings Per Share
Diluted earnings per share amounts are calculated by dividing the net income (loss) attributable to common equity holders of the Parent Company (after adjusting for interest on convertible preferred shares, warrants and stock options) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares.

Provisions
General
Provisions, if any, are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Where the Group expects a provision to be reimbursed, reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

Liability for Mine Rehabilitation Cost
The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and

the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of comprehensive income under "Finance charges". Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and liability for mine rehabilitation cost, respectively, when they occur.

The liability is reviewed on an annual basis for changes to obligations or legislation or discount rates that affect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the liability resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depleted prospectively.

When rehabilitation is conducted progressively over the life of the operation, rather than at the time of closure, liability is made for the estimated outstanding continuous rehabilitation work at each end of the reporting period and the cost is charged to the consolidated statement of comprehensive income.

The ultimate cost of mine rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates. As a result, there could be significant adjustments to the liability for mine rehabilitation cost, which would affect future financial results.

Employee Benefits
The net defined retirement benefits liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined retirement benefits liability or asset
- Remeasurements of net defined retirement benefits liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined retirement benefits liability or asset is the change during the period in the net defined retirement benefits liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined retirement benefits liability or asset. Net interest on the net defined retirement benefits liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined retirement benefits liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Remeasurements recognized in OCI after the initial adoption of Revised PAS 19 are not closed to any other equity account.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined retirement benefits liability, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined retirement benefits liability is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination Benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve (12) months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events After the End of the Reporting Period
Events after the end of the reporting period that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Events after the end of the reporting period that are not adjusting events are disclosed when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to exercise judgment, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Accounting assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on amounts recognized in the consolidated financial statements.

Determination of Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Parent Company has been determined to be the Philippine peso. Each entity in the Group determined its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Philippine peso is the currency of the primary economic environment in which the Group operates.

Determination of Control
The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company controls an entity if and only if the Parent Company has all of the following:
a. Power over the entity;
b. Exposure, or rights, to variable returns from its involvement with the entity; and
c. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

Assessing Existence of Significant Influence
In assessing whether significant influence still exists, the Parent Company considered not only its percentage ownership but other factors such as Board seat representations it has in the associate's governing body and its interchange of managerial personnel with the associate, among others. As at December 31, 2014, the Parent Company assessed that it has significant influence over the Nickel Corporation and has accounted for the investments as investments in associates.

Bill and Hold Sales
The Group recognized sale on deliveries classified as bill and hold when there is transfer of risk and reward from the Group to the buyer due to the following:
- It is probable that delivery will be made;
- The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognized;
- The buyer specifically acknowledges the deferred delivery instructions; and
- The usual payment terms apply.

Bill and hold sales in 2014, 2013 and 2012 amounted to ₱1,170,197, ₱439,576, and ₱696,813, respectively.

Classification of Financial Instruments
The Group exercises judgment in classifying financial instruments in accordance with PAS 39. The Group classifies financial instruments, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

Financial assets of the Group are classified into the following categories:
- Financial assets at FVPL
- Loans and receivables
- AFS financial asset

Financial liabilities of the Group, on the other hand, are classified into the following categories:
- Financial liabilities at FVPL
- Other financial liabilities

The Group determines the classification at initial recognition and re-evaluates this classification, where allowed and appropriate, at each end of the reporting period.

Operating Lease Commitments - Group as a Lessee
The Group has entered into leases of office, commercial spaces and land. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors due to the following:
a. The ownership of the asset does not transfer at the end of the lease term;
b. The Group has no option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
c. The lease term is not for the major part of the economic life of the asset even if title is not transferred; and
d. At the inception of the lease, the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset.

Operating Lease Commitments - Company as a Lessor
The Group has entered into property and equipment leases. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are being leased as operating leases.

Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:

- The level of capital expenditure compared to construction cost estimates;
- Completion of a reasonable period of testing of the mine plant and equipment;
- Ability to produce metal in saleable form; and
- Ability to sustain ongoing production of metal.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation and depletion commences.

Units-of-production Depreciation/Depletion
Estimated recoverable reserves are used in determining the depreciation/depletion of mine specific assets. This results in a depreciation/depletion charge proportional to the depletion of the anticipated remaining mine life. Each item's life, which is assessed annually, has regard to both physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates of future capital expenditure. The Group uses the tonnes of ore produced as the basis for depletion or depreciation. Any change in estimates is accounted for prospectively. Average depletion rate used by CCC in 2014, 2013 and 2012 are 4.35%, 3.65% and 3.36%, respectively. Average depletion rate used by BNC in 2014, 2013 and 2012 are 11.85%, 5.54% and 6.32%, respectively.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainties at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

Estimating Fair Value of Financial Assets and Financial Liabilities
PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (e.g., foreign exchange rates, interest rates and volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and financial liabilities would directly affect net income or loss (see Note 30).

Estimating Allowance for Impairment Losses of Loans and Receivables
The Group assesses on a regular basis if there is objective evidence of impairment of loans and receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The determination of impairment requires the Group to estimate the future cash flows based on certain assumptions, as well as to use judgment in selecting an appropriate rate in discounting. In addition, the Group considers factors such as the Group's length of relationship with the customers and the customers' current credit status to determine the amount of allowance that will be recorded in the receivables account. The Group uses specific impairment on its loans and receivables. The amount of loss is recognized in profit or loss with a corresponding reduction in the carrying value of the loans and receivables through an allowance

account. These reserves are re-evaluated and adjusted as additional information becomes available.

Allowance for impairment losses on receivables amounted to ₱29,095 and ₱29,099 as at December 31, 2014 and 2013, respectively. Receivables, net of allowance for impairment losses, amounted to ₱898,960 and ₱1,059,598 as at December 31, 2014and 2013, respectively (see Note 5).

Estimating Decline in Value of Mine Products Inventory - Copper, Gold and Silver Concentrate
The NRV of mine products inventory is the estimated fair value less cost of selling final product in the ordinary course of business. The selling price estimation of mine products inventory is based on the LME, which also represents an active market for the product. CCC concurrently uses the prices as agreed with MRI Trading AG (MRI), Philippine Associated Smelting and Refining Corporation (PASAR), Mitsui & Co., Ltd. (Mitsui) and Ocean Partners UK Ltd. (Ocean Partners) and the weight and assay for metal content in estimating the fair value less cost to sell of mine products inventory. Any changes in the assay for metal content of the mine products inventory is accounted for and adjusted accordingly.

Estimating Allowance for Obsolescence of Materials and Supplies Inventory
The Group provides allowance for materials and supplies whenever utility of inventories becomes lower than cost due to damage, inventory losses, physical deterioration, obsolescence, changes in price levels or other causes. Materials and supplies inventory amounting to ₱334,465 and ₱332,678 as at December 31, 2014 and 2013, respectively, had been fully provided with an allowance for impairment losses (see Note 7).

Inventories at lower of cost and NRV, amounted to ₱1,406,931 and ₱1,653,196 as at December 31, 2014 and 2013, respectively (see Note 7).

Estimating Mineral Reserves and Resources
Mineral reserves and resources estimates for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserves estimates are attributed to future development projects only when there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject partially developed areas are subject to greater uncertainty over their future life than estimate to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Reserve estimates for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions.

Estimating Impairment of Goodwill
The Group assess whether there are any indicators that goodwill is impaired at each end of the reporting period. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates. Where recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at end of the reporting period.

Management performed its initial annual impairment test as at December 31, 2014 and 2013. The recoverable amount of the CGU has been determined based on a value calculation using cash flow projections from financial budgets approved by management covering the mine life of the CGU.

The calculation of value-in-use is most sensitive to the discount rate, projected capital expenditures, projected commodity prices and production output. Based on the management's assessment, no impairment loss on goodwill needs to be recognized as at December 31, 2014 and 2013.

Estimating Useful Lives of Property, Plant and Equipment Except Land
The useful lives of property, plant and equipment are estimated based on the period over which these assets are expected to be used. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. Any reduction in the estimated useful lives of property, plant and equipment would increase the Group's recorded costs and expenses and decrease noncurrent assets. There is no change in the estimated useful lives of items of property, plant and equipment in 2014 and 2013. The net book values of property, plant and equipment amounted to ₱30,550,045 and ₱26,366,669 as at December 31, 2014 and 2013, respectively (see Note 10).

Determining Appraised Value of Land
The appraised value of land is based on a valuation by an independent appraiser firm, which management believes holds a recognized and relevant professional qualification and has recent experience in the location and category of the land being valued. The appraiser firm used the market data approach in determining the appraised value of land. As at December 31, 2014 and 2013, the fair value of the land amounted to ₱315,558 based on the latest valuation obtained in 2011 by the Parent Company. The resulting increase in the valuation of land amounting to ₱218,559 is presented as "Revaluation increment on land", net of related deferred tax liability and cost amounting to ₱3,661 (see Note 10).

Estimating Impairment of Property, Plant and Equipment and Mining Rights
PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the value of property, plant and equipment and mining rights, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, further requires the Group to make estimates and assumptions that can materially affect the Group's consolidated financial statements. Future events could cause the Group to conclude that the property, plant and equipment and mining rights are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and results of operations. The Group recognized provision for fixed asset write-down on specific machinery and equipment amounting to ₱5,944, nil and ₱20,552 in 2014, 2013 and 2012, respectively (see Notes 10 and 21).

Estimating Recoverability of Mine Development Costs
Mineral property acquisition costs are capitalized until the viability of the mineral interest is determined. Exploration, evaluation and pre-feasibility costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case, subsequent exploration costs and the costs incurred to develop a property are capitalized. The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. Mine development costs amounted to ₱14,993,882 and ₱5,834,050 as at December 31, 2014 and 2013 (see Note 10).

Mine development costs include “Mine and mining properties”, “Development costs” and “Mine rehabilitation costs” in the property, plant and equipment account in the consolidated statement of financial position. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds its fair value.

Estimating Recoverability of Deferred Mine Exploration Costs
The application of the Group’s accounting policy for deferred mine exploration costs requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after deferred mine explorations costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the consolidated statement of comprehensive income in the period when the new information becomes available.

The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value. In 2014 and 2013, there was no impairment loss on the Group’s deferred mine exploration costs (see Note 15).

Estimating Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. As at December 31, 2014 and 2013, the Group has deductible temporary differences, NOLCO and excess MCIT amounting to ₱903,199 and ₱646,338, respectively (see Note 25c), for which no deferred income tax asset was recognized. No deferred income tax asset was recognized for a portion of NOLCO and excess MCIT and temporary differences as management believes that the Group will not be able to realize in the future the carryforward benefits of NOLCO and excess MCIT prior to their expiration. As at December 31, 2014 and 2013, deferred income tax assets amounting to ₱996,943 and ₱1,018,454 were recognized as management believes that sufficient future taxable profits will be available against which benefits of deferred income tax assets can be utilized (see Note 25d).

Estimating Impairment of AFS Financial Asset
The Group treats AFS financial asset as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is “Significant” or “Prolonged” requires judgment. The Group treats “Significant” generally as twenty percent (20%) or more and “Prolonged” as greater than twelve (12) months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount

factors for unquoted securities. AFS financial asset amounted to ₱1,220 and ₱5,599 as at December 31, 2014 and 2013, respectively (see Note 13).

Estimating Impairment of Nonfinancial Assets and Investments in Associates
The Group determines whether its investments in associates and other nonfinancial assets are impaired at least on an annual basis. This requires an estimation of recoverable amount, which is the higher of an asset's or CGU's fair value less cost to sell and value-in-use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and to choose an appropriate discount rate in order to calculate the present value of those cash flows. Estimating the fair value less cost to sell is based on the information available to reflect the amount that the Group could obtain as at the end of the reporting period. In determining this amount, the Group considers the outcome of recent transactions for similar assets within the same industry. The Group recognized allowance for possible losses on input VAT amounting to ₱129,896 and ₱139,432 as at December 31, 2014 and 2013, respectively (see Note 15).

Estimation of Fair Values of Structured Debt Instruments and Derivatives
The fair values of structured debt instruments and derivatives that are not quoted in active markets are determined using valuation techniques such as discounted cash flow analysis and standard option pricing models. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are reviewed before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

Estimating Retirement Benefits Costs
The cost of defined retirement benefits as well as the present value of the retirement benefits liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit retirement liability are highly sensitive to changes in these assumptions. All assumptions are reviewed at each end of the reporting period. Retirement benefits liability amounted to ₱622,359 and ₱404,766 as at December 31, 2014 and 2013, respectively. Retirement benefits costs amounted to ₱134,545, ₱105,127and ₱60,855 in 2014, 2013 and 2012, respectively.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined retirement benefits liability.

Further details about the assumptions used are provided in Note 24.

Estimating Liability for Mine Rehabilitation Cost
The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the liability for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the consolidated statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognised as part of an asset measured in accordance with PAS 16. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss. If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with PAS 36.

Also, rehabilitation obligations that arose as a result of the production phase of a mine should be expensed as incurred. Liability for mine rehabilitation cost recognized as at December 31, 2014 and 2013 amounted to ₱44,975 and ₱46,382, respectively (see Note 18).

Provisions and Contingencies
The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Accordingly, no provision for probable losses arising from contingencies were recognized by the Group in 2014, 2013 and 2012.

Measurement of Mine Products Sales
Mine products sales are provisionally priced such that these are not settled until predetermined future dates based on market prices at that time. Revenue on these sales are initially recognized based on shipment values calculated using the provisional metals prices, shipment weights and assays for metal content less deduction for insurance and smelting charges as marketing. The final shipment values are subsequently determined based on final weights and assays for metal content and prices during the applicable Quotation Period. Total mine product sales, net of smelting and related charges, amounted to ₱14,876,748, ₱13,503,231 and ₱14,459,321 in 2014, 2013 and 2012, respectively (see Note 6).

4. **Cash and Cash Equivalents**

	2014	2013
Cash on hand	**₱6,728**	₱4,086
Short-term investments	**97,000**	–
Cash in banks	**847,630**	862,273
	₱951,358	₱866,359

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months from the date of placement depending on the immediate cash requirements of the Group and earn interest at the agreed short-term investments rates. Interest income earned from cash in banks amounted to ₱1,525, ₱1,540 and ₱7,621 in 2014, 2013 and 2012, respectively.

The Group has United States Dollar (US$)-denominated cash in banks amounting to US$11,194 and US$4,173 as at December 31, 2014 and 2013, respectively. The Group has Japanese Yen (JP¥)-denominated cash in banks amounting to JP¥789 and JP¥2,082 as at December 31, 2014 and 2013, respectively. The Group has Great Britain Pound (GB£)-denominated cash in banks amounting to GB£139 as at December 31, 2014 and 2013 (see Note 29).

5. Receivables

	2014	2013
Trade (see Note 6)	**₱496,273**	₱824,180
Nontrade	**174,963**	66,169
Interest (see Note 17a)	**97,604**	135,240
Receivables from:		
Related parties (see Note 23a)	**126,515**	31,540
Officers and employees (see Note 23f)	**32,700**	31,568
	928,055	1,088,697
Less allowance for impairment losses	**29,095**	29,099
	₱898,960	₱1,059,598

The Company's trade receivables arise from its shipments of copper, gold, silver, nickel and magnetite to customers under several agreements (see Note 32).

Nontrade receivables comprise mainly of receivables from contractors and suppliers, while receivables from officers and employees pertain to cash advances made by employees for the operations of the Group.

Trade, nontrade and other receivables are noninterest-bearing and are generally collectible on demand. Receivables from officers and employees are noninterest-bearing and are subject to liquidation. Unliquidated receivables from officers and employees are collectible on demand.

Most of the receivables of the Group consist of individually significant accounts and were therefore subject to the specific impairment approach. The Group recognized provision for impairment losses amounting to ₱29,095 and ₱29,099 as at December 31, 2014, and 2013, respectively, covering those receivables specifically identified as impaired. Receivables which were not individually significant and individually significant loans for which no specific impairment were assessed were subjected to collective assessment. Based on the assessment done, the Group has not recognized any provision for receivables which were assessed collectively. Provision for impairment losses on receivables amounting to nil, ₱9,536 and nil were recognized by the Group 2014, and 2013 and 2012, respectively.

Movements of allowance for impairment losses are as follows:

	2014	2013
Balances at beginning of year	**₱29,099**	₱39,871
Decrease associated with loss of control of subsidiaries (see Note 14)	**(4)**	–
Written off	–	(20,308)
Provision (see Note 22)	–	9,536
Balances at end of year	**₱29,095**	₱29,099

The Group has US$-denominated receivables amounting to US$23,903 and US$21,448 as at December 31, 2014 and 2013, respectively (see Note 29).

6. Pricing Agreements, Hedging and Derivative Financial Instruments

Hedging Objectives
The Group applies a mix of pricing agreements, natural hedges, and both freestanding and embedded derivatives in managing risks such as commodity price, foreign exchange and interest rate risks. In 2014 and 2013, the Group, through CCC, has freestanding commodity option agreements, while embedded derivatives include provisional pricing in shipment contracts. The Group has not designated any of these derivatives as accounting hedges. The Group has accounted for its derivatives at fair value and any changes in the fair value is recognized in profit or loss.

Pricing Agreements
MRI, PASAR, Mitsui and Ocean Partners
In the normal course of selling its copper concentrate, CCC entered into (i) several contracts of purchase with MRI (“MRI Contract”), PASAR (“PASAR Contract”) and Mitsui (“Mitsui Contract”) in 2014 and in prior years, and (ii) one (1) contract of purchase with Ocean Partners (“Ocean Partners Contract”) in 2014 (collectively, the “Copper Contracts”), whereby it agreed to sell a fixed volume of copper concentrate based on LME prices (as published in the Metal Bulletin) and as averaged over the QP as defined in the MRI Contract, PASAR Contract, Mitsui Contract and Ocean Partners Contract.

The quality and quantity of the copper concentrate sold is determined through a sampling weight and assay analysis by an appointed independent surveyor. Under the Copper Contracts, CCC and MRI or PASAR or Ocean Partners have the option to price-fix in advance of the QP the payable copper contents of the concentrate to be delivered, subject to adjustments during the QP. If the option to price-fix prior to the QP is exercised, (i) the fixed price and the volume to which the fixed price applies will be confirmed in writing by the parties, and (ii) with respect to sales of copper concentrate to MRI, an addendum to the MRI Contract will be executed to confirm the actual volume of the copper shipped based on the fixed price.

On April 14, 2014, CCC executed an addendum to its January 2014 Offtake Agreement with MRI (the “2014 Offtake Contract”) to confirm, among others, (i) the increase in the quantity of MRI’s copper concentrate offtake allotment by 80,000 dry metric tons (DMT) (the “Additional Offtake”), and (ii) the deposit of US$30.0 million with respect to the Additional Offtake. On December 1, 2014, CCC executed another addendum to the 2014 Offtake Contract to provide for the terms of the additional deposit of US$30.0 million in respect to the Additional Offtake (see Note 16).

Freestanding Derivatives
Commodity Put Options
In 2014 and 2013, CCC purchased LME put options through Jefferies Prudential for the delivery of 18,725 tons and 35,980 tons, respectively, of copper concentrates with a total premium amounting to US$0.9 million and US$1.53 million, respectively. As at December 31, 2014, CCC has no outstanding commodity put option. As at December 31, 2013, the positive fair value of the outstanding put options amounted to ₱2,957 and was recognized as "Derivative assets". Unrealized loss on derivatives recognized in the statement of comprehensive income amounted to ₱27,888 in 2013. CCC has also recognized an outstanding notional quantity of the put options at 14,000 tons with a strike price of US$6,000 per ton and maturities from February to May 2014 as at December 31, 2013.

The Group will continuously assess its use of freestanding derivatives as part of its financial risk management objectives and policies.

Embedded Derivatives

Provisional Pricing
Based on CCC's pricing agreements with MRI, PASAR, Mitsui and Ocean Partners, the copper sales will be provisionally priced at shipment subject to price and quantity adjustment after the QP. Under the Copper Contracts, CCC with the consent of MRI and PASAR, can price fix the copper shipments before the QP. Copper sales that were not subject to price fixing are assessed as having embedded derivatives that are not clearly and closely related, and once the commodities have been delivered, it must be bifurcated on the delivery date or once the shipment is considered sold (in case of bill and hold sales). CCC recognized an unrealized loss on the related derivative liabilities amounting to ₱289,696 on its deliveries in 2014 and an unrealized loss and gain on the related derivative liabilities and assets amounting to ₱925 and ₱11,151, respectively on its deliveries in 2013.

Prepayment Option
Bonds Payable
On March 16, 2012, CCC completed the issuance of US$-denominated fixed-rate notes representing $300 million of CCC's senior unsecured debt with a tenor of five (5) years and five (5) days (the "Bonds Payable"). The Bonds Payable, which were issued at the price of 98.95% of face value, will pay interest semi-annually every 21st of March and September at the rate of 6.5% and will carry a yield to maturity of 6.75%. The Bonds Payable contains an equity clawback option that allows CCC to redeem up to 35% of the Bonds Payable at any time prior to March 21, 2015, at a redemption price of 106.5% of the principal amount plus accrued and unpaid interest with the net proceeds of an equity offering. The Bonds Payable also have an identified call option as they may be redeemed fully prior to maturity at a redemption price equal to 100% of the principal amount plus applicable premium and accrued and unpaid interest (see Note 17).

No derivative asset was recognized on the equity clawback option since the probability of an equity offering by CCC is remote. Furthermore, no derivative was recognized on account of CCC's right to redeem 100% of the notes since the redemption value is equal to the amortized cost.

7. Inventories

	2014	2013
At cost:		
Mine products	**₱103,826**	₱345,105
Materials and supplies	**1,303,105**	1,299,836
At NRV:		
Materials and supplies and others	**–**	8,255
	₱1,406,931	₱1,653,196

Mine Products
Mine products include copper concentrate containing gold and silver and beneficiated nickel ore. The cost of mine products includes depreciation and depletion of property, plant and equipment (see Note 10).

Materials and Supplies
Materials and supplies consist of consumable items and spare parts. Cost of materials and supplies of the Parent Company carried at NRV amounting to ₱334,465 and ₱332,678 as at December 31, 2014 and 2013, respectively, are fully provided with allowance for impairment losses.

Mine products and materials and supplies inventories are stated at lower of cost and NRV.

The cost of inventories recognized as expense amounted to ₱4,479,583, ₱3,380,482 and ₱3,314,158 in 2014, 2013 and 2012, respectively (see Note 21).

8. Other Current Assets

	2014	2013
Deposits and advances to suppliers	**₱559,644**	₱557,472
Prepayments	**69,381**	25,094
Advances for acquisition of rights to Exploration Permit Application (EPA; see Note 9)	**–**	30,692
	₱629,025	₱613,258

Deposits and Advances to Suppliers
Deposits and advances to suppliers are non-financial assets arising mainly from advanced payments made by the Company to its suppliers and contractors before goods or services have been received or rendered. These are classified as current since these are expected to be offset against future short-term billings and are recognized in the books at amounts initially paid. Purchase from suppliers generally require advance payments equivalent to 10% to 60% of the contract price. Amounts deposited will be applied as part of the full payment of the contract price upon completion of the contract.

Prepayments includes prepaid fees and taxes that were paid by CCC for the benefit of the next period's operations and overpayment made in excess of provision for income tax and creditable withholding taxes that will be used for CCC's income tax payable in 2015.

9. Advances for Acquisition of EPA

On November 3, 2004, the Parent Company entered into a Heads of Agreement with Multicrest Mining and Development Corporation ("Multicrest") to acquire a 100% interest in the rights and interests attached to the EPA that Multicrest has lodged with the MGB (the "Multicrest Agreement"). The EPA covers an area measuring approximately 16,130.4 hectares which is situated in the City of Puerto Princesa in the Province of Palawan. The EPA, denominated as EPA-IVB-11, pertains to the Tagkawayan Project (the "Project"). Under the Multicrest Agreement, the Parent Company paid ₱500 for the option to acquire 100% interest in the Project and for the right to do exploration work on the Project during the term of the EP to be issued upon the approval of the EPA.

On July 13, 2007, the Parent Company assigned to UNC all its rights under the Multicrest Agreement, particularly the right to acquire 100% interest in the Project. On account of UNC's failure to exercise the option under the Multicrest Agreement within the period provided therein, the Multicrest Agreement was terminated.

On November 29, 2012, Multicrest executed a Memorandum of Understanding with BNC that embodies the terms of the offer by Multicrest to assign to BNC its rights to the Project.

10. **Property, Plant and Equipment**

December 31, 2014:

	At Cost									
	Land	Mine Development Costs	Roadways and Bridges	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Construction In-progress	Total	At Revalued Amount Land
Revalued amount/cost:										
Balances at beginning of year	**₱103,726**	**₱6,400,244**	**₱195,458**	**₱1,034,291**	**₱8,405,559**	**₱176,936**	**₱47,157**	**₱13,981,044**	**₱30,344,415**	**₱315,888**
Additions	**173**	**–**	**–**	**73**	**313,820**	**1,560**	**134**	**7,005,581**	**7,321,341**	**–**
Reclassifications	**–**	**10,016,899**	**13,236**	**1,445,707**	**5,160,552**	**10,316**	**–**	**(16,646,710)**	**–**	**–**
Disposals	**–**	**–**	**–**	**–**	**(4,997)**	**(4,286)**	**–**	**–**	**(9,283)**	**–**
Retirement	**–**	**–**	**–**	**–**	**(39,097)**	**(525)**	**–**	**–**	**(39,622)**	**–**
Decrease associated with loss of control of subsidiaries (see Note 14)	**(30,663)**	**(335,777)**	**–**	**(254,103)**	**(533,790)**	**(27,233)**	**(30,755)**	**(63,943)**	**(1,276,264)**	**–**
Balances at end of year	**73,236**	**16,081,366**	**208,694**	**2,225,968**	**13,302,047**	**156,768**	**16,536**	**4,275,972**	**36,340,587**	**315,888**
Accumulated depreciation, depletion and amortization:										
Balances at beginning of year	**–**	**566,194**	**73,479**	**396,893**	**2,707,330**	**82,872**	**36,608**	**–**	**3,863,376**	**–**
Depreciation, depletion and amortization (see Notes 7, 21 and 22)	**–**	**607,924**	**32,711**	**173,817**	**1,472,242**	**29,102**	**1,424**	**–**	**2,317,220**	**–**
Disposals	**–**	**–**	**–**	**–**	**(525)**	**(3,346)**	**–**	**–**	**(3,871)**	**–**
Retirement	**–**	**–**	**–**	**–**	**(33,153)**	**(525)**	**–**	**–**	**(33,678)**	**–**
Decrease associated with loss of control of subsidiaries (see Note 14)	**–**	**(86,634)**	**–**	**(162,112)**	**(166,380)**	**(23,659)**	**(28,090)**	**–**	**(466,875)**	**–**
Balances at end of year	**–**	**1,087,484**	**106,190**	**408,598**	**3,979,514**	**84,444**	**9,942**	**–**	**5,676,172**	**–**
Allowance for asset write-downs:										
Balances at beginning and end of year	**–**	**–**	**–**	**–**	**114,370**	**–**	**–**	**–**	**114,370**	**330**
Net book values	**₱73,236**	**₱14,993,882**	**₱102,504**	**₱1,817,370**	**₱9,208,163**	**₱72,324**	**₱6,594**	**₱4,275,972**	**₱30,550,045**	**₱315,558**

December 31, 2013:

	At Cost									At Revalued Amount
	Land	Mine Development Costs	Roadways and Bridges	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Construction In-progress	Total	Land
Revalued amount/cost:Balances at beginning of year	₱82,787	₱6,327,788	₱182,903	₱993,689	₱7,482,793	₱108,408	₱43,749	₱5,020,199	₱20,242,316	₱315,888
Additions	20,939	239	–	95	254,754	68,528	3,408	9,827,559	10,175,522	–
Change in estimate in liability for mine rehabilitation cost (see Note 18)	–	(69,097)	–	–	–	–	–	–	(69,097)	–
Reclassifications	–	141,314	12,555	40,507	672,338	–	–	(866,714)	–	–
Retirement	–	–	–	–	(2,175)	–	–	–	(2,175)	–
Disposals	–	–	–	–	(2,151)	–	–	–	(2,151)	–
Balances at end of year	103,726	6,400,244	195,458	1,034,291	8,405,559	176,936	47,157	13,981,044	30,344,415	315,888
Accumulated depreciation, depletion and amortization:										
Balances at beginning of year	–	330,357	42,097	300,846	1,429,789	56,053	33,541	–	2,192,683	–
Depreciation, depletion and amortization (see Notes 7, 21 and 22)	–	241,295	31,382	96,047	1,281,611	26,819	3,067	–	1,680,221	–
Change in estimate in liability for mine rehabilitation cost (see Note 18)	–	(5,458)	–	–	–	–	–	–	(5,458)	–
Retirement	–	–	–	–	(2,175)	–	–	–	(2,175)	–
Disposals	–	–	–	–	(1,895)	–	–	–	(1,895)	–
Balances at end of year	–	566,194	73,479	396,893	2,707,330	82,872	36,608	–	3,863,376	–
Allowance for asset write-downs:										
Balances at beginning and end of year	–	–	–	–	114,370	–	–	–	114,370	330
Net book values	₱103,726	₱5,834,050	₱121,979	₱637,398	₱5,583,859	₱94,064	₱10,549	₱13,981,044	₱26,366,669	₱315,558

Construction in-progress consists mainly of expenditures for the expansion projects of CCC and existing capacity. The expansion projects are intended to increase the milling capacity of the plant which was completed in the first quarter of 2014. Construction in-progress to improve existing capacity includes cost of various projects at different percentages of completion as at December 31, 2014 and 2013.

Mine development costs consist of the following:

December 31, 2014:

	Mine and Mining Properties	Mine Development Costs	Mine Rehabilitation Costs	Total
Cost:				
Balances at beginning of year	**₱1,464,802**	**₱4,935,442**	**₱–**	**₱6,400,244**
Reclassifications	**–**	**10,016,899**	**–**	**10,016,899**
Decrease associated with loss of control of subsidiaries (see Note 14)	**(335,777)**	**–**	**–**	**(335,777)**
Balances at end of year	**1,129,025**	**14,952,341**	**–**	**16,081,366**
Accumulated depletion:				
Balances at beginning of year	**159,396**	**406,798**	**–**	**566,194**
Depletion	**61,940**	**545,984**	**–**	**607,924**
Decrease associated with loss of control of subsidiaries (see Note 14)	**(86,634)**	**–**	**–**	**(86,634)**
Balances at end of year	**134,702**	**952,782**	**–**	**1,087,484**
Net book values	**₱994,323**	**₱13,999,559**	**₱–**	**₱14,993,882**

December 31, 2013:

	Mine and Mining Properties	Mine Development Costs	Mine Rehabilitation Costs	Total
Cost:				
Balances at beginning of year	₱1,464,563	₱4,794,128	₱69,097	₱6,327,788
Reclassifications	239	141,314	–	141,553
Change in accounting estimate (see Note 18)	–	–	(69,097)	(69,097)
Balances at end of year	1,464,802	4,935,442	–	6,400,244
Accumulated depletion:				
Balances at beginning of year	104,659	222,450	3,248	330,357
Depletion	54,737	184,348	2,210	241,295
Change in accounting estimate (see Note 18)	–	–	(5,458)	(5,458)
Balances at end of year	159,396	406,798	–	566,194
Net book values	₱1,305,406	₱4,528,644	₱–	₱5,834,050

Revaluation Increment on Land
The fair value of the land amounted to ₱315,888 as at December 31, 2014 and 2013 based on the latest valuation obtained in 2011 by the Parent Company. The resulting increase in the valuation of land amounting to ₱218,559 is presented as "Revaluation increment on land", net of related deferred tax liability and cost. The carrying amount of the land had it been carried using the cost model amounts to ₱3,661 as at December 31, 2014 and 2013.

Fully Depreciated Property, Plant and Equipment
Fully depreciated property, plant and equipment still used by the Group amounted to ₱2,090,794 and ₱584,716 as at December 31, 2014 and 2013, respectively. These are retained in the Group's records until they are disposed. No further depreciation and amortization are charged to current operations for these items.

Borrowing Costs
Borrowing costs capitalized in "Mine Development Costs" amounted to ₱39,529 and ₱452,687 in 2014 and 2013, respectively, at interest rates of 6.5% to 8.0% for both 2014 and 2013, respectively (see Note 17).

Provision for Asset Write-downs
The provision for asset write-downs represents the net book value of heavy equipment that the Group assessed to be operationally uneconomical amounting to ₱5,944, nil and ₱20,552 in 2014, 2013 and 2012, respectively (see Note 21).

Collaterals
The carrying value of the property, plant and equipment mortgaged as collaterals for various borrowings of the Group amounted to ₱1,610,139 and ₱2,368,500 as at December 31, 2014 and 2013, respectively (see Note 17).

Commitments
The Group has capital expenditure commitments amounting to ₱1,445,100 and ₱1,149,800 as at December 31, 2014 and 2013, respectively.

11. Business Combination

In July 2011 (Acquisition Date), the Parent Company purchased an aggregate 45.54% equity interest of CASOP in CCC. Total acquisition cost amounted to US$368,000 (₱16,008,000). The acquisition is accounted for in the consolidated financial statements using the purchase method, which resulted to the following:

a. As at the Acquisition Date, the Parent Company adjusted its previously held 54.46% interest in CCC based on fair value. The fair value of such previously held interest amounted to ₱17,913,764 while the carrying value of the investment in CCC amounted to ₱4,125,713 as at the Acquisition Date. The fair value gain on the previously held interest amounting to ₱13,788,051 was recognized in the consolidated statement of comprehensive income (see Note 19b).

b. As at December 31, 2011, the total acquisition cost of US$368,000 (₱16,008,000) ("Purchase Price") was allocated to the provisional fair values of identified assets and liabilities of CCC as at the Acquisition Date, resulting in the recognition of a provisional goodwill amounting to ₱25,972,054.

c. In July 2012, the Group finalized the allocation of the Purchase Price on the basis of fair values of the assets and liabilities of CCC at the Acquisition Date. The Group recognized the following adjustments to the provisional amounts:

	Fair value recognized on acquisition date, as previously reported	Effect of finalization of purchase price allocation	Fair value recognized on acquisition date, as restated
ASSETS			
Current Assets			
Cash and cash equivalents	₱1,953,658	₱–	₱1,953,658
Receivables	454,505	–	454,505
Derivatives assets	733,157	–	733,157
Inventories	730,197	–	730,197
Other current assets	1,004,795	–	1,004,795
Total Current Assets	₱4,876,312	₱–	₱4,876,312
Noncurrent Assets			
Property, plant and equipment	₱11,779,531	₱–	₱11,779,531
Mining rights	–	9,944,209	9,944,209
Other noncurrent assets	1,372,390	–	1,372,390
Total Noncurrent Assets	13,151,921	9,944,209	23,096,130
TOTAL ASSETS	18,028,233	9,944,209	27,972,442
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	2,859,976	–	2,859,976
Derivative liabilities	4,623	–	4,623
Total Current Liabilities	2,864,599	–	2,864,599
Noncurrent liabilities			
Long-term debt and other interest-bearing liabilities	7,055,020	–	7,055,020
Liability for mine rehabilitation cost	80,121	–	80,121
Retirement benefits liability	78,783	–	78,783
Deferred tax liabilities	–	2,983,263	2,983,263
Total Noncurrent Liabilities	7,213,924	2,983,263	10,197,187
TOTAL LIABILITIES	10,078,523	2,983,263	13,061,786
TOTAL IDENTIFIABLE NET ASSETS	₱7,949,710	₱6,960,946	₱14,910,656
Total identifiable net assets of CCC	₱7,949,710	₱6,960,946	₱14,910,656
Goodwill arising from the acquisition	25,972,054	(6,960,946)	19,011,108
Fair value of previously held interest (see Note 11a)	(17,913,764)	–	(17,913,764)
Acquisition cost	₱16,008,000	₱–	₱16,008,000

Cash flows on acquisition:

Acquisition cost	₱16,008,000
Cash and cash equivalents acquired with the subsidiary	(1,953,658)
Net cash outflows	₱14,054,342

d. The adjustments to the provisional amounts resulted into the recognition of mining rights and related deferred tax liability. As a result of the recognition of mining rights and the related deferred tax liability, the Group restated its 2011 consolidated statements of financial position and consolidated statements of comprehensive income to reflect the depletion expense on the mining rights and the related reversal of the deferred tax liability amounting to ₱122,785 and ₱36,835, respectively. The restatement resulted to the recognition of "Mining rights" and "Deferred tax liability" amounting to ₱9,821,424 and ₱2,946,427, respectively, and a decrease in "Retained earnings" amounting to ₱85,950 in the consolidated statements of financial position as at December 31, 2011. The Group recognized depletion of mining rights amounting to ₱398,172, ₱346,712 and ₱329,508 in 2014, 2013 and 2012, respectively. The Group recognized the related deferred tax liability amounting to ₱119,452, ₱104,014 and ₱98,852 in 2014, 2013 and 2012, respectively.

e. Revenue, net of smelting and related charges, and net income of CCC from the Acquisition Date to December 31, 2011 that is included in the consolidated statements of comprehensive income, amounted to ₱4,262,587 and ₱249,995, respectively. The equity in net earnings in CCC from January 1, 2011 up to the Acquisition Date amounted to ₱1,247,884 (see Note 19).

f. Had the purchase of equity interest occurred as at January 1, 2011 (as restated), the consolidated statement of comprehensive income would have been reflected as follows:

INCOME	
Revenue	
Copper	₱11,659,679
Gold	530,598
Beneficiated nickel ore and others	611,275
	12,801,552
Less smelting and related charges	829,661
	11,971,891
Fair Value Gain on Previously Held Interest	12,744,557
Other Income	
Realized gain on derivatives	428,207
Gain on settlement of liability	90,458
Interest income	2,943
Foreign exchange gain	15,560
Other income	297,772
	25,551,388
EXPENSES	
Costs and Expenses	
Mining and milling costs	7,642,757
General and administrative expenses	1,390,395
Mine products taxes	491,325
Other Charges	
Finance charges	728,809
Unrealized loss on derivatives	208,421
Depletion of mining rights	122,785
	10,584,492
INCOME BEFORE INCOME TAX	14,966,896
BENEFIT FROM INCOME TAX	(106,533)
NET INCOME	14,860,363
OTHER COMPREHENSIVE INCOME	–
TOTAL COMPREHENSIVE INCOME	₱14,860,363

g. *Goodwill - CCC*

As at December 31, 2011, the Group recognized provisional fair values of identifiable assets and liabilities, including a goodwill amounting to ₱25,972,054. In July 2012, the Group finalized the fair values and recognized goodwill amounting to ₱19,011,108 (see Notes 11c and 12).

12. **Goodwill**

	2014	2013
CCC (see Note 11g)	**₱19,011,108**	₱19,011,108
AHI	**15,011**	15,011
	₱19,026,119	₱19,026,119

On May 11, 2007, the Parent Company's BOD approved the execution and implementation of the Deed of Sale of the Shares of Stock entered into between the Parent Company and Anscor Property Holdings, Inc. (APHI) on the sale to the Parent Company of APHI's 75,005 common shares in AHI or equivalent to 99.99% of AHI's total issued and outstanding shares for ₱77,510. AHI is the holder of rights to certain properties which will be needed in the operations of the Toledo Copper Mines. The execution of the purchase of shares of stock of AHI was undertaken pursuant to the Memorandum of Agreement entered into by the Parent Company with APHI on May 4, 2006 embodying the mechanics for the Parent Company's acquisition of rights over the AHI properties. At the time of the acquisition, the estimated fair value of the net identifiable assets of AHI, consisting substantially of parcels of land, amounted to ₱62,500, resulted in the recognition of a goodwill of ₱15,011 in the consolidated statement of financial position.

No impairment loss on goodwill was recognized in 2014, 2013 and 2012.

13. **AFS Financial Asset**

The Group's AFS financial asset consists of investment in:

	2014	2013
Philippine Long Distance Telephone Company	**₱6,102**	₱5,599
Allowance for impairment loss	**(4,882)**	–
	₱1,220	₱5,599

The Group's AFS financial asset is a quoted equity instrument and carried at fair value. The fair value of this quoted instrument is based on the exit market price as at December 31, 2014 and 2013.

Movements in fair value of the Group's quoted equity instrument are as follows:

	2014	2013
Balances at beginning of year	**₱5,599**	₱4,896
Valuation gain	**503**	5,577
Disposals	**–**	(4,874)
	6,102	5,599
Allowance for impairment loss	**(4,882)**	–
Balances at end of year	**₱1,220**	₱5,599

Movements in the "Net unrealized gain on AFS financial asset" presented as a separate component of equity follow:

	2014	2013
Balances at beginning of year	**₱10,460**	₱2,160
Movements:		
Increase in fair value of AFS financial asset	**503**	5,577
Recovery of (allowance for) impairment loss	**(4,882)**	4,882
Unrealized gains transferred from equity to consolidated statements of comprehensive income	**–**	(2,159)
	(4,379)	8,300
Balances at end of year	**₱6,081**	₱10,460

In November 27, 2013, the Group sold all its AFS financial assets pertaining to investments in TMC amounted to ₱9,926 on which the Group recognized a gain amounted to ₱2,330 in the consolidated statements of comprehensive income.

	2013
Quoted equity instrument:	
Unrealized gains transferred from equity to consolidated statements of comprehensive income	₱2,159
Gain on disposal of quoted equity instrument	171
	₱2,330

There was no dividend income earned from the quoted equity instrument in 2014, 2013, and 2012. The Group recognized an allowance for impairment loss amounting to ₱4,882 and nil as at December 31, 2014 and 2013, respectively.

14. Investments in Associates

On June 19, 2014, the Parent Company lost its Board and management control but maintained significant influence over the Nickel Corporations (see Note 1). The Parent Company however has sustained the power to participate in the financial and operating policy decisions of the Nickel Corporations. Thus, the related investments of the Parent Company in the Nickel Corporations were reclassified from investments in subsidiaries to investments in associates in 2014. The Group recognized the fair value of the investments retained in the Nickel Corporations and recognized a gain amounting to ₱44,615 in 2014.

As at December 31, 2014, the percentage of ownership and balances of investments in associates are as follows:

	BNC	TMMI	URHI	UNC	NRHI	Total
Percentage of ownership	25.2%	60%	70%	42%	42%	
Cost:						
Balances at recognition date and at end of year	₱258,039	₱3,949	₱832	(₱1,642)	₱821	₱261,999
Accumulated equity:						
Share in net income (loss)	(13,693)	(2,796)	(68)	54	46,586	30,083
	₱244,346	₱1,153	₱764	(₱1,588)	₱47,407	₱292,082

The associates prepare financial statements for the same financial reporting period as the Parent Company.

The following table illustrates summarized financial information of the investments in associates as at December 31, 2014:

	TMMI	URHI	UNC	NRHI	BNC
Current assets	₱11,780	₱2,336	₱10,967	₱2,405	₱880,906
Noncurrent assets	3,934	3,000	41,689	110,575	835,478
Total assets	15,714	5,336	52,656	112,980	1,716,384
Current liabilities	13,931	4,244	56,437	107	1,056,020
Noncurrent liabilities	–	–	–	–	20,083
Total liabilities	13,931	4,244	56,437	107	1,076,103
Net assets (liabilities)	1,783	1,092	(3,781)	112,873	640,281
Net income (loss)	4,336	124	(103)	(110,895)	(316,976)

15. **Other Noncurrent Assets**

	2014	2013
Input VAT (net of accumulated allowance for possible losses of ₱129,896 and ₱139,432 as at December 31, 2014 and 2013, respectively)	**₱2,078,282**	₱2,011,755
Deferred mine exploration costs	**16,708**	65,472
MRF	**5,268**	15,128
Others	**15,696**	15,028
	₱2,115,954	₱2,107,383

Input VAT

Input VAT represents VAT imposed by the Group's suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. Deferred input VAT represents input VAT on purchase of capital goods exceeding one million pesos. The related input VAT is recognized over five (5) years or the useful life of the capital goods, whichever is shorter. Input VAT is stated at its estimated NRV. Input VAT will be claimed by the Group as tax credits.

Movements of the allowance for possible losses on input VAT are as follows:

	2014	2013
Balances at beginning of year	**₱139,432**	₱124,856
Decrease associated with loss of control (see Note 14)	**(9,536)**	–
Provision for possible losses (see Note 22)	–	14,576
Balances at end of year	**₱129,896**	₱139,432

Deferred Mine Exploration Costs

These pertain to field supplies and other costs incurred during evaluation and exploration of projects of the Parent Company. In 2013, deferred mine exploration costs pertain to BNC's exploration expenditures on the Moorsom, Dangla and Longpoint Project (adjacent area covering the Berong Nickel Project) (see Note 9). Management has established that economically recoverable reserves exist in the area, resulting in the decision to develop the area for commercial mining operation. BNC started to explore and develop the area adjacent to the Berong Nickel Project in 2008. No provision for impairment was recognized in 2014 and 2013.

MRF

MRF pertain to rehabilitation trust funds that the Group is required by regulations to establish and maintain through cash deposits to cover their rehabilitation liability upon the closure of the mine and to ensure payment of compensable damages that may be caused by mine waste. The rehabilitation trust funds are held in government depository banks.

16. **Accounts Payable and Accrued Liabilities**

	2014	2013
Trade	**₱3,242,924**	₱2,089,578
Accrued expenses:		
Contracted services (see Note 32)	**379,630**	201,442
Power and other utilities (see Note 32)	**186,454**	128,540
Personnel	**77,964**	85,644
Rental	**154,166**	126,761
Others	**360,523**	386,111
Interest (see Notes 17 and 23)	**284,079**	270,203
Government payables	**156,867**	141,111
Nontrade	**26,543**	7,042
Unclaimed dividends	**4,119**	–
	₱4,873,269	₱3,436,432

Trade

Trade payables include import and local purchases of equipment, inventories and various parts and supplies used in the operations of the Group. These are noninterest-bearing payables to various suppliers and are normally settled on terms ranging from 30 to 60 days.

Trade payables include the customer deposits made by MRI to CCC on December 1, 2014 amounting to US$30.0 million as part of the increase in offtake allotment of 80,000 DMT of copper concentrate to MRI. The deposit will be applied in shipments of six (6) lots of five (5) thousand DMT starting in February 2015 (see Note 6).

Nontrade

These payables pertain to unclaimed termination benefits of former Parent Company's employees before mine closure, utilities payables, and partial payment received from stock option availees. These also include other noninterest-bearing payables.

Payable to Toledo Power Corporation (TPC) and Toledo Holdings Corporation (THC)

In February 2002, TPC and its wholly owned subsidiary, THC executed in favor of the Parent Company a Deed of Release and Quitclaim (the "Settlement Agreement") which was intended to effectuate the full settlement of certain loan obligations of the Parent Company to TPC in consideration of the conveyance by the Parent Company to THC of (i) a portion of an area covered by two (2) foreshore leases, (ii) three (3) deep wells, and (iii) portions of particular cadastral lots located in Toledo City, Cebu (the "Settlement Properties"). The BOD, however, deferred ratification of the Settlement Agreement to enable negotiation of the exclusion from the Settlement Properties of a portion of the assigned foreshore area that is critical to the Parent Company's mining operations (the "Foreshore Portion").

In December 2012, the BOD ratified the Settlement Agreement upon confirmation by TPC of its acceptance of the exclusion of the Foreshore Portion from the Settlement Properties, without prejudice to the effects of the Settlement Agreement. Accordingly, the Parent Company recognized a gain on the settlement of liability amounting to ₱438,249 in 2012.

Payable to TMC
The Parent Company has payables to TMC for its share in the operating expenses of BNC that was advanced by TMC for the account of the Parent Company. The mechanics for the repayment of such advance are embodied in the April 2006 loan agreement executed by the Parent Company and TMC with respect to a loan facility for an amount not exceeding US$5,000 which may be availed in tranches for the purpose of funding the operations of BNC (the "TMC Loan"). The TMC Loan accrued interest at the rate of 10% per annum and could be repaid through the conversion of the whole or a portion of the amount of the TMC Loan into equity of the Parent Company at the option of TMC (the "TMC Conversion Option").

On May 31, 2007, TMC notified the Parent Company of its intention to exercise the TMC Conversion Option with respect to a portion of the TMC Loan amounting to US$2,750 by subscribing to a total of 12,980,000 shares of stock of the Parent Company at the price of ₱10.00 per share.

Following such notice, the Parent Company reclassified as deposit for future stock subscription (the "Deposit on Subscription") the Peso equivalent of the portion of the TMC Loan subject of the exercise of the Conversion Option that amounts to ₱150,960.

On July 4, 2011, the Parent Company and TMC executed an agreement respecting the terms and conditions for the full settlement by the Parent Company of the full amount of the TMC Loan and all other amounts due to TMC. Such agreement enabled the Parent Company to discharge all of its outstanding loan obligations to TMC through the payment of the aggregate amount of US$4,499. As a result of the settlement, the Parent Company (i) recognized a gain amounting to ₱90,458 which arose from the condonation of a portion of the TMC Loan, and (ii) reversed the recognition of the Deposit on Subscription in 2011. In 2012, the Parent Company derecognized the remaining portion of its payable to TMC amounting to ₱81,299 presented under "Gain on settlement of liability".

<u>Accrued Expenses - Others</u>
The accrued expenses - others consist largely of accruals for the insurance of vehicles and shipments and accruals for purchased materials and supplies for which invoices have yet to be issued by suppliers as at December 31, 2014 and 2013. These are normally settled within six (6) months.

The related interest expense recognized related to trust receipts amounted to ₱5,458, ₱4,801 and ₱469 in 2014, 2013 and 2012, respectively.

<u>Government Payables</u>
Government payables consist of mandatory contributions and payments to Social Security System (SSS), Philippine Health Insurance Corporation (PHIC), and Home Development Mutual Fund (HDMF), withholding tax payables, excise tax payables, and custom duties which are noninterest-bearing and have an average term of 15 to 30 days.

<u>Unclaimed Dividends</u>
Unclaimed dividends pertain to unpaid cash dividends declared by the Parent Company to its stockholders.

17. **Long-Term Debt and Other Interest-bearing Liabilities**

The Group's long-term debt and other interest-bearing liabilities outstanding balances as at December 31 follow:

	2014	2013
Bonds Payable	**₱13,231,369**	₱13,059,825
US$75 million BDO Loan	**1,300,531**	2,106,497
United Overseas Bank Ltd. (UOB)	**1,118,000**	–
Security Bank	**1,100,000**	288,568
BDO Leasing & Finance, Inc. (BDO Leasing)	**995,884**	1,210,622
Standard Chartered Bank (SCB)	**986,859**	443,950
MayBank	**894,400**	297,447
Rizal Commercial Banking Corporation (RCBC)	**872,040**	–
Land Bank of the Philippines (Land Bank)	**491,920**	510,543
LBP Leasing Corp (LBP Leasing)	**206,408**	300,000
SBM Leasing, Inc. (SBM Leasing)	**122,376**	210,301
BDO	**111,800**	–
United Coconut Planters Bank (UCPB)	**–**	790,231
Bank of China	**–**	266,370
Atlas Copco Customer Finance AB (Atlas Copco)	**–**	5,210
Metropolitan Bank and Trust Company (MBTC) and Orix Metro Leasing and Finance Corporation (ORIX)	**–**	2,268
	21,431,587	19,491,832
Less noncurrent portion	**18,472,017**	15,348,650
	₱2,959,570	₱4,143,182

The maturities of long-term debt and other interest-bearing liabilities at nominal values follow:

	2014	2013
Due in:		
2014	**₱–**	₱4,143,182
2015	**2,959,570**	1,544,912
2016	**975,392**	13,803,738
2017	**13,512,185**	–
2018 and thereafter	**3,984,440**	–
	₱21,431,587	₱19,491,832

a. Bonds Payable
On March 16, 2012, CCC completed the issuance of US$-denominated fixed-rate notes representing $300 million of CCC's senior unsecured debt with a tenor of five (5) years and five (5) days. The Bonds Payable, which were issued at the price of 98.95% of face value, will pay interest semi-annually every 21st of March and 21st of September at the rate of 6.5% and will carry a yield to maturity of 6.75%. The accrued interest payable from bonds amounted to ₱239,810 and ₱238,068 as at December 31, 2014 and 2013, respectively (see Note 11). The interest expense recognized from bonds amounted to ₱1,093,151, ₱1,076,777 and ₱778,126 in 2014, 2013 and 2012, respectively. CCC's capitalized interest expense in relation to the $300 million bonds under "Construction in-progress", amounting to nil, ₱452,687 and ₱13,390 in 2014, 2013 and 2012 respectively, at interest rates of 6.5% to 8% for 2014, 2013 and 2012 (see Note 9).

The Bonds Payable have an identified call option as they may be redeemed fully prior to maturity at a redemption price equal to 100% of the principal amount plus applicable premium and accrued and unpaid interest. No derivative asset was recognized on such prepayment option since it was assessed to be clearly and closely related to the host contract. The Bonds Payable also contains an equity clawback option that allows CCC to redeem up to 35% of the Bonds Payable at any time prior to March 21, 2015, at a redemption price of 106.5% of the principal amount plus accrued and unpaid interest, using the net proceeds of an equity offering (see Note 6).

Covenants
The agreement embodying the terms of the Bonds Payable (the "Indenture") imposes, certain restrictions and requirements with respect to, among others, the following:

- *Incurrence of Indebtedness Other than Permitted Indebtedness* - CCC may incur indebtedness other than those permitted under Clause 4.6(b) of the Indenture if at the time of incurrence and the receipt and application of the proceeds therefrom, (i) no default, as such is defined in the Indenture ("Default"), has occurred or is continuing, and (ii) the Fixed Charge Coverage Ratio ("FCCR") of CCC is not less than 2.5 to 1.0 (the "Incurrence Conditions"). FCCR is the ratio of (1) the aggregate amount of earnings before interest, taxes, depreciation, and amortization (EBITDA) for the most recent four (4) fiscal quarterly periods prior to the incurrence of the indebtedness (the "Four Quarter Period"); (2) the aggregate fixed charges during the Four Quarter Period.
- *Payment of Dividends* - CCC may declare and/or pay dividends if at the time of the declaration and/or payment, (i) no default has occurred, is continuing, or will result from such declaration and/or payment, (ii) CCC can incur at least US$1.00 of indebtedness without violating the Incurrence Conditions, and (iii) the sum of the amount of the dividend declared and/or paid and of the aggregate amount of all restricted payments (as such is defined under the Indenture) does not exceed the aggregate amount of the items enumerated under Clause 4.7 (a) (3) of the Indenture.

CCC has complied with the above covenants as at December 31, 2014 and 2013.

Short-term Investments
A portion of the proceeds from the issuance of the Bonds Payable was put in multiple time deposit accounts that have a five-year maturity period reckoned from the date of placement and can be terminated anytime. Such deposits are classified as short-term investments in the consolidated statements of financial position amounting to ₱804,969 and ₱1,775,800 as at December 31, 2014 and 2013, respectively. Interest income earned from short-term investments amounted to ₱55,039, ₱156,099 and ₱206,132 in 2014, 2013 and 2012, respectively. Interest receivable amounted to ₱97,604 and ₱135,240 as at December 31, 2014 and 2013, respectively (see Note 5).

b. <u>US$75 million BDO Loan</u>
On July 25, 2011, the Parent Company availed from BDO a US$-denominated loan facility debt covering the amount of US$75 million ("the BDO Facility"). The proceeds from the BDO Facility were used to finance (i) the Parent Company's acquisition of the entire equity interest of CASOP in CCC, and (ii) CCC's working capital requirements.

The BDO Facility (i) has a term of five (5) years, (ii) is payable in 49 equal monthly installments starting July 2012, (iii) accrues interest at the rate of 7% per annum, and (iv) is primarily secured by an irrevocable suretyship executed by CCC in favor of BDO.

Upon the occurrence of an event of default, BDO has the option to convert all amounts outstanding under the BDO Facility into equity of the Parent Company. The conversion shall be effectuated through the assignment by BDO to the Parent Company of the amount of the loan obligation as payment for BDO's subscription to the shares of stock of the Parent Company at the price of ₱19.56 per share and based on the Philippine Peso-US$ exchange rate of US$1.00:₱43.50.

Securities
The BDO Facility is also secured by a pledge of the shares of CCC that were purchased by the Parent Company. Such purchase was funded partly by the proceeds from the BDO Facility.

Covenants
The agreement embodying the terms of the BDO Facility imposes certain restrictions and requirements with respect to, among others, the following:
- Maintenance of a debt service coverage during the term of the BDO Facility (debt service coverage ratio must not be less than 1.5:1);
- Declaration and payment of dividends or any distribution to shareholders; change in ownership and voting control structure; selling, leasing, transferring, or otherwise disposing of all or substantially all of its properties and assets; or any significant portion thereof other than in the ordinary course of business; consolidation or merger with any corporation; and investment in the shares of stock of any corporation other than its affiliates.
- Cash securities (which are classified as short-term investments).

The related interest expense recognized amounted to ₱132,537, ₱187,377and ₱237,308 in 2014, 2013 and 2012, respectively (see Note 26). The accrued interest payable amounted to ₱1,202 and ₱1,616 as at December 31, 2014 and 2013 respectively (see Note 11).

Short-term Investments
Restricted cash securities classified as short-term investments amounted to ₱273,028 and ₱256,476 as at December 31, 2014 and 2013, respectively.

As at December 31, 2014 and 2013, the Parent Company has complied with the covenants respecting the BDO Facility.

c. <u>Bilateral Loan Agreements</u>
On October 10, 2014, CCC has entered into bilateral term loan agreements with Security Bank, Maybank Philippines Inc., Maybank International Labuan branch, RCBC and UOB ("the Bilateral Loan Agreements"). The proceeds of the loans will be used by CCC to fund its capital expenditures and to refinance its outstanding short-term loan obligations.

The loans have a term of four (4) years reckoned from the date of availment, and will constitute unsubordinated obligations of CCC that will rank at least pari passu in priority of payment with all its unsecured obligations.

Covenants
The agreement embodying the terms of the Bilateral Loan Agreements imposes, certain restrictions and requirements with respect to, among others, the following:

- *Target Financial Ratios* - During the term of the loans, CCC shall ensure that:
  (i) Its Debt to Equity Ratio does not exceed 2.0 in each of the calendar years 2014, 2015, 2016, and 2017, based on the audited financial statements as of the last day of each of such calendar years; Debt to Equity Ratio is CCC's total debt divided by its total equity;
  (ii) Its Debt Service Coverage Ratio ("DSCR") shall not be less than (a) 1.5 in each of the calendar years 2014, 2015, and 2017, and (b) 1.1 in the calendar year 2016, based on the audited financial statements as of the last day of each of such calendar years; DSCR is the sum of EBITDA for the most recent audited year and the ending cash balance for the most recent audited year divided by the aggregate of principal, interest and lease payments for the current year; and
  (iii) Its Debt to EBITDA Ratio does not exceed 4.0 in each of the calendar years 2014, 2015, 2016 and 2017, based on the audited financial statement as of the last day of each of such calendar year; Debt to EBITDA Ratio is CCC total debt divided by its EBITDA.

CCC's compliance with the financial covenants provided herein shall be determined annually by calculating the Financial Ratios for each of the relevant calendar years by no later than April 30 of the year following the calendar year with respect to which compliance is being tested.

Should the Annual Test for the calendar year 2014 (and for such year only), to be performed on or before April 30, 2015 (the "2014 Annual Test"), result in a determination that not all of the Target Financial Ratios were achieved by CCC, the Financial Ratios will be calculated again before the next annual test on a date not later than August 31, 2015, and (b) based on CCC's unaudited financial statements for the six-month period ending June 30, 2015 that will be certified by CCC's Chief Finance Officer and Executive Vice President (the "2015 Interim Test").

CCC's failure to achieve the Target Financial Ratios with respect to the calendar year 2014, as determined through the 2014 Annual Test, shall not constitute an event of default. For the avoidance of doubt, the 2015 Interim Test will be performed only if CCC is unable to satisfy the Target Financial Ratios based on the 2014 Annual Test.

For the purpose of the 2015 Interim Test: (a) the calculation of the Financial Ratios that consider EBITDA shall be based on two times the amount of the six-month EBITDA as at June 30, 2015; (b) the calculation of the DSCR shall consider (1) the ending cash balance as at June 30, 2015, and (2) the projected amount of debt service for the one-year period beginning July 1, 2015 and ending June 30, 2016; and (c) the calculation of the Debt-to-Equity Ratio shall consider CCC's equity as at June 30, 2015.

- *Payment of Dividends* - CCC shall not pay any dividends or make any distribution on or with respect to its capital stock (other than dividends or distributions payable or paid solely in shares of stock of CCC, other than Disqualified Stock or preferred stock) (i) if a default has occurred and is continuing at the time of such payment or distribution, or would occur as a result of such payment or distribution, or (ii) if after giving effect thereto, such payment or distribution, together with the aggregate amount of all dividend payments and distributions made by CCC since the issuance of the Bonds Payable shall exceed 50% of the aggregate amount of the net income of CCC accrued on a cumulative basis during the period beginning on January 1, 2012 and ending on the last day of CCC's most recently ended fiscal quarter for which financial statements of CCC are available and have been provided to the lenders at the time of such payment or distribution.

CCC capitalized interest expense in relation to the Bilateral Loan Agreements under "Mine Development Costs", amounting to ₱39,529 in 2014.

d. UOB
The bilateral term loan agreement between CCC and UOB that was entered into on October 10, 2014 (the "UOB TLA") covers a facility for the amount of US$25.0 million and has a term of 4 years reckoned from the date of the loan availment. The loan accrues interest at the rate of 3.735% per annum. CCC fully availed the facility covered by the UOB TLA.

The interest expense recognized in respect of the UOB TLA amounted to ₱11,019 in 2014 (see Note 26). Accrued interest payable as at December 31, 2014 amounted to ₱11,019 (see Note 11).

e. Security Bank
From February to October 2013, CCC obtained from Security Bank short-term credit facilities covering the aggregate amount of US$11.3 million which was used to finance working capital requirements. The amounts drawn from the facilities are payable within 12 months from the date of availment and accrue interest at rates ranging from 2.25% to 2.60% per annum. In 2014, CCC rolled over the short-term loans, thereby extending their maturity to October 2014.

On October 16, 2014, CCC paid the outstanding portion of the loan amounting to US$6.5 million from the proceeds of the ₱1,100,000 facility covered by the bilateral term loan agreement between CCC and Security Bank dated October 10, 2014 (the "SB TLA"). Under the terms of the SB TLA, the principal amount of the loan availed shall be payable within four (4) years from the date of availment and shall accrue interest at the rate of 5.0% per annum. CCC fully availed the facility covered by the SB TLA.

The related interest expense recognized amounted to ₱21,317, ₱4,784, nil in 2014, 2013 and 2012, respectively (see Note 26). The accrued interest payable amounted to ₱12,439 and ₱216 as at December 31, 2014 and 2013, respectively (see Note 11).

f. RCBC
On April 11, 2014, CCC obtained a short-term loan from RCBC with a maturity date on October 8, 2014 in the amount of ₱450,000 which was used to finance working capital requirements. The amount drawn from the facility is payable within 180 days from the date of availment and accrues interest at the rate of 2.5% per annum. CCC paid the loan balance of ₱450,000 on October 16, 2014 from the proceeds of the availment under the bilateral term loan agreement between CCC and RCBC dated October 10, 2014 (the "RCBC TLA"). The RCBC TLA covers a facility for the amount of US$19.5 million. Under the terms of the RCBC TLA, any loan availment shall be payable within 4 years from the date of availment and shall accrue interest at the rate of 3.735% per annum. CCC fully availed the facility covered by the RCBC TLA. The interest expense recognized in respect of the RCBC TLA amounted to ₱13,540 in 2014 (see Note 26). The accrued interest payable amounted to ₱7,640 as at December 31, 2014 (see Note 11).

g. MayBank
From September to October 2013, CCC obtained from MayBank a short-term loans having an aggregate amount of US$6.7 million which was used to finance working capital requirements. The loan availments are payable within 180 days from the drawdown date and accrue interest at the rate of 2.62% per annum. On April 4, 2014 and October 3, 2014, CCC paid US$1.7 million and US$5.0 million of the outstanding amount, respectively. On April 7, 2014, CCC obtained an additional short-term loan in the amount of US$1.67 million which matured and was paid on October 16, 2014.

On October 10, 2014, CCC entered into bilateral term loan agreements with MayBank Philippines and MayBank International which cover facilities for the aggregate amount of US$20.0 million (the "MayBank TLA"). Loan availments under the facilities are payable within four (4) years from the drawdown date and accrue interest at the rate of 3.735% per annum. CCC fully availed the facilities covered by the MayBank TLA.

The related interest expense recognized amounted to ₱14,631 and ₱2,261 in 2014 and 2013, respectively (see Note 26). The accrued interest payable amounted to ₱8,431 and ₱419 in December 31, 2014 and 2013, respectively see (see Note 11).

h. BDO Leasing
From August 2011 to September 2014, CCC availed of peso-denominated equipment financing facilities from BDO Leasing. The amounts due under such facilities which totalled ₱2,042,500 are payable within 36 months and accrue interest at the rate of 4.75% to 10% per annum. In 2013 and 2012, CCC availed of additional equipment financing facilities from BDO Leasing covering the total amount of ₱848,700 and ₱889,500, respectively (see Note 10). The related interest expense recognized amounted to ₱61,152, ₱82,362 and ₱120,801 in 2014, 2013 and 2012, respectively (see Note 26). The accrued interest payable amounted to ₱8,326 and ₱1,959 as at December 31, 2014 and 2013, respectively (see Note 11).

i. SCB
On November 8, 2013, CCC obtained from SCB a short-term credit facility covering the amount of US$10.0 million which was used to finance working capital requirements. The amount drawn from the facility is payable within 180 days from the date of the loan and accrues interest at the rate of 2.7% per annum. On June 9, 2014, CCC rolled over the loan and extended the maturity to December 5, 2014. On February 11, 2014, CCC obtained an additional short-term loan in the amount of US$5.0 million which will mature on August 8, 2014 and is accruing interest at the rate of 3.0% per annum. On December 5, 2014, CCC rolled over the US$10.0 million and US$5.0 million loan and extended their terms to February 2015.

On May 21, 2014, CCC executed an Omnibus Loan and Security Agreement (OLSA) with the Singapore Branch of SCB respecting a secured term loan facility covering a total amount of US$20 million that may be availed in tranches, the proceeds of which are intended to fund the purchase of mining equipment. Under the OLSA, any availment accrues interest at an annual rate equivalent to the sum of 2.85% and the 3-month US$ London Interbank Offered Rate that corresponds to the relevant interest period. Each interest period for the reckoning of accrued and payable interest on every availment spans three (3) months, with the first interest period commencing on the date of the first availment under the OLSA. Accrued interest is payable on the last day of each interest period.

The first availment under the OLSA amounting to US$8.4 million was made on June 11, 2014 and will accrue interest at the rate of 3.08% per annum. Each availment under the OLSA will mature three (3) years from the date of availment.

Availments under the OLSA are secured by a chattel mortgage covering the movable equipment purchased using the proceeds thereof.

The interest expense recognized from SCB amounted to ₱26,961 and ₱699 in 2014 and 2013, respectively (see Note 26). The total accrued interest payable for all SCB loans amounted to ₱1,453 and ₱699 as at December 31, 2014 and 2013, respectively (see Note 11).

j. Land Bank
On April 23, 2013, CCC obtained a short-term loan with a dollar to peso convertibility clause from Land Bank with a maturity date on October 18, 2013 in the amount of US$12.0 million which was used to finance working capital requirements. On October 18, 2013, CCC paid a total of US$0.5 million of the outstanding amount of the loan and extending the maturity from October 18, 2013 to April 16, 2014. On April 10, 2014, the Company paid a total of US$0.5 million of the outstanding amount of the loan and extending the maturity to September 29, 2014. On September 29, 2014, the Company rolled over the loan and extended the maturity to March 2015. The related interest expense recognized amounted to ₱15,036 in 2014 and ₱10,820 in 2013 (see Note 26). The accrued interest payable amounted to ₱74 and ₱498 as at December 31, 2014 and 2013, respectively (see Note 11).

k. LBP Leasing
From July to September 2013, CCC obtained from LBP Leasing a short-term credit facility which can be converted to finance lease in the amount of ₱156.4 million. In December 2013, CCC obtained an additional short-term loan in the amount ₱300 million which will mature on December 18, 2016 and accrues at the rate of 6.5% per annum. Part of the proceeds obtained from the loan was used to pay the outstanding amount of ₱156.4 million which matured on December 26, 2013. The related interest expense recognized amounted to ₱16,744 and ₱3,330 in 2014 and 2013, respectively (see Note 26). The accrued interest payable amounted to nil as at December 31, 2014 and 2013.

l. BDO
On February 10, 2014, CCC obtained a short-term loan from BDO with a maturity date on August 8, 2014 in the amount of US$2.5 million which was used to finance working capital requirements. The amount drawn from the facility is payable within 180 days from the date of the loan and accrues interest at the rate of 2.375 % per annum. The interest expense recognized from BDO amounted to ₱2,384 in 2014 (see Note 26). The accrued interest payable amounted to ₱148 as at December 31, 2014 (see Note 11).

m. SBM Leasing
From March to December 2013, CCC availed of peso-denominated equipment financing facilities from SBM Leasing. The amounts due under the facilities which amounted to ₱269.4 million are payable within 36 months and accrue interest at the rate of 6.5% to 7% per annum. The related interest expense recognized amounted to ₱11,798 and ₱13,086 in 2014 and 2013, respectively (see Note 26). The accrued interest payable amounted to nil as at December 31, 2014 and 2013.

n. Atlas Copco
On January 20, 2012, CCC obtained a supplier credit facility from Atlas Copco for the amount of US$1.6 million which was used for the purchase of certain mining equipment. The amount drawn from the facility is payable within 24 months and accrues interest at the rate of 7% per annum. The related interest expense recognized amounted to ₱46, ₱1,425 and ₱3,466 in 2014, 2013 and 2012, respectively (see Note 26). The accrued interest payable amounted to nil as at December 31, 2014 and 2013.

o. UCPB
On October 29, 2012, CCC obtained from UCPB a short-term credit facility covering the amount of US$9.0 million that was used to finance working capital requirements. During 2013, CCC obtained from UCPB various short-term credit facility covering the amount of US$17.8 million which was used to finance working capital requirements. In January 2014, CCC paid US$0.2 million and rolled over the remaining amount for another six (6) months. The amount drawn from the facility is payable within six (6) months and accrues interest at the rate of 3.4% to 3.75% per annum. In October 2014, CCC paid the remaining loan balance of US$17.6 million. The related interest expense recognized amounted to ₱22,255, ₱22,683 and ₱2,809 in 2014, 2013 and 2012, respectively (see Note 26). The accrued interest payable amounted to nil and ₱849 as at December 31, 2014 and 2013, respectively (see Note 11).

p. Bank of China
On November 8, 2013, CCC obtained from Bank of China a short-term credit facility covering the amount of US$6.0 million which was used to finance working capital requirements. The amount drawn from the facility is payable within 120 days and accrues interest at the rate of 2.74% per annum. On May 7, 2014, CCC rolled over the US$6.0 million short-term loan extending the maturity to November 7, 2014. During the term of the extension the loan will accrue interest at the rate of 2.72% per annum. In October 2014, CCC paid the outstanding loan amounting to US$6.0 million. The related interest expense recognized amounted to ₱5,831 and ₱1,068 in 2014 and 2013, respectively (see Note 26). The accrued interest payable amounted to nil and ₱401 as at December 31, 2014 and 2013, respectively (see Note 11).

q. MBTC and ORIX
On various dates in 2010, CCC availed of peso-denominated loans from MBTC and ORIX that are payable within a period of 3 to 4 years. The loans are secured by chattel mortgages covering the transportation equipment purchased using the proceeds thereof (see Note 10). The related interest expense recognized amounted to ₱72, ₱513and ₱1,311 in 2014, 2013 and 2012, respectively (see Note 26). The accrued interest payable amounted to nil as at December 31, 2014 and 2013.

r. FLSmidth Krebs Pacific (FLS)
On March 29, 2011, CCC availed from FLS a US$-denominated loan facility amounting to US$4.7 million that is payable within 24 months and accrues interest at the rate of 11% per annum. The loan is secured by a chattel mortgage covering the crushers and auxiliary equipment purchased from FLS using the proceeds thereof (see Note 10). The interest expense recognized from FLS amounted to nil, ₱805 and ₱10,194 in 2014, 2013 and 2012, respectively (see Note 26). There is no accrued interest payable as at December 31, 2014 and 2013.

s. BDO US$140 million
In December 2010, CCC availed from BDO a US$-denominated loan amounting to US$140,000 (the "BDO Loan"). The BDO Loan (i) is payable in 27 equal monthly installments starting October 2011, (ii) accrues interest at the rate of 8% per annum, and (iii) is secured by mortgages on real properties and chattels of CCC, cash collaterals, pledge over Parent Company's shares of stock in CCC, and a guarantee provided by the Parent Company for which CCC paid the Parent Company a guarantee fee amounting to ₱11,850 in 2010.

The BDO Loan has a prepayment feature which was bifurcated and accounted for as at FVPL (see Note 6) with the initial prepayment value of ₱721.9 million being amortized over its term using the EIR method.

On March 16, 2012, CCC prepaid the BDO Loan using part of the proceeds from the Bonds Payable. As a result of the prepayment, the outstanding related derivative asset and bifurcated liability were reversed (see Note 6). On the same date, the relevant liens on property, plant and equipment related to the BDO Loan were extinguished (see Note 10).

The maturity profile of the long-term debt and other interest-bearing liabilities is presented in Note 29.

t. BDO ₱5.3 billion Loan Payable
On July 25, 2011, the Parent Company availed from BDO a Philippine Peso-denominated convertible loan facility covering the amount of ₱5,341,800 (the "2011 BDO Loan"). The proceeds of the loan were used to finance (i) Parent Company's acquisition of the entire equity interest of CASOP in CCC, and (ii) CCC's working capital requirements.

The 2011 BDO Loan (i) had an initial term of 90 days that may be renewed for successive 90-day periods not exceeding an aggregate of 360 days (inclusive of the initial 90-day term); and (ii) accrues interest at the rate of 4% per annum. The terms of the 2011 BDO loan require the Parent Company to, among others, maintain a debt service coverage of not less than 1.5:1 while the loan obligation remains outstanding.

Securities
The 2011 BDO Loan is secured by (i) a pledge over the CCC shares of stock purchased by the Parent Company from CASOP using the loan proceeds, and (ii) unregistered mortgages respecting certain real and movable properties of CCC.

Covenants
Pursuant to the agreement covering the 2011 BDO Loan (the "2011 BDO Agreement"), BDO had an option to convert all or a portion of all amounts outstanding thereunder prior to maturity (the "Conversion Option"). The full exercise of the Conversion Option would result in the issuance to BDO or its assignee of 273,098,160 common shares stock of the Parent Company (the "Conversion Shares"). The Conversion Option is treated as an equity instrument with zero value on initial recognition. On July 6, 2012, SEC approved the exercise of the Conversion Option.

On January 24, 2012, the term of the 2011 BDO Loan was extended to move the maturity date to the end of its third 90-day period. The interest expense recognized on the 2011 BDO Loan amounted to ₱36,575 in 2012.

u. BDO ₱129 million Loan Payable
On January 24, 2012, the Parent Company availed another loan facility from BDO for the amount of ₱129,000 (the "2012 BDO Loan") which accrues interest at the rate of 4% per annum. On the same date, the Parent Company, using the proceeds of the 2012 BDO Loan, paid BDO the interest that had accrued on the 2011 BDO Loan in 2011 and as at that date amounting to ₱106,836 and other charges amounting to ₱22,164.

On February 28, 2012, BDO and SM Investments Corporation (SMIC) executed a Deed of Assignment of Notes embodying the assignment to SMIC of all of BDO's rights and interest to the 2011 BDO Loan and the 2012 BDO Loan. SMIC became bound by the terms of the 2011 BDO Loan and 2012 BDO Loan as if it were an original party thereto. On the same date, BDO cancelled and released, among others, the lien created over the properties of CCC that were mortgaged in favor of BDO to secure the performance of the Parent Company's obligations under the 2011 BDO Loan.

On May 18, 2012, the Parent Company and SMIC executed an addendum to the 2011 BDO Agreement to include in the Conversion Option the 2012 BDO Loan and the interest accruing thereon without increasing the number of the Conversion Shares.

On May 21, 2012, SMIC formally notified the Parent Company of its intention to fully exercise the Conversion Option with respect to the 2011 BDO Loan and the 2012 BDO Loan, together with their accrued interest from January 24, 2012 to February 29, 2012 amounting to ₱21,367 and ₱517, respectively.

In July 2012, the total loan obligation, principal and interest, under the 2011 BDO Agreement, amounting to ₱5,492,684 was converted into equity of the Parent Company through the issuance to SMIC of the Conversion Shares (see Note 19).

18. Liability for Mine Rehabilitation Cost

Mine rehabilitation cost consists of BNC and CCC's provision for rehabilitation costs that are detailed as follows:

	2014	2013
Balances at beginning of year	**₱46,382**	₱112,749
Decrease associated with loss of control of subsidiaries (see Note 14)	**(2,591)**	–
Accretion of interest (see Note 26)	**2,174**	5,528
Change in accounting estimate	**(990)**	(71,895)
Balances at end of year	**₱44,975**	₱46,382

The Group makes a full provision for the future cost of rehabilitation of the plant and other future costs on a discounted basis. Liability for mine rehabilitation cost represents the present value of future rehabilitation and other related costs. These provisions have been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation and expenditure of other costs is likely to depend on when the mine ceases to produce at economically viable rates, and the timing that the event for which the other provisions provided for will occur.

CCC
In 2014 and 2013, CCC changed its estimated future cash flow in accordance with the terms of its Final Mine Rehabilitation and Decommissioning Plan (FMRDP) pursuant to which CCC shall make its first annual cash provision amounting to ₱19.4 million beginning 2014. Discount rates used by CCC are 4.6% and 5.1% for 2014 and 2013, respectively.

As at December 31, 2014 and 2013, change in the liability for mine rehabilitation cost amounted to ₱990 and ₱71,895, respectively, were recognized as a result of the changes in estimate. In 2014 and 2013, total reduction in "Mine development costs" classified under "Property, plant and equipment" amounted to nil and ₱63,639, respectively (see Note 10), as a result of the changes in estimate, while the remaining amount of ₱990 and ₱8,256 million, respectively, were recognized in the statements of comprehensive income under "Others - net".

BNC
Discount rate used by BNC is 3.27% and 5.77 % for 2014 and 2013, respectively.

Mine Rehabilitation Costs
CCC's carrying value of capitalized mine rehabilitation costs amounted to nil as at December 31, 2014 and 2013 (see Note 10).

BNC's carrying value of capitalized mine rehabilitation costs amounted to ₱63,872 as at December 31, 2013, classified as part of "Mine and mining properties" (see Note 10).

19. Capital Stock

a. Capital Stock
The table below presents the details of the authorized and issued and outstanding capital stock as at December 31:

	2014		2013	
	No. of Shares	**Amount**	No. of Shares	Amount
Authorized - ₱8 par value	**3,000,000,000**	**₱24,000,000**	3,000,000,000	₱24,000,000
Issued and outstanding	**2,087,032,774**	**16,696,262**	2,076,121,170	16,608,969

Increase in Authorized Capital Stock
On October 8, 2010, the SEC approved the increase in the Parent Company's authorized capital stock from ₱12,000,000 to ₱14,200,000.

On September 5, 2011, the SEC approved the increase in the Parent Company's authorized capital stock from ₱14,200,000 to ₱20,000,000.

On July 6, 2012, the SEC approved the increase in the Parent Company's authorized capital stock from ₱20,000,000 to ₱30,000,000. On the same date, the SEC approved the decrease in the par value of the Parent Company's shares of stock from ₱10.00 to ₱8.00 which resulted in the decrease in the Parent Company's authorized capital stock from ₱30,000,000 divided into 3,000,000,000 common shares with a par value of ₱10.00 per share to ₱24,000,000 divided into 3,000,000,000 common shares with a par value of ₱8.00 per share. Such decrease in authorized capital stock is part of the equity restructuring of the Parent Company.

Issuance of Shares
Issuances of shares in 2014 and 2013 are as follows:

2014

Name of Stockholder	No. of Shares	Capital Stock	APIC	Total
Stock issuances arising from Comprehensive Stock Option Plan (CSOP)	**1,183,604**	**₱9,469**	**₱2,367**	**₱11,836**
BDO	**9,728,000**	**77,824**	**19,456**	**97,280**
	10,911,604	**₱87,293**	**₱21,823**	**₱109,116**

2013

Name of Stockholder	No. of Shares	Capital Stock	APIC	Total
Stock issuances arising from CSOP	1,754,190	₱14,033	₱3,509	₱17,542

BDO
On November 28, 2014, BDO exercised its subscription rights under stock warrants respecting a total of 18,728,000 of the authorized and unissued shares of stock of the issuer. The exercise covers 9,728,000 of the Parent Company's shares which represent the balance of the shares underlying the warrants after the initial subscription to 9,000,000 shares in 2010.

SMIC
On May 21, 2012, SMIC formally notified the Parent Company of its intention to fully exercise the Conversion Option with respect to the 2011 and the 2012 BDO Loans together with the accrued interest amounting to ₱21,367 and ₱517, respectively. The total loan obligation under the 2011 BDO Agreement amounting to ₱5,492,684 was converted into equity of the Parent Company through the issuance to SMIC of the Conversion Shares in July 2012 (see Note 17).

CSOP
In 2014 and 2013, qualified employees who were previously granted stock option awards exercised their subscription rights with respect to a total of 1,183,604 and 1,754,190 shares, for which total subscription price of ₱11,836 and ₱17,542, respectively, were paid.

b. APIC and Retained Earnings

Equity Restructuring
On July 6, 2012, the Parent Company obtained SEC approval of its application for equity restructuring through the application of its additional paid-in capital of ₱12,723,188 to wipe out its deficit as at December 31, 2011 amounting to ₱12,722,320. The approval was subject to the condition that the remaining balance of the reduction surplus of ₱868 will not be used to wipe out any future losses, without prior approval of the SEC.

The additional paid-in capital of ₱12,723,188 that was applied in the equity restructuring comprised the existing additional paid-in capital of ₱5,816,306 as at December 12, 2011, the additional paid-in capital of ₱2,761,702 resulting from SMIC's exercise of the Conversion Option under the 2011 BDO Agreement, and the reduction surplus of ₱4,145,180 resulting from the decrease in the Parent Company's authorized capital stock (see Note 19a).

Restricted Retained Earnings
As at December 31, 2014 and 2013, CCC has retained earnings in an amount exceeding its paid-up capital. The retention of the surplus profit is on account of: (i) the restriction under the indenture in respect of the Bonds Payable and the Bilateral Loan Agreements on the declaration of dividends in an amount exceeding 50% of CCC's cumulative net income during the period beginning on January 1, 2012 and ending on the last day of any fiscal quarter during the term of the Indenture, and (ii) the earmarking of funds for substantial capital expenditures covering open pit mine development.

The Group's retained earnings include fair value gain on previously held interest in 2011 amounting to ₱13,788,051 (see Note 11a) and equity in net earnings of an associate amounting to ₱1,247,884 in 2011 (see Note 11e), which are not available for dividend declaration.

20. **Comprehensive Stock Option Plan**

On July 18, 2007, the Parent Company's stockholders and BOD approved and ratified the stock option plan for the Parent Company's "qualified employees" as defined thereunder. The salient terms and features of the stock option plan, among others, are as follows:

i. Participants: directors, officers, managers and key consultants of the Parent Company and its significantly owned subsidiaries;
ii. Number of underlying shares: 50,000,000 common shares to be taken out of the unissued portion of the Parent Company's authorized capital stock; 25,000,000 of the underlying shares have already been earmarked for the first-tranche optionees comprising of the Parent Company's directors and officers upon the approval of the Parent Company's stockholders during the annual general meeting held on July 18, 2007;
iii. Option period: Three years from the date the stock option is awarded to the optionees;
iv. Vesting period: 1/3 of the options granted will vest in each year; and
v. Exercise price: ₱10.00 per share which was benchmarked on the average closing price of the Parent Company's shares of stock as traded on the PSE during the period between September 6, 2006 (the date of the annual general meeting of the Parent Company's stockholders during which the stock option plan was first approved) and June 18, 2007 (the date of the BOD meeting during which the terms of the stock option plan were approved); such average closing price was ₱11.05 (the exercise price represents the average closing price discounted at the rate of 9.50%).

The Parent Company uses the Black-Scholes model to compute for the fair value of the stock options based on the following assumptions as at July 18, 2007:

Spot price per share	₱15.00
Time to maturity	3 years
Volatility*	52.55%
Dividend yield	0.00%

**Volatility is calculated using historical stock prices and their corresponding logarithmic returns.*

As discussed in Note 19a, in 2014, 2013 and 2012, qualified employees who were previously granted stock option awards exercised their subscription rights with respect to a total of 1,183,604 shares, 1,754,190 shares and 2,215,788 shares for total subscription price of ₱11,836, ₱17,542 and ₱22,158, respectively, were paid.

21. Mining and Milling Costs and Mine Products Taxes

Mining and milling costs consists of:

	2014	2013	2012
Materials and supplies (see Note 7)	**₱4,479,583**	₱3,380,482	₱3,314,158
Communication, light and water	**2,212,477**	1,769,152	2,105,432
Depreciation, depletion and amortization (see Note 10)	**2,216,854**	1,537,276	1,592,860
Personnel costs	**793,418**	652,613	574,007
Contracted services (see Note 32)	**322,363**	479,945	359,921
Provision for asset write-downs (see Note 10)	**5,944**	–	20,552
Other costs	**397,518**	191,846	703,032
	₱10,428,157	₱8,011,314	₱8,669,962

Materials and supplies significantly consist of consumable bearing and grinding balls, coolant and lubricants for the concentrators, concentrator supplies like floatation regent to process the extracted ores, spare parts for concentrator machineries, crushers and conveyors, supplies such as diesel and gasoline fuels used by dump tracks and drilling machineries in extracting and transporting the ores and explosives, blasting and accessories for open pit mining.

Other costs consist of freight expenses, custom duties and vehicle insurances for the mine operations.

Mine Products Taxes

	2014	2013	2012
Excise taxes	**₱299,045**	₱272,371	₱295,369
Royalties (see Notes 1c and 32)	**11,081**	8,571	11,897
	₱310,126	₱280,942	₱307,266

22. **General and Administrative Expenses**

	2014	2013	2012
Personnel costs	**₱588,407**	₱636,814	₱575,046
Taxes and licenses	**212,100**	175,279	167,162
Rentals (Note 32)	**182,167**	159,423	75,510
Professional fees	**90,648**	69,984	132,570
Depreciation and amortization (see Note 10)	**89,389**	133,921	179,242
Entertainment, amusement and recreation	**24,437**	27,288	21,266
Communication, light and water	**21,528**	22,639	47,735
Transportation and travel	**14,364**	37,378	38,857
Repairs and maintenance	**7,789**	9,725	11,958
Office supplies	**7,266**	9,666	8,984
Provision for possible losses on input VAT (see Note 15)	**–**	14,576	–
Provision for impairment losses on receivables (see Note 5)	**–**	9,536	–
Others	**174,402**	168,158	211,169
	₱1,412,497	₱1,474,387	₱1,469,499

Rentals consist of land and equipment rentals not directly used in the mining operations.

Others consisted significantly of environmental and community development expense, insurance fees, diesel fuel costs, donations, severance pay, costs of general consumption items, medical expenses, drilling expenses, and cost of training and seminars. Severance pay expense incurred in 2012 arose from the implementation of the Parent Company's Voluntary Retirement Program covering certain officers and employees.

Personnel costs recognized in mining and milling costs and general and administrative expenses consist of the following:

	2014	2013	2012
Salaries and wages	**₱1,036,768**	₱1,018,206	₱930,684
Retirement benefits cost (see Note 24)	**111,229**	86,704	50,626
Other employee benefits	**203,858**	184,517	167,743
	₱1,351,855	₱1,289,427	₱1,149,053

23. **Related Party Disclosures**

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

In the normal course of business, transactions with related parties consist mainly of payments made by the Parent Company for various expenses and noninterest-bearing, short-term cash advances for working capital requirements. Intercompany transactions are eliminated in the consolidated financial statements.

The Group's related party transactions, which are under terms that are no less favorable than those arranged with third parties as at December 31, are as follows:

	2014			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivables				
Subsidiaries				
AEI	**₱131**	**₱100,787**	On demand; noninterest-bearing	Unsecured, no guarantee
AI	**115**	**31,568**	On demand; noninterest-bearing	Unsecured, no guarantee
CCC	**6,769**	**29,906**	On demand; noninterest-bearing	Unsecured, no guarantee
	₱7,015	**₱162,261**		
Payables:				
AHI	**₱–**	**₱2,384**	On demand; noninterest-bearing	Unsecured, no guarantee

	2013			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Subsidiaries				
Receivables				
CCC	₱3,209	₱23,137	On demand; noninterest-bearing	Unsecured, no guarantee
AEI	–	101,916	On demand; noninterest-bearing	Unsecured, no guarantee
AI	123	31,459	On demand; noninterest-bearing	Unsecured, no guarantee
BNC	6,546	108,969	On demand; noninterest-bearing	Unsecured, no guarantee
UNC	–	597	On demand; noninterest-bearing	Unsecured, no guarantee
URHI	–	1,224	On demand; noninterest-bearing	Unsecured, no guarantee
NRHI	–	3,006	On demand; noninterest-bearing	Unsecured, no guarantee
	₱9,878	₱270,308		
Payables:				
AHI	₱–	₱2,598	On demand; noninterest- bearing	Unsecured, no guarantee

a. The consolidated statements of financial position include the following amounts resulting from the various transactions with related parties as at December 31, are as follows:

	2014			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Associates				
Receivables (see Note 5)				
BNC	**₱7,556**	**₱109,767**	On demand; noninterest-bearing	Unsecured, no guarantee
URHI	**–**	**3,006**	On demand; noninterest-bearing	Unsecured, no guarantee
UNC	**13,742**	**13,742**	On demand; noninterest-bearing	Unsecured, no guarantee
	₱21,298	**₱126,515**		

	2013			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Affiliates				
Receivables (see Note 5)				
Alakor Corporation (Alakor)	₱–	₱27,722	On demand; noninterest-bearing	Unsecured, no guarantee
TMC	1,668	3,818	On demand; noninterest-bearing	Unsecured, no guarantee
	₱1,668	31,540		
Payables				
TMC	₱112,677	₱434,015	On demand; noninterest-bearing	Unsecured, no guarantee
Interest payable				
Alakor	₱–	₱21,986	On demand; noninterest-bearing	Unsecured, no guarantee

b. Advances from TMC pertain to the noninterest-bearing cash advances to finance the working capital requirements of BNC. The outstanding payables were eliminated upon deconsolidation of the Nickel Corporations in 2014.

c. In November 2008, the Parent Company contributed ₱22,068 for the payment of the purchase price of certain parcels of land that were conveyed by the SSS to Alakor. As the Parent Company was unable to participate in the transaction covering the conveyance of the properties, the amount contributed was treated as advances to Alakor which was repaid in 2014.

d. In December 2010, the Parent Company issued a promissory note to Philodrill Corporation for the principal amount of US$1,670 (the "Philodrill Note"). The loan shall accrue interest from January 22, 2010 at the rate of 10% per annum. The Parent Company incurred interest expense amounted to nil in 2014 and 2013. In June 2012, the Parent Company discharged fully the loan obligation under the Philodrill Note amounting to ₱73,213.

e. In 2012, CCC settled in tranches its payable to the Parent Company amounting to ₱860,954. In July 2011, CCC agreed to provide security for the loan obligations of the Parent Company to BDO under the BDO Facility (see Note 17). CCC executed an irrevocable suretyship in favor of BDO whereby it became solidarily liable with the Parent Company for the discharge of all obligations under the BDO Facility.

f. Receivables from officers and employees as at December 31, 2014 and 2013 amounting to ₱32,700 and ₱31,568, respectively, pertain to the receivables extended by the Group to its officers and employees and unliquidated advances used in the Group's operations. These receivables from officers and employees are due and demandable (see Note 5).

g. *Compensation of Key Management Personnel*

   The Group considers all senior officers as key management personnel.

	2014	2013	2012
Short-term benefits	**₱190,201**	₱144,164	₱106,644
Retirement benefits	**15,669**	7,382	7,869
	₱205,870	₱151,546	₱114,513

24. **Retirement Benefits Liability**

The Group has an unfunded defined retirement benefits plan covering substantially all of its employees. The plan provides a retirement of amount equal to one month's salary for every year of service, with six months or more of service considered as one year.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of the net retirement benefits costs recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

The details of net retirement benefits costs follow:

	2014	2013	2012
Current service cost	**₱111,229**	₱86,704	₱52,827
Interest cost (see Note 26)	**23,316**	18,423	10,229
Curtailment gain	**–**	–	(2,201)
	₱134,545	₱105,127	₱60,855

The movements in present value of the retirement benefits liability are as follows:

	2014	2013
Balances at beginning of year	**₱404,766**	₱311,905
Current service cost	**111,229**	86,704
Interest cost (see Note 26)	**23,316**	18,423
Remeasurement of actuarial gain (loss) - experience adjustments	**(27,777)**	(10,492)
Remeasurement of actuarial loss - financial assumptions	**151,149**	2,383
Benefits paid	**(28,993)**	(4,157)
Decrease associated with loss of control of subsidiaries (see Note 14)	**(11,331)**	–
Balances at end of year	**₱622,359**	₱404,766

The Group does not have any plan assets.

The cost of defined retirement benefits plan, as well as the present value of the retirement benefits liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining retirement benefits costs and retirement benefits liability for the Group's defined retirement benefits plan are shown below:

	2014	2013	2012
Discount rate	**4.56%**	6.06%	5.91%
Expected rate of salary increase	**10.00%**	10.00%	10.00%
Turnover rate	**10% at age20 decreasing to 0% at age 55**	10% at age 20 decreasing to 0% at age 55	10% at age 20 decreasing to 0% at age 55

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	**2014**	2013
Discount rates	**+1%**	**(₱100,577)**	(₱45,224)
	-1%	**145,195**	99,921

	Increase (decrease)	**2014**	2013
Salary increase rate	**+1%**	**₱126,004**	₱93,891

The Group does not expect to contribute to the defined benefit pension plan in 2015. The Group does not have a Trustee Bank, and does not currently employ any asset-liability matching.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2014 and 2013:

	2014	2013
Less than one (1) year	₱12,078	₱10,701
More than one (1) year to five (5) years	76,841	70,556
More than five (5) years to ten (10) years	274,682	261,634
More than ten (10) years to fifteen (15) years	463,676	483,920
More than fifteen (15) years to twenty (20) years	700,796	783,020
More than twenty (20) years	10,725,971	13,123,081
	₱12,254,044	₱14,732,912

The average duration of the defined retirement benefits liability as at December 31, 2014 and 2013 is 29.27 years and 31 years, respectively.

25. **Income Taxes**

a. The components of the provision for (benefit from) income tax are as follow:

	2014	2013	2012
Current	**₱424,837**	₱75,785	₱29,644
Deferred	**(185,684)**	(388,042)	(60,382)
	₱239,153	(₱312,257)	(₱30,738)

b. The components of the provision for current income tax are as follow:

	2014	2013	2012
RCIT	**₱422,758**	₱65,181	₱416
Excess of MCIT over RCIT	**2,079**	10,604	29,228
	₱424,837	₱75,785	₱29,644

c. The Group has the following carryforward benefits of NOLCO and MCIT and deductible temporary differences from the Parent Company, AI, AHI, and AEI in 2014 and from the Parent Company, AI, AHI, AEI, URHI, UNC and NRHI in 2013, for which no deferred tax assets were recognized as it is not probable that sufficient future taxable profits will be available against which the benefits can be utilized.

	2014	2013
Carryforward benefits of:		
NOLCO	**₱323,638**	₱255,617
MCIT	**14,464**	24,561
Allowance for impairment losses on:		
Inventories	**316,232**	318,246
Receivables	**29,095**	29,095
Land	–	330
Unrealized foreign exchange loss	**196,227**	–
Retirement benefits liability	**23,543**	18,489
	₱903,199	₱646,338

d. The Group's net deferred income tax liability as at December 31, 2014 and 2013 are as follows:

	2014	2013
Recognized directly in profit or loss		
Deferred income tax assets:		
Unrealized foreign exchange losses	**₱750,537**	₱719,347
Provision for impairment losses:		
Input VAT	**38,875**	41,736
Allowance for inventory losses	**5,470**	4,330
Allowance for assets write-down	**1,783**	66,885
Customer's deposits	–	6,543
Trade receivables	–	1
Retirement benefits liability	**99,876**	115,884
Unrealized loss on derivatives	**86,909**	8,644
Liability for mine rehabilitation cost	**13,493**	13,915
NOLCO	–	41,169
	996,943	₱1,018,454
Deferred income tax liability:		
Unrealized foreign exchange gains	**613,299**	653,668
Mining rights	**2,624,110**	2,743,561
Revaluation increment on land	**93,668**	93,668
Others	–	3,587
	3,331,077	3,494,484
Recognized directly in other comprehensive income		
Deferred income tax assets:		
Retirement benefits liability	**79,769**	–
	₱2,254,365	₱2,476,030

e. As at December 31, 2014, the Group's NOLCO and MCIT that can be claimed as deduction against future taxable income are as follows:

Year Incurred	Available Until	NOLCO	MCIT
2014	2017	₱201,380	₱2,079
2013	2016	255,576	1,758
2012	2015	3,906	10,627
		₱460,862	₱14,464

Movements in NOLCO and MCIT are as follows:

	2014	2013
NOLCO:		
Beginning of year	**₱392,847**	₱308,046
Additions	**201,380**	256,672
Expirations	**(123,751)**	(171,795)
Applications	–	(76)
Decrease associated with loss of control of subsidiaries (see Note 14)	**(9,614)**	–
End of year	**₱460,862**	₱392,847

	2014	2013
MCIT:		
Beginning of year	**₱26,230**	₱25,173
Additions	**2,079**	7,115
Expirations	**(7,501)**	(3,040)
Applications	–	(3,018)
Decrease associated with loss of control of subsidiaries (see Note 14)	**(6,344)**	–
End of year	**₱14,464**	₱26,230

f. A reconciliation of the provision for (benefit from) income tax computed at the statutory income tax rate with the provision for (benefit from) income tax is presented as follows:

	2014	2013	2012
Provision for income tax at statutory income tax rates	**₱445,202**	₱879,250	₱1,418,088
Additions to (reductions in) income tax resulting from:			
Income exempt from income tax	**(150,000)**	–	–
Depletion of mining rights	**(119,452)**	(104,014)	(98,852)
Expired NOLCO	**44,863**	4,714	169
Nondeductible expenses	**21,906**	(181,311)	(255,044)
Interest income subjected to final tax and others	**(16,969)**	(47,381)	(64,126)
Movements on unrecognized DTA	**13,692**	42,443	(31,253)
Nontaxable income	**(89)**	–	–
Operating income under income tax holiday (ITH)	–	(905,958)	(999,720)
	₱239,153	(₱312,257)	(₱30,738)

Section 27 of the National Internal Revenue Code, as amended, provides that an MCIT of 2% based on the gross income as at the end of the taxable year shall be imposed on a corporation beginning the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the MCIT is greater than the RCIT computed for the taxable year.

BOI Incentives availed by CCC
CCC is registered with the Board of Investments (BOI) as a non-pioneer enterprise and as a new producer of copper concentrate. It is entitled to avail of the ITH incentive, among other incentives, for an initial period of four years from November 2007 to November 2011. The ITH incentive ("ITH Period") was extended to October 31, 2012 by the BOI in June 2011 upon CCC's use of the indigenous materials criterion. In 2012, the ITH Period was extended further to October 31, 2013 based on CCC's eligibility under the net foreign exchange earnings criterion pursuant to Art. 39 (a) (1) (ii) of Executive Order (EO) 226, subject to the condition that CCC shall implement programs in line with its Corporate Social Responsibilities (CSR). The amount spent for CSR-based programs amounted to ₱41.1 million and ₱40.9 million in 2014 and 2013, respectively. In addition, CCC benefits from the automatic VAT zero-rating of its purchase of goods and services from domestic suppliers pursuant to Revenue Memorandum Order No. 9-2000 on account of the certification by the BOI that one hundred percent (100%) of its sales are export sales.

26. **Finance Charges**

	2014	2013	2012
Interest expense on loans and long-term debt and other interest-bearing liabilities (see Notes 16 and 17)	**₱1,414,405**	₱963,252	₱1,201,086
Interest cost on retirement benefits liability (see Note 24)	**23,316**	18,423	10,229
Accretion of interest on liability for mine rehabilitation cost (see Note 18)	**2,174**	5,528	5,135
	₱1,439,895	₱987,203	₱1,216,450

27. **Segment Information**

The primary segment reporting format is determined to be the business segments since the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. The mining segment is engaged in exploration and mining operations. Meanwhile, the non-mining segment is engaged in services, bulk water supply or acts as holding company.

The Group's operating business segments remain to be neither organized nor managed by geographical segment.

2014

	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	**₱14,874,413**	**₱–**	**₱14,874,413**	**₱–**	**₱14,874,413**
From intersegment sales/services	**–**	**11,500**	**11,500**	**(9,165)**	**2,335**
	14,874,413	**11,500**	**14,885,913**	**(9,165)**	**14,876,748**
Segment results					
Income (loss) before income tax	**1,461,829**	**44,698**	**1,506,527**	**(870,294)**	**636,233**
Benefit from (provision for) income tax	**(351,836)**	**(139)**	**(351,975)**	**112,822**	**(239,153)**
Net income (loss)	**1,109,993**	**44,559**	**1,154,552**	**(757,472)**	**397,080**
Assets					
Segment assets	**57,598,455**	**62,496**	**57,660,951**	**8,254,330**	**65,915,281**
Investments	**18,382,461**	**–**	**18,382,461**	**(18,090,379)**	**292,082**
Goodwill	**–**	**–**	**–**	**19,026,119**	**19,026,119**
Mining rights	**–**	**–**	**–**	**8,747,032**	**8,747,032**
Liabilities					
Segment liabilities	**27,151,198**	**31,878**	**27,183,076**	**2,333,415**	**29,516,491**
Other segment information					
Depreciation, depletion and amortization	**2,336,692**	**245**	**2,336,937**		**2,336,937**
Finance charges	**1,377,050**	**–**	**1,377,050**	**–**	**1,377,050**

2013

	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱13,496,065	₱–	₱13,496,065	₱–	₱13,496,065
From intersegment sales/services	–	26,985	26,985	(19,819)	7,166
	13,496,065	26,985	13,523,050	(19,819)	13,503,231
Segment results					
Income (loss) before income tax	2,932,189	(1,294)	2,930,895	(1,347,196)	1,583,699
Benefit from income tax	(208,148)	(95)	(208,243)	(104,014)	(312,257)
Net income (loss)	3,140,337	(1,199)	3,139,138	(1,243,182)	1,895,956
Assets					
Segment assets	55,217,487	199,888	55,417,375	7,787,952	63,205,327
Investments	18,382,461	113,575	18,496,036	(18,496,036)	–
Goodwill	–	–	–	19,026,119	19,026,119
Mining rights	–	–	–	9,145,204	9,145,204
Liabilities					
Segment liabilities	24,723,349	159,436	24,882,785	1,470,797	26,353,582
Other segment information					
Depreciation, depletion and amortization	1,670,733	464	1,671,197	–	1,671,197
Finance charges	968,780	–	968,780	–	968,780

The consolidated revenue in the above tables includes the non-mining revenue, which consist of management fees, which are presented as other income in the consolidated statements of comprehensive income since these are not significant.

28. Basic/Diluted Earnings Per Share

Basic earnings per share is computed as follows:

	2014	2013	2012
Net income attributable to equity holders of the Parent	**₱122,436**	₱1,914,318	₱3,285,261
Divided by basic weighted average number of common shares outstanding (in thousands)	**2,076,454**	2,075,596	1,930,527
	₱0.0590	₱0.9223	₱1.7017

Diluted earnings per share is computed as follows:

	2014	2013	2012
Net income attributable to equity holders of the Parent	**₱122,436**	₱1,914,318	₱3,285,261
Divided by diluted weighted average number of common shares outstanding (in thousands)*	**2,255,121**	2,263,420	2,120,105
	₱0.0543	₱0.8458	₱1.5496

**Refer to succeeding table for the computation of diluted weighted average number of common shares outstanding.*

Reconciliation of the weighted average number of common shares outstanding (in thousands) used in computing basic and diluted earnings per share as follows:

	2014	2013	2012
Basic weighted average number of common shares outstanding	**2,076,454**	2,075,596	1,930,527
Adjustments:			
Convertible loans (see Note 17)	**157,066**	166,794	166,794
Stock options (see Note 20)	**21,601**	21,030	22,784
Diluted weighted average number of common shares outstanding	**2,255,121**	2,263,420	2,120,105

29. Financial Risk Management Objectives and Policies

The Group's main financial instruments are cash, short-term investments, AFS financial assets, payable to related parties, long-term debt and other interest-bearing liabilities, and derivative assets and liabilities. It has various other financial assets and liabilities such as receivables and accounts payable and accrued liabilities, which arise from the Group's operations.

The main risks arising from the Group's financial instruments are foreign currency risk, commodity price risk, equity price risk, interest rate risk, credit risk, concentration risk and liquidity risk. The BOD reviews and adopts relevant policies for managing each of these risks and they are summarized as follows:

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchange rates, interest rates, equity prices and other market changes.

Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group has foreign currency risk arising from its cash, receivables, derivative assets, accounts payable and accrued liabilities and long-term debt and derivative liabilities. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. The Group also uses foreign currency forwards to hedge its risk exposures.

As at December 31, 2014 and 2013, foreign currency-denominated assets and liabilities follow:

	2014		2013	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Assets				
Cash in banks	**US$11,194**	**₱ 500,442**	US$4,173	₱182,725
	JP¥789	**292**	JP¥2,082	888
	GB£139	**9,640**	GB£139	10,101
Short-term investments	**US$21,936**	**980,997**	US$45,777	2,032,276
Receivables	**US$23,903**	**1,068,920**	US$21,448	952,182
Derivative assets	**US$–**	**–**	US$318	14,108
	US$57,033	**₱2,550,359**	US$71,716	₱3,181,291
	GB£139	**₱9,640**	GB£139	₱10,101
	JP¥789	**₱292**	JP¥2,082	₱888

			2013	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Liabilities				
Accounts payable and accrued expenses	**US$22,554**	**1,008,622**	US$19,185	₱851,719
	AU$225	**10,120**	AU$50	1,956
	EU€34	**3,634**	EU€167	10,144
	CD$–	**–**	CD$273	11,390
	JP¥–	**–**	JP¥–	–
Long-term debt	**US$402,832**	**19,191,550**	US$358,617	15,921,818
Derivative liabilities	**US$6,478**	**289,696**	US$21	921
	US$431,864	**₱20,489,868**	US$377,823	₱16,774,458
	AU$225	**₱10,120**	AU$50	₱1,956
	EU€34	**₱3,634**	EU€167	₱10,144
	CD$–	**₱–**	CD$273	₱11,390
	JP¥–	**₱–**	JP¥–	₱–
Net Liabilities in US$	**US$374,831**	**₱17,939,509**	US$306,107	₱13,593,167
Net Assets in GB£	**GB£139**	**₱9,640**	GB£139	₱10,101
Net Liabilities in AU$	**AU$225**	**₱10,120**	AU$50	₱1,956
Net Assets in JP¥	**JP¥789**	**₱292**	JP¥2,082	₱888
Net Liabilities in EU€	**EU€34**	**₱3,634**	EU€167	₱10,144
Net Liabilities in CD$	**CD$–**	**₱–**	CD$273	₱11,390

As at December 31, 2014 and 2013, foreign exchange closing rates follow:

	2014	2013
US$	**₱44.720**	₱44.395
AU$	**36.206**	39.458
JP¥	**0.371**	0.423
EU€	**54.339**	60.816
CD$	**38.397**	41.722
GB£	**69.406**	72.896

Based on the historical movement of the US$, JP¥, Canadian dollar (CD$), Great Britain pound (GB£) and the Philippine peso, the management believes that the estimated reasonably possible change in the next 12 months would be a strengthening of ₱0.40 and a weakening of ₱0.40 against the US$, a strengthening of ₱1.28 and weakening of ₱0.92 against AU$, a strengthening of ₱0.01 and weakening of ₱0.00 against JP¥, a strengthening of ₱0.74 and weakening of ₱0.34 against CD$, a strengthening of ₱0.97 and weakening of ₱0.65 against EU€, and a strengthening of ₱0.73 and weakening of ₱0.75 against GB£ for 2014, while strengthening of ₱0.55 and a weakening of ₱0.66 against the US$, a strengthening of ₱0.93 and weakening of ₱0.87 against AU$, a strengthening of ₱0.01 and weakening of ₱0.01 against JP¥, a strengthening of ₱0.62 and weakening of ₱0.43 against CD$ and a strengthening of ₱1.62 and weakening of ₱1.01 against GB£, for 2013. Sensitivity of the Group's pre-tax income to foreign currency risks are as follows:

Year ended December 31, 2014:

- An increase of ₱149,825 in the pre-tax income if peso strengthens by ₱0.400 against the US$. A decrease of ₱60,557 in the pre-tax income if peso weakens by ₱0.404 against the US$.
- An increase of ₱288 in the pre-tax income if peso strengthens by ₱1.282 against the AU$. A decrease of ₱266 in the pre-tax income if the value of peso weakens by ₱0.923 against the AU$.
- A decrease of ₱12 in the pre-tax income if the value of peso strengthens by ₱0.01 against the JP¥.
- An increase of ₱33 in the pre-tax income if peso strengthens by ₱0.966 against the EU€. A decrease of ₱21 in the pre-tax income if the value of peso weakens by ₱0.651 against the EU€.
- An increase of ₱76 in the pre-tax income if peso weakens by ₱0.753 against the GB£. A decrease of ₱101 in the pre-tax income if the value of peso strengthens by ₱0.727 against the GB£.

Year ended December 31, 2013:

- An increase of ₱187,741 in the pre-tax income if peso strengthens by ₱0.545 against the US$. A decrease of ₱228,217 in the pre-tax income if peso weakens by ₱0.662 against the US$.
- An increase of ₱1,138 in the pre-tax income if peso weakens by ₱0.873 against the AU$. A decrease of ₱1,211 in the pre-tax income if the value of peso strengthens by ₱ 0.9284 against the AU$.
- An increase of ₱29 in the pre-tax income if peso weakens by ₱0.01 against the JP¥. A decrease of ₱29 in the pre-tax income if the value of peso strengthens by ₱0.01 against the JP¥.
- An increase of ₱170 in the pre-tax income if peso strengthens by ₱0.62 against the CD$. A decrease of ₱117 in the pre-tax income if the value of peso weakens by ₱0.43 against the CD$.
- An increase of ₱141 in the pre-tax income if peso weakens by ₱1.01 against the GB£. A decrease of ₱225 in the pre-tax income if the value of peso strengthens by ₱1.62 against the GB£.

There is no other impact on the Group's equity other than those already affecting the consolidated profit or loss.

Commodity Price Risk
The Group's copper concentrate revenues are based on international commodity quotations (i.e., primarily on the LME) over which the Group has no significant influence or control. This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash inflows. The Group enters into derivative transactions as a means to mitigate the risk of fluctuations in the market prices of its mine products. An analysis is made based on the assumption that the gold and copper prices move using the implied volatility based on one year historical LME copper prices with all other variables held constant.

Shown below is the Group's sensitivity to changes in the copper prices arising from its copper derivatives as at December 31:

2014:

Change in Copper Prices	**Effect on Income Before Income Tax**
Increase by 10%	**₱1,384,812,407**
Decrease by 10%	**(1,384,842,199)**

2013:

Change in Copper Prices	Effect on Income Before Income Tax
Increase by 18%	₱190,728,378
Decrease by 18%	(157,859,208)

Equity Price Risk
Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to equity price risk because of financial assets held by the Group, which are classified as AFS financial assets. Management believes that the fluctuation in the fair value of AFS financial assets will not have a significant effect on the consolidated financial statements.

Credit Risk
Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The Group's financial assets which are exposed to credit risk include its Cash, trade receivables, interest receivables, AFS financial assets and MRF under "Other noncurrent assets" with a maximum exposure equal to the carrying amount of these assets.

With respect to Cash and AFS financial assets, credit risk is mitigated by the short-term and/or liquid nature of its cash investments placed with financial institutions of high credit standing.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statements of financial position.

The following table summarizes the gross maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure is shown gross, before the effect of mitigation through use of master netting and collateral agreements.

	2014	2013
Cash in banks and cash equivalents	**₱951,358**	₱862,273
Short-term investments	**980,997**	2,032,276
Trade receivables	**496,273**	824,180
Interest receivables	**97,604**	135,240
Nontrade receivables	**40,330**	66,169
Advances to officers and employees	**32,700**	31,568
Other noncurrent assets*	**16,632**	15,128
Derivative assets	**–**	14,108
AFS financial assets	**6,102**	5,599
	₱2,621,996	₱3,986,541

**Excluding input VAT and deferred mine exploration costs*

Credit Quality Per Class of Financial Assets
The credit quality by class of asset for the Group's financial assets as at December 31, 2014 and 2013 based on credit rating system follows:

December 31, 2014:

	Neither past due nor impaired			**Past Due**	
		Standard	**Substandard**	**But Not**	
	High Grade	**Grade**	**Grade**	**Impaired**	**Total**
Loans and receivables:					
Cash in banks and cash equivalents	**₱951,358**	**₱–**	**₱–**	**₱–**	**₱951,358**
Short-term investments	**980,997**	**–**	**–**	**–**	**980,997**
Trade receivables	**496,273**	**–**	**–**	**–**	**496,273**
Interest receivables	**97,604**	**–**	**–**	**–**	**97,604**
Nontrade receivables	**–**	**2,929**		**37,401**	**40,330**
Advances to officers and employees	**–**	**12,121**		**20,579**	**32,700**
Other noncurrent assets*	**16,632**	**–**	**–**	**–**	**16,632**
AFS financial assets	**6,102**	**–**	**–**	**–**	**6,102**
	₱2,548,966	**₱15,050**	**₱–**	**₱57,980**	**₱2,621,996**

**Excluding input VAT and deferred mine exploration costs*

December 31, 2013:

	Neither past due nor impaired			Past Due	
		Standard	Substandard	But Not	
	High Grade	Grade	Grade	Impaired	Total
Loans and receivables:					
Cash in banks	₱862,273	₱–	₱–	₱–	₱862,273
Short-term investments	2,032,276	–	–	–	2,032,276
Trade receivables	824,180	–	–	–	824,180
Interest receivables	135,240	–	–	–	135,240
Nontrade receivables	66,169	–	–	–	66,169
Advances to officers and employees	–	31,568	–	–	31,568
Other noncurrent assets*	15,128	–	–	–	15,128
Derivative assets	14,108	–	–	–	14,108
AFS financial assets	–	–	5,599	–	5,599
	₱3,949,374	₱31,568	₱5,599	₱–	₱3,986,541

**Excluding input VAT and deferred mine exploration costs*

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

- Cash, short-term investments and related interest receivables and other noncurrent assets are assessed as high-grade since these are deposited in reputable banks, which have a low probability of insolvency.
- Trade receivables, which pertain mainly to receivables from sale of copper and other precious metals, are assessed as high-grade. These are assessed based on past collection experience of full settlement within two (2) months after invoice date with no history of default.
- Quoted equity instruments are assessed as substandard grade since PLDT has its business plan to address its recovery issues.

The above high grade credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience. Substandard grade credit quality financial assets pertain to financial assets with more than insignificant risk of default based on historical experience and/or counterparty credit standing.

The aging analyses of the Group's loans and receivables, derivative instruments and AFS financial assets are as follow:

December 31, 2014:

	Neither past due nor Impaired	Past due but not impaired			Total
		Less than 30 days	30 - 60 Days	More than 60 Days	
Loans and receivables:					
Cash in banks and cash equivalents	**₱951,358**	**₱–**	**₱–**	**₱–**	**₱951,358**
Short-term investments	**980,997**	**–**	**–**	**–**	**980,997**
Trade receivables	**496,273**	**–**	**–**	**–**	**496,273**
Interest receivables	**97,604**	**–**	**–**	**–**	**97,604**
Nontrade receivables	**2,929**	**–**	**37,401**	**–**	**40,330**
Advances to officers and employees	**12,121**	**–**	**20,579**	**–**	**32,700**
Other noncurrent assets*	**16,632**	**–**	**–**	**–**	**16,632**
AFS financial asset	**6,102**	**–**	**–**	**–**	**6,102**
	₱2,564,016	**₱–**	**₱57,980**	**₱–**	**₱2,621,996**

**Excluding input VAT and deferred mine exploration costs*

December 31, 2013:

	Neither past due nor Impaired	Past due but not impaired			Total
		Less than 30 days	30 - 60 Days	More than 60 Days	
Loans and receivables:					
Cash in banks	₱862,273	₱–	₱–	₱–	₱862,273
Short-term investments	2,032,276	–	–	–	2,032,276
Trade receivables	824,180	–	–	–	824,180
Interest receivables	135,240	–	–	–	135,240
Nontrade receivables	66,169	–	–	–	66,169
Advances to officers and employees	31,568	–	–	–	31,568
Other noncurrent assets*	15,128	–	–	–	15,128
Derivative assets	14,108	–	–	–	14,108
AFS financial asset	5,599	–	–	–	5,599
	₱3,986,541	₱–	₱–	₱–	₱3,986,541

**Excluding input VAT and deferred mine exploration costs*

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's mix of fixed and floating interest rate debt is 85:15, 75:25 and 100:0 in 2014, 2013 and 2012, respectively. The Group monitors its exposure to fluctuations in interest rates by measuring the impact of interest rate movements on the Group's net worth. This is done by modeling the impact of various changes in interest rates to the Group's net interest positions.

The Group has no outstanding floating interest rate debt as at December 31, 2014 and 2013.

Concentration Risk
In 2014 and 2013, majority of the CCC's copper production were sold to MRI. However, it has no significant concentration of credit risk since it can sell its copper concentrate to other third party customers. The Group continuously monitors its receivables from MRI to assess its credit risk exposure.

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

The tables below summarizes the maturity profile of the financial liabilities of the Group, as well as financial assets considered by management as part of its liquidity risk management based on remaining undiscounted contractual obligations as at December 31 follow:

2014:

	On demand	Within 1 year	1 to < 3 years	> 3 years	Total
Loans and receivables:					
Cash and cash equivalents	**₱951,358**	**₱–**	**₱–**	**₱–**	**₱951,358**
Short-term investments	**980,997**	**–**	**–**	**–**	**980,997**
Trade receivables		**496,273**	**–**	**–**	**496,273**
Interest receivables	**97,604**	**–**	**–**	**–**	**97,604**
Advances to officers and employees	**32,700**				**32,700**
Nontrade receivables	**40,330**	**–**	**–**	**–**	**40,330**
Other noncurrent assets*	**16,632**	**–**	**–**	**–**	**16,632**
AFS financial asset	**1,220**	**–**	**–**	**–**	**1,220**
	₱2,120,841	**₱496,273**	**₱–**	**₱–**	**₱2,617,114**
Financial liabilities:					
Accounts payable and accrued liabilities**	**₱–**	**₱4,656,278**	**₱–**	**₱–**	**₱4,656,278**
Payable to related parties	**–**	**–**	**–**	**–**	**–**
Long-term debt and other interest-bearing liabilities	**–**	**2,959,570**	**14,008,434**	**3,984,440**	**20,952,444**
Derivative liabilities	**–**	**289,696**	**–**	**–**	**289,696**
	–	**7,905,544**	**14,008,434**	**3,984,440**	**25,898,418**
	₱2,120,841	**(₱7,409,271)**	**(₱14,008,434)**	**(₱3,984,440)**	**(₱23,281,304)**

**Excluding input VAT and deferred mine exploration costs*
***Excluding government payables*

2013:

	On demand	Within 1 year	1 to <3 years	> 3 years	Total
Loans and receivables:					
Cash	₱866,359	₱–	₱–	₱–	₱866,359
Short-term investments	2,032,276	–	–	–	2,032,276
Trade receivables	–	824,180	–	–	824,180
Interest receivables	135,240	–	–	–	135,240
Nontrade receivables	66,169	–	–	–	66,169
Advances to officers and employees	31,568	–	–	–	31,568
Other noncurrent assets*	15,128	–	–	–	15,128
Derivative assets	14,108	–	–	–	14,108
AFS financial asset	5,599	–	–	–	5,599
	₱3,166,447	₱824,180	₱–	₱–	₱3,990,627
Financial liabilities:					
Accounts payable and accrued liabilities**	₱–	₱3,294,836	₱–	₱–	3,294,836
Payable to related parties	434,015	–	–	–	434,015
Long-term debt and other interest-bearing liabilities	–	4,143,182	15,348,650	–	19,491,832
Derivative liabilities	–	925	–	–	925
	434,015	7,438,943	15,348,650	–	23,221,608
	₱2,732,432	(₱6,614,763)	(₱15,348,650)	₱–	(₱19,230,981)

**Excluding input VAT and deferred mine exploration costs*
***Excluding government payables*

30. Financial Instruments

PFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Values of Financial Instruments
The following table shows the carrying values and fair values of the Company’s financial instruments, whose carrying values does not approximate its fair values as at December 31 of each year:

	Carrying Values		Fair Values	
	2014	2013	**2014**	2013
Other Financial Liabilities				
Long-term debt and other interest-bearing liabilities:				
Bonds Payable	**₱13,231,369**	₱13,059,825	**₱13,288,548**	₱12,918,340
US$75 million BDO Loan	**1,300,531**	2,106,497	**1,376,839**	2,305,142
UOB	**1,118,000**	–	**1,272,619**	–
Security Bank	**1,100,000**	–	**1,303,662**	–
BDO Leasing	**995,884**	1,210,622	**1,041,022**	1,299,587
MayBank	**894,400**	–	**1,018,095**	–
RCBC	**872,040**	–	**992,643**	–
SCB	**316,059**	–	**329,597**	–
LBP Leasing	**206,408**	300,000	**220,863**	331,416
SBM Leasing	**122,376**	210,301	**128,329**	228,205
	₱20,157,067	₱16,887,245	**₱20,972,217**	₱17,082,690

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investments, Trade and Interest Receivables, and Other Noncurrent Assets
The carrying amounts of cash and cash equivalents, short-term investments, trade and interest receivables and other noncurrent assets approximate their fair value due to the relatively short-term maturities of these financial instruments.

AFS Financial Asset
The fair value of quoted equity instrument is determined by reference to market bid quotes at the end of the reporting period. AFS financial asset is carried at fair value.

Accounts Payable and Accrued Liabilities and Payable to Related Parties
The carrying amounts of accounts payable and accrued liabilities and payable to related parties approximate their fair values due to the relatively short-term maturities of these financial instruments.

Long-term Debt and Other Interest-bearing Liabilities
Fair value of long-term debt and other interest-bearing liabilities is estimated using the discounted cash flow methodology using the benchmark risk free rates for similar types of long-term debt and other interest-bearing liabilities, except for the Bonds Payable whose fair value is determined by reference to market prices at the end of the period.

Derivative Instruments
Fair values of commodity forwards and embedded derivatives are obtained using the "Forward versus forward" approach using copper forward prices and discounted at the appropriate London Interbank Offered Rate. Fair value of put option is derived from the Black-Scholes option pricing formula. The Group uses historical volatility for the computation of the value of put options which is computed as the standard deviation of the lognormal returns on commodity price over a fixed number of days. Historical volatility typically does not represent current market participants' expectations about future volatility, even if it is the only information available to price an option.

Shown below is the impact of a one (1) percent upward or downward change in volatility to the Group's net income for the year ended:

	Change in volatility	Impact on net income
2013	+1%	₱681
	-1%	(619)

Fair value of embedded provisional pricing derivatives on copper sales contracts is computed as the difference between the provisional price set by the Group and the average of the quoted LME futures prices applicable to the Quotation Period specified for each sales contract discounted with the risk free rate of return. Derivative assets and liabilities are carried at fair value.

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

December 31, 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Asset measured at fair value:				
AFS financial asset	**₱1,220**	**₱–**	**₱–**	**₱1,220**
Liability measured at fair value:				
Derivative liabilities	**–**	**(289,696)**	**–**	**(289,696)**
Liability for which fair values are disclosed:				
Long-term debt and other interest-bearing liabilities	**(13,288,548)**	**–**	**(7,683,669)**	**(20,972,217)**
Total	**(₱13,288,548)**	**(₱289,696)**	**(₱7,683,669)**	**(₱21,261,913)**

December 31, 2013

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
AFS financial asset	₱5,599	₱–	₱–	₱5,599
Derivative assets	–	11,151	2,957	14,108
	5,599	11,151	2,957	19,707
Liability measured at fair value:				
Derivative liabilities	–	(925)	–	(925)
Liability for which fair values are disclosed:				
Long-term debt and other interest-bearing liabilities	(12,918,340)	–	(4,164,350)	(17,082,690)
Total	(₱12,918,340)	(₱925)	(₱4,164,350)	(₱17,083,615)

There were no transfers between levels of fair value measurement as at December 31, 2014 and 2013.

31. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during 2014 and 2013.

The table below summarizes the total capital considered by the Group:

	2014	2013
Capital stock	**₱16,696,262**	₱16,608,969
Additional paid-in capital	**28,886**	7,063
Long-term debt and other interest-bearing liabilities	**21,431,587**	19,491,832
Retained earnings	**19,654,791**	19,842,996
	₱57,811,526	₱55,950,860

32. **Commitments and Contingencies**

Parent Company

Contingencies

On November 21, 2006, the Parent Company requested for a Bureau of Internal Revenue (BIR) ruling confirming that the period to collect the excise taxes due upon the Parent Company's mining operations in Masbate from July 1991 to August 1994 (the "Masbate Taxes") had already lapsed.

On December 15, 2006, the BIR issued Ruling No. DA-7222-2006 (the "Ruling") which confirmed, among others, that the government's right to collect the Masbate Taxes had already prescribed. Relying upon the authority of the Ruling, the Parent Company wrote-off from its books the amount corresponding to the Masbate Taxes.

On July 13, 2010, the Commissioner of Internal Revenue issued a memorandum order on the revocation of the Ruling. Following such revocation, the BIR issued on August 11, 2010 a Warrant of Destraint or Levy to enforce collection of the Masbate Taxes amounting to ₱197,595. To enjoin the action to collect, the Parent Company filed with the Court of Tax Appeals (CTA) a Petition for Review with an Application for Temporary Restraining Order and/or Writ of Preliminary Injunction and a Motion for the Suspension of Collection of Tax.

On October 14, 2010, the CTA issued an order granting the Parent Company's motion for the suspension of the collection of the Masbate Taxes. On July 5, 2011, the CTA denied the BIR's motion for the reconsideration of the October 14, 2010 Order.

The parties have already filed their respective memoranda and the case is deemed submitted for decision. As at December 31, 2014, the CTA en banc had yet to promulgate its decision on the petition. Management and its legal counsel determined that the probability of an unfavorable outcome cannot be assessed at this stage of the proceedings, notwithstanding sufficient legal bases for the Parent Company's position. Management determined that there was no basis to provide for any contingent liability pertaining to the payment of the Masbate Excise Tax as at December 31, 2014.

CCC

Power Agreements

- On June 5, 2012, CCC signed a twelve year Electric Power Purchase Agreement (the "EPPA") with TPC. Pursuant to the terms of the EPPA, TPC will build and operate a 72-megawatt net output clean coal-fired power plant in Toledo City (the "Plant") that will guarantee the supply of up to 60 megawatts of electric power to the CCC's mining operations upon its commissioning. The power plant was completed in December 2014.

- On December 15, 2014, CCC and TPC executed a twelve-year Energy Conversion Agreement pursuant to which CCC shall supply to TPC the coal needed to generate electric power from the Plant under the terms of the EPPA.

- In June 2008, CCC entered into a power supply agreement with Cebu III Electric Cooperative, Inc. for the supply of 2MW of firm electric power at agreed prices. The agreement may be terminated by either party upon 30 days prior notice.

Total utilities expenses related to the above power agreements amounted ₱2,181,252 and ₱1,801,605 and ₱2,107,868 in 2014, 2013 and 2012, respectively. Related accrued expenses amounted to ₱186,454 million and ₱128,540 million and as at December 31, 2014 and 2013, respectively.

Waste Mining Service Agreement
In May 2012, CCC entered into a waste mining service agreement, as amended, with Galeo Equipment and Mining Company, Inc. ("Galeo") for waste works at CCC's Carmen and Lutopan Open Pit Mines at specified pricing formulas. The agreement has a term of four (4) years reckoned from the earlier of June 1, 2012 or the date when Galeo commences the performance of waste stripping services.

Total expenses related to waste mining service agreement amounted to ₱2,380,031, ₱1,810,914 and ₱1,609,086 in 2014, 2013 and 2012, respectively. Related accrued expenses amounted to ₱183,000 and ₱201,200 as at December 31, 2014 and 2013, respectively.

Fuel Supply Agreement
In August 2011, CCC entered into a fuel supply agreement, as amended, with Pilipinas Shell Petroleum Corporation for the purchase of petroleum products, lubricants and greases at established pricing formulas. The agreement will expire in October 2015. Total expenses related to the fuel supply agreement amounted to ₱1,172,079, ₱894,789 and ₱1,908,927 in 2014, 2013 and 2012, respectively. Accrued expenses amounted to ₱25,986 and ₱68,937 as at December 31, 2014 and 2013, respectively.

Legal Contingencies
The Group is a party to minor labor cases arising from its operations. The Group's management and legal counsel believe that the eventual resolution of these cases will not have a material effect on the Group's financial statements. Accordingly, no provision for probable losses was recognized by the Group in 2014, 2013 and 2012.

Collective Bargaining Agreement (CBA)
In October 2012, CCC executed a five-year CBA with its rank-and-file union (the "Union"). However, in view of the election of a new bargaining representative for the Union in October 2014, a new CBA was executed by CCC on January 30, 2015 (the "2015 CBA"). The 2015 CBA shall be valid as to the representation aspect for a period of five (5) years. Under the provisions of the Labor Code, the economic provisions of the 2015 CBA shall be re-negotiated on the third anniversary of its execution.

Social Development and Management Program (SDMP)
CCC has a five-year SDMP in compliance with Department of Environment and Natural Resources (DENR) Administrative Order 96-40, as amended. CCC has been implementing its SDMP as approved by the MGB.

<u>Consignment Agreements</u>
Shorr Industrial Sales, Inc., Synchrotek Corporation and Morse Hydraulics
In 2012, CCC entered into a consignment agreement with (i) Shorr Industrial Sales, Inc. for the supply of parts and tools for heavy equipment, (ii) Synchrotek Corporation for the supply of filters and lubricants, and (iii) Morse Hydraulics for the supply of hydraulic hoses and fittings at established price list valid for one (1) year beginning July 1, 2012 to June 30, 2013. In July 2013 and 2014, the Company renewed its contract with Shorr Industrial Sales, Inc., Synchrotek Corporation and Morse Hydraulics valid for one (1) year until June 30, 2014 and 2015, respectively.

Orica Philippines, Inc. and and Le Price International Corporation
In 2013, CCC entered into a consignment agreement with Orica Philippines, Inc. for the supply of explosives and blasting accessories for use in mining and mine development activities and with Le Price International Corporation for the supply of a centralized lubrication, a filtration, a fire suppression and a refueling system. The consignment agreements with Orica Philippines, Inc. and Le Price International Corporation, which is valid until September 30, 2014 and July 31, 2014, respectively, ensures the availability of the goods covered thereby and pegs a price range for the supply of such goods during the period of effectivity. The consignment agreement with Orica Philippines, Inc. and Le Price International Corporation was renewed in September 2014 and July 2014, respectively and extended until September 30, 2015 and July 31, 2015, respectively.

<u>Sales Agreement of Iron Concentrate</u>
On March 16, 2012, CCC has entered into a sales agreement with MAC Stone Limited to sell 10,000 WMT (+/- 10% in quantity) of iron concentrate at Freight on Board (FOB) basis. The price is fixed at US$26 per WMT. On December 6, 2012, CCC has entered into a sales agreement with Goldwin Holdings Limited to sell 18,000 WMT (+/- 10% in quantity) of iron concentrate at FOB basis. The price is fixed at US$25 per WMT.

BNC
<u>Management Agreement</u>
On January 19, 2005, BNC entered into a management agreement with TMMI wherein TMMI will manage the operations of BNC with respect to the Mineral Properties and to any and all of the Mineral Production and Sharing Agreements (MPSA) which shall be executed by BNC and the Government of the Republic of the Philippines. In consideration for such services, BNC will pay a monthly management fee of ₱200.

On July 1, 2008, BNC amended the management agreement wherein TMMI shall be entitled to charge an additional monthly fee equivalent to up to five percent (5%) of the operating costs and expenses incurred at the end of each calendar month. Provided, further, that TMMI may charge an additional fee for other special services outside the scope of the agreement at a rate to be agreed upon in advance by the parties. The rate will depend on the specialized nature of such services that BNC may require from TMMI from time to time.

<u>Environmental Compliance Certificate (ECC)</u>
On June 14, 2006, the DENR, through the Environmental Management Bureau, granted BNC, the ECC for the Berong Project.

BNC, in compliance with the terms of the ECC, has set up an Environmental Trust Fund (ETF) on April 27, 2007, in the amount of ₱200 at the Land Bank Makati Branch. The ETF is a readily replenishable fund for compensation or indemnification of damages to life and property that may be caused by the project. The fund is included under "Other noncurrent assets" account in the consolidated statements of financial position. As at December 31, 2014 and 2013, BNC has ETF amounting to ₱208 and ₱207, respectively.

MRF

Pursuant to Section 181 of the Implementing Rules and Regulations of the Republic Act No. 7492, better known as the "Philippine Mining Act of 1995", BNC has opened a Rehabilitation Cash Fund (RCF) on November 22, 2007, amounting to ₱5,000 at the Land Bank Makati Branch. Such trust fund is set to ensure compliance with the approved rehabilitation activities and schedules of the project. In addition to RCF, BNC has also set up a Monitoring Trust Fund (MTF) amounting to ₱100,000 at the Land Bank Makati Branch on April 27, 2007. Such fund shall be used to cover the maintenance and other operating budget of the MTF Committee and is subject to periodic replenishments. The fund is included under "Other noncurrent assets" account in the consolidated statements of financial position. As at December 31, 2014 and 2013, BNC has RCF amounting to ₱5,169and ₱5,159, respectively and MTF amounting to ₱150.

Memorandum of Agreement (MOA) with Tagbanua Indigenous Peoples (IP)/Indigenous Cultural Community (ICC)

In 2005, BNC, Tagbanua IPs/ICCs and National Commission on Indigenous Peoples entered into a MOA. The MOA relate exclusively to the areas applied for and disclosed to the Tagbanua IPs/ICCs of Berong Aramaywan, Quezon, Province of Palawan and shall cover and apply exclusively to all the activities, processes, operations and other related issues under the MPSA application of BNC. Under the MOA, the Tagbanua IPs/ICCs has the right to receive from BNC a royalty payment equivalent to 1% of the gross revenues based on the provisions of the Mining Act subject to devaluation of the Philippine peso. The said royalty is paid to Berong Aramaywan Tagbanua Association (BATA), a formal organization created by the IPs upon signing of the MOA, who is responsible in determining the share of every individual member in accordance with their customary laws and practices.

Total royalty payments to BATA for the years ended December 31, 2014, 2013 and 2012 amounted to ₱4,854, ₱4,854 and ₱8,600, respectively. In 2014, 2013 and 2012, BNC has recognized royalty expense amounting to ₱11,081, ₱8,571and ₱11,897, respectively.

Service Agreement with Ivy Michelle Trading & Construction (IMTC)

On May 10, 2011, a Service Agreement was entered into by BNC and IMTC, where the latter shall lease its equipment (e.g., dumptrucks, bulldozers compactor, excavator, wheel loader, water truck, etc.) for a fee. IMTC shall also undertake the loading and hauling activities in accordance with the production, shipping plans and procedures scheduled and prescribed by BNC. Further, IMTC shall also load and haul the waste or low grade nickel ore materials from the open pits to the designated stockpiles. The Service Agreement is valid for six months and renewable for another term, under the same conditions, or as may be agreed upon by both parties.

Others

Purchase Commitments

There were no unusual purchase commitments or losses on commitments entered into by the Group.

33. **Other Matters**

a. EO 79
On July 12, 2012, EO 79 was released to provide the general framework for the implementation of mining reforms in the Philippines. The Parent Company has assessed that EO 79 has no major impact on its current operations since the Group's current mining activities are covered by valid and existing Mineral Production and Sharing Agreements (MPSA). Pursuant to Section 1 of EO 79, a mining contract, such as an MPSA, that was approved before the effectivity of the EO shall continue to be valid, binding and enforceable so long as the contractor thereunder strictly complies with existing laws, rules and regulations and the terms and conditions under the mining contract.

b. Deed of Assignment and Exchange of Assets for Shares of Stock
In 2006, CCC entered into an Operating Agreement with the Parent Company for the conveyance to CCC of rights over the Toledo minesite, certain fixed assets and surface rights for a royalty fee mutually agreed by the parties. The agreement may be terminated by CCC upon 30 days prior written notice.

c. Operating Agreement (the "Agreement") with CCC
On May 5, 2006, the Parent Company entered into the Agreement with CCC wherein the Parent Company conveyed to CCC its exploration, development and utilization rights with respect to certain mining rights and claims (the "Toledo Mine Rights") and the right to rehabilitate, operate and/or maintain certain of its Fixed Assets.

In consideration of CCC's use of the Toledo Mine Rights, the Agreement provides that CCC shall pay the Parent Company a fee equal to 10% of the sum of the following:
a. Royalty payments to third party claim holders of the Toledo Mine Rights;
b. Lease payments to third party owners of the relevant portions of the parcels of land covered by the surface rights; and
c. Real property tax payments on the parcels of land covered by the surface rights and on the relevant fixed assets.

On March 10, 2010, the Parent Company and CCC agreed on a royalty payment arrangement and on the computation of the basis of royalty income which is 2% of the gross sale by CCC of copper concentrates.

In December 2014 and September 2013, the BOD of the Parent Company approved the waiver of its entitlement to receive from the CCC, pursuant to the Operating Agreement, royalties due from operations in 2014 and 2013, respectively.

d. Declaration of Cash Dividends
The Parent Company, upon the approval granted by its BOD on April 29, 2014 and March 8, 2013, declared cash dividends in the amount of ₱0.15 per share and ₱0.25 per share of its capital stock in 2014 and 2013, respectively. The dividends were paid to all stockholders of record as at May 14, 2014 and March 22, 2013, respectively.

e. Income from Sale of Services
In 2014, the Parent Company provided general consultancy services to DMCI in respect of transactions relating to DMCI's acquisition of equity interest in TMC. The agreed fee for such engagement amounted to ₱77,100.

34. **Supplemental Disclosure to Consolidated Statements of Cash Flows**

The noncash activities of the Group pertain to the borrowing cost capitalized as part of property, plant and equipment amounting to ₱39,529 and ₱452,687 in 2014 and 2013, respectively.

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Atlas Consolidated Mining and Development Corporation
9th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Atlas Consolidated Mining and Development Corporation and Subsidiaries as at December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, included in this form 17-A, and have issued our report thereon dated March 16, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
SEC Accreditation No. 1250-A (Group A),
August 9, 2012, valid until August 8, 2015
Tax Identification No. 163-069-453
BIR Accreditation No. 08-001998-97-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 4751289, January 5, 2015, Makati City

March 16, 2015

ATLAS CONSOLIDATED MINING
AND DEVELOPMENT CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A
DECEMBER 31, 2014

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

SCHEDULE I
ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014

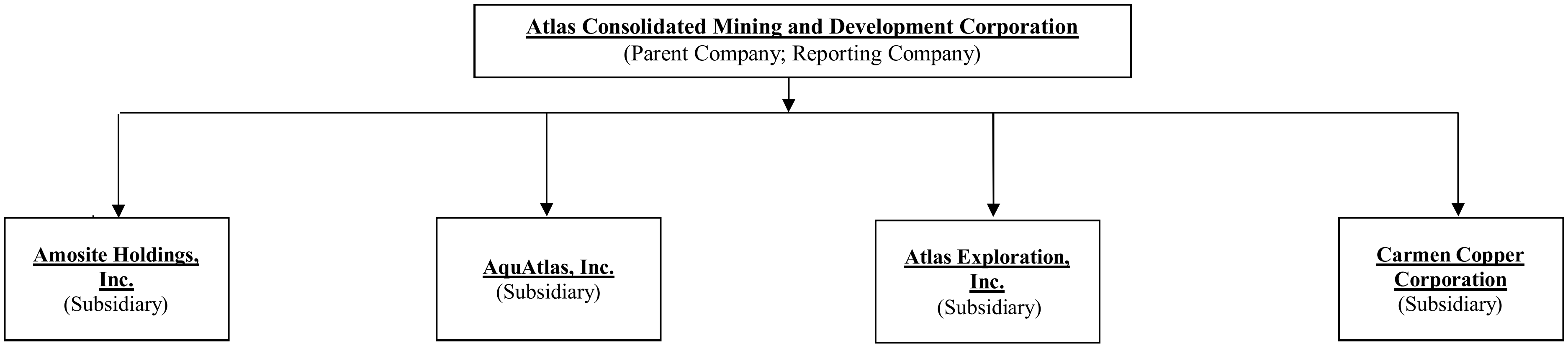
	2014	2013
Profitability Ratios:		
Return on assets	**0.19%**	3.15%
Return on equity	**0.34%**	5.34%
Gross profit margin	**35.71%**	55.14%
Net profit margin	**0.76%**	13.25%
Liquidity and Solvency Ratios:		
Current ratio	**0.60:1**	0.77:1
Quick ratio	**0.43:1**	0.57:1
Solvency ratio	**0.10:1**	0.16:1
Financial Leverage Ratios:		
Asset to equity ratio	**1.82:1**	1.74:1
Debt ratio	**0.45:1**	0.42:1
Debt to equity ratio	**0.82:1**	0.73:1
Interest coverage ratio	**1.70:1**	3.68:1

SCHEDULE II

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP PURSUANT TO SRC RULE 68, AS AMENDED

DECEMBER 31, 2014



SCHEDULE III
ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER THE PFRS PURSUANT TO SRC RULE 68, AS AMENDED DECEMBER 31, 2014

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as at December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Guarantee Contracts			
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

SCHEDULE IV
ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SEC RULE 68, AS AMENDED AND SEC MEMORANDUM CIRCULAR NO. 11
As of December 31, 2014
(Amounts in thousands)

Unappropriated Retained Earnings, beginning		₱1,212,982
Adjustments:		
Unrealized foreign exchange		(193,517)
Recognized deferred income tax assets that increased 2013 net income		(107,374)
Treasury shares		(23,267)
Unappropriated Retained Earnings, as adjusted, beginning		₱888,824
Add: Net income actually earned/realized during the period	₱278,286	
Net income during the period closed to Retained Earnings		
Less: Non-actual/unrealized income net of tax	–	
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to Cash)	8,373	
Unrealized actuarial gain	–	
Fair value adjustment (mark-to-market gains)	–	
Fair value adjustment of investment property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal	8,373	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Subtotal	–	
Net income actually earned during the period	269,913	
Add (Less):		
Dividend declarations during the period	(311,419)	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Subtotal	(311,419)	(41,506)
Unappropriated Retained Earnings, as adjusted, ending		₱847,318

SCHEDULE A

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS IN EQUITY SECURITIES
DECEMBER 31, 2014

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Income received and accrued
AFS Financial Asset:			
PLDT	2,100	₱1,220	₱–

SCHEDULE B

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2014

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written-off	Current	Not Current	Balance at end period

NOT APPLICABLE

SCHEDULE C

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS DECEMBER 31, 2014

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected /Settlements	Amounts Written-off	Current	Not Current	Balance at end period
CCC	₱23,136,578	₱6,769,675	₱–	₱–	₱29,906,253	₱–	₱29,906,253
AEI	101,915,539	131,239	(1,260,199)	–	100,786,579	–	100,786,579
AI	31,458,940	109,507	–	–	31,568,447	–	31,568,447
AHI	(2,597,550)	–	214,021	–	(2,383,529)	–	(2,383,529)

SCHEDULE D

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2014

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill	₱19,026,118,600	₱–	₱–	₱–	₱–	₱19,026,118,600
Mining Rights	9,145,203,757	–	398,171,709	–	–	8,747,032,048

SCHEDULE E

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES

LONG-TERM DEBT
DECEMBER 31, 2014
(Amounts in Thousands)

Title of Issue and type of obligation	Amount authorized by: Indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings- net of current portion" in related balance sheet
Bonds payable	₱–	–	13,416,000
Bond discount		(79,477)	(105,154)
US$75 million BDO loan	–	821,387	479,144
BDO Leasing	–	655,014	340,870
Land Bank of the Philippines	–	491,920	–
Standard Chartered Bank	–	764,851	222,008
LBP Leasing Corp	–	99,860	106,548
MayBank	–	–	894,400
Security Bank	–	–	1,100,000
SBM Leasing, Inc.	–	94,215	28,161
Banco de Oro - Unibank	–	111,800	–
United Overseas Bank	–	–	1,118,000
Rizal Commercial Banking Corp.	–	–	872,040

SCHEDULE F

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2014

Name of Related Party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

SCHEDULE G

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2014

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

SCHEDULE H

ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2014

The Parent Company's authorized share capital is ₱24.0 billion divided into 3.0 billion shares at ₱8 par value. As at December 31, 2014, total shares issued and outstanding is 2,087,032,774 held by 20,938 shareholders.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	Directors and Officers	Principal/ Substantial Stockholders	No of shares held by Government	Banks	Others
Common Stock	3,000,000,000	2,087,032,774	–	45,442,056	1,056,731,960	1,000,000	131,114,419	852,744,339