



**ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION**

7<sup>TH</sup> Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Metro Manila, Philippines 1550  
Telephone No.: (632) 635-2387 Direct (632) 632-7847 Telefax: (632) 635-4495

13 August 2009

**PHILIPPINE STOCK EXCHANGE**

4<sup>th</sup> Floor, Philippine Stock Exchange Center,  
Exchange Road, Ortigas Center, Pasig City

Attention:

**Ms. JANET A. ENCARNACION**  
*Head, Disclosures Department*

Re : Disclosure Statement on the Conversion of the Atlas B Shares

Madam:

We wish to inform the Exchange and the investing public that Atlas Consolidated Mining and Development Corporation ("Atlas"), upon the authority granted by its Board of Directors, will be completing the declassification of its shares pursuant to the amended Article Seven of its Articles of Incorporation by implementing the conversion of the remaining Atlas B Shares into common shares.

The 21,291,291 B Shares form part of Atlas's issued and outstanding capital stock and are already listed with the Exchange. In our regular reports, the B Shares are referred to as "U.S. Registry Shares" as they comprise shares that used to be registered with the U.S. Securities and Exchange Commission and listed with the American Stock Exchange.

For this purpose, we respectfully submit herewith the following:

1. SEC Form 17-C containing the disclosure statement on the approval by the Board of Directors of Atlas Consolidated Mining and Development Corporation ("Atlas") of the conversion of Atlas's B Shares (17-C)
2. Document containing the procedure for the conversion of the B Shares which is appended to the 17-C as Annex "A"
3. A copy of the letter filed by Atlas with the SEC on 6 May 2008 regarding the conversion of the B Shares (contains a discussion on the factual and legal bases for the conversion)

Very truly yours,

**ATLAS CONSOLIDATED MINING  
AND DEVELOPMENT CORPORATION**

By:

**CARMEN-ROSE A. BASALLO-ESTAMPADOR**

Assistant Corporate Secretary and Assistant Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. August 12, 2009  
Date of Report ( Date of earliest event reported )
2. SEC Identification Number 115 Pre War 3. BIR Tax Identification No. 000-154-572-000-V
4. ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION  
Exact name of issuer as specified in its charter
5. Philippines Province, country or other jurisdiction of  
incorporation or organization
6. (SEC Use Only)  
Industry Classification Code.
7. 7/F Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City 1554  
Address of principal office Postal Code
8. (632) 635-23-87  
Issuer's telephone number, including area code
9. N. a.  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
- | <u>Title of Each Class</u>         | <u>Number of Shares of Common Stock<br/>Outstanding and Amount of Debt Outstanding</u> |
|------------------------------------|----------------------------------------------------------------------------------------|
| <u>Common Stock, P10 par value</u> | <u>1,048,931,882</u>                                                                   |
11. Indicate the item numbers reported herein : Item 9

Item 9. – Other Events

Conversion of Atlas's B Shares

At a recently concluded meeting, the Board of Directors of Atlas Consolidated Mining and Development Corporation ("Atlas"), pursuant to the amended Article Seven of Atlas's Articles of Incorporation, authorized (a) the conversion of Atlas's 21,291,291 B Shares into common shares based on the conversion ratio of one common share for every B Share (the "Conversion"), and (b) the issuance by Atlas's transfer agent Stock Transfer Service, Inc. (STSI) of stock certificates representing common shares registered in the names of the holders of B Shares as a result of the Conversion.

The procedure to be implemented to effectuate the Conversion is contained in the document attached hereto as Annex "A".

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ATLAS CONSOLIDATED MINING  
AND DEVELOPMENT CORPORATION**

Issuer

By:



**CARMEN ROSE A. BASALLO-ESTAMPADOR**

Asst. Corporate Secretary and Asst. Compliance Officer

August 12, 2009

Date

**Procedure for the Conversion of  
the B Shares of  
Atlas Consolidated Mining and Development Corporation (“Atlas”)**

**A. Notice to Shareholders**

The notice on the procedure, requirements, and timetable for conversion (the “Notice”) shall be posted on: (a) the website of the Philippine Stock Exchange ([www.pse.com.ph](http://www.pse.com.ph)) through Odisy, and (b) Atlas’s website ([www.atlasphilippines.com](http://www.atlasphilippines.com)). The Notice shall also be published in a newspaper of general circulation once a week for three (3) consecutive weeks.

**B. Conversion**

- 1. Authority to Convert** – On 11 August 2009, the Board of Directors of Atlas (the “BOD”) passed and adopted resolutions authorizing (a) the conversion of 21,291,291 B Shares into common shares based on the conversion ratio of one common share for every B share, and (b) the issuance by Atlas’s stock transfer agent, Stock Transfer Service, Inc. (STSI), of stock certificates representing common shares registered in the names of the holders of B Shares (the “B Shareholders”) pursuant to the conversion.

As authorized by the BOD, the stock certificates to be issued by STSI (the “Replacement Certificates”) shall replace the old certificates representing the B Shares (the “B Certificates”) which must be surrendered by the B Shareholders for cancellation.

- 2. Surrender of B Certificates for Validation and Replacement** – The B Shareholders shall be requested to present and surrender their duly-endorsed original B Certificates to:

**Stock Transfer Service, Inc.**  
8/F Phinma Plaza, 39 Plaza Drive,  
Rockwell Center, Makati City  
# (0632) – 8987590

through: **Mr. Antonio M. Laviña**  
**Mr. Ricardo D. Regala**

The surrender of the B Certificates for validation, cancellation and replacement may be accomplished through any of the following modes:

- a. Personal Delivery** – B Shareholders or their authorized representatives may go directly to the office of STSI to present/surrender the following:
- i.** Duly-endorsed original B Certificate/s
  - ii.** Two (2) valid government-issued identification cards showing the name of the B Shareholder as reflected on the B Certificate/s and the signature of the B Shareholder
  - iii.** If delivery is to be made through a representative, such representative must be able to show proof of authority (*i.e.*, authorization letter issued and signed by the B Shareholder, or power of attorney), and proof of identity (*i.e.*, two (2) valid government-issued identification cards)
  - iv.** Information Sheet indicating the B Shareholder’s current business or residential address and relevant contact information in the form to be appended to the notice

The Replacement Certificate/s evidencing conversion shall be released to the B Shareholder or his representative immediately upon the validation of the foregoing documents.

- b. Through courier service or registered mail** – B Shareholders residing outside the Philippines may effect surrender and replacement of their B Certificates by forwarding to STSI the following documents via courier service or registered mail:
- i.** Duly-endorsed original B Certificate/s
  - ii.** Certified Copy of two (2) valid government-issued identification cards showing the name of the B Shareholder as reflected on the B Certificate/s and the signature of the B Shareholder (the certificate attesting to the integrity of the copy must be notarized and the seal of the notary must be authenticated by the Philippine consular official at the place where the certificate was executed)
  - iii.** Information Sheet indicating the B Shareholder’s current business or residential address and relevant contact information in the form to be appended to the notice

The Replacement Certificate/s shall be forwarded to the B Shareholders at the address indicated on the information sheet.

Neither Atlas nor STSI shall be liable for the loss of the B Certificates or the Replacement Certificates while in transit. In the event of such loss, the procedure described under Section 73 of the Corporation Code (Lost or Destroyed Certificates) shall be observed.

- 3. Additional Requirements** – For assignees, transferees, successors, executors, administrators, trustees or agents of B Shareholders, documents evidencing either (a) the transfer of the B Shares through whatever mode (*e.g.*, sale, assignment, succession, foreclosure), or (b) the authority of the person effecting the conversion for the account of the B Shareholder, as applicable, shall be required in addition to the duly-endorsed B Certificate. Proof of

identity of the person purporting to be such assignee, transferee, successor, executor, administrator, trustee or agent in the form of at least two (2) valid government-issued identification cards shall likewise be required.

**4. Period for Conversion** – B Shareholders may claim their Replacement Certificates at any time during the corporate existence of Atlas and during the three-year liquidation period provided under Section 122 of the Corporation Code (Corporate Liquidation) in the case of dissolution.

**5. Obligations of STSI** – Pursuant to the conversion, STSI shall:

**a. Record Conversion in the Atlas Stock and Transfer Book (STB)** – STSI shall (1) incorporate in the tally of issued and outstanding common shares the 21,291,291 B Shares which are currently classified as U.S. Registry Shares, and (2) include in the list of shareholders the names of the registered holders of B Shares as recorded and transmitted by American Stock Transfer and Trust.

**b. Issue Replacement Certificates** – As all of the B Shares will be converted at the same time, Replacement Certificates representing the converted shares shall be issued by STSI simultaneous with the recording of the conversion in the STB.

**c. Hold in Trust the Replacement Certificates** – STSI shall be the custodian of all Replacement Certificates already issued, but not immediately claimed or successfully delivered, until they are claimed by B Shareholders or their representatives, or until the shares they represent are retired / redeemed by Atlas.

STSI and Atlas shall execute the appropriate agreement stipulating the obligations of STSI as the custodian of the Replacement Certificates.

#### **C. Trading through the Philippine Stock Exchange (PSE)**

The common shares arising from the conversion of the previously listed B Shares may be lodged with the Philippine Depositary and Trust Corporation by the holders thereof through the surrender of their Replacement Certificates to STSI for processing. Upon completion of the lodgment of such common shares, they may be traded electronically through the facilities of the PSE.

#### **D. Costs**

Atlas shall bear all costs and expenses to be incurred in connection with the conversion of the B Shares.

#### **E. Contact Person**

Any inquiry regarding the procedure for conversion as described herein may be addressed directly to:

**Atty. CARMEN-ROSE A. BASALLO-ESTAMPADOR**

*Assistant Corporate Secretary*

Atlas Consolidated Mining and Development Corporation

9<sup>th</sup> Floor Quad Alpha Centrum, 125 Pioneer Street,

Mandaluyong City 1554

Telephone No: +632 6318041 to 42

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E-mail : [cbasallo@alakorcorp.com](mailto:cbasallo@alakorcorp.com)



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2 May 2008

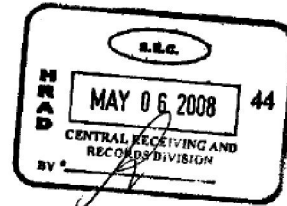
**Securities & Exchange Commission**  
SEC Building, EDSA, Greenhills,  
Mandaluyong City

Attention:

**Director JUSTINA F. CALLANGAN**  
*Corporate Finance Department*

**Asst. Director GRACIANO P. FELIZMENIO Jr.**  
*Market Regulation Department*

Re : Conversion of Class "B" Shares of  
Atlas Consolidated Mining & Development Corporation ("Atlas")



**Dear Madam and Sir:**

This refers to Atlas's request for confirmation that pursuant to the declassification of its shares of stock through the amendment of Article VII of its Articles of Incorporation (AOI) in 1997, holders of Atlas Class "B" Shares (the "B Shares") that were issued and traded through the American Stock Exchange (AMEX) are entitled to have such B Shares converted into locally-issued common shares based on a 1:1 ratio.

**Background**

Atlas is a duly-registered domestic corporation engaged in the business of mining. It is a public corporation listed with the *Philippine Stock Exchange*.

Its authorized capital stock as increased in December 2006 is PhP12,000,000,000.00 which is divided into 1,200,000,000 common shares with a par value of PhP10.00 per share. At present, Atlas has 1,048,931,882 outstanding shares, of which only 150,508,477 (14.34%) are owned by foreign individuals and entities (based on the Monthly Foreign Ownership Monitoring Report of Stock Transfer Service, Inc. for 31 March 2008).

Classification of Atlas Shares

In December 1973, the stockholders and directors of Atlas approved the amendment of Article VII of Atlas's AOI to effect the classification of Atlas shares for the purpose of ensuring compliance with constitutional requirements on the ownership of mining companies.



Article VII of Atlas's AOI as it stood after its amendment in 1973 read as follows:

"SEVENTH: -

(A) *That the capital stock of said Corporation is SEVEN HUNDRED MILLION PESOS (P700,000,000), and said capital stock is divided into SEVENTY MILLION (70,000,000) shares of the par value of TEN PESOS (P10) each, consisting of the following two classes:*

1. *Class "A" shares, which shall comprise Sixty Percentum (60%) of the said capital stock equivalent to 42,000,000 shares, which may be subscribed for and transferred to and owned only by citizens of the Philippines or corporations or associations at least 60% of the capital of which is owned by citizens of the Philippines; and*
2. *Class "B" shares, which shall comprise Forty Percentum (40%) of the said capital stock equivalent to 28,000,000 shares, which may be subscribed for and transferred to and owned by any person or entity;*

(B) *That the issuance, sale or transfer of Class "A" shares to persons or entities not qualified under the provisions of this Article whether such issuance, sale or transfer is voluntary or otherwise, shall not be recognized nor registered in the books of the Corporation.*

(C) *That in the event the Corporation shall find that a holder of Class "A" common stock is not qualified or has in any manner become disqualified to own Class "A" common stock of the Corporation, then the corporation either by itself or through any qualified and willing person or entity designated by its Board of Directors, shall have the right to forthwith purchase the shares of Class "A" common stock of the disqualified stockholder at the ten prevailing market value of such shares. Upon payment or tender of payment to the disqualified stockholder, the Secretary of the Corporation shall have full authority and shall be considered as the attorney-in-fact of the disqualified stockholder to transfer the said stockholder's shares in favor of the Corporation or in favor of such transferee as may be designated by the Board of Directors. The disqualified stockholder, upon demand, shall surrender to the Corporation for cancellation the corresponding stock certificates duly endorsed. Failure to surrender such stock certificates, however, shall not constitute a bar to the transfer and registration of such transfer in the books of the Corporation."*

Except to further increase Atlas's authorized capital stock, Article VII with its provision on the classification of Atlas shares was not amended until 1997 when the stockholders and directors approved the declassification of Atlas shares and the denial of the preemptive rights of stockholders.<sup>1</sup> A copy of Atlas's AOI as amended and approved in 1973 and in 1997 are attached hereto as Annexes "A" and "B".

<sup>1</sup> Article VII of the Atlas AOI as amended in 1997:

*"That the capital stock of said corporation is SIX BILLION FIVE HUNDRED MILLION PESOS (P6,500,000,000), and said capital stock is divided into SIX HUNDRED AND FIFTY MILLION (650,000,000) COMMON shares of the par value of TEN PESOS (P10.00) EACH.*

*That the shares of stock of the corporation are declassified from Class "A" and Class "B" to plain Common shares.*

*CRS*

AMEX Listing of B Shares

Although Atlas could no longer locate or retrieve records pertaining to the listing of its B Shares on the AMEX, it would be logical to infer that such listing was effectuated subsequent to the classification of Atlas shares in 1973. Based on the records of Atlas's transfer agent Stock Transfer Service, Inc., a total of 21,291,291 B Shares which were issued and traded through the AMEX still remain outstanding and are included in the reckoning of the number of Atlas shares owned by foreign individuals and entities.

In 1995, on account of Atlas's failure to maintain its eligibility for continued listing on the AMEX due to financial difficulties resulting from the cessation of operations at its Toledo mine and the drop in worldwide metal prices, the B shares were delisted from the AMEX.

A copy of three (3) stock certificates representing B shares which were issued through the AMEX are attached hereto as Annexes "C", "D" and "E".

**Discussion**

Features of B Shares

Same as those of  
Atlas common shares

Section 6, Paragraph 5 of the Corporation Code provides:

*"Section 6. Classification of Shares. – The shares of stock in corporations may be divided into classes or series of shares, or both, any of which classes or series of shares may have such rights, privileges or restrictions as may be stated in the articles of incorporation:*

xxx    xxx    xxx    xxx

Except as otherwise provided by the articles of incorporation and stated in the certificate of stock, each share shall be equal in all respects to every other share.xxx" (underscoring supplied)

Article VII of Atlas's AOI as quoted above does not provide for any distinction between rights and privileges ascribed to the Atlas Class "A" Shares (the "A Shares") and those ascribed to the B Shares. Moreover, the stock certificates representing B Shares, as exemplified by Annexes "C", "D" and "E", do not contain any notation indicative of special characteristics attached to the B Shares.

Thus, it is evident that the B Shares and the A Shares have exactly the same features, viz:

1. They are both classified as common shares
2. They have the same par value of PhP10.00
3. They have the same rights and privileges with respect to voting, distribution of dividends and liquidation

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Stockholders shall have no preemptive rights in shares of stock which are issued by the Corporation."

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Given that the A Shares have been converted into what constitute Atlas's common shares now, we can conclude by deductive inference that the B Shares and the Atlas common shares as characterized in Atlas's latest amended AOI<sup>2</sup> would also have exactly the same features.

Issuance of New Shares  
to Effect Conversion

Section 62 of the Corporation Code provides:

*"Section 62. Consideration for Stocks. – Stock shall not be issued for a consideration less than the par or issued price thereof. Consideration for the issuance of stock may be any or a combination of any two or more of the following:*

1. *Actual cash paid to the corporation;*

xxx                    xxx                    xxx

8. *Outstanding shares exchanged for stocks in the event of reclassification or conversion.xxx"* (underscoring supplied)

It is evident from the above provision that a corporation is allowed by law to issue shares to replace previously-issued ones that require reclassification or conversion.

The reclassification or conversion of shares has no real effect on the integrity of already paid-up capital stock as either only operates to change its composition or manner of classification<sup>3</sup>. As such, the Securities and Exchange Commission (SEC) in its opinions dated 5 December 1984 (Negros Navigation Co., Inc.) and 3 August 1990 (Paramount Finance Corporation) which pertain to queries involving the permissibility of and the requirements for certain conversion of shares has held that as long as the conversion will not result in any alteration of interest that will lead to a substantial change in the proportionate interest of the existing shareholders, a corporation intending to effect a reclassification or conversion of its shares may amend its AOI to achieve the same.

In another opinion dated 16 June 1983 (University of the East) involving the consolidation of two classes of common stock having the same par value through the conversion of one class of common stock, the SEC confirmed as follows:

*"Anent letter (a) therein, the consolidation of 4,000 common stock and 371,000 common class "A" stock, both of the par value of P100 each to P375,000 common stock at P100 per share would result from a conversion of 371,000 common class "A" stock to 371,000 common stock. Using the ratio of 1:1, the amount of underlying securities*

<sup>2</sup> Article VII of Atlas's AOI as amended in December 2006:

*"That the capital stock of the said corporation is TWELVE BILLION PESOS (P12,000,000,000.00), and said capital stock is divided into ONE BILLION TWO HUNDRED MILLION (1,200,000,000) COMMON shares of the par value of TEN (P10.00) PESOS each.*

*The shares of stock of the corporation are declassified from Class "A" and Class "B" to plain Common shares.*

*Stockholders shall have no preemptive rights in the shares of stock which are issued by the Corporation."*

<sup>3</sup> VILLANUEVA, PHILIPPINE CORPORATE LAW, 2001 Edition, p. 382

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receivable upon conversion is measured by the conversion of specified number of common class "A" stock into a specified number of the common stock. There being no resulting impairment of capital, the same may be given favorable due course by the Commission. You may, therefore, submit your amended articles of incorporation embodying said amendment xxx duly executed in accordance with Section 16 of the Corporation Code of the Philippines." (underscoring supplied)

The factual circumstances upon which the above-quoted opinion was rendered are analogous to the factual milieu of the herein proposed conversion of Atlas's B Shares, *i.e.*, the Atlas common shares and the B Shares are both common stock having the same par value of PhP10.00 per share and the same rights and privileges. Thus, it is our position that the conversion of Atlas's 21,291,291 B Shares into 21,291,291 common shares will not result in the impairment of capital or in the distortion of Atlas's current shareholding percentage.

In view of the fact that Atlas's AOI has already been amended to effect the declassification of its shares, we believe that there should be no impediment to the conversion of the B Shares into common shares through the issuance of common shares as replacement for the outstanding the B Shares.

Compliance with Constitutional Requirements  
on the Ownership of Mining Companies

Based on the latest foreign ownership report which was disclosed by Atlas to the investing public through the Philippine Stock Exchange, the number of Atlas shares owned by foreign entities and individuals only constitute 14.34% of Atlas's outstanding capital stock. Such number already includes the 21,291,291 B Shares.

Thus, the conversion of B Shares will not result in a violation of the constitutional provision on the ownership of enterprises in nationalized industries.

**Request for Confirmation**

Upon the foregoing discussion, we would like to request for confirmation that:

1. Atlas may issue 21,291,291 common shares to legitimate holders of B Shares in order to effectuate the complete declassification of its common shares.
2. The common shares to be issued to replace the B Shares for the purpose of conversion/reclassification shall not be deemed as original issues and shall not be taken from the unissued portion of Atlas's authorized capital stock. As such, the number of Atlas's issued and outstanding shares shall remain the same after the conversion.
3. As a corollary to number 2 above, Atlas shall not be required to accomplish and file SEC Form 10-1 prior to the issuance of common shares to holders of B Shares.
4. Atlas may proceed with the issuance of common shares to holders of B Shares or their successors-in-interest who are able to: (a) present their original B stock certificates, and (b) comply with the other documentary requirements set by the transfer agent.



We trust that our request will merit your usual prompt and favorable action.

Very truly yours,

**Atlas Consolidated Mining  
& Development Corporation**

By:

  
Carmen-Rose A. Basallo-Estampador  
Assistant Corporate Secretary