COVER SHEET

C S 2 0 1 2 0 3 1 4

SEC Registration Number

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

A N D S U B S I D I A R Y

(Company's Full Name)

3 F J T K C C e n t e r 2 1 5 5 C h i n o R o c e s

A v e n u e , M a k a t i C i t y

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

Johnson A. Sanhi, Jr.

(Contact Person)

8813-8892

(Company Telephone Number)

1 2 | 3 1

Month *Day*

(Fiscal Year)

1 7 - A

(Form Type)

0 4 | 3 0

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

24

Total No. of Stockholders

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.

COAL ASIA HOLDINGS INCORPORATED

SEC FORM 17-A

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

1. For the calendar period ended **December 31, 2022**

2. Commission identification number **CS 201210314**

3. BIR TIN **008-297-271-000**

4. Exact name of issuer as specified in its charter **COAL ASIA HOLDINGS INCORPORATED**

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

6. Industry Classification Code:(SEC Use Only)

7. Address of issuer's principal office Postal Code
   3RD Floor JTKC Center, 2155 Don Chino Roces Ave., Makati City **1230**

8. Issuer's telephone number, including area code (**02) 8813-8892**

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**4,000,000,004**

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

    Yes [x] No [ ]

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

    Philippine Stock Exchange **Common Shares**

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [x] No [ ]

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

    Yes [x] No [ ]

13. State the aggregate market value of the voting shares held by non-affiliates of the Registrant

    As of December 31, 2022: ₱160 Million

    The aggregate market value of the voting shares held by non-affiliates as of December 31, 2022 was determined by multiplying the number of shares held by the public by the closing share price on 29 December 2022 of ₱0.20

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1: BUSINESS

(1) BUSINESS DEVELOPMENT

Business Development

Coal Asia Holdings Incorporated ("COAL") was organized and registered with the Securities and Exchange Commission (SEC) on June 11, 2012 primarily to engage in the business of a holding company; to buy and hold shares, either by subscribing to the unissued shares of the capital stock in the public or private offerings or by purchasing the shares of other stockholders by way of assignment in private sale; to invest in the stock or pledge, chattel mortgage or assignment; to sell, dispose, assign, pledge, or convey any or all of its shareholdings in other companies in favor of qualified persons by way of a private sale, assignment or other forms of private conveyance, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations.

On May 28, 2012, COAL executed a Deed of Assignment with the shareholders of Titan Mining Energy Corporation (TMEC), which owns Coal Operating Contracts (COC #159) in Davao Oriental and (COC #166 and 167) in Zamboanga Sibugay.

Currently, COAL has 100% equity interest in Titan Mining and Energy Corporation.

On June 26, 2012, the Company's Board of Directors and shareholders, through a majority vote in due course, approved of an initial public offering (IPO) as part of the Company's thrust to augment its capital funding for the ongoing site development, initial large-scale operation and further explorations in the sites.

On September 14, 2012, the Philippine Stock Exchange, Inc. (PSE) approved the application of the Company for the initial listing of the 4,000,000,004 common shares with the par value of P 1.00 per share.

On October 8, 2012, the Securities and Exchange Commission issued to the Company the certificate of permit to offer securities for sale. This certifies that the shares of the Company have been registered and licensed for listing and authorized to be sold or offered for sale in the Philippines.

The shares of COAL were listed with the Philippine Stock Exchange (PSE) on October 23, 2012.

Business Consolidation

Subsidiary

Titan Mining and Energy Corporation (TMEC)

TMEC was incorporated with the SEC on November 11, 2008. It was originally incorporated as "Titan Exploration and Development Corporation" ("TEDC"). The change in trade name was effected to reflect TMEC's transition from exploration to actual commercial operation. This amendment was approved by the SEC on December 23, 2009. TMEC is involved in coal mining and energy-related business.

TMEC originally had three (3) COCs in Mindanao, Philippines, namely COC #159 in Davao Oriental, COC #166 and COC #167 in Zamboanga Sibugay. All COCs have completed their exploration phases.

COC #159

In 2016, preliminary mine development activities have commenced at the Davao Oriental Project. Bulk samples were collected and subjected to test firing and coal analysis.

On April 10, 2018, TMEC submitted its Amended Geologic Report for Sagasa which the DOE validated on August 30, 2018.

The Department of Energy (DOE) has completed its validation of TMEC's coal resource estimate for the Davao Project.

In support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014.

TMEC submitted a 10-year work program to the DOE on October 21, 2014. In October 2017, an amended ten (10) year work program with Feasibility Study was again submitted to the DOE, covering only Macopa and Sagasa since both areas were covered by titled properties. Further amendments were incorporated in its submission last December 21, 2018.

A Permit to Sell 2,500 MT of incidental coal production was issued to TMEC by the DOE on December 10, 2014 which was subsequently amended from 2,500 MT to 3,200 MT on March 26, 2015. Subsequent Permits to Sell (PTS) for 1,000MT (July 16, 2015), 1,500 MT (April 11, 2016), and 2,300 MT (September 23, 2016) for a total of 8,000MT were granted.

TMEC acquired its Certification Precondition (CP) for Exploration from the NCIP last December 14, 2018. Preparations for the conduct of the Free and Prior Informed Consent (FPIC) for areas occupied by indigenous people are ongoing, to secure the Certification Precondition for Development and Production.

On August 22, 2018, an application for Certification for Energy Projects of National Significance (CEPNS) was submitted to the DOE to hopefully facilitate the acquisition of required permits for the project.

On December 11, 2019 the DOE converted TMEC's COC from Exploration to Development and Production Phase on the condition that TMEC shall secure NCIP's FPIC and/or CNO prior to the execution of development activities on the field.

COC #166

TMEC has submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. A Five-Year Work Program with Feasibility Study was submitted to the DOE on February 26, 2016 to determine the economic viability of developing the Zamboanga Sibugay Project. After the DOE's initial review, TMEC submitted the amended Five-Year Work Program with Feasibility Study to the DOE in August 2016. Additional comments were provided by the DOE in their letter to TMEC dated November 2016 which was subsequently addressed by TMEC on March 31, 2017. TMEC again resubmitted the amended Five-Year Work Program with Feasibility Study to the DOE on September 20, 2018, incorporating the DOE's recommended changes in the ventilation, mine design and costing.

On September 4, 2019, TMEC requested the DOE for a suspension of the conversion to Development and Production Phase due to difficulties in complying with its obligations due to peace and order disturbances in the area, security threats to the employees by lawless elements and dwindling worldwide coal prices.

Coal Operating Contracts

The Davao Oriental and Zamboanga-Sibugay Projects are covered by approved COCs with the Government through the Department of Energy ("DOE").

COC #159

The Davao Oriental Project encompasses seven (7) adjoining 1,000-hectare Coal Blocks for a total area of 7,000-hectares and is covered by COC #159, which was awarded by the DOE to TMEC, then called TEDC, on September 16, 2009. This contract covers an Exploration Phase of two (2) years, which may be extended for another period of two (2) years, and a Development/Production Phase of 32 years. This COC's Exploration Phase was renewed by the DOE for another period of two (2) years, commencing from September 16, 2011 and ended on September 15, 2013.

On April 10, 2018, TMEC submitted its Amended Geologic Report for Sagasa which the DOE validated on August 30, 2018.

The DOE has completed its validation of TMEC's coal resource estimate for the Davao Project.

Preliminary mine development activities however, have commenced at the Davao Oriental Project. Activities include property acquisition, road widening (mine and camp road), infrastructure construction (clinic, corehouse/interim camp office expansion, temporary jetty), camp electrification, coal laboratory sample analyses and overburden pre-stripping. Bulk samples were collected and subjected to test firing and coal analysis.

In support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014.

TMEC also submitted a 10-year work program to the DOE on October 21, 2014. In October 2017, an amended ten (10) year work program with Feasibility Study was again submitted to the DOE, covering only Macopa and Sagasa since both areas were covered by titled properties, hence no interference from Indigenous Peoples was expected. Further amendments were incorporated in its submission last December 21, 2018.

TMEC acquired its Certification Precondition for Exploration from the NCIP last December 14, 2018. Preparations for the conduct of the Free and Prior Informed Consent (FPIC) for areas under indigenous people are ongoing, to secure the Certification Precondition for Development and Production.

On August 22, 2018, an application for Certification for Energy Projects of National Significance (CEPNS) was submitted to the DOE to hopefully facilitate the acquisition of required permits for the project.

On December 11, 2019 the DOE converted TMEC's COC from Exploration to Development and Production Phase on the condition that TMEC shall secure NCIP's FPIC and/or CNO prior to the execution of development activities on the field.

A Permit to Sell 2,500 MT of incidental coal production was issued to TMEC by the DOE on December 10, 2014 which was subsequently amended from 2,500 MT to 3,200 MT on March 26, 2015. Subsequent Permits to sell (PTS) for 1,000MT (July 16, 2015), 1,500 MT (April 11, 2016), and 2,300 MT (September 23, 2016) for a total of 8,000MT was granted.

COC #166

The Zamboanga Project encompasses four (4) adjoining 1,000-hectare Coal Blocks for a total area of 4,000-hectares and is covered by COC #166, which was awarded by the DOE to TMEC, then called TEDC, on November 18, 2009. These contracts cover an Exploration Phase of two (2) years, which may be extended for another period of two (2) years, and a Development/Production Phase of 32 years. The Exploration Phase of COC #166 was renewed by the DOE for another period of two (2) years, commencing from November 18, 2011 and expiring on November 17, 2013. Subsequently, the Zamboanga Sibugay Project has completed its subsurface exploration activities and has a Measured &Indicative Resource (M&I) of 0.5 MMT. On May 13, 2014, TMEC has submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. A Five-Year Work Program with Feasibility Study was submitted to the DOE on February 26, 2016 to determine the economic viability of developing the Zamboanga Sibugay Project. After the DOE's initial review, TMEC submitted the amended Five-Year Work Program with Feasibility Study to the DOE in August 2016. Additional comments were provided by the DOE in their letter to TMEC dated November 2016 which was subsequently addressed by TMEC on March 31, 2017. TMEC again resubmitted the amended Five-Year Work Program with Feasibility Study to the DOE on September 20, 2018 incorporating the DOE's recommended changes in the ventilation, mine design and costing.

On September 4, 2019, TMEC requested the DOE for a suspension of the conversion to Development and Production Phase due to difficulties in complying with its obligation due to peace and order disturbances in the area, security threats to the employees by lawless elements and dwindling worldwide prices of coal.

Competitive Strengths

<u>Coal Resources & Reserves</u>

Davao Oriental Project

Ms. Gizella G. D.J. Gonzales, under the supervision of Mr. Enrique C. Payawal, TMEC's in-house CP-Geologist and Vice President for Exploration, determined TMEC to have 3 MMT of M & I Resource based on her Geologic Report dated November 2013. An additional M&I Resource of 1.9 MMT was also determined for Sagasa area east of Macopa.

PMRC Coal Resource	
Area	**M&I (MMT)**
Macopa&Bactinan	3 MMT
Sagasa	1.9 MMT
Total M&I	4.9 MMT

TMEC, using DOE Coal Resource Classification parameters, has an In-situ reserve of 3 MMT for Macopa/Bactinan and 1.5 MMT for Sagasa. Of the In-situ reserve of 3.0 MMT for Macopa and Bactinan, a five (5) year Surface Mining Plan involving 1 MMT was initially prepared by Engr. Raul Fellizar in January 2014. Engr. Fellizar further modeled an eight (8) year mine life considering 2.1 MMT of the reserves which has a net present value of P 911 billion and found the project to be feasible at a discount rate of 10% per annum. On October, 2014, a ten (10) year Surface Mining Plan considering 1.8 MMT of the reserves was prepared by Engr. Raul A. Fellizar as required by the DOE. Engr. Raul A. Fellizar is an independent consulting mining engineer with PRC Registration No. 1668.

DOE Coal Reserve (In Situ)	
Area	In Situ (MMT)
Macopa&Bactinan	3 MMT

Sagasa	1.5 MMT
Total (In Situ)	4.5 MMT

Area	5-Year Surface Mining Plan	10-Year Surface Mining Plan
Macopa & Bactinan	1 MMT	1.8 MMT
Sagasa		

Davao Oriental Project Coal Quality 10 Year Work Plan Values	
Strip Ratio	10.47 BCM/MT
Stage	Pre-Development
Heating Value	8,290 BTU/lb.
Ash Content	21.65%
Sulfur Content	1.88%

A Ten (10) Year Work Program with Financial Feasibility Report was submitted to the DOE in October 2014 for the Davao Oriental Project. Two (2) to three (3) coal seams were observed within the coal basin of COC#159. In Bactinan, Seam A has a coal thickness ranging from 0.50 to 3.05 meters as identified in twenty-two (22) cored holes and two (2) coal outcrops. Seam B coal thickness varies from 0.50 to 3.88 meters and has been located in two (2) outcrops and fourteen (14) cored holes. The dip angles of the coal seams vary from 20º to 30°.

Bactinan	**Coal Thickness**	**Where Identified**
A	0.50 - 3.05 m	22 drill holes and 2 coal outcrops
B	0.50 - 3.88 m	14 drill holes and 2 coal outcrops

Three coal seams were identified based on coal outcrops and drill intercepts in Macopa. Seam A has a coal thickness ranging from 0.50 to 4.57 meters. Seam B coal thickness varies from 0.50- to 3.40 meters. Seam C thickness is 0.10 meters. The dip angles of the coal seams also vary from 20º to 30°. The seams occur in a syncline with axis trending west northwest (WNW) and plunging approximately 1^0 to the East Southeast (ESE).

Macopa	**Coal Thickness**
A	0.50-4.57 m
B	0.50-3.40 m
C	0.10 m

Six (6) coal seams were interpreted based on coal outcrops and drill intercepts at Sagasa. Seam A, the bottom most seam, has a coal thickness ranging from 0.15 to 0.85 meters. Seam B coal thickness varies from 0.12 to 2.63 meters. Seam C coal thickness varies from 0.05 to 1.34 meters. Seam D coal thickness varies from 0.09 to 2.40 meters. Seam E coal thickness varies from 0.10 to 2.64 meters. The topmost seam, Seam F coal thickness ranges from 0.05 to 1.80 meters. The dip angles of the coal seams also vary from 30º to 45°. The seams occur in a monocline striking Northwest (NW) and dips to the North East (NE).

Sagasa	**Coal Thickness**
A	0.15-0.85 m
B	0.12-2.63 m
C	0.05 - 1.34 m
D	0.09 -2.40 m
E	0.10 -2.64 m
F	0.05 - 1.80 m

The average heating value for the Macopa, Bactinan and Sagasa coal seams is 8,290 BTU/lb.

On October 2017, an amended Ten (10) Year Work Program with Feasibility Study was again submitted by TMEC to the DOE, this time covering only both the Macopa and Sagasa areas since both areas are covered by titled properties. Further amendments were incorporated in its submission last December 21, 2018.

TMEC acquired its Certification Precondition for Exploration from the NCIP last December 14, 2018. Preparations for the conduct of the Free and Prior Informed Consent (FPIC) for the Certification Precondition for Development and Production are ongoing.

On December 11, 2019 the DOE converted TMEC's COC from Exploration to Development and Production Phase on the condition that TMEC shall secure NCIP's FPIC and/or CNO prior to the execution of development activities on the field.

Zamboanga Sibugay Project

After drilling sixteen (16) holes with a total length of 3,367.8 meters, with trench and exploration adit length of 222.64 meters, TMEC estimated the M&I Resources for the Zamboanga Sibugay Project to be 0.5 MMT. On May 13, 2014, TMEC has submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. A Five-Year Work Program with Feasibility Study was submitted to the DOE on February 26, 2016 to determine the economic viability of developing the Zamboanga Sibugay Project. After the DOE's initial review, TMEC submitted the amended Five-Year Work Program with Feasibility Study to the DOE in August 2016. Additional comments were provided by the DOE in their letter to TMEC dated November 2016 which was subsequently addressed by TMEC on March 31, 2017. TMEC again resubmitted the amended Five-Year Work Program with Feasibility Study to the DOE on September 20, 2018 incorporating the DOE's recommended changes in the ventilation, mine design and costing~~.~~ The development and production phase conversion of the COC shall follow thereafter.

The Geologic Report - Zamboanga Sibugay Project shows the following values:

Zamboanga Sibugay Project Coal Quality COC # 166	
Stage	Resource Development
Heating Value	10,456 BTU/lb
Ash Content	10,456 BTU/lb
Sulfur Content	0.49%

Seven (7) coal outcrops, three (3) adits and 5 cored holes were analyzed within the coal basin at COC#166. The average heating value of the sample taken from the coal outcrops is 10,456 BTU/lb., with an average total sulfur content of 0.49% and ash content of 26.26%.

The Company believes that relative to its domestic competitors, it has the advantage of having better quality thermal coal, particularly from its Zamboanga Sibugay site, which can be sold in its raw form.

<u>Ideal Location for Mining</u>

TMEC's exploration camps are accessible via the municipalities' major thoroughfares and smaller in-roads. They are also located near seaports, which will be critical during the production phase.

TMEC has cordial relations with the local government units ("LGUs") in its operating areas. Furthermore, small-scale mining operators are present and prevalent in other municipalities of Zamboanga-Sibugay, which allowed TMEC to secure the Governor-, Mayor-, and Barangay-level permits in addition to the approvals from the DENR-Environment and Management Bureau for the Certificate of Non-Coverage and the National Commission on Indigenous Peoples ("NCIP") for the Certificate of Non-Overlap. The same holds true for the Municipality of Manay, Davao Oriental through its acquisition of its Environmental Compliance Certificate (ECC) on May 16, 2014 and a signed Memorandum of Agreement ("MOA") with the Mandaya Tribe facilitated by the NCIP last July 19, 2012 for its Exploration Phase. TMEC acquired its Certification Precondition for Exploration from the NCIP last December 14, 2018. Preparations for the conduct of the Free and Prior Informed Consent (FPIC) for areas under indigenous people are ongoing, to secure the Certification Precondition for Development and Production.

The peace and order situation in the TMEC's area of operation is relatively quiet and conducive to business. There have been no recorded attacks on TMEC's mine sites in Davao Oriental. The Davao Oriental Project site is, in fact, less than a hundred (100) meter away from a military detachment.

In Zamboanga Sibugay however, unfavorable insurgent situations have been reported in the upland areas, as well as kidnappings of personnel and other untoward incidents perpetuated by the NPAs and lawless elements.

The lack of power capacity in Mindanao has also prompted the government to push for the construction of power plants to augment the power requirement of the Mindanao power grid. As one of the coal mining companies in the area, TMEC has established a key position by initiating discussions with the DOE and other power companies that plan to expand operations in Mindanao for long-term supply agreements. TMEC also plans to supply steam coal for cement plants, canneries, and manufacturing plants in Mindanao that have converted their diesel-powered plants into coal-powered plants to mitigate costs.

<u>Experienced Technical Management and Staff</u>

TMEC's technical management and staff have a combined 156-years' worth of work experience in the exploration and mining industry. The team consists of a CP-Geologist accredited by the Geological Society of the Philippines-Philippine Mineral Reporting Code (GSP-PMRC), a Senior Geologist, all duly licensed by the Professional Regulatory Commission, one (1) Junior Geologist, and two (2) Mining and Geology Consultants.

Experienced Executive Management

The Company's leadership team is composed of senior and experience executives with notable successes in the mining, hotel and resorts field, financial services sector, manufacturing base and real estate industries. These executives and managers have a history of successfully pioneering, building, establishing, and growing start-up companies from inception to fruition.

Business Plan

Exploration Work

Davao Oriental Project

Initial surface geologic mapping in COC#159 in Manay, Davao Oriental delineated ten (10) coal-bearing paralic basins with a Potential Deposit of 69 MMT. Preliminary sub-surface exploration via diamond drilling (22 cored drill holes) of two (2) of the ten (10) identified targets in June 2012 delineated a total M&I Resources of 7.1 MMT and Inferred Resource of 5.6 MMT and 7.0 MMT of Proved and Probable Reserves over a 214-hectare block using 28,000MT coal yield per hectare as determined during the preparation of the Pre-Feasibility Study covering the drilled areas of the two (2) paralic basins.

The next phase of subsurface exploration that covered the extent of the three (3) paralic basins in Barangay Bactinan Old Macopa and Sagasa located east of Macopa, was completed in 2013. For Macopa and Bactinan, a total of ninety-three (93) diamond drill holes were cored resulting to an M&I Resource of 3 MMT with an average calorific value of 8,258 Btu/lb. For Sagasa, 22 cored holes were drilled resulting to an M&I Resource of 1.9 MMT.

Based on the DOE's conversion standard of resource to reserve, the project has a reserve of 3 MMT with a possible additional 1.5 MMT from Sagasa, east of Macopa. These coal basins represent three (3) of the ten (10) coal basins in the area which has a Potential Deposit of 69 MMT.

The Department of Energy has completed its validation of TMEC's coal resource estimate for the Davao Project on March 16, 2014 and August 30, 2018.

Preliminary mine development activities however, have commenced at the Davao Oriental Project. Activities include property acquisition, road widening (mine and camp road), infrastructure construction (clinic, corehouse/interim camp office expansion, temporary jetty), camp electrification, coal laboratory sample analyses and overburden pre-stripping. Bulk sampling was also conducted for test firing coal analysis.

On August 22, 2018, an application for Certification for Energy Projects of National Significance (CEPNS) was submitted to the DOE.

In support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014. TMEC also submitted a 10-year work program to the DOE on October 21, 2014. On October 2017, an amended Ten (10) Year Work Program with Feasibility Study was again submitted by TMEC to the DOE, this time covering only both the Macopa and Sagasa areas since both areas are covered by titled properties. Further amendments were incorporated in its submission last December 21, 2018.

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A Permit to Sell 2,500 MT of incidental coal production was issued to TMEC by the DOE on December 10, 2014 which was subsequently amended from 2,500 MT to 3,200 MT on March 26, 2015. Subsequent Permits to sell (PTS) for 1,000MT (July 16, 2015), 1,500 MT (April 11, 2016), and 2,300 MT (September 23, 2016) for a total of 8,000MT was granted.

Zamboanga Sibugay Project

On May 13, 2014, TMEC has submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. A Five-Year Work Program with Feasibility Study was submitted to the DOE on February 26, 2016 to determine the economic viability of developing the Zamboanga Sibugay Project. After the DOE's initial review, TMEC submitted the amended Five-Year Work Program with Feasibility Study to the DOE on August, 2016. Additional comments were provided by the DOE in their letter to TMEC dated November 2016 which was subsequently addressed by TMEC on March 31, 2017. TMEC again resubmitted the amended Five-Year Work Program with Feasibility Study to the DOE on September 20, 2018 incorporating the DOE's recommended changes in the ventilation, mine design and costing.

On September 4, 2019, TMEC requested the DOE for a suspension of the conversion to Development and Production Phase due to difficulties in complying with its obligation due to peace and order disturbances in the area, security threats to employees by lawless elements and worldwide dwindling prices of coal.

Development Plan

The development plan involves all the activities required for the preparation and entry into the coal reserves, extraction, transport, handling and shipment of the coal products and other auxiliary requisites and requirements.

These activities will also include building mine access infrastructure, port facilities, stockyard facilities, a POL stock farm, blasting operation facilities, campsite facilities, supplemental infrastructure for power and water, in-house laboratory and testing, coal preparation, and beneficiation and treatment plants and facilities. The development plan also involves activities relating to the acquisition of necessary equipment, human resource staffing, securing requisite governmental and non-governmental organizations' certifications and approvals, as well as environmental protection compliance.

The development plan also calls for identifying key customers and markets for the eventual coal production output.

Preliminary mine development activities however, have commenced at the Davao Oriental Project. Activities include property acquisition, road widening (mine and camp road), infrastructure construction (clinic, core house/interim camp office expansion, temporary jetty), camp electrification, coal laboratory sample analyses and overburden pre-stripping. Bulk sampling was also conducted for test firing coal analysis.

Mining Plan and Layout

The feasibility study states that coal deposits from the Davao Oriental Project will be extracted mainly through open-pit mining, and eventually moving into underground mining. The coal deposits of the Zamboanga-Sibugay Project, on the other hand, will be extracted through underground mining right from the initial stages of extraction.

The characteristics, mode of occurrence, and depth of burial of the coal deposits necessitate the extraction be undertaken in three (3) progressive stages, namely; (a) initial surface extraction (b) intermediate near surface and shallow underground extraction, and (c) final deep underground extraction.

The mine layout will be entirely based on surface operation. Surface extraction would be a series of tracts 100-meters in length measured along the outcrops and about 50-meters in width down slope to dip of coal. Tracts are opened one at a time, progressive and contiguous fashion to minimize surface disturbance footprint. Each exploited tract is reclaimed by backfill of stripped open-burden on completion of shallow underground operation. Refilled cavity is restored. Pre-determined access and vent ways to deep underground operations are preserved. Each tract when opened is service by entry and exit ramps. The main haulage route is a re-conditioned barangay feeder access road.

On March 2014, a bulk sampling pit was dug exposing the coal at Macopa to find out the bulk coal quality in the area. The stockpiled incidental coal formed part of the 8,000 MT of coal Permit to Sell/Transport incidental coal requested from the DOE.

Production and Operational Parameters
The following initial operating parameters are planned for the area covered by the Feasibility Study for the Davao Oriental Project submitted last December 21, 2018 to the DOE.

Production and Operational Parameters	
Total Mineable Reserves for Macopa and Sagasa (by Open Pit Extraction)	1.2 MMT

Mine Life	9 years
Annual Production	148,000 MT
Monthly Production	12,300 MT

Marketing Plan

The company has developed a marketing strategy and marketing plan based on its geographic location, competitive strengths, and the industries it primarily hopes to serve.

The mines are located in Mindanao Island, whose growth and development are crippled by, among others, a power crisis. This has resulted in regular, rotating power outages causing hefty losses to industries and businesses situated therein, not to mention inconvenience to its populace. The same situation holds true for its neighboring group of islands to the north, the Visayas. To remedy this situation, the government has put in place incentives for private firms setting up power plants in Visayas and Mindanao. With the advent of new technologies that are environmentally-sound, many of these power plants that have been set up or are still to be put up are coal-fired power plants.

Based on information obtained from the DOE, by 2017 the total projected coal demand in Visayas and Mindanao is estimated at 13.5 Million Metric Tons Per Annum (MMTPA). Of this total, demand from coal-fired power plants accounts for about 64%. On the other hand, from a geographic standpoint, demand from Mindanao accounts for about 57% of the combined total for Visayas and Mindanao. Aside from serving the requirements of power plants, the Company also plans to serve cement manufacturers which account for about 35% of the total projected coal demand by 2017. Lastly, the Company also plans to serve Canneries located in General Santos City, which account for more than 1% of total projected demand by 2017.

The new market potential in Mindanao, in particular, is a prime motivator for continued exploration in the areas covered by the Company's COCs. Again, based on 2017 projections, at full production capacity the Company can only serve around 7% of market demand in that area, with the remaining 93% coming mainly from imports and also from other local coal miners such as Semirara, etc.

Management Plan

In 2018, the management plan was to proceed with the Macopa-Sagasa Development Work Program and Feasibility for its Davao Coal Project in connection with the signed Fuel Supply and Transport Agreement (FSTA) with Sarangani Energy Corporation dated April 6, 2017 with initial delivery dated scheduled on November 2, 2018. However, this plan did not push through because the Company was not able to obtain from the Department of Energy (DOE), the conversion of Coal Operating Contract (COC) from exploration to Development/Production (D/P) phase and the related approval from National Commission on Indigenous Peoples (NCIP).

In 2019, the DOE approved the conversion of COC 159 from exploration to D/P Phase. As indicated in the terms and conditions, before the commencement of the D/P Phase, the company shall secure Certificate of Non-Overlap (CNO)/ Certification Precondition (CP) from the NCIP thus, the Company requested the DOE for a new endorsement to the NCIP for the issuance of CNO/CP. The estimated acquisition date of CNO is within three to six months.

The ECC shall be applied for in time for the Development and Production Phase. The estimated date of production is within 18 months. The estimated price of coal is USD58 per metric ton.

Conversion of COC 166 to Development and Production Phase by the DOE has a pending improvement of coal market price and peace and order situation in the general area where the COC is situated. The estimated date of conversion is within six months to one year.

Moreover, the Company will comply with the reportorial, documentary and permitting requirements in accordance with its Coal Operating Contract (COC), Environmental Compliance Certificate (ECC), and Local Government Unit (LGU) related laws and ordinances as applicable. The estimated amount of working capital needed to support the Group's operating cost before actual conversion is Php 23 Million. After the acquisition of the required permits and the required equipment, it will take around six (6) months, more or less, for the company to produce the saleable coal. The amount needed to meet the initial start-up cost and sustaining costs is estimated to be Php 500 Million with annual growth rate of 2.5%. This would require loan to finance the Group's start-up and sustaining costs. The composition of WACC is estimated to be 70% debt and 30% equity.

Aside from the maintenance of the physical assets of the Company, it will also continue the transferring of lot titles from the Old Macopa Sellers to the Company.

Key affiliates in the Mining and Energy Industry

COAL's key affiliates in the mining and energy industry are presented below. These companies are considered related parties because they have certain common shareholders with COAL.

Pacifico Sul Mineracao Corporation

Pacifico Sul Mineracao Corporation is an affiliate of TMEC that owns mining rights to 6-iron ore, nickel, and chromite areas in the provinces of Aurora, Nueva Ecija, Zambales, Zamboanga del Sur, and Zamboanga Sibugay spanning a total of almost 32,000 hectares.

Colossal Petroleum Corporation

Colossal Petroleum Corporation is an affiliate of TMEC. It was established for potential investments in oil, gas, petroleum, acids and chemicals, other geothermal natural resources and mining projects.

Risks Related to the Company and its Subsidiary

Risks Inherent in the Mining Business

There are numerous hazards and risks normally encountered in the mining business. These include, but are not limited to geological structures not clearly manifested on the ground surface, unfavorable weather conditions, flooding, and other occurrences that may arise out of the drilling and removal of material. Any such occurrence may cause damage to mines, life, property, the environment, as well as legal liability. Although proper safety measures will be implemented, theses safety measures will not cancel out the above–mentioned risks.

The location and establishment of mineral resources, ore, reserves, mine construction, ore extraction, and metallurgical development will require major expenditures. It is often difficult to ensure that these investments will result in meaningful returns.

The Company, through its subsidiary, has undertaken extensive research and exploratory work on its COC areas that improve its chances for success. Furthermore, the Company's technical team has a combined 156 years' experience in exploration and development of mines with the top mining companies both in the Philippines and abroad. These key technical personnel were hired to improve the Company's success in the mining business.

Risks Related to Exploration and Future Coal Reserves

The company is subject to exploration risk. If the Company fails to explore, acquire, and develop coal resources, the Company's coal reserves will decline and will not be able to sustain its business. There is no assurance that the resources will be economically viable. The success of the Company's business is dependent upon its successful exploration and conversion of coal resources to coal reserves.

Converting the coal resources to coal reserves will take time and additional investment. The Company continuously undertakes additional and confirmatory drilling activities within its COC areas, which will remove uncertainty as to its economic viability and improve on its existing mine development plans.

Risks Related to the Estimation of Coal Resources and Reserves and the Valuation of Coal Reserves.

There are many factors involved in the process of estimating coal resources, some of which are beyond the Company's control. The company cannot ascertain that measured indicated, and/or inferred tonnage and grades will be accurately achieved, or that the level of recovery will be realized.

The Company bases the estimation of the coal resources in COC #159 on the PMRC-compliant technical report generated in June 2013 by Mr. Enrique C. Payawal, incorporating the recently concluded exploration drilling campaign at the Davao Oriental Project. Said report was revised three months after to include a section on reserve estimate in conformance with the Department of Energy's standard of Coal Reserves Classification. The final report authored by Ms. Gizella Gonzales, under the supervision of Mr. Enrique C. Payawal, was submitted to the DOE on December 2013. The report stated that the project has an M&I of 3 MMT with an average calorific value of 8,258 Btu/lb for Bactinan and Macopa with a remaining Potential Deposit of 69 MMT considering the undrilled carbonaceous mudstone areas of the 7,000-hectare COC. Further drilling at Sagasa further determined an additional M&I resource of 1.9 MMT.

Reserves in the area following the DOE's Reserve Classification resulted to 3 MMT for Macopa and Bactinan and 1.5 MMT for Sagasa.

The DOE has completed its validation of TMEC's coal resource estimate for the Davao Project (Macopa and Bactinan) on March 16, 2014 and (Sagasa) on August 30, 2018.

TMEC submitted a 10-year work program to the DOE on October 21, 2014. In October 2017, an amended Ten (10) Year Work Program with Feasibility Study was again submitted by TMEC to the DOE, this time covering only both the Macopa and Sagasa areas since both areas are covered by titled properties. Further amendments were incorporated in its submission last December 21, 2018.

The DOE has likewise completed its validation of TMEC's coal resource estimate for the Zamboanga Sibugay Project on August 7, 2015. A Five-Year Work Program with Feasibility Study was submitted to the DOE on February 26, 2016 to determine the economic viability of developing the Zamboanga Sibugay Project. After the DOE's initial review, TMEC submitted the amended Five-Year Work Program with Feasibility Study to the DOE in August 2016. Additional comments were provided by the DOE in their letter to TMEC dated November 2016 which was subsequently addressed by TMEC on March 31, 2017. TMEC again resubmitted the amended Five-Year Work Program with Feasibility Study to the DOE on September 20, 2018 incorporating the DOE's recommended changes in the ventilation, mine design, and costing.

Risks Related to Drilling and Mining Equipment

The Company's sole subsidiary, TMEC, has and will continue to engage the service of an external diamond drilling contractor to mitigate the risks that may be encountered during drilling activities. Despite outsourcing the work to an experienced drilling company, there is no assurance that the operating company can minimize errors or discrepancies in core recovery. However, these risks are mitigated by engaging drilling contractors with sufficient fleet of drilling equipment and manpower pool. Contracted drilling companies are likewise penalized for not attaining required standard core recoveries.

A significant investment will be made by TMEC in major mining equipment once it goes into mine development and production. There is no guarantee that this equipment will not suffer breakdowns, defect and obsolescence or loss: thus, causing a delay in the Company's operations. TMEC intends to cover all its equipment with adequate insurance and sufficient stock of replacement parts. Minor mining equipment will be rented, so the risk will be transferred to the minor mining equipment contractor.

Risks Related to Customer Demand

The coal that will be produced from TMEC's Davao Oriental and Zamboanga-Sibugay Projects is intended to be sold to coal-fired power plants, cement plants, tuna canneries, and other industrial users of coal in both the Philippines and other countries. If the aforementioned potential buyers of TMEC's coal decide to purchase coal from other sources, then TMEC may have no alternative customers. This may have an adverse impact on the revenues of the Company.

The Company believes that, based on results gathered from coal samples from both Davao Oriental and Zamboanga-Sibugay, the quality of its subsidiary's coal is comparable, if not superior, to that of other potential sources of coal both in the Philippines and other neighboring Asian countries.

Risks Related to Coal Price

The viability of the Company's and its subsidiary's business is highly dependent on the worldwide price of coal, the sale of which is the primary source of TMEC's revenues. As a globally traded commodity, the price of coal can be quite volatile and its price as affected by numerous factors, including demand from customers, changes in domestics and international coal supply conditions, the price of alternative fuels, among many other factors. Furthermore, a substantial and extended decline in the price of coal will reduce TMEC's earnings potential.

Risks Related to Foreign Exchange

TMEC intends to export a portion of its coal production to take advantage of higher prices for better quality coal in other markets. As such, a part of the Company's revenue may be subject to fluctuations between its base currency, the Philippine Peso, and the buyer's base currency. Such fluctuations may negatively affect the Company's margins. To protect against such risks, TMEC will endeavor to include in its export sales contracts hedging provisions to protect against significant adverse movement in foreign exchange rates.

Risks Related to Domestics and International Competition

The Company faces competition from both local and foreign coal mining companies. In 2011, about 77.00% of local coal consumption locally was met by coal importations. Historically, the Philippines have imported coal primarily from Indonesia, Australia and China. Among local producers of coal, Semirara Mining Corp. ("SCC"), a listed company, is the country's largest producer and the acknowledged market leader, accounting for about 94.00% of total domestic coal production in 2011. As a result of SCC's dominant position in the market, it enjoys significant advantages over a new entrant in the market such as the Company.

The Company will also face competition from other domestic coal producers including new coal producers who have or are in the process of acquiring rights to or operating other coal deposits in the country. As indicated in the section "The Philippine Coal Market", the DOE estimates that the country has a total of approximately 435.0 MMT of in situ coal reserves dispersed over various provinces in the country as of December 31, 2010. Coal mining operations in these previously untapped sites will increase coal availability and may have an effect on domestic coal prices. In addition, the proximity of some of these new coal-mining sites to the Company's target customers may create delivery.

The Company believes it has the advantage of having better quality thermal coal, particularly from its Zamboanga-Sibugay site, and proximity of both sites to new coal plants being set-up in Mindanao. Against other prospective competitors, the Company has already made significant progress on exploration and drilling activities and expects that its coal reserves and projected production levels will result to certain scale advantages.

Risks Related to Limited Operating History and Track Record

The Company was incorporated on June 11, 2012 and has had limited operations.

TMEC, the Company's only operating subsidiary, was incorporated in November 11, 2008. TMEC spent its first few years of operations on the acquisition and exploration of its COCs.TMEC acquired COC #159 on September 16, 2009 and COC #166 on November 18, 2009 under the Philippine Energy Contracting Round (PECR) of 2009.

TMEC commenced surface investigation exploration on COC #159 during two periods: from October to November 2009 and May to June 2010, which resulted in the identification of coal exposures/outcrops. Trenches were dug along major coal exposures and estimates were set resulting in an initial report on estimated Potential Deposit of 53MMT in June 2010. A second surface investigation conducted by Mr. Arturo A. Ona, an independent consulting geologist, under NI-43101 from Nevada, USA in June 2011 on the mudstone "islands" gave a figure of about 68 MMT tons of coal. An initial 10 probes/exploratory DDH programmed for Bactinan and Old Macopa areas with mudstone units (two (2) out of 13 mudstones potential coal bearing areas) were initiated in late November 2010. A second drilling program was undertaken in August 2011 where nine (9) holes were drilled with seven (7) holes intercepting coal seams at depth. In April 2012, Mr. Enrique C. Payawal, TMEC's Vice President for Exploration and an accredited Competent Person-Geologist, conducted a field geological investigation to determine the resources in COC #159. The results of the investigation were collated and reported through an Internal Geological Report. The report provides that out of 72.0 MMT Potential Deposit identified during the surface exploration (mapping), the results of the diamond drilling (subsurface exploration) provide TMEC to have estimated M&I Resources of 7.1 MMT and Inferred Resources of 5.6 MMT. The remaining Potential Deposit for the Davao Oriental Project is 59.3 MMT. A Pre-Feasibility Study was completed in June 2012 by an independent consulting mining engineer, Engr. Rafael R. Baladad, on a combined 214-hectare block from Bactinan and Old Macopa identifying total Probable and Proved Reserves of 7 MMT.

A PMRC-compliant technical report was generated in June 2013 by Mr. Enrique C. Payawal, incorporating the recently concluded exploration drilling campaign at the Davao Oriental Project. Said report was revised three months after to include a section on reserve estimate in conformance with the Department of Energy's standard of Coal Reserves Classification. The final report authored by Ms. Gizella Gonzales under the supervision of Mr. Enrique C. Payawal was submitted to the DOE on December 2013. The report stated that the project has an M&I of 3 MMT with an average calorific value of 8,258 Btu/lb for Bactinan and Macopa with a Potential Deposit of 69 MMT. It also mentioned the on–going diamond drilling activity conducted at Sagasa, located southeast of Macopa. The M&I resource for Sagasa was determined to be 1.9 MMT.

A five (5) year work program with financial feasibility for the project was prepared in July 2013 authored by Engr. Raul A. Fellizar, an independent consulting mining engineer.

Both reports were submitted to the DOE in support of TMEC's request to convert COC #159 from exploration phase to development and production phase.

The Department of Energy has completed its validation of TMEC's coal resource estimate for the Davao Project on March 16, 2014 and August 30, 2018.

In support of the Company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014.

TMEC also submitted a 10-year work program to the DOE in October 21, 2014. On October 2017, an amended Ten (10) Year Work Program with Feasibility Study was again submitted by TMEC to the DOE, this time covering only both the Macopa and Sagasa areas since both areas are covered by titled properties. Further amendments were incorporated in its submission last December 21, 2018.

TMEC acquired its Certification Precondition for Exploration from the NCIP last December 14, 2018. Preparations for the conduct of the Free and Prior Informed Consent (FPIC) for areas under indigenous people are ongoing, to secure the Certification Precondition for Development and Production.

Preliminary mine development activities however, have commenced at the Davao Oriental Project. Activities include property acquisition, road widening (mine and camp road), infrastructure construction (clinic, corehouse/interim camp office expansion, temporary jetty), camp electrification, coal laboratory sample analyses and overburden pre-stripping. Bulk sampling was also conducted for test firing coal analysis.

On August 22, 2018, an application for Certification for Energy Projects of National Significance (CEPNS) was submitted to the DOE to hopefully facilitate the acquisition of required permits for the project.

As of December 2018, TMEC is in the process of obtaining said conversion from the DOE.

In April 2012, Ms. Gizella Greta D.J. Gonzales, TMEC's Senior Geologist, conducted a field geological investigation to determine the resources in COC #166 and COC #167. The results of the investigation were collated and reported through an Internal Geologic Report. This report was reviewed and verified by Mr. Enrique C. Payawal. The report provides that out of the 51.1 MMT Potential Deposit identified during the surface exploration (mapping), the results of the diamond drilling (subsurface exploration) provide TMEC to have estimated M&I Resources of 1.2 MMT and Inferred Resources of 2.3 MMT. The remaining Potential Deposit for the Zamboanga-Sibugay Project is 47.6 MMT.

In April 2014, a final technical report was generated for COC #166 wherein it was determined that the M&I for COC # 166 is 0.5 MMT.

On May 13, 2014, TMEC submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. A Five-Year Work Program with Feasibility Study was submitted to the DOE on February 26, 2016 to determine the economic viability of developing the Zamboanga Sibugay Project. After the DOE's initial review, TMEC submitted the amended Five-Year Work Program with Feasibility Study to the DOE in August 2016. Additional comments were provided by the DOE in their letter to TMEC dated November 2016 which was subsequently addressed by TMEC on March 31, 2017. TMEC again resubmitted the amended Five-Year Work Program with Feasibility Study to the DOE on September 20, 2018 incorporating the DOE's recommended changes in the ventilation, mine design and costing.

The development and production phase conversion of the COC shall follow thereafter. Notwithstanding the limited operating history and track record, the management of the Company and TMEC believe that its organization, business systems and process, have been built up substantially to the level adequate for full-scale coal mining operations.

In addition, the Company's management and technical team have a combined 156 years' experience in exploration and development of mining companies with the top mining companies both in the Philippines and in other countries. In addition, the Company's Board of Directors has an established record in starting-up companies and developing these companies to a strong position in their respective market segments.

Risks Related to Reliance on Key Personnel

The success of TMEC depends upon, among other factors, the retention of its key personnel as well as its ability to attract and retain a strong management team. The Company believes there is significant demand for TMEC's skilled professionals not only locally but also from companies outside of the Philippines, particularly companies operating in Asia. The inability of TMEC to hire and retain qualified personnel could impair its ability to undertake the exploration and mine development of its two sites. This may cause TMEC to incur additional costs by having to engage third parties to perform these activities.

Risks Related to Labor Matters

TMEC is naturally exposed to the risk of industrial or labor disputes. At present, 9 of the rank-and-file employees are regular and 2 are probationary. Furthermore, once TMEC starts full production, it will need to employ more mining engineers, operators, staff, and workers.

At present, TMEC's labor force in all locations is not unionized; hence the risk of work stoppage due to strikes or similar concerted action is mitigated. The Company complies with all the labor laws, rules, and regulations, thus avoiding any significant dispute with its workers. The Company's management believes that current relations between the Company and its employees are generally good. None of the employees is under any collective bargaining agreement. The Company has not experienced any work stoppage or strike since it started operations.

Risks Related Philippine Laws and Regulations

The business of TMEC is subject to various Philippine Laws and regulations. The DOE is mandated by RA 7638 (Department of Energy Act of 1992) to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation.

On July 6, 2012, President Benigno S. Aquino III issued E.O. 79 entitled "Institutionalizing and Implementing Reforms in the Philippine Mining Sector Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mineral Resources' E.O. 79 pertains to the mining sector but it does not cover coal mining as the latter is covered under RA 7492, or the Philippine Mining Act of 1995.

The listing of COAL shares was approved with the submission of a Philippine Mineral Reporting Code (PMRC)-compliant technical report by a Competent Person (CP)-Geologist that indicated the coal resources of COAL's Coal Operating Contracts. Thereafter, the PSE required COAL to also submit a PMRC-compliant technical report by a CP-Mining Engineer, to be submitted to the PSE not later than December 31, 2012.

COAL attempted to submit said report to the PSE, but circumstances beyond its control resulted in further delays and penalties.

On September 30, 2015, Engr. Rufino B. Bomasang, the lone CP-Mining Engineer for coal in the Philippines, submitted to the PSE a PMRC-compliant Technical Report entitled "Final Report on the Economic Assessment of the COC #159 Davao Coal Project."

There is risk those government regulators, both at the national and local levels, may implement more stringent policies and/or regulations that will make it more difficult or more costly for TMEC to operate its business.

The Company and TMEC have no control over these events. However, TMEC has put into place a compliance team that focuses on ensuring TMEC's adherence to laws, rules, and regulations that are in practice.

Risks Related to Taxation

The Philippines currently has tax systems that encourage investment in coal mining operations to address the wide demand between local demand and supply. The current COC system gives the following incentives to contractors:

- Exemption from all taxes except income tax;
- Exemption from payment of tariff duties and compensation tax on importation of machinery / equipment / spare parts / materials required for coal operations;
- Allow entry of alien technical personnel;

- The right of ingress to and egress from the COC area; and
- Recovery of operating expense

TMEC registered with the Board of Investment under the Omnibus Investment Code of 1987 for the exploration and development of indigenous thermal coal in Davao Oriental and Zamboanga-Sibugay as a new producer of coal under the 2012 Investment Priorities Plan. There is no guarantee, however, that the existing tax regime will remain, and that no changes will be implemented that will be adheres to the Company's operations.

The industry, however, maintains a liaison within the legitimate branch of the Government, which helps ensure that coal-mining operations will continue to enjoy a fair tax environment in the years to come.

Risks Related to the Company's COCs

Risks Related to Expiration of COCs

Substantially all of the Company's assets and revenues are derived from TMEC's COCs and rights under the COCs issued by the DOE, which give TMEC exclusive rights to conduct exploration, development and coal-mining operations on the areas designated by these COCs. These COCs contain respective terms, and allow maximum extension periods subject to the application of extension before the COC's expiration date.

While the term extension of a COC is provided for, any extension is ultimately at the discretion of the DOE and at the satisfaction on the DOE that has been substantial accomplishment of the commitments as stipulated in the DOE approved work program. There can be no assurance that the DOE will extend the term of these COCs upon their respective expiration. The DOE may also impose new terms and conditions during this extension that may not be acceptance to the Company.

The table ensuing sets forth the original expiration dates and the maximum extension periods for the COCs covering the Davao Oriental and Zamboanga-Sibugay Projects:

Table 1: Summary of Coal Operating Contracts of TMEC

COC	Coal Block Nos.	Applicant	Date Awarded	Original Expiration Date	Max. Extension	Remarks
Davao Oriental Coal Operating Contract						
159	CB-136 CB-137 CB-176 CB-177 CB-188 CB-217 CB-218	TMEC	16-Sep-09	15-Sep-11 (2 years Exploratio n)	September 15, 2013) 2 years Extension)	Submitted Geologic Report, 5 and 10 year mining plan, ECC, Permit to Sell incidental Coal Production from DOE; Amended 10Year Work Program and Feasibility Study covering Macopa and Sagasa submitted on October 2017 and December 2018. NCIP CP for Exploration acquired last December 14, 2018; preparations for FPIC for CP Development and_Production on going.
Zamboanga-Sibugay Coal Operating Contracts						
166	CB-280 CB-320	TMEC	18-Nov-09	November 17, 2011	November 17, 2013 (2	Submitted Geologic Report, DOE review

	CB-241 CB-281			(2years Exploratio n)	years Extension)	and validation completed; 5 Year Work Program with Feasibility Study Submitted to DOE February 26, 2016; submitted amended Study on August 2016 after initial review. Additional amendments submitted by TMEC on March 31, 2017 and September 20, 2018. NCIP CNO acquired.

Any inability or failure on the part of TMEC or the Company to meet their respective obligations, or comply with the terms and conditions under any of the COCs may constitute a material breach thereof and could lead to the cancellation or termination of such COC. A cancellation or termination of any COC pertaining to the Davao Oriental and Zamboanga-Sibugay Projects will adversely affect the business, financial condition and results of operations of the Company.

TMEC is in the process of fulfilling its obligations with regard to the COCs and satisfying the terms and conditions of the COCs, including the requirements of the DOE in connection therewith. For the Davao Oriental Project, as a pre-requisite to enter the development and productivity phase, TMEC has completed the Feasibility Study. In addition, its coal resources have also been validated by the DOE. For the Zamboanga-Sibugay Project, TMEC will conduct the Feasibility Study since the DOE has completed its review of TMEC's exploration results last August 7, 2015 to be able to enter the development and production phase.

TMEC plans to enter the development and production phase as soon as the DOE converts the COC to Development & Production phase for the Davao Oriental Project. COAL used its IPO proceeds to fully fund TMEC's exploration, development, and production in the Davao Oriental Project and used a portion of it to partially fund its planned exploration in the Zamboanga-Sibugay Project. If TMEC suddenly cannot proceed to the development/production phase for some unexpected reason, the Company's long-term business performance and eventually, its viability will be at risk. To address the risk, TMEC continuously fulfills and complies with, and even exceeds the conditions that the DOE set forth in the COCs it granted to TMEC. These conditions include the conduction and completion of exploration work commitment and financial investments in the coal projects. Thus, with the proceeds spent from the IPO and the Company's good standing with the DOE as regards its COCs. The Company is confident that it will be able to secure the COC for the development/production stage for the Davao Oriental Project.

Risks Related to Environmental Protection, Safe Mining Operations, and Social and Economic Development

TMEC's COCs not only grant it rights over certain coal-mining assets but also prescribe guidelines for coal-mining operations among which includes rules with respect to environmental protection, safe mining operation, and social and economic development of the surrounding areas. These guidelines include safety rules for underground and surface mine operations covering requirements for exit, escape ways, submission of mine maps, ventilation, allowable limits of toxic and explosive gases, control of coal dust, ground support, rescue organization for emergency situations, fire protection, handling of explosives, health and sanitation facilities and other miscellaneous safety rules, air, water, hazardous materials and waste management, and the rehabilitation of mine sites. In addition, TMEC is required to conduct an environmental impact study prior to start of development and production pursuant to securing an environmental compliance certificate ("ECC") from the Department of Environment and Natural Resources ("DENR"). Nonetheless, in support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014. There is also the possibility that existing laws and regulations may be amended or new laws may be enacted in the future.

Risk Related to Third Party Claim on Specified Areas Defined in COCs

Under the terms of its COCs, TMEC was appointed and constituted as the exclusive party that will conduct the coal operations over the specified areas defined in such COCs. There is, however, no assurance that other parties will not claim mining rights adverse to TMEC over such designated areas or that the Company will be able to successfully defend its right to conduct coal operations over such areas against any such adverse claims.

Risk Related to the Philippines

Risks Related to Political or Social Instability in the Philippines

The Philippines has from time to time experienced political and military instability. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the former administration. No assurance can be given that the political environment in the Philippines will stabilize and any political or social instability in the future could result in inconsistent or sudden changes in regulations and policies that affect the Company or its partners, which could have an adverse effect on the Company's business, results of operations and financial condition.

Risks Related to Terrorist and Insurgent Groups' Activities in the Philippines

The island of Mindanao has had a long history of terrorist activities and insurgency in certain isolated areas instigated by groups such as or connected to the Moro Islamic Liberation Front, Abu Sayyaf, and the New People's Army. There have been attacks by the New People's Army on mining company facilities of Xstrata's Sagittarius Mines Inc. (SMI) and of firms associated with the mining company in the hinterlands of Davao del Sur, South Cotabato, and Sultan Kudarat, and a couple of small mining companies in the Compostela Valley. There is no guarantee that such attacks will not occur in the Company's subject areas in Davao Oriental and Zamboanga-Sibugay.

The Company, through TMEC, has maintained excellent relationships with the host communities of its two coal projects through an active Corporate Social Responsibility program, which have included the replanting of trees that may have been uprooted in the building of access road and the construction of a church in Zamboanga-Sibugay.

Risk Related to Anti-Mining Groups

There is high anti-mining sentiment in the Philippines, brought mainly by the country's past and highly-publicized episodes of community destruction and environmental degradation resulting from mining operations. This is especially true in less developed regions, where there are anti-mining advocacies of groups such as LGUs, non-governmental organizations and environmental groups, communist separatists and other militant groups, and even the Catholic Church. The methods may vary, from peaceful protests to local bans on mining operations. There have also been sporadic acts of violence, including destroying equipment and inflicting bodily harm.

As a result of these factors, the Philippines has become a high-risk, high-reward environment for mining operations. In developed countries, where many of the large international mining outfits operate, profit margins are often slimmer but this lower profitability is made up for by greater stability.

TMEC has good relationships with the respective LGUs in Davao Oriental and Zamboanga-Sibugay. Furthermore, TMEC has maintained excellent relationships with the host communities of its two coal projects through an active Corporate Social Responsibility program, which have included the replanting of trees that may have been uprooted in the building of the access road, donation of an ambulance in Davao Oriental and the construction of a church in Zamboanga-Sibugay. As of the date of this Report, there have been no attacks or threats of attack received by the Company at its mining site in Davao Oriental. In Davao Oriental, TMEC also had good rapport with the local indigenous people, having entered into a MOA with the NCIP on July 19, 2012 and the issuance of the Certification Precondition for Exploration on December 14, 2018.

Risk Related to Occurrence of Natural Catastrophes or Blackouts

The Philippines has experienced a number of major natural catastrophes in recent years including typhoons, floods, volcanic eruptions, earthquakes, mudslides, and droughts. Natural catastrophes may disrupt the Company's ability to deliver its services and impair the economic conditions in the affected areas, as well as the overall Philippine economy. The Philippines has also experienced power outages from power generation shortages and transmission problems, and from disruptions such as typhoons, storm surges and floods. These types of events may materially disrupt and adversely affect the Company's business and operations. The Company cannot assure prospective investors that the insurance coverage the Company maintains will adequately compensate it for all damages and economic losses resulting from natural catastrophes or blackouts, including possible business interruptions.

Risk Related to Foreign Exchange Controls

Currently, the Philippines has liberal foreign exchange controls. The BSP has statutory authority, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, to:

- Suspend temporarily or restrict sales of foreign exchange;
- Require licensing of foreign exchange transactions; or
- Require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee of foreign currency-denominated borrowings.

Risks Related to the Shares

Risks Related to Market Volatility

The market price of securities fluctuates, and it is impossible to predict whether the price of such securities will rise or fall. An individual security may experience upward and downward movements, and may even lose its entire value. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. There may also be a substantial difference between the buying price and selling price of each security.

Historical price performance is not a guide for future price performance and there may be a big difference between the purchase price of the securities and the eventual price at which these securities are sold. The market price of the Offer Shares will be influenced by, among other factors, the Company's financial position, results of operations, and overall stock market conditions, as well as Philippine economic, political and other factors.

(2) Business of Issuer

Products

COAL is an investment holding company primarily engaged in the business of investing in coal and other related energy through its subsidiary, Titan Mining and Energy Corporation;

TMEC is engaged in coal exploration and the extraction, processing and trade of coal and other energy related products.

Distribution of Products

Coal from incidental outcrops and small-scale operators were primarily sold to local customers such as local canneries and food manufacturing companies.

Competition

The Company directly competes with other coal mining companies in the Philippines. A list of these other coal-mining companies is presented in the following tables on existing COC holders (as of June 2017). Most of the companies listed below, except for Semirara Mining Corporation, have shut down their operations as of this writing.

Table 2: Coal Operating Contract (COC) holders

COC No.	NAME OF COMPANY	LOCATION OF CONTRACT AREA
5,189,190	**Semirara Mining Corporation**	Semirara Island, Caluya, Antique; Bulalacao, Oriental Mindoro; Maitum and Kiamba, Sarangani
13	**Ibalong Resources & Development Corporation**	Mantalongon, Dalaguete, Cebu

9	**Adlaon Energy Development Corporation**	Brgy. Santicon, Bala-as, Maloray&Manlapay, Municipalities of Dalaguete &Argao, Cebu
83	**Benguet Corporation**	Lianga, Marihatag& San Miguel, Surigao del Sur
68,77,78	**Filipinas (Prefab) Systems, Inc.**	Bulalacao, Mindoro Oriental, Payao, Zamboanga Sibugay,
93	**A Blackstone Energy Corporation**	Lalat, Zamboanga Sibugay
116, 123	**D. M. Wenceslao and Associates, Inc.**	Baculod, Gattaran and Iguig, Cagayan
127	**Smart Mining and Resources Development Corporation (SMRDC)**	Bislig, Surigao del Sur
41, 122, 184,185,186	**PNOC Exploration Corporation**	Buug, Imelda, Payao, Malangas, Zamboanga Sibugay, Cauayan, Isabela, Trento, Agusan del Sur and Lingig, Surigao del Sur
104,137	**Batan Coal Resources Corporation**	Liguan, Batan Island, Rapu-Rapu, Albay,
125, 153	**Lima Coal Development Corporation**	Batan Island, Rapu-Rapu, Albay, Bacon and Gubat, Sorsogon
126	**DagumaAgro Minerals Inc.**	South Cotabato and Sultan Kudarat
128, 129	**SAMAJU Corporation**	Bilbao, Batan Island, Rapu-Rapu, Albay, Bagaobawan, Batan Island, Rapu-Rapu, Albay
130	**Grace Coal Mining & Development Corporation**	Diplahan and Buug, Zamboanga Sibugay
131	**Forum Cebu Coal Corporation**	Dalaguete, Cebu
132	**First Asian Resource Mining Corp.**	Balamban, Cebu
134	**Sultan Energy Phils. Corporation**	Sultan Kudarat, South Cotabato
136,179,180	**SKI Energy Resources, Inc.**	Carmen, Asturias and Catmon, Cebu; Alpaco, Naga, Cebu
135	**SKI Construction Group, Inc.**	Cahumayan, Portland & Dungga, Danao City, Cebu
187	**SKI Mining Corp.**	Trento, Agusan del Sur
138	**Bonanza Energy Resources, Inc.**	Maitum, Sarangani Province and Ned, Lake Sebu, South Cotabato
142	**Visayas Multi-Minerals Mining and Trading Corporation**	Toledo City, Cebu
145	**Great Wall Mining and Power Corporation**	San Miguel &Tandag, Surigao del Sur
148	**Abacus Coal Exploration and Development Corp.**	Tandag, Surigao del Sur
149	**IL Rey'c Coal Mining Exploration Corp.**	Danao City, Cebu
151	**Guidance Management Corp.**	Calatrava, Negros Occidental

154	**DMC-Cons truction Equipment Resources, Inc.**	Bagumbayan, Sultan Kudarat
162	**ASK Mining & Exploration Corp.**	Cagwait-Marihatag, Surigao del Sur
165	**3Kings Sunrise Mining Corp.**	Carmen, Cebu
169,174,175	**Blackgem Resources & Energy Inc.**	Tarragona, Davao Oriental;Batan Island, Rapu-rapu, Albay; Cateel and Baganga, Davao Oriental
170	**Dell Equipment & Cons truction Corp.**	Sarangani & South Cotabato
171	**Cedaphil Mining Corp.**	Toledo City, Cebu
172	**Core 8 Mining Corp.**	Toledo City, Cebu
173	**BBB Mining and Energy Corp.**	Asturias, Carmen, Danao, Cebu
181	**Timberwolves Resources, Inc.**	Guigaquit, Surigao del Norte
182,200,202	**Altura Mining Philippines, Inc.**	Bagamanoc, Caramoran and Panganiban, Catanduanes; Rapu-Rapu, Albay; Bislig, Surigao del Sur
183	**Blackstone Mineral Resources, Inc.**	Naga, Zamboanga Sibugay
188	**Mega Philippines, Inc.**	Lake Sebu, South Cotabato; Palimbang, Sultan Kudarat; and Maitum, Sarangani
191	**South Davao Development Corp., Inc.**	San Jose and Magsaysay, Occidental Mindoro
192,201,203	**Empire Asia Mining Corporation**	Bislig and Lingig, Surigao del Sur; Kitcharao, Agusan del Norte;Bislig, Surigao del Sur & Trento, Agusan del Sur
193	**Coal Black Mining Corporation**	Tandag and Tago, Surigao del Sur
194, 195, 198,199	**Sahi Mining (SMC)**	Butuan City, Agusan del Norte and SibagatAgusan del Sur; Godod, Zamboanga Del Norte &Kabasalan, Zamboanga Sibugay
196, 197	**Philsaga Mining Corporation**	Bunawan and Trento, Agusan del Sur
176	**Yolo Mining Resources, Inc. (Formerly Goodyield Resources Development, Inc.)**	Trento, Agusan del Sur and Boston, Davao Oriental

The largest coal mining company in the Philippines, based on production output, is Semirara Mining Corporation that accounted for more than 94% of total production in the Philippines of 7.3 MMT in 2011. Currently, Semirara has an existing coal supply contract with Semirara Calaca Power Corporation. The potential requirement of the Calaca plant is approximately 1.5 to 2.0 MMT. In March 2003, the National Power Corporation tested Semirara coal for its Masinloc plant, while deliveries were made to Sual and Pagbilao Power Plants in 2004 and 2005. These plants have potential demand of 600,000 to 800,000 MT of Semirara coal per annum.

Aside from Semirara, most other coal mining companies are in various stages of the Exploration Phase or the Development / Production Phase. These companies produce small volume of coal either as incidental production derived from exploratory adits or as output of small-scale permittees operating under the supervision of the holder of the COC whose tenements encompass the area of small-scale permittees.

Most of the output of coal mining companies is used as fuel to feed boilers used by industries in power generation, cement, and food. It is often critical that the coal mined or produced is of lower ash content to ensure efficient heat generation.

As a strategy, Semirara Mining Corp. has entered the power generation business to find a ready market for their coal output.

Most coal mining companies will also look for the end-markets near their mine sites to reduce logistics cost for the transport and delivery of the product.

The Company believes it has the advantage of having better quality thermal coal, particularly from its Zamboanga-Sibugay site, and proximity of both sides to new coal plants being set-up in Mindanao. Against other prospective competitors, the Company has already made significant progress on exploration and drilling activities and expects that its coal reserves and projected production levels will result to advantages over other coal mining companies.

Expenses on Development Activities

As of 31 December, 2022 TMEC, has spent ₱302.80 Million on exploration and development activities.

Costs and Effects of Compliance with Environmental Laws

TMEC is required to conduct an environmental impact study prior to the start of development and production. In November 2012, TMEC contracted the services of Lichel Technologies, Inc. to do the environmental impact study of its coal mining project in Davao Oriental. A comprehensive ECC application was filed with the DENR already and released on May 16, 2014**.**

Employees

The present manpower complement, as well as the projected manpower complement for the next 12 months, is as follows:

	2022	Next 12 months (pending conversion of COC)
Administration and Accounting	1	1
Exploration and Development Regular Contractual	 4 0	 4 0

There is no collective bargaining agreement in effect between management and the employees.

Transaction with and/or Dependence of Related Parties

The term "Related Parties" covers the Corporation's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Corporation. It also covers the Corporation's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

TMEC has transactions with related parties, particularly Pacifico Sul Mineracao Corporation, pertaining to working capital purposes. These advances are unsecured, non-interest bearing and generally settled in cash and payable on demand.

TMEC also leases office space from JTKC Equities. Dexter Y. Tiu of both TMEC and COAL and a major stockholder of COAL, and Alexander Y. Tiu, a major stockholder of COAL, are also stockholders of JTKC Equities, Inc.
The aforementioned companies and TMEC are related parties under common ownership with certain stockholders of COAL.

TMEC has no other transactions with other parties that the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent, parties on an arm's length basis.

Government Approvals on Products and Services

TMEC secured permits and licenses from the Philippine government for their exploration activities. There is no extraordinary government approval needed for TMEC'S present business activities. TMEC also does not foresee any effect of existing or probable government regulations on its business. It is important to note that the recently issued Executive Order No. 79 series of 2012 of the mining sector does not cover coal mining. Coal Mining is covered under Presidential Decree No.972, or the Coal Development Act, while E.O.79 pertains to mining activities under Republic Act No. 7492, or the Philippine Mining Act of 1995.

Environmental Laws

TMEC's COCs not only grants it rights over certain coal-mining assets but also prescribes guidelines for coal-mining operations among which include rules with respect to environmental protection, safe mining operations, and social and economic development of the surrounding areas. These guidelines include safety rules for underground and surface mine operations covering requirements for exit, escape ways, submission of mine maps, ventilation, allowable limit of toxic and explosive gases, control of coal dust, ground support, rescue organization for emergency situations, fire protection, handling of explosives, health and sanitation facilities and other miscellaneous safety rules, air, water, hazardous materials and waste management, and the rehabilitation of mine sites. In addition, TMEC is required to conduct an environmental impact study prior to start of development and production pursuant to securing an ECC from the DENR. There is also the possibility that existing laws and regulations may be amended or new laws may be enacted in the future.

TMEC has been issued Certificates of Non-Coverage by the Environmental Management Bureau for its COCs #159 and # 166. An Environmental Compliance Certificate (ECC) was granted to TMEC for COC # 159 on May 16, 2014.

ITEM 2: Properties

The mine sites under COC #159 are located in the Municipality of Manay, Davao Oriental, while mine sites under COCs #166 are located in the Municipality of Diplahan and Buug, Province of Zamboanga-Sibugay. Infrastructure such as living quarters, coal quality laboratory, road network (camp road and camp to pit) and pier facilities are some of the improvements made by TMEC on the mine sites. Properties of TMEC in the mine sites are primarily composed of the following: Drilling Equipment, Survey Equipment, Testing Equipment, Transpiration Equipment, and Office Furniture and Equipment.

TMEC also leases office space from its affiliate, JTKC Equities, Inc. which commenced in 2010 and renewable upon mutual consent of both parties. In 2017, the Group renewed the lease agreement with lesser area to save on costs.
All properties are free of any liens and encumbrances.

ITEM 3: Legal Proceedings

To the best of the Company's knowledge, there are no occurrences of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director or executive officer of the Company in the past five years and as of date:

- any bankruptcy petition filed by or against any business of which the incumbent's directors or senior management of the Company was a general partner or executive officer, either at the time of the bankruptcy or within five years prior to that time;

- any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent directors or senior management of the company;

- any order, judgment, or decree, not subsequent reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the incumbent directors or senior management of the Company in any type of business, securities, commodities or banking activities; and

- any finding by documents or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or said regulatory organization, that any of the incumbent Directors or senior management of the Company has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

ITEM 4: Submission of Matters to a Vote of Security Holders

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5: Market for Issuer's Common Equity and Related Stockholders Matters
Market Information

The Company's common equity is listed and traded on the Philippines Stock Exchange on October 23, 2012. The trading prices of the Corporation's shares at the PSE for the last trading day of each quarter for year 2021 are as follows:

Quarter	High	Low	Close
1Q 2022	0.25	0.25	0.25
2Q 2022	0.22	0.22	0.22
3Q 2022	0.223	0.223	0.223
4Q 2022	0.20	0.20	0.20

Holders of Common Equity

As of December 31, 2022, the Company had 24 (twenty-four) stockholders as per its stock and transfer agent, Professional Stock Transfer, Inc. The list of shareholders reported by the stock and transfer agent were as follows:

	Name of Stockholders	No. of shares	Percentage
	PCD NOMINEE CORPORATION (FILIPINO)	1,420,442,872	35.51%
	STERLING BANK OF ASIA - TRUST GROUP FAO DEXTER Y. TIU	640,000,000	16.00%
	STERLING BANK OF ASIA - TRUST GROUP FAO ALEXANDER Y. TIU	640,000,000	16.00%
	STERLING BANK OF ASIA - TRUST GROUP FAO GERTIM G. CHUAHIONG	640,000,000	16.00%
	STERLING BANK OF ASIA - TRUST GROUP FAO ERIC Y. ROXAS	640,000,000	16.00%
	PCD NOMINEE CORPORATION (FOREIGN)	14,585,010	0.36%
	YAN, LUCIO W. YAN &/OR CLARA Y.	4,000,000	0.10%
	TACUB, PACIFICO B.	400,000	0.01%
	REGINA CAPITAL DEVT CORP - 000351	120,000	0.00%
	SUCALDITO, ENRIQUE L.	100,000	0.00%
	MARANA, MIGUEL D. MARANA OR CENON BIENVENIDO D. MARANA	95,000	0.00%
	MENDOZA, ROSELLER A.	65,000	0.00%

	COMIA JR., JUAN D.	50,000	0.00%
	MARANA, MIGUEL D. OR CENON BIENVENIDO D. MARANA	40,000	0.00%
	PUNO, CHRISTOPHER	30,000	0.00%
	PUNO, ORPHA C.	22,000	0.00%
	ASUNCION, ALEXANDER G.	15,000	0.00%
	RAYOS DEL SOL, OSCAR M.	10,000	0.00%
	YOUNG, BARTHOLOMEW DYBUNCIO	10,000	0.00%
	MARIANO, MARIA ANA B.	2,000	0.00%
	LIMGENCO, DONDI RON R.	1,111	0.00%
	GILI JR., GUILLERMO F.	1,000	0.00%
	BES, RONALD S.	1,000	0.00%
	FALCOTELO, MATTHEW HENRI H.	10	0.00%
	BAUTISTA, JOSELITO T.	1	0.00%
		4,000,000,004	**100.00%**

As of December 31, 2022, 14,585,010 common shares are held by non-Filipinos, placing the foreign ownership level of the Corporation at 0.36%. This is significantly below the foreign ownership limit of 40%.

Dividends

The Company has not declared any kind of dividend to its shareholders since its incorporation.

Recent Issuance of Securities Constituting an Exempt Transaction

For the year ended December 31, 2022, the Company has not issued any securities constituting an exempt transaction.

ITEM 6: Management's Discussion and Analysis or Plan of Operation

Plan of Operation

In 2018, the management plan was to proceed with the Macopa-Sagasa Development Work Program and Feasibility for its Davao Coal Project in connection with the signed Fuel Supply and Transport Agreement (FSTA) with Sarangani Energy Corporation dated April 6, 2017 with initial delivery dated scheduled on November 2, 2018. However, this plan did not push through because the Company was not able to obtain from the Department of Energy (DOE), the conversion of Coal Operating Contract (COC) from exploration to Development/Production (D/P) phase and the related approval from National Commission on Indigenous Peoples (NCIP).

In 2019, the DOE approved the conversion of COC 159 from exploration to D/P Phase. As indicated in the terms and conditions, before the commencement of the D/P Phase, the company shall secure Certificate of Non-Overlap (CNO)/ Certification Precondition (CP) from the NCIP thus, the Company requested the DOE for a new endorsement to the NCIP for the issuance of CNO/CP. The estimated acquisition date of CNO is within three to six months.

The ECC shall be applied for in time for the Development and Production Phase. The estimated date of production is within 18 months. The estimated price of coal is USD58 per metric ton.

Conversion of COC 166 to Development and Production Phase by the DOE has a pending improvement of coal market price and peace and order situation in the general area where the COC is situated. The estimated date of conversion is within six months to one year.

Moreover, the Company will comply with the reportorial, documentary and permitting requirements in accordance with its Coal Operating Contract (COC), Environmental Compliance Certificate (ECC), and Local Government Unit (LGU) related laws and ordinances as applicable. The estimated amount of working capital needed to support the Group's operating cost before actual conversion is Php 23 Million. After the acquisition of the required permits and the required equipment, it will take around six (6) months, more or less, for the company to produce the saleable coal. The amount needed to meet the initial start-up cost and sustaining costs is estimated to be Php 500 Million with annual growth rate of 2.5%. This would require loan to finance the Group's start-up and sustaining costs. The composition of WACC is estimated to be 70% debt and 30% equity.

Aside from the maintenance of the physical assets of the Company, it will also continue the transferring of lot titles from the Old Macopa sellers to the Company.
The following tables present the summary financial Statements and Independent Auditor's Report for the ended December 31, 2022, 2021, and 2020.

COAL's Summary Audited Consolidated Financial Information			
as at			
	2022	**2021**	**2020**
	(One year)	**(One year)**	**(One year)**
Amounts are in Php			
Consolidated Statement of Comprehensive Income			
Sales	-	-	
Cost of Sales	-	-	-
Gross Profit	-	-	-
General and Administrative Expenses	-31,502,566	-40,697,189	-36,392,022
Provision for Impairment Loss on EEA	-	-334,422,038	-
Operating Income	-31,501,601	-375,115,057	-36,378,318
Other Income	-	-	-
Interest Income	965	4,170	13,704
Finance Cost	-	-	-
Income (loss) before income tax	-31,501,601	-375,115,057	-36,378,318
Provision For (Benefit From) Income Tax - Deferred	19,576	-11,154,714	1,114,443
Net Income (loss)	-31,482,025	-386,269,771	-35,263,875

Consolidated Statement of Financial Position				
Assets				
Cash and cash equivalents	462,164	851,497	760,604	
Funds held in escrow	-	-	-	
Advances to Affiliates	2,063,862	2,063,862	1,928,862	
Prepayments and other current assets	449,293	444,151	443,790	
Total Current Assets	**2,975,319**	**3,359,510**	**3,133,256**	
Exploration and evaluation assets	302,804,040	302,804,040	635,854,457	
Property, plant and equipment –net	67,050,852	91,690,697	124,218,145	
Coal Reserves	3,131,596,101	3,131,596,101	3,131,596,101	
Deferred Tax Asset	-	-	9,709,456	
Other Noncurrent Asset	1,082,925	1,082,925	1,080,725	
Total Non-Current Assets	**3,502,533,918**	**3,527,173,763**	**3,902,458,887**	
TOTAL ASSETS	**3,505,509,237**	**3,530,533,273**	**3,905,592,143**	
Liabilities and Equity				
Trade and other payables	9,146,696	8,787,106	8,490,750	
Advances from related parties	66,015,561	59,975,890	50,569,127	
Current portion of loans payable	-	-	-	
Income tax payable	-	-	-	
Total Current Liabilities	**75,162,257**	**68,762,996**	**59,059,877**	
Loan Payable-net of current portion	-	-	-	
Retirement benefit liability	444,604	366,300	303,773	
Deferred Tax Liability	1,203,751	1,223,327	-	
Total Non-Current Liability	**1,648,355**	**1,589,627**	**303,773**	
Capital Stock	4,000,000,004	4,000,000,004	4,000,000,004	
Deficit	-574,630,301	-543,148,276	-128,720,880	
Other Comprehensive income	3,328,922	3,328,922	3,106,994	
Stockholders' Equity	**3,428,698,625**	**3,460,180,650**	**3,874,386,118**	
TOTAL LIABILITIES AND EQUITY	**3,505,509,237**	**3,530,533,273**	**3,905,592,143**	
Key Indicators				
Gross Profit Margin (%)	-	-	-	
Net Income (loss) Margin (%)	-	-	-	
Return on Asset (%)	-	-	-	

Return on Equity (%)	-	-	-	
Current Ratio(x)	0.04:1.00	0.05:1.00	0.05:1.00	
Total Liabilities to Equity (x)	.02:1.00	.01:1.00	.02:1.00	
Earnings Per Share (Basic) (Php 0.0000)	-0.0079	-0.0965	-0.0088	
Book Value Per Share (Php 0.0000)	0.8572	0.8700	0.9700	

A. Comprehensive Income for the year ended December 31, 2022 vs. Comprehensive Income for the year ended December 31, 2021 vs. Comprehensive Income for the year ended December 31, 2020

Sales

There were no sales for 2022, 2021 and 2020. TMEC focused on exploration of its COC areas and is awaiting conversion to development and production from the Department of Energy.

As at December 31, 2018, the Group has two Coal Operating Contracts (COC) located in Davao Oriental (COC No. 159) and Zamboanga Sibugay (COC No. 166). The Group has applied for a change in status of the COCs from exploration and evaluation stage to development and production stage.

On December 11, 2019, TMEC received the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the Pre-Condition Certificate (for Development and Production Phase) or Certificate of Non-Overlap (CNO) from the NCIP.

General and Administrative Expenses

General and administrative expenses amounted to ₱31.50M, due mainly to depreciation and amortization, personnel costs, and professional fees.

Interest Expense

In 2015, the Group entered into a credit facility agreement with UCPB Leasing and Finance Corporation granting the Company with a credit line amounting to ₱30.3 Million to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to ₱30.3 Million. It bears an annual interest rate of 9%. On August 31, 2018, the Company fully paid its loans payable.

No interest expense incurred for the year 2022.

Interest Income

Interest income which came from interest earned from bank deposits, cash equivalents, restricted cash and funds held in escrow was ₱ 0.001 Million , ₱ 0.0004 Million and ₱ 0.014 Million in 2022, 2021, and 2020, respectively.

Other Income

No sale of incidental produced coal since 2018.

Net Income

As a result of the foregoing, The Group realized net loss of ₱31.5 Million, ₱386.0 Million, ₱354.6 Million in 2022, 2021, and 2020, respectively.

B. Consolidated Statement of Financial Position

December 31, 2022 vs. December 31, 2021
Cash and Cash Equivalent

Cash and cash equivalents decreased by ₱0.4 Million or 46%, to ₱0.46 Million as of December 31, 2022 from ₱0.85 Million as of December 31, 2021 was due mainly on additional exploration assets, rehabilitation of access roads, repayment of loan and other working capital expenses.

Advances to Affiliates

These were advances to related parties under common control for working capital purposes. These are unsecured, non-interest bearing, and generally settled in cash and payable upon demand. The balance as of December 31, 2022 was ₱2.1 Million.

Funds held in escrow

This pertains to the proceeds of IPO which are kept separate and distinct from all other funds in the custody of the Custodian Bank. As of December 31, 2022, the balance is Nil.

Prepayments and Other Current Assets

Prepayments and other current assets increased by ₱0.0005 Million or 1%, to ₱0.449 Million as of December 31, 2022 from ₱0.444M as of December 31, 2021, mainly due to advances made to officers and employees.

Exploration and Evaluation Assets

There were no changes in Exploration and Evaluation due to the delay on exploration and pre-development phase of the mining properties in Davao Oriental.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by ₱24.6 Million or 27% due to depreciation incurred during the year.

Coal Reserves

Coal Reserves is now amounted to ₱3.13 Billion as of December 31, 2022. This represents the fair value of the coal reserve acquired as a result of the business combination. Based on the review of the recoverable amount of the Group's nonfinancial assets, management determined that there are no impairment losses in property and equipment.

Deferred Tax Assets

Deferred tax assets balance is Nil as of December 31, 2022 and December 31, 2021.

Other Noncurrent Asset

Restricted cash includes cash bond required by the NCIP upon the application of the Group's permit to proceed with its development phase for COC #159 and cash in bank set aside to settle obligations arising from a certain court case. During 2018, the National Labor Relations Commission released motion to issue order of release of the garnished deposit to execute the judgement award amounting to ₱1.08 Million.

Trade and Other Payables

Trade and other payables increased by ₱0.4 Million or 4%, to ₱9.1 Million as of December 31, 2022 from ₱8.8 Million as of December 31, 2021.

Advances from Related Parties

These advances are unsecured, non-interest bearing, and generally settled in cash and payable upon demand. The advances of the Parent Company to TMEC amounting to ₱66.0Million and ₱59.9 Million as at December 31, 2022 and 2021.

Loan Payable

In 2015, the Group entered into a credit facility agreement with UCPB Leasing and Finance Corporation granting the Company with a credit line amounting to ₱30.3 Million to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to ₱30.3 Million. As at December 31, 2015, the Company has fully utilized the credit facility.

The loan is payable in five years, in 60 monthly installment starting May 30, 2015, the month after the first drawdown. It bears an annual interest rate of 9%.

On August 31, 2018, the Company fully paid its loan payable.

Retirement Benefit Liability

Retirement Benefit Liability amounted to ₱0.44 Million of December 31, 2022, this is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to ₱574.6 Million as of end December 31, 2022. Deficit increased because of increased expenses and no sales during the year.

Notes on the COAL's Financial Information

Coal Reserves

The Parent Company acquired TMEC in 2012 in exchange for Parent Company's common shares valued at P3,200.0 million. The Parent Company recognized the portion of consideration amounting to ₱3,131.6 Million as coal reserves.

In 2022 and 2021, the Group carried out a review of the recoverable amount of its coal reserves, exploration and evaluation assets, property and equipment, and intangible assets. The impairment test is based on value in use calculations using discounted cash flow approach from the Group's operations.

The key assumptions used to determine the value in use of the nonfinancial assets are as follows:

	2022	2021
Coal price	**$212/MT**	$138/MT
Foreign exchange rate	**₱ 56.12:$1**	₱ 50.77:$1
Discount rate	**10.58%**	5.39%
Estimated coal	**17.3 MMT**	17.3 MMT

projections are based on the most recent feasibility study approved by the senior management and submitted to the DOE. The values assigned to each key assumption are estimated with reference to recent external market information.

Average forecast period for COC #159 and COC #166 is at 9 years and 5 years, respectively. The average forecast period for COC #159 is greater than 5 years as the management can reliably estimate the cash flow for the entire duration. The terminal value was computed based on a zero-growth assumption for forecasts beyond the average forecast period.

Based on the impairment test performed, management assessed that the recoverable amounts of the coal reserves and other nonfinancial assets exceed it carrying amount. Management also believes that no reasonably possible change in any of the key assumptions would cause the carrying amounts of the nonfinancial assets to materially exceed their respective recoverable amounts.

In 2012, the Group obtained an independent valuation report to estimate the value of TMEC's coal reserves in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports. The valuation was determined using the discounted cash flow approach based on assumptions and information secured from the Competent Persons Reports on the Davao Oriental and Zamboanga Sibugay Projects and available market information.

The independent valuation determined the value of the Group's coal reserves at ₱12.5 Billion.

Exploration and Evaluation Asset

Exploration and evaluation activity involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of the coal resource.

Exploration and evaluation activity include:

- Gathering exploration data through geological studies;
- Exploratory drilling and sampling; and
- Evaluating the technical feasibility and commercial viability of extracting the coal resource.

The account “Exploration and evaluation asset” is carried at cost less accumulated impairment losses.

Exploration and evaluation asset are no longer classified as such when the technical feasibility and commercial viability of extracting the coal reserve are demonstrable. Exploration and evaluation asset are assessed for impairment, and any impairment loss recognized, before reclassification.

The assets, liabilities, income and expense and operating and investing cash flows as at and for the year ended December 31, 2021 from the exploration for and evaluation of coal resources are as follows:

	2022	2021
Total assets	**P375,749,693**	P398,746,354
Total liabilities	**600,909,973**	600,909,973
Expenses	**29,073,283**	370,789,739
Net cash used in operating activities	**(4,371,225)**	(3,764,940)
Net cash used in investing activities	**(1,973,022)**	101,179
Net cash provided by financing activities	**6,009,266**	3,978,178

Exploration and evaluation asset pertain to costs incurred for the exploration and evaluation of the mining property situated in the province of Davao Oriental and Zamboanga Sibugay, Philippines.

COC #159and COC #166 provide a certain minimum work expenditure obligation covered by the work program of exploration phase.

The recovery of the exploration and evaluation asset is dependent upon the success of future exploration and evaluation activities and events.

Movements of this account are as follows:

	2022
Balance at beginning of year	P302,804,040
Additions	-
Impairment for the year	-
Cost at the end of year	P302,804,040

No Impairment loss was recognized in 2022.

The Group obtained an independent valuation report using the discounted cash flow approach to estimate the value of the coal reserves. The expected net present value of the coal reserve is estimated at ₱ 12.5 Billion.
The Group obtained an enterprise report dated March 15, 2013 to estimate the enterprise value of COC #159, Coal Blocks Nos. 217 (Macopa) and 136 (Bactinan). Discounted cash flow approach was used in the valuation of the coal reserve of COC #159, Coal blocks Nos. 217 (Macopa) and 136 (Bactinan) is estimated at ₱4.1 Billion.

Impairment of Nonfinancial Assets

The nonfinancial assets 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 exceeds its estimated recoverable amounts, the asset or cash- generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less cost of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Exploration and Evaluation Assets. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. One or more of the following facts and circumstances indicate that exploration and evaluation assets require impairment test:

a. the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.

b. substantive expenditure on further exploration for and evaluation of coal reserves in the specific area is neither budgeted nor planned.

c. exploration for and evaluation of coal reserves in the specific area have not led to the discovery of commercially viable qualities of coal reserves and the entity has decided to discontinue such activities in the specific area.

d. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Revenue Recognition of Sale of Coal

Revenue is recognized to the extent that the revenue can be reliably measured, it is probable that the economic benefits will flow to the Group, and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized.

Specifically, revenue from coal sales is recognized when the goods are delivered, the title to the goods has passed to the buyer and the amount of revenue can be measured reasonably.

Other Financial Information

As of and for period ended December 31, 2022:

- No material changes on COAL's financial position (changes of 5.00% or more) can be computed as the Company has only been incorporated on June 11, 2012.
- COAL is not aware of any known trends, or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in COAL's liquidity increasing or decreasing in any material way.
- It is not aware of any event that would trigger direct or contingent financial obligation that is material to COAL, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations and other relationships of COAL with unconsolidated entities or other persons created during the period were considered.
- There were no known trends, events, or uncertainties on net revenues or income from continuing operations.
- Coal Asia Holdings Incorporated.

- COAL is not aware of any significant elements of income and loss that did not arise from COAL's continuing operations.
- COAL is not aware of any seasonal aspects that had a material effect on the financial condition or results of operations.
- COAL is not aware of any seasonal aspects that had a material effect on the financial condition or results of operations.

ITEM 7: Financial Statements

Please refer to the attached audited consolidated financial statements of the Company as at and for the year ended December 31, 2021 and 2020, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes Tacandong & Co.

The Company was incorporated on June 11, 2012. Since the audit of Reyes Tacandong & Co., there has been no change in auditor and there has been no disagreement on accounting and financial disclosures.

The aggregate fees for each of last two (2) fiscal years for professional services rendered by the external auditors are as follows:

	2022	2021
Audit Fee	₱540,000	₱540,000
other fees	-	-
TOTAL	₱540,000	₱540,000

It is the policy of the Company that services to be rendered by independent auditors, as well as the corresponding fees thereof, must first be reviewed by the Audit and Risk Committee (the members of said Committee being composed of Messrs. Aristides S. Armas (Chairman), Arsenio M. Bartolome III, and Eric Y. Roxas) prior to said report being endorsed to the Board of Directors for approval.

ITEM 8: Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

Reyes Tacandong & Co. was appointed as external auditor for the year ended December 31, 2022.

There was no disagreement with the external auditor on any matter pertaining to accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9: Directors and Executive Officers

The Company's Board of Directors is responsible for the overall management of the business and assets of the Company. The Board of Directors is composed of seven (7) members, each of whom serves for a term of one (one) year until his /her successor is duly elected and qualified.

Board of Directors

The following are the incumbent members of the Board of Directors of the Company:

Name	Position with the Company	Date of First Election/Last Election
Harald R. Tomintz	Director and Chairman	July 2012/07 August 2018
Johnson A. Sanhi, Jr.	Director, President and Chief Operating Officer	21 July 2014/07 August 2018
Dexter Y. Tiu	Director and Treasurer	June 2012/07 August 2018

Eric Y. Roxas	Director	June 2012/07 August 2018
Juan Kevin G. Belmonte	Independent Director	July 2012/ 07 August 2018
Aristides Armas	Independent Director	July 2012/ 07 August 2018
Arsenio M. Bartolome III	Independent Director	August 2017/ 07 August 2018

Harald R. Tomintz, 69, Austrian, Chairman of the Board

Harald R. Tomintz is the Chairman of the Company. Mr. Tomintz is also the President of Rekom Manila Corporation and a Board Supervisor of Zhangzhou Stronghold Steelworks Corporation, in addition, since 2015 he also serves in the Board of Directors of Philippine Power and Development Corporation. His past positions include being the President of VATECH Phils., Inc. (2002-2004), member of the Executive Committee, Director of Semirara Coal Corporation (1992-1997), and Director of Ferrochrome Philippines (1992-1995). He holds a degree in Mechanical Engineering from BULME in Graz-Goesting and SZA Vienna, Austria.

Johnson A. Sanhi, Jr., 58, Filipino, President & Chief Operating Officer

Johnson A. Sanhi, Jr. has been with TMEC from 2010 to present. He was previously VP-Operations of Stronghold Steel Corporation. He was former Vice President and Plant Manager at Cathay Pacific Steel Corporation where he worked for 23 years. He has earned Masteral units in Chemical Engineering from the University of the Philippines Diliman. He obtained his Bachelor of Science degree in Chemical Engineering from De La Salle University.

Dexter Y. Tiu, 50, Filipino, Director and Treasurer

Dexter Y. Tiu, Filipino, is the Treasurer and a Director of the Company. Mr. Tiu is the Chairman and CEO of Pure Energy Holdings Corporation and the President and CEO of Philippine Power Development & Co. He is also a director of JTKC Equities, Inc. and Star Equities, Inc. He holds a Bachelor of Science degree in Mechanical Engineering from De La Salle University.

Eric Y. Roxas, 59, Filipino, Director

Eric Y. Roxas is an incorporator and Director of the Company. Mr. Roxas is also a Director and Corporate Secretary of Pure Energy Holdings Corporation. Concurrently, he is the President of Husky Trading Corp., Supra Finishings Corporation, Philippine Welding Technology Skills & Services Center, Inc., and Husky Calibration Specialists, Inc. He is also a Director and Treasurer of Eagle Equities, Inc. He holds a Bachelor of Science degree in Industrial Engineering from De La Salle University**.**

Juan Kevin G. Belmonte, 58, Filipino, Independent Director

Juan Kevin G. Belmonte is an Independent Director of the Corporation. He is also currently the President and CEO of Philstar.com, a director of People Asia, and Vice Chairman of Nuvoland Philippines. He is also a director of Philstar Daily, Inc., IPVG Corporation, IP E-Games Corporation, EEI Corporation, and the Development Bank of the Philippines. He is also the current Chairman and immediate past President of the Cactus and Succulent Society of the Philippines. He was a former manager and partner of Arthur Andersen & Co. – SGV & Co., and senior consultant and manager of Andersen Consulting in Chicago, USA, and past director of BantayKalikasan and ABS-CBN Foundation Initiative. He holds a Master of Management degree from the J.L. Kellogg Graduate School of Management, Northwestern University and has a Bachelor of Arts degree in Economics from Ateneo de Manila University.

Aristides S. Armas, 77, Filipino, Independent Director

Aristides S. Armas is the President of Asia United Leasing & Finance Corporation and Asia United Fleet Management Services, Inc. He was previously the President of UCPB Leasing and Financing Corporation. He has 40 years of experience in banking and financing. He previously held executive positions in Citibank, BA Finance Corporation, UCPB Savings Bank, and United Coconut Planters Bank. He earned his Bachelor of Arts degree and Bachelor of Science degree in Commerce from the De La Salle University.

Arsenio M. Bartolome III, 81, Filipino, Independent Director

Arsenio M. Bartolome III is the Chairman and President of Amber Properties, Inc. Mr. Bartolome is likewise an independent director in I-Remit, Inc. He previously held several positions in the public sector, namely North Luzon Railway Corporation (Chairman and President), Philippine National Bank (President and Chief Executive Officer), Bases Conversion and Development Authority (First Chairman and President), Century Bank, Los Angeles, California (Chairman), PNB International Finance, Hong Kong (Chairman) and PNB Europe (Chairman). He also previously held positions in the following private sector institutions: Urban Bank (Chairman and President), H&Q Philippine Ventures, Inc. (Chairman), First Philippine Fund, New York City (Chairman), Rizal Commercial Banking Corporation (Treasurer and Senior Vice President), Multinational Investment Bancorporation (General Manager), Citibank, Manila (Head, Treasury Group), Bancom Development Corporation (Head, Money Market Department) and Wells Farfo Bank, San Francisco, California (Negotiator, International Banking). Mr. Bartolome also served as President of the following professional associations: Management Association of the Philippines, Financial Executives of the Philippines, Asian Pacific Bankers Club, Development Bankers Association of the Philippines, and Money Market Association of the Philippines. He was also previously a director of Bankers Association of the Philippines and Philippine Chamber of Commerce and Industry, as well as governor of the Makati Stock Exchange. Mr. Bartolome has a degree in Business Administration from the University of the East (Manila). He also took up an Advanced Banking Program from American Institute of Banking (San Francisco Chapter) and a Top Management Program from the Asian Institute of Management (Manila).

Executive Officers

Harald R. Tomintz, Austrian, Chairman of the Board

Johnson A. Sanhi, Jr., Filipino, President & Chief Operating Officer

Dexter Y. Tiu, Filipino, Director and Treasurer

Please refer to the discussion on the Board of Directors above for the profiles of Messrs. Tomintz, Sanhi, and Tiu.

Rolando P. Domingo,76, Filipino, Chief Financial Officer – OIC

Rolando P. Domingo is the Chief Financial Officer of the Company. He was a banker for 20 years, holding VP Controller and other key positions at BPI Family Bank, Asian Bank, and BSA. He has over 25 years' experience in real estate as SVP-Controller for the St. Francis Square Group, and is well versed in SEC and BIR regulatory, financial and tax matters. He is both a licensed Certified Public Accountant and an Attorney at Law. He obtained his BSC – Major in Accounting in 1969, and his LLB – Bachelor of Laws in 1992, from Far Eastern University.

Enrique C. Payawal, 79, Filipino, Vice President-Exploration

Enrique C. Payawal is an Exploration and Mine Geologist with over 40 years of experience in both metal and non-metal deposits. He is a licensed practicing geologist from December 1968 to present and an accredited Competent Person by the Geological Society of the Philippines in accordance with the Philippine Mineral Reporting Code (PMRC) in regards to reporting of Exploration Results and Mineral Resources from June 2009 to present.

A. Bayani K. Tan, 67, Filipino, Corporate Secretary

Mr. A. Bayani K. Tan, Filipino, is the Corporate Secretary of the Corporation (since July 2012). He is also a Director of Discovery World Corporation (since March 2013, Publicly-Listed). He holds various positions in the following private companies: Director of Sterling Bank of Asia Inc (A Savings Bank) (since December 2006), Tagaytay Highlands International Golf Club, Inc. (since November 1993), a reporting company under the Revised Securities Code, Managing Director of Shamrock Development Corporation (since May 1988), Chairman of Destiny LendFund, Inc. (since June 2020), Director of Pascual Laboratories, Inc. (since March 2014), Director of Bluepanel Equities and Development, Inc. (since April 2019) and Pure Energy Holdings Corporation (since October 2016). Mr. Tan also holds various positions in the following non-stock non-profit Corporations: Chairman of WeSolve Foundation, Inc. (since July 2021), Chairman of Guimaras Forest Foundation, Inc. (since August 2021), Vice-Chairman of St. Scholastica's College Manila (since October 2021), Chairman and President of the SCTan Foundation, Inc. (established in 1985), President of Catarman Chamber Integrated School Foundation, Inc. (since August 2012), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013), Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011) and Chairman and Trustee of Anhawan Foundation, Inc. (since February 2023 and November 2022.

respectively). He is a member and Corporate Secretary of the Philippine Jesuit Aid Association, Inc. (since August 2011). He is the Founding and Senior Partner of the law offices of Tan Venturanza Valdez (established in 1988).

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society). Mr. Tan placed 6th in the bar examinations in 1981. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

Ann Margaret K. Lorenzo, 34, Filipino, Assistant Corporate Secretary

Ann Margaret K. Lorenzo is the Assistant Corporate Secretary of the Company. She concurrently serves as Assistant Corporate Secretary of the following listed companies: Asia United Bank Corporation, Crown Asia Chemicals Corporation, Pacific Online Systems Corporation and Discovery World Corporation, as well as for the following registered issuers: Tagaytay Highlands International Golf Club, Inc, Tagaytay Midlands Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., and The Spa and Lodge at Tagaytay Highlands, Inc. She is also the Corporate Secretary/Assistant Corporate Secretary of the following private companies: GGO Realty Holdings, Inc. Bluepanel Equities and Development, Inc., Green Asia Resources Corp., Arquee Corp., Jin Navitas Resource, Inc., Jin Natura Resources Corp., Catmon Felix, Inc., Yeoj Commoditas, Inc., Yeoj Socialis, Inc., Yeoj Turbulentus, Inc., Yeoj Turbulentus, Inc., Bayby Earth, Inc., Jaman Cebu Corp., Jaman Tagaytay Corp., Corellia Ventures, Inc., Iridium Ventures, Inc., and Sacareen Ventures, Inc. She likewise serves as director of CloudArch Ventures Group, Inc. Ms. Lorenzo is currently a Senior Associate at Tan Venturanza Valdez. She holds a Juris Doctor and a Bachelor of Arts Degree in English Studies, cum laude, both from the University of the Philippines, obtained in 2010 and 2014, respectively. She was admitted to the Philippine Bar in April 2015.

Rosanna T. Desiderio, 57, Filipino, Chief Information Officer and Acting Chief Compliance Officer

Rosanna T. Desiderio has been with the Company since its incorporation. She is concurrently the Accounting Manager of TMEC, COAL's wholly owned subsidiary. She is a Certified Public Accountant since 1985. She holds a Bachelor of Science degree in Accountancy from the Polytechnic University of the Philippines.

Principal Officers

Name	Nationality	Present Position	Period of Service in the Company
Harald R. Tomintz	Austrian	Chairman of the Board	July 2012-present
Johnson A. Sanhi, Jr.	Filipino	President & COO	July 21, 2014-present
Rolando P. Domingo	Filipino	Chief Financial Officer	June 2018-present
Dexter Y. Tiu	Filipino	Treasurer	June 11, 2012-present
A. Bayani K. Tan	Filipino	Corporate Secretary	August 1, 2017 - present
Ann Margaret K. Lorenzo	Filipino	Assistant Corporate Secretary	March 23, 2017 - present
Rosanna T. Desiderio	Filipino	Chief Information Officer/ Compliance Officer	June 11, 2012-present

Significant Employees

No single person is expected to contribute more significant than others do the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance. Other than standard employment contacts, there are no arrangements with non-executive employees that will assure the continued stay of these employees with the Company.

Family Relations

Mr. Dexter Y. Tiu and Alexander Y. Tiu, who are both major shareholders of the Company, are siblings. There are no other family relationships known to the Company other than the ones disclosed.

Involvement in Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence during the past five (5) years of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or controlling person of the Company:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two (2) years prior to that time;
- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

ITEM 10: Executive Compensation

COAL's directors and executive officers do not receive regular compensation for their services as they are seconded from TMEC.

The following table shows the aggregate compensation received by the directors and officers of the Company for calendar years 2022, 2021, and 2020.

Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**
Johnson A. Sanhi, Jr. *President & COO*				
Enrique C. Payawal Vice President – *Exploration and Mining*				
Total for the Executive Officers as a group	2022	₱1,300,000		
	2021	₱1,300,000		
	2020	₱2,850,000		
Total for the Executive Officers & Directors as a group	2022	₱1,300,000		
	2021	₱1,300,000		
	2020	₱2,850,000		

For 2022, the estimated aggregate compensation paid to all officers and directions as a group amount to ₱1,300,000.00

Compensation of Directors

Under the By-Laws, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than 10% of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and appropriated among the directors in such manner, as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular of special meeting of the stockholders.

Standard Arrangements and other Arrangements

As of the date of this Annual Report, the Company has no existing arrangements with members of the Board of Directors, executive officers and employees.

Employment Contracts, Termination of Employment, Change in Control of Arrangements

There are no special employment contracts between the Company and its executive officers. Furthermore, there are no special retirement plans for executives.

There is also no arrangement for compensation to be received from the Company.

Warrants and Options Outstanding

There are no outstanding warrants or options held by directors and officers nor are there any adjustments in the exercise price of said warrants or options.

ITEM 11: Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The following persons or group are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of 31 December 2022:

Title of Class	Name and Address of Record Owner and Relationship with issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation [1] G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	*(see footnote)*	Filipino	780,494,872	19.48%
Common	Sterling Bank of Asia – Trust Group Sterling Bank Corporate Center	Dexter Y. Tiu Eric Y. Roxas Alexander Y. Tiu Gertim G. Chuahiong JTKC Equities, Inc.	Filipino	3,200,000,000	80.00%

[*]PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares in COAL are to be voted.

Apart from the foregoing, there are no other persons holding more than 5% of the Company's outstanding capital stock.

Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of 31 December 2022:

Title of Class	Name and Citizenship	Amount and nature of beneficial ownership		Percent of Class
Common	Harald R. Tomintz (Austrian)	1,000	Direct	0.00
Common	Dexter Y. Tiu (Filipino)	640,000,000	Direct	16.00
Common	Johnson A. Sanhi, Jr. (Filipino)	1,000	Direct	0.00
Common	Eric Y. Roxas (Filipino)	640,200,000	Direct	16.005
Common	Arsenio M. Bartolome III (Filipino)	1	Direct	0.00
Common	Juan Kevin G. Belmonte (Filipino)	1	Direct	0.00
Common	Aristides Armas (Filipino)	210,001	Direct	0.00
Common	A. Bayani K. Tan (Filipino)	200,001	Direct	0.05
Common	Rosanna Desiderio (Filipino)	1	Direct	0.00
Common	All directors and executive officers as a group	1,280,612,005		32.01

ITEM 12: Certain Relationships and Related Transactions

Transactions with and/or Dependence on Related Parties

The Company has no other transactions with other parties (outside the definition of "related parties ") that the Company or its related parties have relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly dependent, parties on arm's length basis, other than the following;

- TMEC has transactions with related parties, Pacifico Sul Mineracao pertaining to working capital purposes. These advances are unsecured, non-interest bearing and generally settled in cash and payable on demand.

- TMEC also leases office space from JTKC Equities, Inc. Dexter Y. Tiu, a director of both TMEC and COAL and a major stockholder of COAL, and Alexander Y. Tiu, a major stockholder of COAL, are also stockholders of JTKC Equities, Inc.

PART IV - CORPORATE GOVERNANCE

ITEM 13: Corporate Governance

The Company's Revised Corporate Governance Manual (the "Manual") was approved by the Board of Directors on May 30, 2017, in compliance with SEC Memorandum Circular No. 19, series of 2016. The Manual is a supplement to the Company's By-Laws.

Other portions of this Corporate Governance Section have been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013. The Integrated Annual Corporate Governance of the Corporation will be submitted to the SEC and PSE on or before May 30, 2023.

PART V - EXHIBITS AND SCHEDULES

Item 14: Exhibits and Reports on SEC Form 17-C

Exhibits

Please refer to the attached audited consolidated financial statements of the Company as at and for the year ended December 31, 2022, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes, Tacandong & Co.

Reports on SEC Form 17-C

The Company filed the following reports on 17-C for the calendar year 2022:

Date of event reported	Subject Matter
November 4, 2022	Setting of Annual Stockholders' Meeting
December 15, 2022	Results of Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 2 4 APR 2023

By:

HARALD R. TOMINTZ
Chairman of the Board

JOHNSON A SANHI JR.
President

ROLANDO P. DOMINGO
Chief Financial Officer

ANN MARGARET K. LORENZO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 2 4 APR 2023 day of __________, 20___ affiant(s) exhibiting to me his/ their Tax Identification Number, as follows:

NAMES	TAX IDENTIFICATION NUMBER
HARALD R. TOMINTZ	123-069-283-000
JOHNSON A SANHI JR.	105-618-140-000
ROLANDO P. DOMINGO	105-777-920-000
ANN MARGARET K. LORENZO	274-323-370-000

Notary Public

JANINE T. TUTANES
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 202 (2023-2024)
Commission Expires on December 31, 2024
2704 East Tower, Tektite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 9004903/01.04.23/Pasig
IBP No. 260918/01.05.23/RSM
Roll of Attorneys No. 79361
Admitted to the Bar: 05.16.22

Doc. No. 128;
Page No. 27;
Book No. 1;
Series of 2023.

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	Coal Asia Holdings, Inc.
Location of Headquarters	3/F JTKC Centre 2155 Don Chino Roces Avenue, Makati City
Location of Operations	Old Macopa, Municipality of Manay, Province of Davao Oriental
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This sustainability report covers the performance of Coal Asia Holdings, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Coal Asia Holdings, Inc. is an investment holding company of companies specializing in the exploration, development, and mining of coal and other energy related businesses in the Philippines
Reporting Period	January to December 2022
Highest Ranking Person responsible for this report	Johnson Sanhi Jr. President and Chief Operating Officer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]

[1] See *GRI 102-46* (2016) for more guidance.

The management of COAL Asia Holdings, Inc. used the Sustainability Accounting Standard Board (SASB) Materiality Map in the assessment and determination of the materiality process, principles and topics.

Coal Asia Holdings, Inc. had minimal activities for the reporting period January to December 2022 and as such had minimal significant economic, environmental, and social impacts that will substantially affect the decisions of its stakeholders.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	0	PhP
Direct economic value distributed:		
a. Operating costs	0	PhP
b. Employee wages and benefits	2,088,233	PhP
c. Payments to suppliers, other operating costs	2,055,001	Php
d. Dividends given to stockholders and interest payments to loan providers	0	PhP
e. Taxes given to government	219,032	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In 2022, COAL had minimal activities which would affect or create an impact on the	Customers, Employees, Shareholders,	The COAL management considers and studies the Coal prices and market before undertaking any further

country's economy whether through electricity prices, or the supply and demand of coal production.	Community and Government	exploratory and mining activities in order to ensure the profitability and viability of the projects.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Due to the minimal activity of Coal Asia, the following corresponding risks were identified: 1. Employment 2. Downward trend of Coal Prices in the World Market 3. Coal and Power Under Supply	Shareholders, Employees, Government, Partners, Suppliers, Contractors, the Community and the Environment	Although COAL currently has minimal mining , exploratory or operational activities. COAL seeks to ensure its continued business viability by looking into possible partnerships with existing coal mines and exploration of new possible sources / mines.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The steady increase in the country's population has created an additional power purchase and production demand, whilst the increase in economic development, growth and technological and scientific enhancements have paved the way for more accurate determination of possible coal mining sites and more eco-friendly and efficient production methods.	Shareholders, Employees, Government, Partners, Suppliers, Contractors, the Community and the Environment	COAL aims to continuously monitor the power and coal market conditions and continuously acquire knowledge on the industries latest technological enhancements and innovations.

Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
COAL has corporate environmental programs which seeks	According to the Union of Concerned Scientists, climate	Pollution Control Officers are designated per site / office to	Since COAL is currently minimally involved in any mining or

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

to address factors that affect climate change such as air emission and both solid and waste pollution. The board and management team meet and discuss regularly the environmental effects of the coal mining and power industry and its impact on the company and its projects viability and sustainability.	change is coal burning's most serious long term global and environmental impact. Coal which is composed mostly of carbon reacts with oxygen when burned to produce Carbon Dioxide, one of the greenhouse gases which cause the increase in the Earth's temperature. Due to the negative impact of coal sourced electricity generation on the environment, there is an increase in renewable energy projects and sources which are more supported by the local governments and financial institutions. . COAL management however, is expected to continuously be aware of the latest developments and technologies in the field of mining and coal power production, specifically those that increase production efficiency and produce lower air emissions and pollutants.	assess and manage all climate related risks and ensure the compliance of all DENR environmental rules and regulations.	exploratory activities, the company has no assessment and management of climate related risks. For future activities, the COAL management and pollution control officers will provide programs to reduce the emissions, pollution and unnecessary energy and resource usage and wastage.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	0	%

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>COAL is a holding company and its subsidiary currently does not procure any materials as the company has minimal operational, exploratory or mining activities being conducted.</td><td rowspan="6">Suppliers, Management and Contractors</td><td rowspan="6">Should mining activities resume and the procurement of materials be necessary, the management team will ensure that appropriate policies, guidelines and procedures be formulated and strictly enforced such as supplier accreditation policy</td></tr>
<tr><td>What are the Risk/s Identified?</td></tr>
<tr><td>As mentioned earlier, COAL is currently not embarking on any activities. However, should the need arise it would be important to consider supplier and contractor credibility and performance risks and material or production quality.</td></tr>
<tr><td>What are the Opportunity/ies Identified?</td></tr>
<tr><td>Future contractors and suppliers are expected to align their practices and quality standards with that of COAL’s.</td></tr>
</table>

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	0	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As a publicly listed company, COAL values and puts high regard to the maintenance of high standards of ethical conduct at all times and across all its constituents.	Employees, Suppliers, Government, Management and Community	COAL implements a code of conduct applicable to all its constituents. Violators will be reprimanded and sanctioned accordingly.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Corrupt act such as fraudulent transactions done by employees and the management in order to better their current stature in life or to increase financial gains	Employees, Suppliers, Government, Management and Community	Aside from the company's anti-corruption policies, All COAL employees are briefed and informed of all companywide policies during their initial orientation.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The creation of anti-corruption policies alongside other company policies foster employee and management integrity and	Employees, Shareholders, Suppliers, Government,	The anti-corruption code must be strictly enforced and reviewed timely and adjusted accordingly.

honesty and increase company values.	Management and Community	

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There have been no incidents of corruption within the COAL organization.	Employees, Shareholders, Government, Contractors, Management and Community	COAL implements a code of conduct applicable to all its constituents. Violators will be reprimanded and sanctioned accordingly.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Corrupt acts such as fraudulent transactions done by employees and the management in order to better their current stature in life or to increase financial gains OR payment to the Government for certain favors.	Employees, Suppliers, Government, Contractors, Management and Community	Aside from the company's anti-corruption policies, All COAL employees are briefed and informed of all companywide policies during their initial orientation.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

The creation of anti-corruption policies alongside other company policies foster employee and management integrity and honesty and increase company values.	Employees, Shareholders, Suppliers, Government, Contractors, Management and Community	The anti-corruption code must be strictly enforced and reviewed timely and adjusted accordingly.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	50 camp usage	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In 2022, COAL is a holding company and its subsidiary had minimal activities exploratory or mining which resulted in minor energy consumption which is attributed to office use.	Employees, Shareholders, Government, Management and Community	The COAL management and pollution control officers will provide programs to reduce the emissions, pollution and unnecessary energy and resource usage and wastage as well as subscribe to the latest innovations which strive to enhance energy use efficiency should operations resume.

What are the Risk/s Identified?	**Which stakeholders are affected?**	
Aside from having a significant negative environmental impact through the production of greenhouse gasses, Risks related to the production and use of coal include the threat of renewable energy sources and government regulations which promote the same.	Employees, Shareholders, Government, Management and Community	
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	
The continued innovations and technological advances in the energy sector allow for company growth opportunities which allow for less environmental impact should the company resume its activities.	Employees, Shareholders, Government, Management and Community	

Water consumption within the organization

Disclosure	**Quantity**	**Units**
Water withdrawal	N/A	Cubic meters
Water consumption	3,340 (camp supply)	Cubic meters
Water recycled and reused	N/A	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
COAL is a holding company and had minimal activities which resulted in minor water	Employees, Shareholders,	The COAL management and pollution control officers will provide programs to reduce the emissions, pollution and

consumption which is attributed to office use.	Government, Management and Community	unnecessary water and resource usage and wastage as well as subscribe to the latest innovations which strive to enhance water consumption efficiency should operations resume.
What are the Risk/s Identified?	**Which stakeholders are affected?**	
Upon resumption of company activities, it is imperative that the water discharge of the mining / exploratory sites adhere to the effluent water standards published by the DENR	Employees, Shareholders, Government, Management and Community	Pollution control officers are expected to comply with all DENR water effluent discharge standards upon resumption of company activities.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	
Alternative sources of water such as rainwater may be used as an alternative to traditional water sources such as rivers.	Employees, Shareholders, Government, Management and Community	

Materials used by the organization

Disclosure	**Quantity**	**Units**
Materials used by weight or volume		
• renewable	N/A	kg/liters
• non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
COAL is a holding company and had minimal activities which resulted in minimal material	Employees and Management	The COAL management and pollution control officers will provide programs to reduce the emissions, pollution and unnecessary resource usage and

consumption used in the office premises. Materials used during the year are limited to gasoline or diesel for transportation used and office supplies.		wastage as well as subscribe to the latest innovations which strive to enhance resource and materials efficiency should operations resume.
What are the Risk/s Identified?	**Which stakeholders are affected?**	The organization will as much as possible use eco-friendly materials in the daily operations should activities resume.
No risks were identified as the company is currently not operational and undertaking any activities.	n/a	
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	
As the world becomes more conscious of environmental changes, COAL, should activities resume, will have the option to make use of materials which are geared toward more environmentally friendly effects.	Employees, Management, government and community	

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN[3] Red List species and national conservation list species with habitats in areas affected by operations	N/A	

[3] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In 2022, COAL's subsidiary had minimal activities exploratory or mining which resulted in little to no effect on the surrounding ecosystem and biodiversity.	Community and Government	The management undertakes programs such as reforestation and tree planting activities within the mining compound and other environmental stewardship programs which aims to maintain the natural ecosystems and biodiversities located in the project site areas.
What are the Risk/s Identified?	**Which stakeholders are affected?**	
No risks were identified as the company is currently not operational and undertaking any activities.	n/a	
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	
Should mining and explorations resume, it would be in the company's best interest as well as the community to maintain the surrounding areas of the mining sites in order to extend and fully utilize its useful life.	Shareholders, Community and Government	

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO_2e

Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
According to the Union of Concerned Scientists, climate change is coal burning's most serious long term global and environmental impact. Coal which is composed mostly of carbon reacts with oxygen when burned to produce Carbon Dioxide, one of the greenhouse gases which cause the increase in the Earth's temperature. Due to the negative impact of coal sourced electricity generation on the environment, there is an increase in renewable energy projects and sources which are more supported by the local governments. Since COAL is a holding company and its subsidiary is currently not mining or in exploratory activities, the company has no air emissions attributable to the company's operations.	Management, Community and Government	COAL has corporate environmental programs which seeks to address factors that affect climate change such as air emission and both solid and waste pollution. The board and management team meet and discuss regularly the environmental effects of the coal mining and power industry and its impact on the company and its projects viability and sustainability. Pollution Control Officers are designated per site / office to assess and manage all climate related risks and ensure the compliance of all DENR environmental rules and regulations. For future activities, the COAL management and pollution control officers will provide programs to reduce the emissions, pollution and unnecessary energy and resource usage and wastage.
What are the Risk/s Identified?	**Which stakeholders are affected?**	
No risks were identified as the company is currently not operational and undertaking any activities.	n/a	
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	
COAL management is expected to continuously be aware of the latest developments and technologies in the field of	Management, Community and Government	

mining and coal power production, specifically those that increase production efficiency and produce lower air emissions and pollutants.		

Air pollutants

Disclosure	Quantity	Units
NO_x	N/A	kg
SO_x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Since COAL is a holding company and its subsidiary is currently not mining or in exploratory activities, the company has no air emissions attributable to the company's operations.	Management, Community and Government	COAL has corporate environmental programs which seeks to address factors that affect climate change such as air emission and solid and effluent waste pollution.
What are the Risk/s Identified?	**Which stakeholders are affected?**	
No risks were identified as the company is currently not operational and undertaking any activities.	n/a	The board and management team meet and discuss regularly the environmental effects of the coal mining and power industry and its impact on the company and its projects viability and sustainability.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	

COAL management is expected to continuously be aware of the latest developments and technologies in the field of mining and coal power production, specifically those that increase production efficiency and produce lower air emissions and pollutants.	Management, Community and Government	Pollution Control Officers are designated per site / office to assess and manage all climate related risks and ensure the compliance of all DENR environmental rules and regulations. For future activities, the COAL management and pollution control officers will provide programs to reduce the emissions, pollution and unnecessary energy and resource usage and wastage.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	180	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Since COAL is a holding company and its subsidiary is currently not mining or in exploratory activities, the company has little to no solid wastes. If any, these wastes are primarily produced by the head office.	Management, Employees, Community and Government	COAL has corporate environmental programs which seeks to address factors that affect the environment. Pollution Control Officers are designated per site / office to assess and manage all solid waste related risks and ensure the compliance of all DENR environmental rules and regulations.

What are the Risk/s Identified?	Which stakeholders are affected?	
No risks were identified as the company is currently not operational and undertaking any activities.	n/a	Additionally, COAL also enforces policies such as waste segregation and reusing and recycling of possible materials such as plastics and papers used.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	
COAL management is expected to continuously be aware of the latest developments and technologies in the field of mining and coal power production, specifically those that increase production efficiency and reduce solid waste generation. In order to minimize solid wastes and expenses, a reduce, reuse and recycle program is also being implemented by the organization.	Management, Employees, Community and Government	

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	36	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Since COAL is a holding company and its subsidiary is currently not mining or in exploratory activities, the company has no hazardous wastes.	Management, Employees, Community and Government	Aside from the presence of corporate environmental programs which seeks to address factors that affect the environment.
What are the Risk/s Identified?	**Which stakeholders are affected?**	

No risks were identified as the company is currently not operational and undertaking any activities.	n/a	Pollution Control Officers are designated per site / office to assess and manage all hazardous waste, its corresponding risks and ensure the compliance of all DENR environmental rules and regulations.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	
No risks were identified as the company is currently not operational and undertaking any activities.	n/a	

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Since COAL is a holding company and its subsidiary is currently not mining or in exploratory activities, the company has little to no solid wastes. If any, these wastes are primarily produced by the head office.	Management, Employees, Community and Government	Pollution Control Officers are designated per site / office to assess and manage all water effluent wastes, its corresponding risks and ensure the compliance of all DENR environmental rules and regulations.
What are the Risk/s Identified?	**Which stakeholders are affected?**	
No risks were identified as the company is currently not operational and undertaking any activities.	n/a	

What are the Opportunity/ies Identified?	Which stakeholders are affected?	
No opportunities were identified as the company is currently not operational and undertaking any activities.	n/a	

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
COAL is in compliance with the laws and regulations which protect the environment surrounding the sites.	Government, Employees, Shareholder, Stakeholders and Community	Aside from the presence of corporate environmental programs which seeks to address factors that affect the environment.
What are the Risk/s Identified?	**Which stakeholders are affected?**	
Non-compliance to environmental compliance procedures, rules, laws and regulations implemented by the DENR lead to the deterioration of the surrounding environment and corresponding sanctions and penalties from the DENR.	Government, Employees, Shareholder, Stakeholders and Community	Pollution Control Officers are designated per site / office to assess and manage all hazardous waste, its corresponding risks and ensure the compliance of all DENR environmental rules and regulations.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	
With the compliance and adherence to environmental protection and the compliance to the rules which further seeks to protect the environment, the proper maintenance of the future project and site surroundings will ensure the long term viability of the project.	Government, Employees, Shareholder, Stakeholders and Community	

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[4]		
a. Number of female employees	1	#
b. Number of male employees	2	#
Attrition rate[5]	2%	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS		100%	100%
PhilHealth		100%	100%
Pag-ibig		100%	100%
Parental leaves		0	0
Vacation leaves		100%	100%
Sick leaves		0	0
Medical benefits (aside from PhilHealth))		0	0
Housing assistance (aside from Pag-ibig)		0	0

[4] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[5] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Retirement fund (aside from SSS)		0	0
Further education support		0	0
Company stock options		0	0
Telecommuting		0	0
Flexible-working Hours		0	0
(Others)		0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
At COAL, its human resources are considered one of the company's most important factors in achieving its goals and targets. Aside from the provision of all government mandated benefits, COAL seeks to provide a competitive career growth and compensation package for all its employees and additional company initiated benefits such as health care cards and additional performance based incentives.	Aside from the competitive compensation and benefit packages offered to all employees of the company, COAL management also employs a vigorous employment selection process which is spearheaded by the Human Resource Department.
What are the Risk/s Identified?	**Management Approach**
COAL's subsidiary is currently not mining or in exploratory activities. Should operations resume, possible risks include the location of work as the mines will be situated in remote areas of the country, it is often quite difficult to find local employees with the technical knowledge needed for the project. Moreover, due to a competitive market for employees with the proper and adequate technical knowhow, turnover rates may be high.	COAL maintains a competitive compensation and benefit package to entice employees to join the company and lower employment turnover.
What are the Opportunity/ies Identified?	**Management Approach**
COAL seeks to provide its employees with career development opportunities and both government mandated and company initiative benefits.	The management provides a venue and encourages its constituents to partake in training, conferences, and seminars which will not only enhance and further the company's

	growth but the employees career and valuability as well.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	0	hours
b. Male employees	0	hours
Average training hours provided to employees		
a. Female employees	0	hours/employee
b. Male employees	0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
COAL management and employees undergo regular training, seminars and conferences in order to boost employee performance, productivity and efficiency, beneficial both to the organization and the employee's career. COAL management is also encouraged to create a succession and leadership management plan.	The management provides a venue and encourages its constituents to partake in training, conferences, and seminars which will not only enhance and further the company's growth but the employees career and valuability as well.
What are the Risk/s Identified?	
COAL's subsidiary is currently not mining or in exploratory activities. Should operations resume, possible risks include the location of work as the mines will be situated in remote areas of the country, it is often quite difficult to find local employees with the technical knowledge needed for the project.	
What are the Opportunity/ies Identified?	
COAL seeks to provide its employees with career development opportunities which is expected to	

increase employee productivity, efficiency and performance.	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Since COAL is a holding company and its subsidiary is currently not mining or in exploratory activities, the company only employs a limited number of employees and as such there are no labor unions or employee groups.	Upon regularization, all employees are given contracts which includes the terms and conditions of their tenure for the duration of their employment with the organization.
What are the Risk/s Identified?	
Since COAL is minimally operational, the company only employs a limited number of employees and as such there are no labor unions or employee groups and little to no risks of any labor unrest.	In order to prevent future labor unrest, the management facilitates a semi annual labor management meeting where both employees and management can air their comments, suggestions and grievances.
What are the Opportunity/ies Identified?	
The continued employee - employer relations not only promote a harmonious and safe workplace for all it is also expected to boost employee morale camaraderie and performance.	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	33	%

% of male workers in the workforce	67	%
Number of employees from indigenous communities and/or vulnerable sector*	2	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
The COAL management does not discriminate on the elderly, women, indigenous, PWD, or any vulnerable or minority sector for work opportunities.	COAL promotes equal employment opportunities for all persons regardless of gender, race, age, religion, social status, disabilities and alike.
What are the Risk/s Identified?	
The malpractice and abuse of employees from the vulnerable sectors may be detrimental to the health and safety of the employees involved	It is noteworthy however, that the required specific skills set per task must be met so as not to compromise the outcome of the project and safety of other constituents.
What are the Opportunity/ies Identified?	
COAL provides all employees regardless of gender, age, social status, disability, etc. equal opportunities for growth and employment as long as he or she is technically qualified for the post.	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	**Quantity**	**Units**
Safe Man-Hours	8,760	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Although COAL is minimally operating, COAL is equipped with a Health and Safety Committee headed by an accredited Health and Safety Officer who has undergone the necessary training with the Department of Labor and Employment.	COAL is compliant with the requirements mandated by the rules and regulations of both the Department of Labor and Employment and the Department of Energy.
What are the Risk/s Identified?	
While COAL's subsidiary currently is not mining and or in exploratory activities, employees are exposed to almost negligible if not very minor risks.	The organization also has the necessary health and safety procedures and systems as well as certifications to continuously conduct its business and activities such as work permit, fire and electrical clearances. Regular safety inspections and reporting are implemented.
What are the Opportunity/ies Identified?	
The compliance of all safety procedures and ensurement of the health and safety of all COAL constituents will decrease unnecessary expenses and cessation of operations and activities brought about by accidents.	The Company's safety officers and committee are expected to carefully and thoroughly assess and address risks and hazards immediately.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor		#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor		
Child labor		
Human Rights		

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>COAL’s Human Resource department does not only ensure compliance of all government laws, rules and regulations but also company policies on employee rights and benefits.</td><td rowspan="5">Aside from the standard government policies, COAL also upholds the following internal company policies catered to the protection of employee and human rights:
1. Anti Sexual Harassment Policy
2. Maternity and Paternity Leaves
3. Drug Free Workplace
4. Whistle Blowing Policy
5. Confidentiality Agreements</td></tr>
<tr><td>What are the Risk/s Identified?</td></tr>
<tr><td>Should employee and human rights violations occur, it would lead to possible lawsuits, increased expenses and loss of employee morale</td></tr>
<tr><td>What are the Opportunity/ies Identified?</td></tr>
<tr><td>The enforcement and promotion of company wide respect to co-employee and employee and human rights leads to employee camaraderie and motivation</td></tr>
</table>

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

____

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance		
Forced labor		
Child labor		
Human rights		

Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
COAL is a holding company and its subsidiary is currently not mining or in exploratory activities.	Should activities resume and the procurement of materials be necessary, the management team will ensure that appropriate policies, guidelines and procedures be formulated and strictly enforced such as supplier accreditation policy
What are the Risk/s Identified?	
As mentioned earlier, COAL is currently not embarking on any activities. However, should the need arise it would be important to consider supplier and contractor credibility and performance risks and material or production quality.	
What are the Opportunity/ies Identified?	
Future contractors and suppliers are expected to align their practices and quality standards with that of COAL's.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

Road Maintenance	Davao	Indigenous People	Y	n/a	Joint coordination with the LGU for road maintenance
Adapt a River Program	Davao	Indigenous People	Y	n/a	Continued protection of the nearby river

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____________

Certificates	**Quantity**	**Units**
CP for exploration is secured		#
FPIC for development and production ongoing		#

What are the Risk/s Identified?	**Management Approach**
COAL is currently in good relations with the local LGU and indigenous people and locals of its projects sites. However, Possible future conflicts with the local LGU and indigenous people of the are could lead to safety concerns and destruction of company properties	COAL management seeks to maintain the good and harmonious relationships with the government and community of the project sites through continued communication and Corporate Social Responsibility Programs.
What are the Opportunity/ies Identified?	
Continued harmonious relationships with the local LGU, indigenous people and locals would result in the continued harmonious operations of the company.	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>COAL is a holding company and its subsidiary is currently not partaking in any mining and exploratory activities and as such is currently not catering to any customers</td><td rowspan="5">As with all business, customer satisfaction is vital to the sustainability of the company. COAL’s competitive pricing strategy and environmental and corporate ethical practices will be key in the maintenance of customer satisfaction.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>As COAL is currently not producing coal, should mining activities develop, the company would have to penetrate the existing coal market in order to supply to existing coal burning plants. Additionally, poor and negative customer feedback would be detrimental to the sales and reputation of COAL.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Both positive and negative feedback on the company’s products and practices may be seen as an opportunity to improve.</td></tr>
</table>

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
COAL is a holding company and its subsidiary is currently not partaking in any mining and exploratory activities and as such is currently not catering to any customers	As with all business, customer satisfaction, health and safety is vital to the sustainability of the company. COAL's corporate ethical practices will be key in the maintenance of customer satisfaction.
What are the Risk/s Identified?	
COAL is currently not partaking in any mining and exploratory activities and as such no risks were identified	
What are the Opportunity/ies Identified?	
COAL is currently not partaking in any mining and exploratory activities and as such no opportunities were identified	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
COAL is a holding company and its subsidiary is currently not partaking in any mining and	As with all business, customer satisfaction is vital to the sustainability of the company. COAL's competitive pricing strategy, product quality and corporate ethical practices will be

exploratory activities and as such is currently not catering to any customers	key in the maintenance of customer satisfaction.
What are the Risk/s Identified?	
COAL is currently not partaking in any mining and exploratory activities and as such no risks were identified	
What are the Opportunity/ies Identified?	
COAL is currently not partaking in any mining and exploratory activities and as such no opportunities were identified	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*		#
No. of complaints addressed		#
No. of customers, users and account holders whose information is used for secondary purposes		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
COAL is a holding company and its subsidiary is currently not partaking in any mining and exploratory activities and as such is currently not catering to any customers	As with all business, customer satisfaction is vital to the sustainability of the company. COAL's competitive pricing strategy, product quality and corporate ethical practices will be key in the maintenance of customer satisfaction.
What are the Risk/s Identified?	
As COAL is currently not producing coal, should mining activities develop, the company would have to penetrate the existing coal market in order to supply to existing coal burning plants. Additionally,	

poor and negative customer feedback and loss of client trust would be detrimental to the sales and reputation of COAL.	
What are the Opportunity/ies Identified?	
COAL is currently not partaking in any mining and exploratory activities and as such no opportunities were identified	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Since COAL is a publicly listed company, data security breaches may lead to Financial, Legal and or Reputational damages, all of which are very detrimental to the company.	All constituents of COAL must follow strict company information confidentiality policies.
What are the Risk/s Identified?	
Since COAL is a publicly listed company security breaches may lead to Financial, Legal and Reputational damages.	Designated third party website and email providers put in practice strict IT security protocols in order to prevent information and data leaks, breaches and online hacks / cyber attacks.
What are the Opportunity/ies Identified?	
The constant global innovations allow the processing and relaying of data to be more secure and efficient.	Regular system evaluation and upgrades will be done in order to ensure the safety of all company data and information.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Coal	1. Local Employment Opportunities 2. Stable Source of Power / Electricity	1. Stable source of income for employees 2. Corresponding environmental side effects 3. Lack of proper employee training and skills set capabilities	1. Proper and continued employees trainings, workshops and programs 2. Use of eco-friendly and cost efficient technologies and innovations

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	0	3	1	4

COMPANY NAME

COAL ASIA HOLDINGS INCORPORATED

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
johnson.sanhi.jr@titanmining.com	(02) 8813-8892	0917 853 5701

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
25	April 30	December 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
Johnson A. Sanhi Jr.	johnson.sanhi.jr@titanmining.com	(02) 8818-6772	–

CONTACT PERSON'S ADDRESS

3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

NOTE 1: *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.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

Opinion

We have audited the separate financial statements of Coal Asia Holdings Incorporated (the Company), which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

As discussed in Note 1 to the separate financial statements, the Company has not started commercial operations because of delays in getting the necessary approval from the government of its Coal Operating Contracts (COCs). This has significantly reduced the Company's operating funds.

These conditions indicate a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. The Company's management is confident that it will obtain the necessary government approval for its COCs. A stockholder representing majority of the stockholders, has committed to provide continuous financial support not only for the Company's pre-operating activities but also for its working capital requirements when the Company starts commercial operations.

Our opinion is not modified in respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REYES TACANDONG & CO.

Arthur Vinson Ong

ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 120745-SEC Group A
Issued March 29, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 08-005144-015-2020
Valid until July 1, 2023
PTR No. 9564572
Issued January 3, 2023, Makati City

April 20, 2023
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2022	2021
ASSETS			
Current Assets			
Cash in banks	4	**₱136,466**	₱190,818
Advances to a subsidiary	5	**151,398,304**	151,398,304
Total Current Assets		**151,534,770**	151,589,122
Noncurrent Asset			
Investment in a subsidiary	8	**3,378,500,000**	3,378,500,000
		₱3,530,034,770	₱3,530,089,122
LIABILITIES AND EQUITY			
Current Liabilities			
Advances from a stockholder	5	**₱35,610,190**	₱33,606,763
Other current liabilities		**1,516,463**	1,145,318
Total Liabilities		**37,126,653**	34,752,081
Equity			
Capital stock		**4,000,000,004**	4,000,000,004
Deficit		**(507,091,887)**	(504,662,963)
Total Equity		**3,492,908,117**	3,495,337,041
		₱3,530,034,770	₱3,530,089,122

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2022**	2021	2020
INTEREST INCOME	4	**₱359**	₱661	₱8,108
EXPENSES	9	**(2,429,283)**	(418,240,615)	(2,780,974)
NET LOSS		**(2,428,924)**	(418,239,954)	(2,772,866)
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE LOSS		**(₱2,428,924)**	(₱418,239,954)	(₱2,772,866)

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2022	2021	2020
CAPITAL STOCK - at ₱1 par value			
Authorized - 5,000,000,000 shares			
Issued and outstanding - 4,000,000,004 shares	**₱4,000,000,004**	₱4,000,000,004	₱4,000,000,004
DEFICIT			
Balance at beginning of year	**(504,662,963)**	(86,423,009)	(83,650,143)
Net loss	**(2,428,924)**	(418,239,954)	(2,772,866)
Balance at end of year	**(507,091,887)**	(504,662,963)	(86,423,009)
	₱3,492,908,117	₱3,495,337,041	₱3,913,576,995

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		**(₱2,428,924)**	(₱418,239,954)	(₱2,772,866)
Adjustments for:				
Provision for probable loss on input value added tax (VAT)	9	**83,172**	144,400	128,627
Interest income	4	**(359)**	(661)	(8,108)
Provision for estimated credit loss (ECL) on advances to a subsidiary	5	**–**	413,911,127	–
Operating loss before working capital changes		**(2,346,111)**	(4,185,088)	(2,652,347)
Decrease (increase) in:				
Input VAT		**(83,172)**	(144,400)	(128,627)
Funds held in escrow		**–**	–	675,980
Increase in other current liabilities		**371,145**	286,718	209,642
Net cash used for operations		**(2,058,138)**	(4,042,770)	(1,895,352)
Interest received		**359**	661	8,108
Net cash used in operating activities		**(2,057,779)**	(4,042,109)	(1,887,244)
CASH FLOW FROM AN INVESTING ACTIVITY				
Decrease in advances to a subsidiary		**–**	3,621,822	–
CASH FLOW FROM A FINANCING ACTIVITY				
Increase in advances from a stockholder	5	**2,003,427**	196,763	1,610,000
NET DECREASE IN CASH IN BANKS		**(54,352)**	(223,524)	(277,244)
CASH IN BANKS AT BEGINNING OF YEAR		**190,818**	414,342	691,586
CASH IN BANKS AT END OF YEAR		**₱136,466**	₱190,818	₱414,342

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

1. **Corporation Information**

General Information
Coal Asia Holdings Incorporated (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 11, 2012. The Company was organized primarily as a holding company of Titan Mining and Energy Corporation (TMEC or the Subsidiary) in which it owns 100%.

TMEC was incorporated and registered with the SEC on November 11, 2008. TMEC is engaged in the operations of coal mining and energy related business.

On October 23, 2012, the Company became a publicly listed company. As at December 31, 2022, 2021, and 2020, 4,000,000,004 common shares of the Company at ₱1 par value were listed in the Philippine Stock Exchange (PSE). Of those shares, 20% were publicly-owned as at December 31, 2022, 2021 and 2020.

The registered office address of the Company is at 3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City.

Status of TMEC's Operations
As at December 31, 2022 and 2021, TMEC has two Coal Operating Contracts (COC) located in Davao Oriental (COC No. 159) and Zamboanga Sibugay (COC No. 166).

COC No. 159. On August 30, 2018, the Department of Energy (DOE) has re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. TMEC agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves on December 21, 2018.

On September 11, 2018, TMEC submitted the required documents to the National Commission on Indigenous People (NCIP) for the issuance of the Certificate of Precondition (CP). The CP is the final requirement for the conversion of COC No. 159 to Development and Production Phase.

On December 14, 2018, TMEC received the original copy of the CP and the certified true copy approving the CP from the NCIP.

On December 11, 2019, TMEC received the approval from the DOE of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the CP (for Development and Production Phase) or Certificate of Non-Overlap (CNO) from the NCIP. The COC No. 159 for Development and Production Phase shall be effective from date hereof for a period of ten (10) years, and should there be remaining mineable reserves, extendible for another ten (10) years and thereafter renewable for a series of three (3) year periods not exceeding twelve (12) years under such terms and condition as may be agreed upon by the DOE and TMEC. As at report date, TMEC is still in the process of obtaining a CP or CNO from the NCIP.

On November 2, 2022, TMEC received notice from the NCIP that its Provincial Team had submitted their Field Based Investigation Report and has recommended for the conduct of mandatory Free, Prior Informed Consent (FPIC) process pursuant to NCIP Administrative Order No. 3, series of 2012. Consequently, the NCIP invited TMEC for a Pre-FPIC Conference.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, TMEC is still in the process of obtaining a CP or CNO from the NCIP.

COC No. 166. On September 18, 2018, TMEC has re-submitted to the DOE the Five-Year Work Program in support for the processing of its application for the conversion of its COC.

On September 4, 2019, TMEC requested for a suspension of the conversion to development and production phase because of the difficulties encountered in complying with its obligations arising from the peace and order problem in the area.

On December 9, 2019, the DOE required TMEC to substantiate with supporting documents the above cited problems, specifically documents attesting that TMEC has an existing application for Environmental Compliance Certificate (ECC) from the Environmental Management Bureau-Department of Environment and Natural Resources, certification from concerned law enforcement units as to the peace and order problem in the area, and proof to the other constraints that TMEC has stated that hinder its compliance with its obligations for COC conversion.

On January 26, 2020, TMEC has submitted the supporting documents and action plans for the aforecited problems with the conversion of COC No. 166 from Exploration to Development and Production Phase.

On November 23, 2020, TMEC re-submitted the Five-Year Work Program in support for the processing of its application for the conversion of its COC.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, the conversion is still subject to the approval of the DOE.

TMEC has not yet started its commercial operations because of delays in getting the necessary approval from the government of its COCs. This has significantly reduced the Company's operating funds.

The subsidiary's management, however, is confident that it will obtain the CP or CNO from NCIP for COC No. 159 and that the conversion to development and production stage of areas covered by COC No. 166 will be approved. Accordingly, the subsidiary has been compliant with the requirements of the DOE for COC Nos. 159 and 166. Moreover, a stockholder representing majority of the stockholders has committed to provide continuous financial support to meet not only for the subsidiary's pre-operating activities but also for its working capital requirements when the subsidiary starts commercial operations.

Approval of Separate Financial Statements

The separate financial statements of the Company as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the Board of Directors (BOD) on April 20, 2023.

2. **Summary of Significant Accounting and Reporting Policies**

Basis of Preparation

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

The Company also prepares and issues consolidated financial statements for the same year in accordance with PFRS. In the consolidated financial statements, subsidiary undertakings have been fully consolidated. Users of the separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the consolidated statements of financial position, financial performance and cash flows of the Company and its subsidiary. The consolidated financial statements are available for public use and may be obtained at the Company's registered office address and at the SEC and PSE.

Measurement Bases

The separate financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency. All values represent absolute amounts, unless otherwise indicated.

The separate financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

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 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 on the most advantageous market must be accessible to the Company.

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 best interest.

A fair value measurement of nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company 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 separate 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 separate financial statements on a recurring basis, the Company 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 the end of each reporting period.

For the purpose of fair value disclosures, the Company 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.

Further information about the assumptions made in measuring fair value is included in Note 12 to the separate financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle –

    - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of the amended PFRS did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

Amended PFRS in Issue But Not Yet Effective or Adopted

Relevant amended PFRS which are not yet effective as at December 31, 2022 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024 –

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS issuances is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of financial assets largely depends on the Company's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2022 and 2021, the Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Company's cash in banks and advances to a subsidiary are classified under this category (see Notes 4 and 5).

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2022 and 2021, the Company's advances from a stockholder and other current liabilities (excluding statutory payables) are classified under this category (see Note 5).

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for "expected credit loss" (ECL) which is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For cash in banks and advances to a subsidiary, the Company has calculated ECL based on 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

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 right to receive cash flows from the asset has expired; or

- the Company retains the right to receive cash flows from the financial 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 Company has transferred its right to receive cash flows from the financial 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.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset,
the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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 amounts is recognized in the separate statement of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the separate statement of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is 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 separate statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Otherwise, the financial instrument is classified as equity.

Input VAT
Input VAT represents tax imposed on the Company by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Company's current VAT liability.

Investment in a Subsidiary
Investment in a subsidiary is accounted for under the cost method. A subsidiary is an entity that is controlled by the Company. The Company controls an entity if it 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 investment in subsidiary is carried in the separate statement of financial position at cost, less any impairment in value. Cost is the purchase price plus any incidental costs relating to the acquisition of the investment.

Impairment of Nonfinancial Assets
The nonfinancial assets 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 exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less cost of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Capital Stock
Capital stock is measured at par value for all shares issued and paid.

Deficit
Deficit represents the cumulative balance of net losses.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset, net of final tax.

Expense Recognition
Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Expenses. Expenses constitute cost of administering the business. These are expensed as incurred.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on the tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

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

Related Party Relationship and Transactions
Related party transactions are transfers of resources, services, or obligations between the Company and its related parties.

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, 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 entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the separate financial statements but disclosed in the notes to separate financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to separate financial statements when material.

3. Significant Judgement, Accounting Estimates and Assumptions

The preparation of the Company's separate financial statements in compliance with PFRS requires management to make judgments and accounting estimates that affect amounts reported in the separate financial statements and related notes. Judgment and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these accounting estimates.

While the Company has assessed that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgment, accounting estimates and assumptions made by the Company:

Assessing Going Concern. As discussed in Note 1 to the separate financial statements, the Subsidiary (TMEC) has not yet started its commercial operations because of delays in getting the necessary approval from the government of its COCs. This has significantly reduced the Company's operating funds.

A stockholder representing majority of the stockholders has committed to provide continuous financial support to meet not only TMEC's pre-operating activities but also the start-up of the development and production phase when the CNO from NCIP has been obtained.

The Company's management made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company will continue in business for the foreseeable future.

Establishing Control over its Investment. The Company determined that it has control over its subsidiary by considering, among others, its power over its 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 its returns. The following factors are:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual agreements; and
- The Company's voting rights and potential voting rights.

As at December 31, 2022 and 2021, management has assessed that it has control over its Subsidiary (see Note 8).

Assessing the Impairment of Investment in a Subsidiary. The Company assesses impairment on its investment in a subsidiary whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Recoverable amount of an asset is higher of its fair value less cost to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Company's expected mining operations. The estimated cash flows are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

No impairment loss on investment in a subsidiary was recognized by the Company in 2022, 2021 and 2020. The carrying amount of investment in a subsidiary as at December 31, 2022 and 2021 is disclosed in Note 8 to the separate financial statements.

Recognizing Deferred Tax Asset. The Company reviews the carrying amount of deferred tax asset at each reporting date and reduces deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

As at December 31, 2022 and 2021, the Company did not recognize deferred tax asset as management has assessed that it is not probable that sufficient future taxable income may be available against which the deferred tax asset can be utilized within the period allowed by the tax regulation (see Note 10).

4. Cash in Banks

Cash in banks amounting to ₱136,466 and ₱190,818 as at December 31, 2022 and 2021, respectively, earn interest at the respective bank deposit rates and are immediately available for use in the current operations.

Interest income consists of:

	Note	**2022**	2021	2020
Cash in banks		**₱359**	₱661	₱1,114
Funds held in escrow	6	**–**	–	6,994
		₱359	₱661	₱8,108

5. Related Party Transactions

The significant transactions of the Company, in the normal course of business, with its related parties, and the outstanding balances from related parties arising from such transactions are as follows:

	Nature of Transaction	Amount of Transactions		Outstanding Balances	
		2022	2021	**2022**	2021
Advances to a subsidiary -					
TMEC	Advances for working capital	**₱–**	₱–	**₱565,309,431**	₱565,309,431
Less allowance for ECL		**–**	(413,911,127)	**(413,911,127)**	(413,911,127)
				₱151,398,304	₱151,398,304
Advances from a stockholder -					
Stockholder	Advances for working capital	**₱2,003,427**	₱196,763	**₱35,610,190**	₱33,606,763

No impairment loss was recognized in 2022 and 2020. Advances to/from related parties are unsecured, noninterest-bearing, generally settled in cash and due on demand. In 2021, provision for ECL was recognized on advances to a subsidiary amounting to ₱413.9 million due to significant increase in credit risk.

Key Management Personnel

The short-term employee benefits given by the Company to its key management personnel amounted to ₱0.7 million in 2022, 2021 and 2020. This is included in "Personnel costs" account under "Expenses" in the separate statements of comprehensive income.

Reconciliation of Liabilities Arising from a Financing Activity

The table below details changes in the Company's liabilities arising from a financing activity as at December 31, 2022 and 2021, including both cash and non-cash changes:

	2022					
	Balance at Beginning of Year	**Financing Cash Flows**	**Non-cash Changes**			**Balance at End of Year**
			Fair Value Adjustments	**Foreign Exchange Changes**	**Other Changes**	
Advances from a stockholder	**₱33,606,763**	**₱2,003,427**	**₱–**	**₱–**	**₱–**	**₱35,610,190**

	2021					
	Balance at Beginning of Year	Financing Cash Flows	Non-cash Changes			Balance at End of Year
			Fair Value Adjustments	Foreign Exchange Changes	Other Changes	
Advances from a stockholder	₱33,410,000	₱196,763	₱–	₱–	₱–	₱33,606,763

6. Funds Held in Escrow

The funds held in escrow, which represent the proceeds from the Company's initial public offering were approved for release on September 30, 2020.

Interest income earned from the funds held in escrow in 2020 is disclosed in Note 4 the separate financial statements.

7. Input VAT

This account consists of:

	2022	2021
Input VAT	**₱2,377,617**	₱2,294,445
Less allowance for probable loss	**(2,377,617)**	(2,294,445)
	₱–	₱–

The input VAT is fully provided with allowance for probable loss. Management has assessed that the Company may not be able to utilize its input VAT.

Movements in the allowance for probable loss are as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱2,294,445**	₱2,150,045
Provision	9	**83,172**	144,400
Balance at end of year		**₱2,377,617**	₱2,294,445

8. **Investment in a Subsidiary**

This represents the 100% ownership of the Company in TMEC amounting to ₱3,378.5 million as at December 31, 2022 and 2021.

In 2022 and 2021, the Company carried out a review of the recoverable amount of its nonfinancial assets. The impairment test is based on value in use calculations using discounted cash flow approach from TMEC's operations.

The key assumptions used to determine the value in use of the nonfinancial assets are as follows:

	2022	2021
Coal price	**$212/MT**	$138/MT
Foreign exchange rate	**₱56.12:$1**	₱50.77:$1
Discount rate	**10.58%**	5.70%
Estimated coal reserves	**17.3 MMT**	17.3 MMT

**Measured at dollar per metric ton (MT).*
***Measured per million metric ton (MMT).*

The cash flow projections are based on the most recent feasibility study approved by the senior management. The values assigned to each key assumption are estimated with reference to recent external market information and takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The forecast period for COC No. 159 and COC No. 166 is at nine years and five years, respectively. The forecast period for COC No. 159 is greater than five years as management can reliably estimate the cash flow for the entire duration. The terminal value was computed based on a 2.50% growth assumption for forecasts beyond the average forecast period.

Based on the impairment test performed, management assessed that the recoverable amount of the exploration and evaluation asset and property and equipment is higher than its aggregate carrying amount as at December 31, 2022.

The recoverable amount in 2022, 2021 and 2020 based on the discounted cash flow approach is classified as Level 3 of the fair value hierarchy. Management also believes that no reasonably possible change in any of the key assumptions would cause in a significantly higher or lower fair value measurement.

In 2012, the Company obtained an independent valuation report to estimate the value of TMEC's coal reserves in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports. The valuation was determined using the discounted cash flow approach based on assumptions and information secured from the Competent Persons Reports on the Davao Oriental and Zamboanga Sibugay Projects and available market information.

The independent valuation determined the value of TMEC's coal reserves at ₱12.5 billion. The fair value measurement used is categorized as Level 2 using Market Approach. The inputs used to determine the market value of TMEC's coal reserves include location characteristics, size, time element, quality and marketability.

9. Expenses

This account consists of:

	Note	2022	2021	2020
Professional fees		**₱1,040,000**	₱1,164,400	₱1,245,895
Personnel costs	5	**650,000**	650,000	650,000
Seminar and membership fees		**258,400**	130,000	119,025
Listing maintenance fee		**250,000**	250,000	261,000
Provision for probable loss on input VAT	7	**83,172**	144,400	128,627
Repairs and maintenance		**49,338**	22,500	38,140
Taxes and licenses		**37,468**	42,337	31,587
Provision for ECL on advances to a subsidiary	5	**–**	413,911,127	–
Outside services		**–**	1,842,105	–
Representation and entertainment		**–**	–	124,437
Safekeeping fee		**–**	–	50,000
Others		**60,905**	83,746	132,263
		₱2,429,283	₱418,240,615	₱2,780,974

10. Income Taxes

There is no provision for current income tax in 2022, 2021 and 2020 due to the Company’s net taxable loss position.

Deferred tax asset on NOLCO amounting to ₱2.3 million as at December 31, 2022 and 2021 was not recognized since the management has assessed that the Company may not be able to utilize this deductible temporary difference against future taxable income.

Details of NOLCO are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2022	₱–	₱2,346,111	₱–	₱2,346,111	2025
2021	4,185,088	–	–	4,185,088	2026
2020	2,527,910	–	–	2,527,910	2025
2019	2,447,906	–	(2,447,906)	–	2022
	₱9,160,904	₱2,346,111	(₱2,447,906)	₱9,059,109	

As mandated by Section 4 of Republic Act No. 11494 or the “Bayanihan to Recover as One Act” and implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

Reconciliation between the benefit from income tax based on statutory income tax rate and the effective income tax rate is as follows:

	2022	2021	2020
Benefit from income tax at statutory tax rate	**(₱607,231)**	(₱104,559,989)	(₱831,860)
Add (deduct) tax effects of:			
Expired NOLCO	**611,977**	667,782	1,188,283
Nondeductible expenses	**20,793**	103,513,882	75,919
Interest income subjected to final tax	**(90)**	(165)	(2,432)
Change in unrecognized deferred tax asset	**(25,449)**	378,490	(429,910)
Benefit from income tax at effective tax rate	**₱–**	₱–	₱–

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") was approved and signed into law by the country's President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

Accordingly, the income tax rates used in preparing the financial statements as at and for the years ended December 31, 2022 and 2021 is 25% for RCIT.

11. Financial Risk Management Objectives and Policies

The Company's financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash in banks, advances to a subsidiary, advances from a stockholder and other current liabilities (excluding statutory payables).

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees policies for managing each of these risks.

Credit Risk

Credit risk is a risk due to an uncertainty in a counterparty's ability to meet its obligations. When counterparty defaults, the maximum exposure is equal to the carrying amount of the related financial asset. The Company's credit risk arises principally from cash in banks, advances to a subsidiary and time deposit included in funds held in escrow.

The Company transacts mainly with recognized and creditworthy third parties as well as with related parties. In addition, the Company only deals with financial institutions duly evaluated and approved by the BOD.

The following tables summarize the credit quality of the Company's financial assets at amortized cost as at December 31, 2022 and 2021:

	2022				
	Neither Past Due nor Impaired		**Past Due but**		
	High Grade	**Standard Grade**	**not Impaired**	**Credit-impaired**	**Total**
12-month ECL:					
Cash in banks	**₱136,466**	**₱–**	**₱–**	**₱–**	**₱136,466**
Advances to a subsidiary	**–**	**151,398,304**	**–**	**413,911,127**	**565,309,431**
	₱190,818	**₱151,398,304**	**₱–**	**₱413,911,127**	**₱565,445,897**

	2021				
	Neither Past Due nor Impaired		Past Due but		
	High Grade	Standard Grade	not Impaired	Credit-impaired	Total
12-month ECL:					
Cash in banks	₱190,818	₱–	₱–	₱–	₱190,818
Advances to a subsidiary	–	151,398,304	–	413,911,127	565,309,431
	₱190,818	₱151,398,304	₱–	₱413,911,127	₱565,500,249

The Company's financial assets are categorized by credit risk rating grades based on the Company's collection experience with the counterparties as follows:

- High Grade - settlements are obtained from counterparty following the terms of the contracts without much collection effort.
- Standard Grade - other financial assets not belonging to high grade financial assets and are not past due are included in this category.
- Past Due - items with history of frequent default.

Liquidity Risk

Liquidity risk arises from the Company's inability to raise sufficient funds at the least possible cost to meet its financial commitments. The Company's objectives in liquidity management are: (a) to ensure that adequate funds are available to meet expiring obligations; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access additional funding when needed at the least possible cost.

The table below summarizes the maturity profile of the financial liabilities at amortized cost of the Company based on remaining contractual undiscounted cash flows as at December 31, 2022 and 2021:

	2022			
	On Demand	**Within 1 Year**	**Over 1 Year**	**Total**
Advances from a stockholder	**₱35,610,190**	**₱–**	**₱–**	**₱35,610,190**
Other current liabilities*	**1,509,217**	**–**	**–**	**1,509,217**
	₱37,119,407	**₱–**	**₱–**	**₱37,119,407**

**Excluding statutory payables amounting to ₱7,246 as at December 31, 2022.*

	2021			
	On Demand	Within 1 Year	Over 1 Year	Total
Advances from a stockholder	₱33,606,763	₱–	₱–	₱33,606,763
Other current liabilities*	1,101,550	–	–	1,101,550
	₱34,708,313	₱–	₱–	₱34,708,313

**Excluding statutory payables amounting to ₱43,768 as at December 31, 2021.*

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations. The Company's overall strategy remains unchanged from the previous year.

The Company manages the capital structure and makes adjustments when there are changes in the economic conditions, its business activities, expansion programs and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital.

In determining reasonable leverage, the Company evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Company considers its equity amounting to ₱3,492.9 million and ₱3,495.3 million as at December 31, 2022 and 2021, respectively.

The Company is not subject to externally-imposed capital requirements.

12. Fair Value Measurement of Financial Instruments

Presented below is a comparison of carrying amounts and fair values of financial assets and liabilities as at December 31, 2022 and 2021.

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets at amortized cost:				
Cash in banks	**₱136,466**	**₱136,466**	₱190,818	₱190,818
Advances to a subsidiary	**151,398,304**	**151,398,304**	151,398,304	151,398,304
	₱151,534,770	**₱151,534,770**	₱151,589,122	₱151,589,122
Financial liabilities at amortized cost:				
Advances from a stockholder	**₱35,610,190**	**₱35,610,190**	₱33,606,763	₱33,606,763
Other current liabilities*	**1,509,217**	**1,509,217**	1,101,550	1,101,550
	₱37,119,407	**₱37,119,407**	₱34,708,313	₱34,708,313

**Excluding statutory payables amounting to ₱7,246 and ₱43,768 as at December 31, 2022 and 2021, respectively.*

Cash in Banks, Advances to a Subsidiary, Advances from a Stockholder, and Other Current Liabilities (excluding Statutory Payables). The carrying amounts of these financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

We have audited the accompanying separate financial statements of Coal Asia Holdings Incorporated (the Company) as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020, on which we have rendered our report dated April 20, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has twenty-three (23) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 120745-SEC Group A
Issued March 29, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 08-005144-015-2020
Valid until July 1, 2023
PTR No. 9564572
Issued January 3, 2023, Makati City

April 20, 2023
Makati City, Metro Manila

Coal Asia Holdings
Reliable energy resources through responsible mining

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of Coal Asia Holdings Incorporated (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited 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 audit.

Harald R. Tomintz	**Johnson A. Sanhi, Jr.**	**Rolando P. Domingo**
Chairman of the Board	President	Chief Financial Officer

SUBSCRIBED AND SWORN to before me this _____ day of 20 APR 2023 20____ affiants (s) exhibiting to me his/their Tax Identification Number, as follows:

NAMES	**TAX IDENTIFICATION NUMBER**
Harald R. Tomintz	123-069-283-000
Johnson A. Sanhi, Jr.	105-618-140-000
Rolando P. Domingo	105-777-482-000

NOTARY PUBLIC
Doc No.: 197
Page No.: 30
Book No.: 183
Series of 2023

ATTY. DWIGHT M. GALARRITA
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023
MCLE COMPLIANCE NO. VI-0021190
2 FLOOR ALPHA LAND TOWER MAKATI CITY
ROLL OF ATTORNEY'S NO. 5451

Coal Asia Holdings
Reliable energy resources through responsible mining

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of Coal Asia Holdings Incorporated (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Harald R. Tomintz
Chairman of the Board

Johnson A. Sanhi, Jr.
President

Rolando P. Domingo
Chief Financial Officer

Signed this 20 APR 2023 day of ______

SUBSCRIBE AND SWORN to before me, this ______ day of 20 APR 2023 in the MAKATI.

ATTY. DWIGHT M. GALARRITA
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023
MCLE COMPLIANCE NO. VI-0021190
2 FLOOR ALPHA LAND TOWER MAKATI CITY
ROLL OF ATTORNEY'S NO. 5451

DOC. NO.: 179
PAGE NO.: 30
BOOK NO.: 183
SERIES OF: 2023

Gmail

Coal Asia <cahi008297271@gmail.com>

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eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, May 2, 2023 at 10:03 AM
To: CAHI008297271@gmail.com
Cc: PALISOC.JAZZ@gmail.com

Hi COAL ASIA HOLDINGS INCORPORATED,

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- <None>

Transaction Code: **AFS-0-9BJ5GHK09F999CB9N1MP4R3S023S3Z3YT**
Submission Date/Time: **May 02, 2023 10:03 AM**
Company TIN: **008-297-271**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	0	3	1	4

COMPANY NAME

COAL ASIA HOLDINGS INCORPORATED AND A S
UBSIDIARY

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

3rd Floor, JTKC Center, 2155 Don Chino
Roces Ave., Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
johnson.sanhi.jr@titanmining.com	(02) 8813-8892	0917-853-5701

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
25	April 30	December 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
Johnson A. Sanhi Jr.	johnson.sanhi.jr@titanmining.com	(02) 8818-6772	–

CONTACT PERSON'S ADDRESS

3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

NOTE 1: *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.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782-FR-3 Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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8741 Paseo de Roxas
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Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated and a Subsidiary
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

Opinion

We have audited the consolidated financial statements of Coal Asia Holdings Incorporated (the Parent Company) and a Subsidiary (collectively referred to as the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

As discussed in Note 1 to the consolidated financial statements, the Group has not started commercial operations because of delays in getting the necessary approval from the government of its Coal Operating Contracts (COCs). This has significantly reduced the Group's operating funds.

These conditions indicate a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern. The Group's management is confident that it will obtain the necessary government approval for its COCs. A stockholder representing majority of the stockholders, has committed to provide continuous financial support not only for the Group's pre-operating activities but also for its working capital requirements when the Group starts commercial operations.

Our opinion is not modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

- *Impairment of Nonfinancial Assets*

  As at December 31, 2022, the Group is still awaiting the necessary government approval to proceed with the development and production phase in areas covered by its COCs. The Group is required to review the recoverable amount of its nonfinancial assets whenever there is an indication of impairment losses. This is significant to our audit because nonfinancial assets consisting of coal reserves, exploration and evaluation asset, and property and equipment, aggregating ₱3,501.5 million as at December 31, 2022 is material to the consolidated financial statements.

  We have reviewed management's determination of impairment indicators and management's assessment on the recoverability of these nonfinancial assets. We evaluated the assumptions used by the Group in its impairment assessment of the nonfinancial assets. These assumptions include the estimated coal reserves, coal prices, foreign exchange rate and discount rate, which we compared against available market information, taking into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. We also reviewed the adequacy of the Group's disclosures about the assumptions used, the outcome of which the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the nonfinancial assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Arthur Vinson U. Ong.

REYES TACANDONG & CO.

Arthur Vinson Ong

ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 120745-SEC Group A
Issued March 29, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 08-005144-015-2020
Valid until July 1, 2023
PTR No. 9564572
Issued January 3, 2023, Makati City

April 20, 2023
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2022	2021
ASSETS			
Current Assets			
Cash	5	**₱462,164**	₱851,497
Advances to related parties	14	**2,063,862**	2,063,862
Other current assets	7	**449,293**	444,151
Total Current Assets		**2,975,319**	3,359,510
Noncurrent Assets			
Coal reserves	4	**3,131,596,101**	3,131,596,101
Exploration and evaluation asset	8	**302,804,040**	302,804,040
Property and equipment	9	**67,050,852**	91,690,697
Restricted cash	7	**1,082,925**	1,082,925
Total Noncurrent Assets		**3,502,533,918**	3,527,173,763
		₱3,505,509,237	₱3,530,533,273
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**₱9,146,696**	₱8,787,106
Advances from stockholders	14	**66,015,561**	59,975,890
Total Current Liabilities		**75,162,257**	68,762,996
Noncurrent Liabilities			
Retirement benefits liability	13	**444,604**	366,300
Net deferred tax liability	15	**1,203,751**	1,223,327
Total Noncurrent Liabilities		**1,648,355**	1,589,627
Total Liabilities		**76,810,612**	70,352,623
Equity			
Capital stock		**4,000,000,004**	4,000,000,004
Deficit		**(574,630,301)**	(543,148,276)
Other comprehensive income	13	**3,328,922**	3,328,922
Total Equity		**3,428,698,625**	3,460,180,650
		₱3,505,509,237	₱3,530,533,273

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

			Years Ended December 31	
	Note	**2022**	2021	2020
GENERAL AND ADMINISTRATIVE EXPENSES	11	**(₱31,502,566)**	(₱40,697,189)	(₱36,392,022)
PROVISION FOR IMPAIRMENT LOSS ON EXPLORATION AND EVALUATION ASSET	4	**–**	(334,422,038)	–
INTEREST INCOME	5	**965**	4,170	13,704
LOSS BEFORE INCOME TAX		**(31,501,601)**	(375,115,057)	(36,378,318)
PROVISION FOR (BENEFIT FROM) DEFERRED INCOME TAX	15	**(19,576)**	11,154,714	(1,114,443)
NET LOSS		**(31,482,025)**	(386,269,771)	(35,263,875)
OTHER COMPREHENSIVE INCOME	13			
Not to be reclassified to profit or loss in subsequent periods -				
Effect of change in tax rate		**–**	221,928	–
		–	221,928	–
TOTAL COMPREHENSIVE LOSS		**(₱31,482,025)**	(₱386,047,843)	(₱35,263,875)
BASIC LOSS PER SHARE	18	**(₱0.008)**	(₱0.097)	(₱0.009)

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2022	2021	2020
CAPITAL STOCK - ₱1 par value				
Authorized - 5,000,000,000 shares				
Issued and outstanding - 4,000,000,004 shares		**₱4,000,000,004**	₱4,000,000,004	₱4,000,000,004
DEFICIT				
Balance at beginning of year		**(543,148,276)**	(156,878,505)	(121,614,630)
Net loss		**(31,482,025)**	(386,269,771)	(35,263,875)
Balance at end of year		**(574,630,301)**	(543,148,276)	(156,878,505)
OTHER COMPREHENSIVE INCOME	13			
Balance at beginning of year		**3,328,922**	3,106,994	3,106,994
Effect of change in tax rate		**–**	221,928	–
Balance at end of year		**3,328,922**	3,328,922	3,106,994
		₱3,428,698,625	₱3,460,180,650	₱3,846,228,493

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	**2022**	2021	2020
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱31,501,601)**	(₱375,115,057)	(₱36,378,318)
Adjustments for:				
Depreciation and amortization	9	**24,639,845**	32,527,448	32,363,374
Provision for probable loss on input value-added tax (VAT)	11	**83,172**	144,400	128,627
Retirement benefits cost	13	**78,304**	62,527	59,315
Interest income	5	**(965)**	(4,170)	(13,704)
Provision for impairment loss on exploration and evaluation asset	8	**–**	334,422,038	–
Operating loss before working capital changes		**(6,701,245)**	(7,962,814)	(3,840,706)
Decrease (increase) in:				
Funds held in escrow		**–**	–	675,980
Other current assets		**(88,314)**	(144,761)	(168,802)
Increase in trade and other payables		**359,590**	296,356	95,190
Net cash used for operations		**(6,429,969)**	(7,811,219)	(3,238,338)
Interest received		**965**	4,170	13,704
Net cash used in operating activities		**(6,429,004)**	(7,807,049)	(3,224,634)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net advances to related parties		**–**	(135,000)	(37,667)
Additions to exploration and evaluation asset	8	**–**	(1,371,621)	(4,642,795)
Decrease in restricted cash		**–**	(2,200)	(3,071)
Acquisitions of property and equipment		**–**	–	(1,459,478)
Cash used in investing activities		**–**	(1,508,821)	(6,143,011)
CASH FLOW FROM A FINANCING ACTIVITY				
Advances from stockholders	14	**6,039,671**	9,406,763	7,275,377
NET INCREASE (DECREASE) IN CASH		**(389,333)**	90,893	(2,092,268)
CASH AT BEGINNING OF YEAR		**851,497**	760,604	2,852,872
CASH AT END OF YEAR		**₱462,164**	₱851,497	₱760,604
COMPONENTS OF CASH	5			
Cash on hand		**₱15,000**	₱15,000	₱15,000
Cash in banks		**447,164**	836,497	745,604
		₱462,164	₱851,497	₱760,604

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMEBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

1. **Corporate Information**

General Information

Coal Asia Holdings Incorporated (the Parent Company or CAHI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 11, 2012. The Parent Company was organized primarily as a holding company of Titan Mining and Energy Corporation (the Subsidiary or TMEC) in which it owns 100%. The Parent Company and TMEC are collectively referred to as "the Group".

TMEC was incorporated and registered with the SEC on November 11, 2008. TMEC is engaged in the operations of coal mining and energy related business.

On October 23, 2012, the Parent Company became a publicly listed company. As at December 31, 2022 and 2021, 4,000,000,004 common shares of the Parent Company at ₱1 par value were listed in the Philippine Stock Exchange (PSE). Of those shares, 20% were publicly-owned as at December 31, 2022 and 2021.

The registered office address of the Group is 3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City.

Status of Operations

As at December 31, 2022 and 2021, the Group has two Coal Operating Contracts (COCs) located in Davao Oriental (COC No. 159) and Zamboanga Sibugay (COC No. 166).

COC No. 159. On August 30, 2018, the Department of Energy (DOE) has re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. The Group agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves on December 21, 2018.

On September 11, 2018, the Group submitted the required documents to the National Commission on Indigenous People (NCIP) for the issuance of the Certificate of Precondition (CP). The CP is the final requirement for the conversion of COC No. 159 to Development and Production Phase.

On December 14, 2018, TMEC received the original copy of the CP and the certified true copy approving the CP from the NCIP.

On December 11, 2019, TMEC received the approval from the DOE of the conversion of COC No. 159 to development and production phase, subject to obtaining the CP (for development and production phase) or Certificate of Non-Overlap (CNO) from the NCIP. The COC No. 159 for development and production phase shall be effective from date hereof for a period of ten (10) years, and should there be remaining mineable reserves, extendible for another ten (10) years and thereafter renewable for a series of three (3) year periods not exceeding twelve (12) years under such terms and condition as may be agreed upon by the DOE and TMEC.

On November 2, 2022, TMEC received notice from the NCIP that its Provincial Team had submitted their Field Based Investigation Report and has recommended for the conduct of mandatory Free, Prior Informed Consent (FPIC) process pursuant to NCIP Administrative Order No. 3, series of 2012. Consequently, the NCIP invited TMEC for a Pre-FPIC Conference.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, the Group is still in the process of obtaining a CP or CNO from the NCIP.

COC No. 166. On September 18, 2018, TMEC has re-submitted to the DOE the Five-Year Work Program in support for the processing of its application for the conversion of its COC.

On September 4, 2019, the Group cited difficulties in complying with the other necessary requirements because of the peace and order problem in the area.

On December 9, 2019, the DOE required TMEC to substantiate with supporting documents the above cited problems, specifically documents attesting that TMEC has an existing application for Environmental Compliance Certificate (ECC) from the Environmental Management Bureau-Department of Environment and Natural Resources (EMB-DENR), certification from concerned law enforcement units as to the peace and order problem in the area, and proof to the other constraints that TMEC has stated that hinder its compliance with its obligations for COC conversion.

On January 26, 2020, TMEC submitted the supporting documents and action plans for the aforecited problems with the conversion of COC No. 166 from exploration to development and production phase.

On November 23, 2020, TMEC re-submitted the Five-Year Work Program in support for the processing of its application for the conversion of its COC.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, the conversion is still subject to the approval of the DOE.

The Group has not started commercial operations because of delays in getting the necessary approval from the government of its COCs. This has significantly reduced the Group's operating funds.

The Group's management is confident that it will obtain the necessary approval from the government. Accordingly, the Group has been compliant with the requirements of the DOE for COC Nos. 159 and 166. Moreover, a stockholder representing majority of the stockholders, has committed to provide continuous financial support not only for the Group's pre-operating activities but also for its working capital requirements when the Group starts commercial operations.

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the Board of Directors (BOD) on April 20, 2023, and were reviewed and recommended for approval by the Audit Committee on the same date.

2. **Summary of Significant Accounting and Reporting Policies**

Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC).

The significant accounting policies used in the preparation of the consolidated financial statements are consistently applied to all periods presented, unless otherwise stated.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, which is the Group's functional currency. All values represent absolute amounts, unless otherwise indicated.

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

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 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 on the most advantageous market must be accessible to 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 best interest.

A fair value measurement of nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 the end of each reporting period.

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.

Further information about the assumptions made in measuring fair value is included in Note 4 and Note 17 to the consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS: which the Group adopted effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement ensures that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarify that an acquirer shall not recognize contingent assets acquired in a business combination.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle -

    - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of the amended PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

<u>Amended PFRS in Issue But Not Yet Effective or Adopted</u>
Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group.

Basis of Consolidation

The consolidated financial statements include the accounts of wholly-owned subsidiary and the Parent Company.

Subsidiary. Subsidiary is an entity controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiary, TMEC. The Parent Company has control when it is exposed, or has right, to variable returns from its involvement with the investee and it has the ability to affect those returns through its powers over the investee.

A subsidiary is consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continues to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Transactions Eliminated on Consolidation. All intra-group balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Accounting Policies of a Subsidiary. The consolidated financial statements of the subsidiary are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

Financial Assets and Liabilities

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 a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of 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. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference 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 "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of financial assets largely depends on the Group's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2022 and 2021, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Group's cash, advances to related parties, receivables from incidental sale of coal and other receivables (presented under "Other current assets" account) and restricted cash are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2022 and 2021, the Group has classified its trade and other payables (excluding statutory payables) and advances from stockholders under this category.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for impairment losses on its financial assets measured at amortized cost based on expected credit loss (ECL).

ECL is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures ECL at an amount equivalent to the 12-month ECL for receivables on which credit risk has not increased significantly since initial recognition and for debt instruments that are determined to have low credit risk at the reporting date.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. ECL for credit-impaired financial assets is based on the difference between the gross carrying amount and present value of estimated future cash flows.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Receivable from Incidental Sale of Coal and Other Receivables. The Group has applied the simplified approach in measuring the ECL on receivable from incidental sale of coal and other receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial instruments, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities
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 right to receive cash flows from the asset has expired;

- the Group retains the right to receive cash flows from the financial 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 right to receive cash flows from the financial 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.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

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 amounts is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
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 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.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Otherwise, the financial instrument is classified as equity.

Other Current Assets
Other current assets mainly include input value-added tax (VAT), advances to officers and employees and prepayments.

Input VAT. Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Group's current VAT liability.

Advances to Officers and Employees. Advances to officers and employees pertain to advances made for business purposes which are subject to liquidation. These are initially recorded at transaction price including transaction costs. Subsequently, these are charged to expense once liquidated.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for not more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Coal Reserves
Coal reserves are proven and probable coal reserves, which are defined as the estimated quantities of coal which geological data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Coal reserves are carried at historical cost less impairment losses, if any. Coal reserves are amortized upon the commencement of production on a unit of production basis, which is the ratio of coal production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated future development costs. Changes in the estimates of coal reserves or future development costs are accounted for prospectively.

Exploration and Evaluation Asset
Pre-license costs. Pre-license costs relate to costs incurred before the Group has obtained the legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analyzing that data. These costs are expensed in the period in which these are incurred.

Exploration and Evaluation Asset. Exploration and evaluation asset is carried at cost less accumulated impairment losses, if any.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of the coal resource.

Exploration and evaluation activity includes:

- Gathering exploration data through geological studies;
- Exploratory drilling and sampling; and
- Evaluating the technical feasibility and commercial viability of extracting the coal resource.

Exploration and evaluation expenditures are recognized as asset when future economic benefit is more likely than not to be realized. These costs include materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further evaluation costs incurred to exploration and evaluation asset up to the point when a commercial reserve is established. Capitalized exploration and evaluation asset is considered as tangible assets.

Exploration and evaluation asset is transferred to "Coal reserves" account in the consolidated statement of financial position when the technical feasibility and commercial viability of extracting the coal reserve are demonstrable. Exploration and evaluation asset is assessed for impairment before these are reclassified. Any impairment loss is recognized in profit or loss.

No amortization was charged during the exploration and evaluation phase.

Property and Equipment

Property and equipment, except land, are carried at cost less accumulated depreciation and amortization and any impairment losses. Land is carried at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts such as property and equipment when the asset recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of the property and equipment as shown below:

	Number of Years
Land improvements	10
Drilling equipment	10
Laboratory and camp buildings	10
Survey equipment and machineries	3
Laboratory and testing equipment	5
Transportation equipment	5
Office furniture and equipment	3

The assets' estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized to profit or loss.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further change for depreciation and amortization are made in respect of these assets.

Impairment of Nonfinancial Assets

The nonfinancial assets 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 exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less cost of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Exploration and Evaluation Asset. Exploration and evaluation asset is assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. One or more of the following facts and circumstances indicate that exploration and evaluation assets require impairment test.

a. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;

b. substantive expenditure on further exploration for and evaluation of coal reserves in the specific area is neither budgeted nor planned;

c. exploration for and evaluation of coal reserves in the specific area have not led to the discovery of commercially viable qualities of coal reserves and the entity has decided to discontinue such activities in the specific area;

d. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Capital Stock

Capital stock is measured at par value for all shares issued and paid.

Deficit

Deficit represents the cumulative balance of net losses.

Other Comprehensive Income

Other comprehensive income comprises of items of income and expense that are not recognized in profit or loss in accordance with PFRS. This pertains to cumulative remeasurement gains on retirement benefits liability. This is not reclassified to profit or loss in subsequent periods.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset, net of final tax.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute cost of administering the business. These are expensed as incurred.

<u>Leases</u>
A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customers has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

Group as a Lessee. The Group has elected not to recognize right-of-use asset and lease liability for its short-term lease. The Group recognized the lease payments associated with this lease as an expense on a straight-line basis over the lease term.

<u>Employee Benefits</u>

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits Cost. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs and interest expense in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Remeasurement comprising actuarial gains and losses is recognized immediately in OCI in the period in which they arise. Remeasurement is not reclassified to profit or loss in subsequent periods.

The retirement benefits liability is the present value of the retirement liability. The present value of the defined benefit obligation (DBO) is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on the tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

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

Related Party Transactions

Related party transactions are transfers of resources, services, or obligations between the Group and its related parties.

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, 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 entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Loss Per Share

Basic loss per share is computed by dividing the net loss for the period attributable to equity holders of the Group by the weighted average number of issued and outstanding and subscribed common shares during the period, with retroactive adjustment for any stock dividends declared.

The Group has no dilutive instruments.

<u>Segment Reporting</u>
Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of segment reporting, the Group's operating segment is related to coal mining operations (see Note 20).

<u>Provisions and Contingencies</u>
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

<u>Events after the Reporting Date</u>
Post year-end events that provide additional information about the Group's financial position at the end of reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements in compliance with PFRS requires management to exercise judgment, make accounting estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. Judgment and accounting estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these accounting estimates.

While the Group has assessed that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgment, accounting estimates and assumptions made by the Group:

Assessing Going Concern. As discussed in Note 1 to the consolidated financial statements, the Group has not started commercial operations because of delays in getting the necessary approval from the government of its COCs. This has significantly reduced the Group's operating funds.

A stockholder representing majority of the stockholders, has committed to provide continuous financial support not only for the Group's pre-operating activities but also for its working capital requirements when the Group starts commercial operations. Thus, the Group continues to prepare the consolidated financial statements on going concern basis.

Estimating the Coal Reserves. The Group estimates its coal reserves based on information compiled by competent persons on geological and technical data on the size, depth, shape and grade of the mineral body and suitable production techniques and recovery rates. The analysis requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, foreign exchange rates, future capital requirements, discount rate, and production costs along with geological assumptions and judgments made in estimating the size and grade of the mineral body.

Management assumes conservative forecasted sales prices, based on current and long-term historical average price trends. Conservative forecasted sales price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is obtained during the exploration and evaluation of the mine properties, estimates of reserves may change. The changes may impact the Group's reported financial position and results which include:

- The carrying amounts of exploration and evaluation asset and property and equipment may be affected due to changes in estimated future cash flows; and
- The recognition and carrying amount of deferred tax assets may change due to changes in the judgment regarding the existence of such assets and in estimates of the likely recovery of such assets.

The amount of coal reserves as at December 31, 2022 and 2021 is disclosed in Note 4 to the consolidated financial statements.

Capitalizing Exploration and Evaluation Expenditures. The capitalization of exploration and evaluation expenditures requires judgment in determining whether there are future economic benefits from future exploitation or sale of coal reserves. The capitalization requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

The amounts of exploration and evaluation asset as at December 31, 2022 and 2021 are disclosed in Note 8 to the consolidated financial statements.

Estimating the Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Based on management's assessment, there is no change in estimated useful lives of property and equipment in 2022, 2021 and 2020.

Depreciation and amortization are disclosed in Note 9 to the consolidated financial statements.

The amounts of depreciable property and equipment, net of accumulated depreciation and amortization, as at December 31, 2022 and 2021 are disclosed in Note 9 to the consolidated financial statements.

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends;
- Significant changes or planned changes in the use of the assets;
- Significant changes in the estimation of coal reserves;
- Expiration of the right to explore the areas;
- Significant unbudgeted or unplanned expenditures for exploration and evaluation; and
- Management's decision to discontinue activities in specific areas.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Recoverable amount of an asset is higher of is its fair value less costs to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Group's expected mining operations. The estimated cash flows are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Impairment loss on exploration and evaluation asset was recognized in 2021 as presented in Note 8 to the consolidated financial statements. No impairment loss on nonfinancial assets was recognized in 2022 and 2020.

The nonfinancial assets of the Group consists of coal reserves, exploration and evaluation asset, and property and equipment. The corresponding carrying amounts as at December 31, 2022 and 2021 are disclosed in Notes 4, 8, and 9, respectively.

Estimating the Retirement Benefits Cost. The determination of the obligation and cost of retirement and other long-term employee benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 13 to the consolidated financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

Retirement benefits costs and retirement benefits liability as at December 31, 2022 and 2021 are disclosed in Note 13 to the consolidated financial statements.

Recognizing Deferred Tax Assets. The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The amounts of recognized and unrecognized deferred tax assets as at December 31, 2022 and 2021 are disclosed in Note 15 to the consolidated financial statements. The Group did not recognize a portion of the deferred tax assets as management has assessed that the Group may not be able to utilize these deductible temporary differences against future taxable income.

4. **Coal Reserves**

The Parent Company acquired TMEC in 2012 (see Note 1) in exchange for the Parent Company's common shares valued at ₱3,200.0 million. Of the total consideration, the Parent Company allocated ₱3,131.6 million as coal reserves.

In 2012, the Group obtained an independent valuation report to estimate the value of TMEC's coal reserves in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports. The valuation was determined using the discounted cash flow approach based on assumptions and information secured from the Competent Persons Reports on the Davao Oriental and Zamboanga Sibugay Projects and available market information.

The independent valuation determined the value of the Group's coal reserves at ₱12.5 billion. The fair value measurement used is categorized as Level 2 using Market Approach. The inputs used to determine the market value of Group's coal reserves include location characteristics, size, time element, quality and marketability.

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Impairment Assessment on Coal Reserves and Other Nonfinancial Assets

In 2022, 2021, and 2020, the Group carried out a review of the recoverable amount of its coal reserves, exploration and evaluation assets, and property and equipment due to the delays in getting the necessary approval from the government of its COCs which has significantly reduced the Group's operating funds and resulted to continuing net losses. The impairment test is based on value in use calculations using discounted cash flow approach.

The key assumptions used to determine the value in use of the nonfinancial assets are as follows:

	2022	2021
Coal price	**\$212/MT**	\$138/MT
Foreign exchange rate	**₱56.12:\$1**	₱50.77:\$1
Discount rate	**10.58%**	5.70%
Estimated coal reserves	**17.3 MMT**	17.3 MMT

The cash flow projections are based on the most recent feasibility study approved by the senior management. The values assigned to each key assumption are estimated with reference to recent external market information and takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The forecast period for COC No. 159 and COC No. 166 is at nine years and five years, respectively. The forecast period for COC No. 159 is greater than five years as management can reliably estimate the cash flow for the entire duration. The terminal value was computed based on a 2.40% growth assumption for forecasts beyond the average forecast period.

Based on the impairment test performed, management assessed that the recoverable amount of the coal reserves, exploration and evaluation asset, and property and equipment is higher than its aggregate carrying amount as at December 31, 2022. The increase in recoverable amount in 2022 was caused by changes in coal prices and foreign exchange rates, and not by any increase in future economic benefits from either use or sale.

In 2021, management assessed that the recoverable amount of the coal reserves, exploration and evaluation asset, and property and equipment is lower than its aggregate carrying amount. The recognition of the impairment loss is driven by unplanned expenditures caused by the delays in the conversion of COCs and start of commercial operations. Further, the projections indicate that, although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development (see Note 8).

In 2020, management assessed that the recoverable amount of the coal reserves and other nonfinancial assets exceeded its carrying amount.

The recoverable amount in 2022, 2021 and 2020 based on the discounted cash flow approach is classified as Level 3 of the fair value hierarchy. Management also believes that no reasonably possible change in any of the key assumptions would cause in a significantly higher or lower fair value measurement.

5. Cash

This account consists of:

	2022	2021
Cash on hand	**₱15,000**	₱15,000
Cash in banks	**447,164**	836,497
	₱462,164	₱851,497

Cash in banks earn interest at the respective bank deposit rates and are immediately available for use in the current operations.

Interest income consists of:

	Note	**2022**	2021	2020
Cash in banks		**₱965**	₱1,970	₱3,639
Restricted cash	7	**–**	2,200	3,071
Funds held in escrow	6	**–**	–	6,994
		₱965	₱4,170	₱13,704

6. Funds Held in Escrow

The funds held in escrow, which represent the proceeds from the Company's initial public offering were approved for release on September 30, 2020.

Interest income earned from the funds held in escrow in 2020 is disclosed in Note 5 to the consolidated financial statements.

7. Other Assets

This account consists of:

	2022	2021
Current:		
Input VAT	**₱2,377,617**	₱2,294,445
Advances to officers and employees	**205,914**	205,727
Receivables from incidental sale of coal	**150,728**	150,728
Prepayments	**42,020**	42,020
Other receivables	**50,631**	45,676
	2,826,910	2,738,596
Less allowance for probable loss	**(2,377,617)**	(2,294,445)
	₱449,293	₱444,151
Noncurrent -		
Restricted cash	**₱1,082,925**	₱1,082,925

The input VAT is fully provided with allowance for probable loss. Management has assessed that the Group may not be able to utilize its input VAT.

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Movement in the allowance for probable loss follows:

	Note	**2022**	2021
Balance at beginning of year		**₱2,294,445**	₱2,150,045
Provision	11	**83,172**	144,400
Balance at end of year		**₱2,377,617**	₱2,294,445

Advances to officers and employees pertain to the advances made for business purposes and are subject to liquidation.

Receivables from incidental sale of coal pertain to uncollected proceeds from the sale of incidentally produced coal, which is in accordance with the Permits to Transport and Sell (PTS) issued by the DOE.

Restricted cash includes cash bond required pursuant to the application of the permit to proceed with the development phase for COC No. 159 and cash set aside to settle obligations arising from a court case.

Interest income earned from the restricted cash in 2022, 2021, and 2020 is disclosed in Note 5 to the consolidated financial statements.

8. Exploration and Evaluation Asset

Exploration and evaluation asset are costs incurred on the mining properties situated in the provinces of Davao Oriental and Zamboanga Sibugay, Philippines.

COC Nos. 159 and 166 provide a minimum work expenditure on obligations covered by the work program at the exploration phase (see Note 19). The recovery of these costs depends on the conversion of the COCs to development and production phase.

Balances and movements of this account are as follows:

	2022	2021
Cost		
Balance at beginning of year	**₱637,226,078**	₱635,854,457
Additions	**–**	1,371,621
Balance at end of year	**637,226,078**	637,226,078
Less allowance for impairment loss	**(334,422,038)**	(334,422,038)
Carrying amount	**₱302,804,040**	₱302,804,040

In 2021, the additions to the exploration and evaluation asset are as follows:

	Note	
Personnel costs	12	₱1,102,512
Utilities		83,145
Others		185,964
		₱1,371,621

Others include professional fees, transportation, supplies, and taxes and licenses.

As discussed in Note 4 to the consolidated financial statements, based on the review of the recoverable amount of the Group's nonfinancial assets, management determined that there is an impairment loss of ₱334.4 million on the exploration and evaluation asset in 2021. The recognition of the impairment loss is driven by unplanned expenditures caused by the delays in the conversion of COCs and start of commercial operations. Further, the projections indicate that, although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development.

No impairment loss on exploration and evaluation asset was recognized in 2022.

The financial information arising from exploration and evaluation activities as at and for the years ended December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Total assets	**₱375,749,693**	₱398,746,354	₱775,191,700
Total liabilities	**600,909,973**	600,909,973	595,636,303
Expenses	**29,073,283**	370,789,739	33,611,048
Net cash used in operating activities	**(4,371,225)**	(3,764,940)	(1,337,390)
Net cash provided by (used in) investing activities	**(1,973,022)**	101,179	(7,753,011)
Net cash provided by financing activities	**6,009,266**	3,978,178	7,275,377

9. Property and Equipment

The balances and movements of this account are as follows:

	2022								
	Land	**Land Improvements**	**Drilling Equipment**	**Laboratory and Camp Buildings**	**Survey Equipment and Machineries**	**Laboratory and Testing Equipment**	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost									
Balances at beginning and end of year	**₱18,139,580**	**₱154,954,040**	**₱194,212,031**	**₱25,429,304**	**₱3,264,334**	**₱12,606,310**	**₱9,794,774**	**₱1,818,835**	**₱420,219,208**
Accumulated Depreciation and Amortization									
Balances at beginning of year	**–**	**97,944,934**	**185,510,724**	**17,588,600**	**3,264,334**	**12,606,310**	**9,794,774**	**1,818,835**	**328,528,511**
Depreciation and amortization	**–**	**13,395,608**	**8,701,307**	**2,542,930**	**–**	**–**	**–**	**–**	**24,639,845**
Balances at end of year	**–**	**111,340,542**	**194,212,031**	**20,131,530**	**3,264,334**	**12,606,310**	**9,794,774**	**1,818,835**	**353,168,356**
Carrying Amount	**₱18,139,580**	**₱43,613,498**	**₱–**	**₱5,297,774**	**₱–**	**₱–**	**₱–**	**₱–**	**₱67,050,852**

	2021								
	Land	Land Improvements	Drilling Equipment	Laboratory and Camp Buildings	Survey Equipment and Machineries	Laboratory and Testing Equipment	Transportation Equipment	Office Furniture and Equipment	Total
Cost									
Balances at beginning and end of year	₱18,139,580	₱154,954,040	₱194,212,031	₱25,429,304	₱3,264,334	₱12,606,310	₱9,794,774	₱1,818,835	₱420,219,208
Accumulated Depreciation and Amortization									
Balances at beginning of year	–	82,416,130	171,055,004	15,045,676	3,264,334	12,606,310	9,794,774	1,818,835	296,001,063
Depreciation and amortization	–	15,528,804	14,455,720	2,542,924	–	–	–	–	32,527,448
Balances at end of year	–	97,944,934	185,510,724	17,588,600	3,264,334	12,606,310	9,794,774	1,818,835	328,528,511
Carrying Amount	₱18,139,580	₱57,009,106	₱8,701,307	₱7,840,704	₱–	₱–	₱–	₱–	₱91,690,697

Depreciation and amortization charged as general and administrative expenses amounted to ₱24.6 million, ₱32.5 million, and ₱32.4 million in 2022, 2021 and 2020, respectively (see Note 11).

Starting 2020, the Group ceased to capitalize the depreciation of property and equipment used in its exploration activities.

Fully depreciated and amortized property and equipment that are still being used by the Group amounted to ₱221.7 million and ₱203.0 million as at December 31, 2022 and 2021, respectively.

10. Trade and Other Payables

This account consists of:

	2022	2021
Trade	**₱7,377,296**	₱7,420,629
Accrued expenses	**1,756,294**	1,309,106
Statutory payables	**13,106**	57,371
	₱9,146,696	₱8,787,106

Trade payables are noninterest-bearing and are due and demandable.

Accrued expenses pertain to accruals for security and janitorial services which are expected to be settled within one year.

Statutory payables pertain to the payable to other government agencies which are normally settled in the following month.

11. General and Administrative Expenses

This account consists of:

	Note	**2022**	2021	2020
Depreciation and amortization	9	**₱24,639,845**	₱32,527,448	₱32,363,374
Personnel costs	12	**2,120,289**	1,398,062	1,495,210
Professional fees		**1,638,000**	1,578,880	1,612,585
Repairs and maintenance		**373,705**	22,500	38,140
Representation and entertainment		**282,343**	2,451,144	128,861
Safekeeping fee		**258,400**	130,000	169,025
Listing maintenance fee		**250,000**	250,000	261,000
Taxes and licenses		**219,032**	245,524	44,273
Communication		**159,779**	–	–
Provision for probable loss on input VAT	7	**83,172**	144,400	128,627
Insurance		**8,163**	–	14,475
Office supplies		**6,165**	–	4,189
Outside services		–	1,842,105	–
Others		**1,463,673**	107,126	132,263
		₱31,502,566	₱40,697,189	₱36,392,022

12. **Personnel Costs**

Personnel costs charged to "Exploration and evaluation asset" account (see Note 8) consist of:

	2021	2020
Salaries and wages	₱1,023,342	₱3,573,708
Employee benefits	79,170	71,349
	₱1,102,512	₱3,645,057

Personnel costs classified under "General and administrative expenses" account (see Note 11) consist of:

	Note	**2022**	2021	2020
Salaries and wages		**₱1,927,912**	₱1,300,000	₱1,407,415
Employee benefits		**114,073**	35,535	28,480
Retirement benefits cost	13	**78,304**	62,527	59,315
		₱2,120,289	₱1,398,062	₱1,495,210

13. **Retirement Benefits Liability**

The Group has an unfunded defined benefit plan covering all of qualified regular employees of TMEC. The benefits are based on years of service and compensation. The plan provides for a lump-sum benefit payment upon retirement which shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641 Retirement Pay Law.

The latest actuarial valuation as at December 31, 2019 was prepared by an independent actuary using the projected unit credit method.

The components of retirement benefits cost presented as part of "Personnel costs" under " General and administrative expenses" account are as follows (see Note 12):

	2022	2021	2020
Current service cost	**₱52,222**	₱51,196	₱50,192
Interest cost	**26,082**	11,331	9,123
	₱78,304	₱62,527	₱59,315

The changes in the present value of the retirement benefits liability are as follows:

	2022	2021
Balance at beginning of year	**₱366,300**	₱303,773
Current service cost	**52,222**	51,196
Interest cost	**26,082**	11,331
Balance at end of year	**₱444,604**	₱366,300

The cumulative remeasurement gains recognized as OCI as at December 31, 2022 and 2021 are as follows:

	2022		
	Cumulative Remeasurement Gains	**Deferred Tax**	**Net**
Balance at beginning and end of year	**₱4,438,563**	**₱1,109,641**	**₱3,328,922**

	2021		
	Cumulative Remeasurement Gains	Deferred Tax	Net
Balance at beginning of year	₱4,438,563	₱1,331,569	₱3,106,994
Effect of change in tax rate	–	(221,928)	221,928
Balance at end of year	₱4,438,563	₱1,109,641	₱3,328,922

The principal actuarial assumptions used to determine the retirement benefits cost as at December 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate	**3.73%**	3.73%
Salary increase rate	**2.00%**	2.00%

Sensitivity analysis on retirement benefits liability as at December 31, 2022 is as follows:

	Change in Assumption	Effect on defined benefit liability
Discount rate	(1.00%)	₱69,250
	1.00%	(59,400)
Salary increase rate	1.00%	72,249
	(1.00%)	(62,717)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged.

The weighted average duration of the retirement benefits liability is 15.43 years as at December 31, 2022.

14. Related Party Transactions

The transactions of the Group, in the normal course of business, with its related parties, and the outstanding balances from related parties arising from such transactions are as follows:

	Nature of Transactions	Amount of Transactions 2022	Amount of Transactions 2021	Outstanding Balances 2022	Outstanding Balances 2021
Advances to related parties -					
Entities under common ownership	Advances for working capital	**₱–**	₱465,000	**₱2,063,862**	₱2,063,862
Advances from stockholders	Advances for working capital	**₱6,039,671**	₱9,406,763	**₱66,015,561**	₱59,975,890

<u>Terms and Conditions</u>

Advances to related parties and advances from stockholders are unsecured, noninterest-bearing, generally settled in cash and due on demand. No impairment loss on advances to related parties was recognized in 2022, 2021 and 2020.

<u>Key Management Personnel Compensation</u>

The compensation of key management personnel of the Group are as follow:

	2022	2021	2020
Short-term employee benefits	**₱1,502,065**	₱1,793,404	₱3,737,500
Post-employment benefits	**78,304**	62,527	59,315
	₱1,580,369	₱1,855,931	₱3,796,815

<u>Reconciliation of Liabilities Arising from a Financing Activity</u>

The table below details changes in the Company's liabilities arising from a financing activity as at December 31, 2022 and 2021, including both cash and non-cash changes:

	2022					
			Non-cash Changes			
	Balance at Beginning of Year	**Financing Cash Flows**	**Fair Value Adjustments**	**Foreign Exchange Changes**	**Other Changes**	**Balance at End of Year**
Advances from stockholders	**₱59,975,890**	**₱6,039,671**	**₱–**	**₱–**	**₱–**	**₱66,015,561**

	2021					
			Non-cash Changes			
	Balance at Beginning of Year	Financing Cash Flows	Fair Value Adjustments	Foreign Exchange Changes	Other Changes	Balance at End of Year
Advances from stockholders	₱50,569,127	₱9,406,763	₱–	₱–	₱–	₱59,975,890

15. **Income Taxes**

TMEC is entitled to the following incentives under the COC:

- Exempt from all national taxes except for income tax; and
- Exempt from payment of tariff duties, compensating tax and value-added tax on importations of machinery and equipment, spare parts and materials required for the Coal Operation subject to terms and conditions in the COC.

The components of provision for (benefit from) deferred income tax amounted to (₱19,576) in 2022, ₱11.2 million in 2021 and (₱1.1 million) in 2020.

The effect of the reduction in tax rates was recognized as part of the 2021 provision for income tax, as required by PAS 12, *Income Taxes*. Details of adjustments are as follows:

	Income tax expense	Impact of change in tax rates	Adjusted income tax expense
Deferred	₱9,536,471	₱1,618,243	₱11,154,714
Deferred - OCI	–	221,928	–
Unrecognized deferred tax assets	–	1,301,304	–
	₱9,536,471	₱3,141,475	₱11,154,714

The Group's net deferred tax liability consist of:

	2022	2021
Deferred tax assets:		
Allowance for impairment loss on exploration and evaluation asset	**₱83,605,510**	₱83,605,510
NOLCO	**28,665,713**	22,940,468
Retirement benefits liability	**111,151**	91,575
Total deferred tax assets	**112,382,374**	106,637,553
Unrecognized deferred tax assets	**(112,271,223)**	(106,545,978)
Recognized deferred tax assets	**111,151**	91,575
Deferred tax liability -		
Retirement benefits liability attributable to exploration and evaluation asset	**1,314,902**	1,314,902
Net deferred tax liability	**(₱1,203,751)**	(₱1,223,327)

The Group did not recognize deferred tax assets on allowance for impairment loss on exploration and evaluation asset and NOLCO amounting to ₱112.3 million and ₱106.5 million as at December 31, 2022 and 2021, respectively, as management has assessed that the Group may not be able to utilize these deductible temporary differences against future taxable income.

Deferred tax assets on retirement benefits liability aggregating ₱0.1 million as at December 31, 2022 and 2021 were recognized by the Group. Management's assessment based on available evidence, specifically the Company's positive financial forecasts, demonstrates that this deferred tax asset is realizable.

As at December 31, 2022, details of the related NOLCO from the Parent Company are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2022	₱–	₱2,346,111	₱–	₱2,346,111	2025
2021	4,185,088	–	–	4,185,088	2026
2020	2,527,910	–	–	2,527,910	2025
2019	2,447,906	–	(2,447,906)	–	2022
	₱9,160,904	₱2,346,111	(₱2,447,906)	₱9,059,109	

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

As at December 31, 2022, details of NOLCO from TMEC are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2022	₱–	₱28,712,636	₱–	₱28,712,636	2027
2021	33,853,030	–	–	33,853,030	2026
2020	33,547,309	–	–	33,547,309	2025
2019	3,773,389	–	–	3,773,389	2024
2018	5,717,381	–	–	5,717,381	2023
2017	5,709,860	–	(5,709,860)	–	2022
	₱82,600,969	₱28,712,636	(₱5,709,860)	₱105,603,745	

Section 34 (D)(3) of the Tax Code grants mining companies other than oil and gas wells to carry over net operating loss incurred in any of the first ten years of operation as a deduction from taxable income for the next five years immediately following the year of loss.

A reconciliation between the benefit from income tax based on statutory income tax rate and the effective income tax rate on income before tax is as follows:

	2022	2021	2020
Benefit from income tax at statutory tax rate	**(₱7,875,400)**	(₱93,778,765)	(₱10,913,495)
Change in unrecognized deferred tax assets	**5,725,245**	98,960,083	5,083,830
Effect of change in tax rate	**–**	2,919,547	–
Expired MCIT over RCIT	**–**	–	17,687
Income tax effects of:			
Expired NOLCO	**2,039,442**	2,405,755	4,624,400
Nondeductible expenses	**91,379**	649,136	77,246
Interest income already subjected to final tax	**(242)**	(1,042)	(4,111)
Provision for (benefit from) income tax at effective tax rate	**(₱19,576)**	₱11,154,714	(₱1,114,443)

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") was approved and signed into law by the country's President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020.

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the years ended December 31, 2022 and 2021 is 25% for RCIT. For financial reporting, however, the change in tax rate was not adopted in 2020. The effect of the change was adjusted in 2021.

16. Financial Risk Management Objectives and Policies

The Group's financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash, advances to related parties, receivables from incidental sale of coal and other receivables (presented under "Other current assets" account), restricted cash, trade and other payables (excluding statutory payables) and advances from stockholders.
The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees on policies for managing each of these risks.

Credit risk
Credit risk is a risk due to an uncertainty in a counterparty's ability to meet its obligations. When a counterparty defaults, the maximum exposure is equal to the carrying amount of the related financial asset. The Group's credit risk arises principally from cash in banks, advances to related parties, receivables from incidental sale of coal and other receivables (presented under "Other current assets" account) and restricted cash.

The Group transacts mainly with recognized and creditworthy third parties as well as with related parties. In addition, the Group only deals with financial institutions duly evaluated and approved by the BOD.

The following tables summarize the credit quality of the Group's financial assets at amortized cost as at December 31, 2022 and 2021:

	2022					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Credit-impaired	Total
Financial assets at amortized cost:						
Cash in banks	**₱447,164**	**₱–**	**₱–**	**₱–**	**₱–**	**₱447,164**
Advances to related parties	**2,063,862**	**–**	**–**	**–**	**–**	**2,063,862**
Receivables from incidental sale of coal and other receivables*	**–**	**–**	**201,359**	**–**	**–**	**201,359**
Restricted cash	**1,082,925**	**–**	**–**	**–**	**–**	**1,082,925**
	₱3,593,951	**₱–**	**₱201,359**	**₱–**	**₱–**	**₱3,795,310**

**Presented under "Other current assets" account.*

	2021					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Credit-impaired	Total
Financial assets at amortized cost:						
Cash in banks	₱836,497	₱–	₱–	₱–	₱–	₱836,497
Advances to related parties	2,063,862	–	–	–	–	2,063,862
Receivables from incidental sale of coal and other receivables*	–	–	196,404	–	–	196,404
Restricted cash	1,082,925	–	–	–	–	1,082,925
	₱3,983,284	₱–	₱196,404	₱–	₱–	₱4,179,688

**Presented under "Other current assets" account.*

The credit quality of the financial assets is managed by the Group using internal credit quality ratings. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered as standard grade accounts. Financial assets that are still collectible but require persistent effort from the Group to collect are considered substandard grade accounts. Past due but not impaired are those with history of frequent default nevertheless the amount due are still collectible. Impaired are those that are long outstanding or those that have been provided with an allowance for impairment.

Cash in banks and restricted cash are considered high grade as these pertain to deposits and placements in reputable banks with prime ratings. The Group considers that these financial assets have low credit risk based on the external ratings of the counterparties.

Advances to related parties are considered as high grade because the related parties are operating entities with sufficient liquid assets to repay the receivables upon demand by the Group.

With the exception of receivables from incidental sale of coal and other receivables which are subject to lifetime ECL, impairment of financial assets at amortized cost has been measured on 12-month ECL basis and reflects the short maturities of the exposures. The resulting ECL is not significant because the financial assets are considered high grade with minimal risk of default.

Liquidity Risk

Liquidity risk arises from the Group's inability to raise sufficient funds at the least possible cost to meet its financial commitments. The Group's objectives in liquidity management are: (a) to ensure that adequate funds are available to meet expiring obligations; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access additional funding when needed at the least possible cost.

The table below summarizes the maturity profile of the financial liabilities at amortized cost of the Group based on the remaining contractual undiscounted cash flows as at December 31, 2022 and 2021:

	2022			
	On Demand	**Within 1 Year**	**Over 1 Year**	**Total**
Trade and other payables*	**₱7,377,296**	**₱1,756,294**	**₱–**	**₱9,133,590**
Advances from stockholders	**66,015,561**	**–**	–	**66,015,561**
	₱73,392,857	**₱1,756,294**	**₱–**	**₱75,149,151**

**Excluding statutory payables amounting to ₱13,106 as at December 31, 2022.*

	2021			
	On Demand	Within 1 Year	Over 1 Year	Total
Trade and other payables*	₱7,420,629	₱1,309,106	₱–	₱8,729,735
Advances from stockholders	59,975,890	–	–	59,975,890
	₱67,396,519	₱1,309,106	₱–	₱68,705,625

**Excluding statutory payables amounting to ₱57,371 as at December 31, 2021.*

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations. The Group's overall strategy remains unchanged from the previous year.

The Group manages the capital structure and makes adjustments when there are changes in the economic conditions, its business activities, expansion programs and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust its borrowings or raise capital.

In determining reasonable leverage, the Group evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Group considers its equity, excluding OCI, as capital aggregating to ₱3,425.4 million and ₱3,456.9 million as at December 31, 2022 and 2021, respectively.

TMEC is subject to externally-imposed capital requirements applicable to applicants for exploration permits. The minimum paid-up capital is ₱6.25 million. TMEC has complied with the capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous years.

17. Fair Value Measurement of Financial Instruments

Presented below is a comparison category of the carrying amounts and fair values of all the Group's financial assets and liabilities as at December 31, 2022 and 2021.

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost:				
Cash	**₱462,164**	**₱462,164**	₱851,497	₱851,497
Advances to related parties	**2,063,862**	**2,063,862**	2,063,862	2,063,862
Receivables from incidental sale of coal*	**150,728**	**150,728**	150,728	150,728
Other receivables*	**50,631**	**50,631**	45,676	45,676
Restricted cash	**1,082,925**	**1,082,925**	1,082,925	1,082,925
	₱3,810,310	**₱3,810,310**	₱4,194,688	₱4,194,688
Financial Liabilities at Amortized Cost:				
Trade and other payables**	**₱9,133,590**	**₱9,133,590**	₱8,729,735	₱8,729,735
Advances from stockholders	**66,015,561**	**66,015,561**	59,975,890	59,975,890
	₱75,149,151	**₱75,149,151**	₱68,705,625	₱68,705,625

**Presented under "Other current assets" account.*

***Excluding statutory payables amounting to ₱13,106 and ₱57,371 as at December 31, 2022 and 2021, respectively.*

Cash, Advances to Related Parties, Receivables from Incidental Sale of Coal, Other Receivables, Trade and Other Payables (excluding Statutory Payables) and Advances from Stockholders. The carrying amounts of these financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Restricted Cash. The carrying amounts of this financial instrument approximate its fair value.

18. Loss Per Share

Basic loss per share is computed as follows:

	2022	2021	2020
Net loss	**(₱31,482,025)**	(₱386,269,771)	(₱35,263,875)
Divided by weighted average number of common shares outstanding	**4,000,000,004**	4,000,000,004	4,000,000,004
Basic loss per share	**(₱0.008)**	(₱0.097)	(₱0.009)

The Group does not have any dilutive potential common shares at the end of each period.

19. Commitments and Contingencies

The Group has the following contractual commitments:

COCs with DOE

The Philippine Government, through the DOE, awarded COCs to TMEC. The exploration phase under the COCs is for 2 years and can be extended for another 2 years upon the approval of the DOE. The development and production phase commences when the DOE and TMEC agrees on the existence of Coal Reserves in Commercial Quantity subject to the terms and conditions in the COC. As at December 31, 2022 and 2021, TMEC has two COCs (COC No. 159 and COC No. 166).

COC No. 159 covers 7,000 hectares in Davao Oriental while COC No. 166 which is located in Zamboanga Sibugay covers 4,000 hectares. Completed activities include surface geological investigation which involves surface field geologic mapping, geodetic surveying and trenching and subsurface geologic investigation through cored diamond drilling. As at December 31, 2022 and 2021, TMEC has incurred ₱637.2 million, respectively, for the direct implementation of the work program for the exploration phase of these COCs (see Note 8).

COC No. 159. In 2013, the Group applied for the start-up of the development and production stage in COC No. 159. The Group has submitted to the DOE the Final Exploration Report, 10-Year Work Program and Feasibility Study and Environmental Compliance Certificate (ECC) as issued by the Department of Environment and Natural Resources (DENR).

On August 30, 2018, the DOE has re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. The Group agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves on December 21, 2018.

On September 11, 2018, the Group submitted the required documents to NCIP for the issuance of the CP. The CP is the final requirement for the conversion of COC No. 159.

On December 14, 2018, TMEC received the original copy of the CP and the certified true copy approving the CP from the NCIP.

On December 11, 2019, TMEC received the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the CP (for Development and Production Phase) or CNO from the NCIP. The COC No. 159 for Development and Production Phase shall be effective from date hereof for a period of ten (10) years, and should there be remaining mineable reserves, extendible for another ten (10) years and thereafter renewable for a series of three (3) year periods not exceeding twelve (12) years under such terms and condition as may be agreed upon by the DOE and TMEC. As at December 31, 2022, the Group is still in the process of obtaining a CP or CNO from the NCIP.

Under Presidential Decree 972, *The Coal Development Act of 1976*, as Government share, the DOE will be paid the balance of the gross income after deducting all operating expenses and operator's fee and special allowance. The operating expenses shall not exceed 90% of the gross income. Excess operating expenses can be recovered from the gross income in succeeding years. TMEC will be entitled to a fee and a special allowance, the net amount of which shall not exceed 40% and 30%, respectively, of the net operating income.

On November 2, 2022, TMEC received notice from the NCIP that its Provincial Team had submitted their Field Based Investigation Report and has recommended for the conduct of mandatory Free, Prior Informed Consent (FPIC) process pursuant to NCIP Administrative Order No. 3, series of 2012. Consequently, the NCIP invited TMEC for a Pre-FPIC Conference.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, the Group is still in the process of obtaining a CP or CNO from the NCIP.

COC No. 166. In 2014, COC No. 166's term for exploration expired. The Group, however, is working on the extension of the COC. As required, the Group has submitted to the DOE the Result of Exploration covering the exploration activities conducted and estimates of the resultant coal resource and reserve of the property, which have been verified by the DOE. In 2016, the DOE evaluated the documents submitted and requested additional information to further process the application for conversion.

On September 18, 2018, TMEC has re-submitted the Five-Year Work Program in support for the processing of TMEC's application for the conversion of its COC.

On September 4, 2019, the Group cited difficulties in complying with the other necessary requirements because of the peace and order disturbances in the area, security threats to its employees by lawless elements, and dwindling competitiveness of coal.

On December 9, 2019, the DOE required TMEC to substantiate with supporting documents the above cited problems encountered, specifically documents attesting that TMEC has an existing application for Environmental Compliance Certificate (ECC) from the EMB-DENR, certification from concerned law enforcement units as to the peace and order problem in the area, and proof to the other constraints that TMEC has stated that hinder its compliance with its obligations for COC conversion.

On January 26, 2020, TMEC submitted the supporting documents and action plans for the cited problems with the conversion of COC No. 166 from Exploration to Development and Production Phase.

On November 23, 2020, TMEC re-submitted the Five-Year Work Program in support for the processing of its application for the conversion of its COC.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, the conversion is still subject to the approval of the DOE.

20. Operating Segment

For management reporting purposes, the Group is organized based on its activities and has one operating segment which is the coal mining segment. This segment undertakes the exploration and evaluation activities of the coal reserves of the Group which is within the Group’s country of domicile.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated and a Subsidiary
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Coal Asia Holdings Incorporated and a Subsidiary (the Group) as at December 31, 2022 and 2021 and for each of the years ended December 31, 2022, 2021 and 2020 and have issued our report dated April 20, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission are the responsibility of the Group's management. These supplementary schedules include the following:

- Conglomerate Map as at December 31, 2022
- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration of the Parent Company as at December 31, 2022
- Schedules as required by Part II of the Revised SRC Rule 68 as at December 31, 2022

These supplementary schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

Arthur Vinson Ong

ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 120745-SEC Group A
Issued March 29, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 08-005144-015-2020
Valid until July 1, 2023
PTR No. 9564572
Issued January 3, 2023, Makati City

April 20, 2023
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782-FR-3 Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
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INDEPENDENT AUDITORS' REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated and a Subsidiary
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

We have audited in accordance with Philippines Standards on Auditing, the accompanying consolidated financial statements of Coal Asia Holdings Incorporated and a Subsidiary (the Group) as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020, and have issued our report dated April 20, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021, and 2020 and no material exceptions were noted.

REYES TACANDONG & CO.

Arthur Vinson Ong

ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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Valid until July 1, 2023
PTR No. 9564572
Issued January 3, 2023, Makati City

April 20, 2023
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

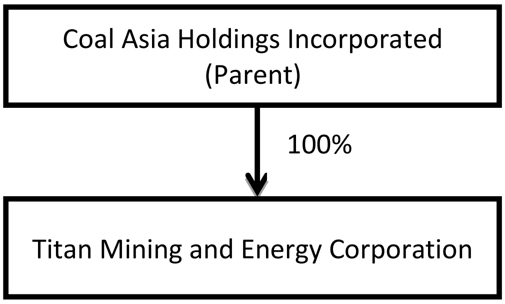
DECEMBER 31, 2022 AND 2021

Ratio	Formula	2022	2021
Current ratio			
	Total Current Assets	**₱2,975,319**	₱3,359,510
	Divided by: Total Current Liabilities	**75,162,257**	68,762,996
	Current ratio	**0.04:1**	0.05:1
Acid test ratio			
	Total Current Assets	**₱2,975,319**	₱3,359,510
	Less: Other current assets	**(449,293)**	(444,151)
	Quick assets	**2,526,026**	2,915,359
	Divide by: Total Current Liabilities	**75,162,257**	68,762,996
	Acid test ratio	**0.03:1**	0.04:1
Solvency ratio			
	Net loss before depreciation	**(₱6,842,180)**	(₱353,742,323)
	Divide by: Total liabilities	**76,810,612**	70,352,623
	Solvency ratio	**(0.09):1**	(5.03):1
Debt-to-equity ratio			
	Total liabilities	**₱76,810,612**	₱70,352,623
	Divide by: Total equity	**3,428,698,625**	3,460,180,650
	Debt-to-equity ratio	**0.0224:1**	0.0203:1
Asset-to-equity ratio			
	Total assets	**₱3,505,509,237**	₱3,530,533,273
	Divide by: Total equity	**3,428,698,625**	3,460,180,650
	Asset-to-equity ratio	**1.02:1**	1.02:1
Return on equity			
	Net loss	**(₱31,482,025)**	(₱386,269,771)
	Divide by: Total equity	**3,428,698,625**	3,460,180,650
	Return on equity	**(0.92%)**	(11.16%)
Return on assets			
	Net loss	**(₱31,482,025)**	(₱386,269,771)
	Divide by: Average total assets	**3,518,021,255**	3,718,062,708
	Return on assets	**(0.89%)**	(10.39%)

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONGLOMERATE MAP

DECEMBER 31, 2022



COAL ASIA HOLDINGS INCORPORATED

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

DECEMBER 31, 2022

Deficit, beginning of year	(₱504,662,963)
Net loss closed to deficit	(2,428,924)
Deficit, as adjusted, end of year	(₱507,091,887)

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

SEC Supplementary Schedule as Required by Part II of SRC Rule 68 as Amended

DECEMBER 31, 2022

Table of Contents

Notes:
A – The Company has no financial assets measured at fair value through profit or loss.
B – All receivables arises from ordinary course of business.
D – The Company has no long-term debt.
E – The amount of the Company’s indebtedness to related parties is less than five per cent of its total assets.
F – The Company has no guarantee of securities of other issuers.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements

DECEMBER 31, 2022

			Deductions		*Ending Balance*		
Name and designation of debtor	***Balance at beginnning of period***	***Additions***	***Amounts collected***	***Amounts written off***	***Current***	***Not current***	***Balance at end of period***
Advances to TMEC	₱565,309,431	₱–	₱–	₱–	₱565,309,431	₱–	₱565,309,431

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

G. Capital Stock
DECEMBER 31, 2022

				Number of shares held by		
Title of Issue	***Number of shares authorized***	***Number of shares issued and outstanding as shown under the related statements of financial position caption***	***Number of shares reserved for options, warrants, conversion and other rights***	***Related parties***	***Directors, officers and employees***	***Others***
Capital stock - ₱1 par value	5,000,000,000	4,000,000,004	–	1,920,000,000	1,280,000,000	800,000,004

Coal Asia Holdings
Reliable energy resources through responsible mining

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of Coal Asia Holdings Incorporated and Subsidiary (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group 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 audit.

Harald R. Tomintz	**Johnson A. Sanhi, Jr.**	**Rolando P. Domingo**
Chairman of the Board	President	Chief Financial Officer

20 APR 2023

SUBSCRIBED AND SWORN to before me this _____ day of ___________ 20____ affiants (s) exhibiting to me his/their Tax Identification Number, as follows:

NAMES	**TAX IDENTIFICATION NUMBER**
Harald R. Tomintz	123-069-283-000
Johnson A. Sanhi, Jr.	105-618-140-000
Rolando P. Domingo	105-777-482-000

NOTARY PUBLIC
Doc No.: 196
Page No.: 30
Book No.: 183
Series of 2023

ATTY. DWIGHT M. GALARRITA
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023
MCLE COMPLIANCE NO. VI-0021190
2 FLOOR ALPHA LAND TOWER MAKATI CITY
ROLL OF ATTORNEY'S NO. 5451