



SECURITIES AND EXCHANGE COMMISSION

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COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

Johnson A. Sanhi, Jr.									
(Contact Person)									

8813-8892									
(Company Telephone Number)									

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Amended Articles Number/Section

20
Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

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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, 2025**
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	and	Number of shares of common stock outstanding
Common		amount of debt outstanding 4,000,000,004

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

Yes [☒]

No [☐]

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

Philippine Stock Exchange

Common 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 [☒]

No [☐]

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

Yes [☒]

No [☐]

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

As of December 31, 2025: **₱1,120,000,000.00**

The aggregate market value of the voting shares held by non-affiliates as of December 31, 2025 was determined by multiplying the number of shares held by the public by the closing share price on 23 December 2025 of ₱0.028

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.

As at December 31, 2025 and 2024, 4,000,000,004 common shares of the Parent Company at P=1 par value are listed in the Philippine Stock Exchange (PSE). Of those shares, 20% are publicly-owned as at December 31, 2025 and 2024.

The Board of Directors (BOD) and the stockholders of the Parent Company approved the amendment of its articles of incorporation on July 1, 2024 and December 5, 2025, respectively, for the following:

- Change in primary purpose that the Parent Company is organized primarily as a holding company to engage in different sources of energy and technologies for power or energy generation.
- Increase in the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of shares of stock from P=1.00 to P=0.10 per share.

On February 18, 2025, the amended articles of incorporation was approved by the SEC.

On December 22, 2025 and February 11, 2026, the BOD and stockholders of the Parent Company, respectively, approved the amendment of its articles of incorporation, for the following:

- Change in corporate name from Coal Asia Holdings Incorporated to Tubig Pilipinas Holding Inc.
- Change in primary purpose to reflect that its main business is to hold interests or equity in companies engaged in water distribution, bulk water supply, septage, sewage, and related activities
- Increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value remaining at P=0.10 per share

On March 19, 2026, the application for the amended articles of incorporation has been submitted to the SEC and is still pending approval as at report date.

Share Purchase Agreement

On September 26, 2025, the stockholders of the Parent Company who collectively own 28,671,400,000 common shares representing 71.68% of the total outstanding capital stock entered into a Share Purchase Agreement with Pure Energy Holdings Corporation, Pure Water Corporation (Pure), and Quad Water Corporation (Quad) at P=0.0077 per share. The shares were acquired by the investors in varying proportions, with none of the investors individually obtaining control of the Parent Company.

Plan on the Divestment of TMEC

On February 11, 2026, the stockholders of the Parent Company approved the plan to divest TMEC, which was also approved by the BOD of the Parent Company on December 22, 2025. The terms and conditions of the divestment will be determined by the BOD once finalized.

Plan on Share Issuance through Share Swap Agreement

The stockholders and the BOD of the Parent Company approved on February 11, 2026 and December 22, 2025, respectively, the plan to issue new shares out of the increase in authorized capital stock to Pure and Quad in exchange for their equity in Tubig Pilipinas Group, Inc. (TPGI). The transaction involves exchange of up to 100% outstanding capital stock of TPGI.

The share swap agreement was signed by the parties on March 2, 2026, with the related share issuance to be done upon the approval of the SEC on the amended articles of incorporation and the increase in authorized capital stock.

Status of Operations

As at December 31, 2025 and 2024, the Group has one Coal Operating Contracts (COCs) located in Davao Oriental (COC No. 159).

As discussed in Note 17 to the consolidated financial statements, on January 22, 2025, the Department of Energy (DOE) issued a notice of term expiration of COC No. 166 stating that TMEC failed to submit the complete requirements for conversion of COC No. 166 from Exploration Phase to Development and Production Phase. Accordingly, in accordance with the expressed provision of Presidential Decree No. 972, the term of COC No. 166 has lapsed, and TMEC was directed to immediately vacate the contract area and restore all sites that may have been affected by any coal operations.

As also discussed in Note 17 to the consolidated financial statements, the Group has already received from the DOE the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the Certificate of Precondition (CP) (for Development and Production Phase) or Certificate of Non-Overlap (CNO) from the National Commission on Indigenous People (NCIP).

The Group has been compliant with the requirements of the DOE and is confident that it will obtain the necessary approval from the NCIP.

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

Coal Resources & Reserves

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 20° 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 20° to 30°. The seams occur in a syncline with axis trending west northwest (WNW) and plunging approximately 1° 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 30° 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
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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.

Ideal Location for Mining

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.

Experienced Technical Management and Staff

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.

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 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.

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.

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, these 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 domestic 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 Domestic 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;

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	TMEC	16-Sep-09	15-Sep-11 (2 years Exploration)	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.
	CB-137					
	CB-176					
	CB-177					
	CB-188					
	CB-217					
	CB-218					
Zamboanga-Sibugay Coal Operating Contracts						

166	CB-280	TMEC	18-Nov-09	November 17, 2011 (2years Exploration)	November 17, 2013 (2 years Extension)	Submitted Geologic Report, DOE review 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.
	CB-320					
	CB-241					
	CB-281					

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	Bug, 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 Bug, 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, 2025 TMEC, has spent Nil 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:

	2025	Next 12 months (pending conversion of COC)
Administration and Accounting	1	1
Exploration and Development		
Regular	2	2
Contractual	1	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 2025 are as follows:

Quarter	High	Low	Close
1Q 2025	0.121	0.166	0.12
2Q 2025	0.138	0.138	0.138
3Q 2025	0.028	0.026	0.027
4Q 2025	0.028	0.028	0.028

Holders of Common Equity

As of December 31, 2025, the Company had 19 (nineteen) 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)	38,095,126,086	95.23%
	PCD NOMINEE CORPORATION_(FOREIGN)	1,856,532,734	4.64%
	YAN, LUCIO W. YAN &/OR CLARA Y.	40,000,000	0.10%
	TACUB, PACIFICO B.	4,000,000	0.01%
	REGINA CAPITAL DEVT CORP - 000351	1,200,000	0.00%
	SUCALDITO, ENRIQUE L.	1,000,000	0.00%
	MENDOZA, ROSELLER A.	650,000	0.00%
	COMIA JR., JUAN D.	500,000	0.00%
	PUNO, ORPHA C.	220,000	0.00%
	YOUNG, BARTHOLOMEW DYBUNCIO	200,000	0.00%
	ASUNCION, ALEXANDER G.	150,000	0.00%

	MARANA, CENON BIENVENIDO D. MARANA	135,000	0.00%
	MARANA, MARIE JANE C.	135,000	0.00%
	RAYOS DEL SOL, OSCAR M.	100,000	0.00%
	MARIANO, MARIA ANA B.	20,000	0.00%
	LIMGENCO, DONDI RON R.	11,110	0.00%
	GILI JR., GUILLERMO F.	10,000	0.00%
	BES, RONALD S.	10,000	0.00%
	FALCOTELO, MATTHEW HENRI H.	100	0.00%
	BAUTISTA, JOSELITO T.	10	0.00%
		40,000,000,040	100.00%

As of December 31, 2025, 1,856,532,734 common shares are held by non-Filipinos, placing the foreign ownership level of the Corporation at 4.64%. 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, 2025, 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, 2025, 2024, and 2023.

COAL's Summary Audited Consolidated Financial Information			
as at			
	2025	2024	2023
	(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	-25,537,745	-22,272,894	-22,168,229
Provision for Impairment Loss on EEA	-1,386,970,068	-936,045,824	-211,922,923
Operating Income	-1,412,507,813	-958,318,718	-234,091,152
Other Income	-	-	750,000
Interest Income	8,360	8,360	1,171
Finance Cost	-	-	-
Income (loss) before income tax	-1,412,506,430	-958,310,358	-233,339,981
Provision For (Benefit From) Income Tax - Deferred	-15,951	-11,507	-1,198
Net Income (loss)	-1,412,490,839	-958,298,851	-233,338,783
Consolidated Statement of Financial Position			
Assets			
Cash and cash equivalents	1,282,156	790,316	506,818
Funds held in escrow	-	-	-
Advances to Affiliates	2,050,940	2,050,940	2,070,917
Prepayments and other current assets	-	-	449,293
Total Current Assets	3,333,096	2,841,256	3,027,028

Coal Reserves <i>and</i> Exploration and evaluation assets	899,461,326	2,286,431,394	3,222,477,218
Property, plant and equipment –net	22,739,580	37,403,605	49,749,965
Deferred Tax Asset	-	-	-
Other Noncurrent Asset	1,089,465	1,089,465	1,082,925
Total Non-Current Assets	923,290,371	2,324,924,464	3,273,310,108
TOTAL ASSETS	926,623,467	2,327,765,720	3,276,337,136
Liabilities and Equity			
Trade and other payables	12,890,289	13,348,567	10,004,964
Advances from related parties	89,396,031	75,635,941	69,275,381
Current portion of loans payable	-	-	-
Income tax payable	-	-	11,250
Total Current Liabilities	100,286,320	88,984,508	79,291,595
Loan Payable-net of current portion	-	-	-
Retirement benefit liability	602,790	654,425	494,396
Deferred Tax Liability	1,164,205	1,179,796	1,191,303
Total Non-Current Liability	1,766,995	1,720,221	1,685,699
Capital Stock	4,000,000,004	4,000,000,004	4,000,000,004
Deficit	-3,178,758,774	-1,766,267,935	-807,969,084
Other Comprehensive income	3,328,922	3,328,922	3,328,922
Stockholders' Equity	824,570,152	2,237,060,991	3,195,359,842
TOTAL LIABILITIES AND EQUITY	926,623,467	2,327,765,720	3,276,337,136
Key Indicators			
Gross Profit Margin (%)	-	-	-
Net Income (loss) Margin (%)	-	-	-
Return on Asset (%)	-	-	-
Return on Equity (%)	-	-	-
Current Ratio(x)	0.01:1.00	0.03:1.00	0.04:1.00
Total Liabilities to Equity (x)	0.01:1.00	.04:1.00	.03:1.00
Earnings Per Share (Basic) (Php 0.0000)	-0.353	-0.240	-0.058
Book Value Per Share (Php 0.0000)	0.2061	0.5593	0.7988

A. Comprehensive Income for the year ended December 31, 2025 vs. Comprehensive Income for the year ended December 31, 2024 vs. Comprehensive Income for the year ended December 31, 2023

Sales

There were no sales for 2025, 2024 and 2023. 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 ₱25.54M, due mainly to personnel costs, professional fees, communication expense, depreciation expense and taxes.

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 2025.

Interest Income

Interest income which came from interest earned from bank deposits, cash equivalents, restricted cash and funds held in escrow was Nil in 2025, 2024, and 2023, 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 ₱1,412.49 Million, ₱958.3 Million, ₱233.3 Million in 2025, 2024, and 2023, respectively.

B. Consolidated Statement of Financial Position

December 31, 2025 vs. December 31, 2024

Cash and Cash Equivalent

Cash and cash equivalents increased by ₱0.49 Million or 62%, to ₱1.28 Million as of December 31, 2025 from ₱0.79 Million as of December 31, 2024 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, 2025 was ₱2.05 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, 2025, the balance is Nil.

Prepayments and Other Current Assets

There were no prepayments and other current assets since 2024.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were Nil due to impairment.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by ₱14.6 Million or 39% due to depreciation incurred during the year.

Coal Reserves

Coal Reserves is now amounted to ₱899.46 Million as of December 31, 2025. 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, 2025 and December 31, 2024.

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 decreased by ₱0.46 Million, to ₱12.89 Million as of December 31, 2025 from ₱13.35 Million as of December 31, 2024.

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 ₱87.4 Million and ₱75.6 Million as at December 31, 2025 and 2024.

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 ₱0.60 Million of December 31, 2025, this is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to ₱3,178.76 Million as of end December 31, 2025. 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 2025 and 2024, 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:

	2025	2024
Coal price	\$100/MT	\$197/MT
Foreign exchange rate	P=58.877:\$1	P=58.01:\$1
Discount rate	11.48%	11.48%
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 its 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, 2024 from the exploration for and evaluation of coal resources are as follows:

	2025	2024
Total assets	P305,911,467	P626,803,146
Total liabilities	1,766,994	619,331,319
Expenses	328,345,005	76,759,008
Net cash used in operating activities	(4,328,190)	267,642
Net cash used in investing activities	(1,853,533)	(6,604,550)
Net cash provided by financing activities	6,800,000	6,400,000

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 #159 and 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:

	2025
Balance at beginning of year	P90,881,117
Additions	-
Impairment for the year	-
Cost at the end of year	P-

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, 2025:

- 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, 2025 and 2024, 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:

	2025	2024
Audit Fee	₱570,000	₱570,000
other fees	-	-
TOTAL	₱570,000	₱570,000

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, 2025.

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, 72, 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., 61, 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, 53, 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 Peter Y. Roxas, 62, 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, 61, 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, 80, 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, 82, 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, 79, 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.

Eric Peter Y. Roxas, 62, Filipino, Director and Corporate Secretary

Rosanna T. Desiderio, 61, 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
Eric Peter Y. Roxas	Filipino	Corporate Secretary	March 24, 2025 - 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 contracts, 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 2025, 2024, and 2023.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Johnson A. Sanhi, Jr. <i>President & COO</i>				
Total for the Executive Officers as a group	2025	₱1,300,000		
	2024	₱1,300,000		
	2023	₱1,300,000		
Total for the Executive Officers & Directors as a group	2025	₱1,300,000		
	2024	₱1,300,000		
	2023	₱1,300,000		

For 2025, the estimated aggregate compensation paid to all officers and directors 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 or 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 2025:

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	1,856,532,734	4.64%
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	0	0.00%

**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 2025:

Title of Class	Name and Citizenship	Amount and nature of beneficial ownership	Percent of Class
----------------	----------------------	---	------------------

Common	Harald R. Tomintz (Austrian)	10,000	Direct	0.00
Common	Johnson A. Sanhi, Jr. (Filipino)	10,000	Direct	0.00
Common	Eric Y. Roxas (Filipino)	2,000,000	Indirect	0.00
Common	Arsenio M. Bartolome III (Filipino)	10	Direct	0.00
Common	Juan Kevin G. Belmonte (Filipino)	10	Direct	0.00
Common	Aristides Armas (Filipino)	2,100,010	Direct	0.00
Common	Rosanna Desiderio (Filipino)	10	Direct	0.00
Common	All directors and executive officers as a group	4,120,040		0.00

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, 2025.

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, 2025, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes, Tacandong & Co.

Reports on SEC Form 17-C

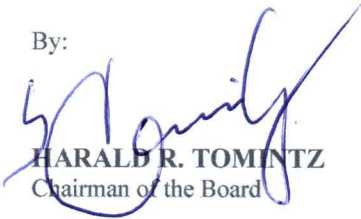
The Company filed the following reports on 17-C for the calendar year 2025:

Date of event reported	Subject Matter
September 24, 2025	Declaration of sale of shares by a shareholder of the company.
September 26, 2025	Share Purchase Agreement with Pure Energy Holdings Corporation, Pure Water Corporation (Pure), and Quad Water Corporation (Quad)
September 29, 2025	Execution of share purchase agreement between and among stockholders of record of the company as selling shareholders, and pure energy holdings corporation, pure water corporation and quad water holdings corporation.
December 04, 2025	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

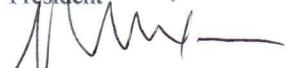
MAY 14 2026, 20__.

By:


HARALD R. TOMINTZ
Chairman of the Board


ROLANDO P. DOMINGO
Chief Financial Officer


JOHNSON A SANHI JR.
President


ERIC PETER Y. ROXAS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 14 2026 day, of ____, 20__ affiant(s) exhibiting to me his/ their Tax Identification Number, as follows:

NAMES

HARALD R. TOMINTZ
JOHNSON A SANHI JR.
ROLANDO P. DOMINGO
ERIC PETER Y. ROXAS

TAX IDENTIFICATION NUMBER

123-069-283-000
105-618-140-000
105-777-482-000
106-207-301-000

Notary Public

Doc. No. 37
Page No. 77
Book No. 77
Series of 2026.


ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 536461/01-05-2026/Pasig City
PTR NO. MKT 10764120/01-05-2026/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	0	3	1	4
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COMPANY NAME

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		A		S
U	B	S	I	D	I	A	R	Y																														

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

3	r	d		F	l	o	o	r	,		J	T	K	C		C	e	n	t	e	r	,		2	1	5	5		D	o	n		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														

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address

rolando.domingo@pureenergy.com

Company's Telephone Number/s

(02) 8813-8892

Mobile Number

0917 853 5701

No. of Stockholders

20

Annual Meeting (Month / Day)

April 30

Calendar Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Johnson A. Sanhi Jr.

Email Address

johnson.sanhi.jr@titanmining.com

Telephone Number/s

(02) 8818-6772

Mobile Number

—

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.



**“STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS”**

The Management of **COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, 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 for the years ended December 31, 2025 and 2024, 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.

Signature: Harald R. Tominz
Chairman of the Board

Signature: Johnson A. Sanhi Jr.
President

Signature: Dexter Y. Tiu
Treasurer

Signed this MAY 14 2026
_____ day of _____

SUBSCRIBED AND SWORN TO BEFORE ME, this
MAY 14 2026 day of _____ 20____ at Makati
City, affiant exhibited to me his/her competent evidence
of identity no. _____ issued at _____
on _____.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET

BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 536461/01-05-2026/Pasig City
PTR NO. MKT10764120/01-05-2026/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

DOC. NO. 32
PAGE NO. 7
BOOK NO. 45
SERIES OF 1070



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, 2025 and 2024, 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, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of material accounting policy information.

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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the consolidated financial statements of public interest entities in the Philippines. We have also 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.

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, 2025. 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. We have determined the matter described below to be the key audit matter to be communicated in our report.



Recoverability of Coal Reserves and Exploration and Evaluation Asset

The Group has coal reserves and exploration and evaluation asset amounting to ₱899.5 million as at December 31, 2025. The recoverability of these nonfinancial assets depends on the Group's ability to proceed with the development and production phase in areas covered by its Coal Operating Contracts, which remain subject to obtaining the necessary government approvals. This matter is considered significant to our audit due to the materiality of these assets to the consolidated financial statements and the significant management judgment involved in assessing whether there are indicators of impairment. In 2025, the Group recognized an impairment loss amounting to ₱1,387.0 million related to coal reserves and exploration and evaluation asset.

We reviewed management's determination of impairment indicators and assessment on the recoverability of these nonfinancial assets. We evaluated the key assumptions used by the management in its impairment testing, which include the projected coal prices, foreign exchange rate, discount rate and estimated volume of coal reserves, by comparing against available relevant market and management information and external sources. We also evaluated the methodology applied by the Group in determining the recoverable amount particularly the value in use calculations which was assessed to be higher than fair value less costs to sell, and the amount of impairment recognized after comparison with the carrying amount of the nonfinancial assets as at December 31, 2025. We also reviewed the adequacy of the Group's disclosures in Notes 2, 3, 4 and 18 to the consolidated financial statements, including those relating to key assumptions used and sensitivities that have the most significant effect on the determination of the recoverable amount of these 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, 2025, 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, 2025 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 audit 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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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, they 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 our audits.

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 Cedric M. Caterio.

REYES TACANDONG & Co.

CEDRIC M. CATERIO

Partner

CPA Certificate No. 87322

Tax Identification No. 102-083-647-000

BOA Accreditation No. 4782/P-008; Valid until June 6, 2026

SEC Accreditation No. 87322-SEC Group A

Issued April 20, 2022;

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 19-005765-001-2025;

Valid until November 14, 2028

PTR No. 10764012;

Issued January 2, 2026, Makati City

May 13, 2026

Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash	5	P1,282,156	P790,316
Advances to related parties	13	2,050,940	2,050,940
Total Current Assets		3,333,096	2,841,256
Noncurrent Assets			
Coal reserves and exploration and evaluation asset	4	899,461,326	2,286,431,394
Property and equipment	7	22,739,580	37,403,605
Restricted cash	6	1,089,465	1,089,465
Total Noncurrent Assets		923,290,371	2,324,924,464
		P926,623,467	P2,327,765,720
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	P12,890,289	P13,348,567
Advances from stockholders	13	87,396,031	75,635,941
Total Current Liabilities		100,286,320	88,984,508
Noncurrent Liabilities			
Retirement benefits liability	11	602,790	540,425
Net deferred tax liability	14	1,164,205	1,179,796
Total Noncurrent Liabilities		1,766,995	1,720,221
Total Liabilities		102,053,315	90,704,729
Equity			
Capital stock	12	4,000,000,004	4,000,000,004
Deficit		(3,178,758,774)	(1,766,267,935)
Cumulative remeasurement gain on retirement benefits liability, net of deferred tax	11	3,328,922	3,328,922
Total Equity		824,570,152	2,237,060,991
		P926,623,467	P2,327,765,720

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2025	2024	2023
GENERAL AND ADMINISTRATIVE EXPENSES	9	(P25,537,745)	(P22,272,894)	(P22,168,229)
PROVISION FOR IMPAIRMENT LOSS ON COAL RESERVES AND EXPLORATION AND EVALUATION ASSET	4	(1,386,970,068)	(936,045,824)	(211,922,923)
INTEREST INCOME	5	1,383	8,360	1,171
GAIN ON SALE OF TRANSPORTATION EQUIPMENT	7	–	–	750,000
LOSS BEFORE INCOME TAX		(1,412,506,430)	(958,310,358)	(233,339,981)
PROVISION FOR (BENEFIT FROM) INCOME TAX	14			
Current		–	–	11,250
Deferred		(15,591)	(11,507)	(12,448)
		(15,591)	(11,507)	(1,198)
NET LOSS		(1,412,490,839)	(958,298,851)	(233,338,783)
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE LOSS		(P1,412,490,839)	(P958,298,851)	(P233,338,783)
BASIC AND DILUTED LOSS PER SHARE	17	(P0.035)	(P0.024)	(P0.006)

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2025	2024	2023
CAPITAL STOCK	12	₱4,000,000,004	₱4,000,000,004	₱4,000,000,004
DEFICIT				
Balance at beginning of year		(1,766,267,935)	(807,969,084)	(574,630,301)
Net loss		(1,412,490,839)	(958,298,851)	(233,338,783)
Balance at end of year		(3,178,758,774)	(1,766,267,935)	(807,969,084)
CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS LIABILITY, NET OF DEFERRED TAX	11	3,328,922	3,328,922	3,328,922
		₱824,570,152	₱2,237,060,991	₱3,195,359,842

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(P1,412,506,430)	(P958,310,358)	(P233,339,981)
Adjustments for:				
Provision for impairment loss on coal reserves and exploration and evaluation asset	4	1,386,970,068	936,045,824	211,922,923
Depreciation and amortization	7	14,664,025	17,300,887	17,300,887
Provision for probable loss on input value-added tax (VAT)	6	476,750	126,540	29,718
Retirement benefits cost	11	62,365	46,029	49,792
Interest income	5	(1,383)	(8,360)	(1,171)
Gain on sale of transportation equipment	7	—	—	(750,000)
Operating loss before working capital changes		(10,334,605)	(4,799,438)	(4,787,832)
Decrease (increase) in other current assets		(476,750)	322,753	(29,718)
Increase (decrease) in trade and other payables		(458,278)	3,343,603	858,268
Net cash used for operations		(11,269,633)	(1,133,082)	(3,959,282)
Interest received		1,383	1,820	1,171
Income tax paid		—	(11,250)	—
Net cash used in operating activities		(11,268,250)	(1,142,512)	(3,958,111)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	7	—	(4,954,527)	—
Decrease (increase) in advances to related parties		—	19,977	(7,055)
Proceeds from sale of transportation equipment	7	—	—	750,000
Net cash provided by (used in) investing activities		—	(4,934,550)	742,945
CASH FLOW FROM A FINANCING ACTIVITY				
Additional advances from stockholders	13	11,760,090	6,360,560	3,259,820
NET INCREASE IN CASH		491,840	283,498	44,654
CASH AT BEGINNING OF YEAR		790,316	506,818	462,164
CASH AT END OF YEAR		P1,282,156	P790,316	P506,818
COMPONENTS OF CASH				
	5			
Cash on hand		P15,000	P15,000	P15,000
Cash in banks		1,267,156	775,316	491,818
		P1,282,156	P790,316	P506,818

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

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.

Titan Mining and Energy Corporation (the Subsidiary or TMEC), is a wholly-owned subsidiary incorporated and registered with the SEC on November 11, 2008. TMEC is engaged in the operations of coal mining and energy related business.

The Parent Company and TMEC are collectively referred to as “the Group”.

On October 23, 2012, the Parent Company became a publicly-listed company. As at December 31, 2025 and 2024, 40,000,000,040 and 4,000,000,004 common shares of the Parent Company at ₱0.10 and ₱1.00 par value, respectively, are listed in the Philippine Stock Exchange (PSE). Of those shares, 28.31% and 20.00% are publicly-owned as at December 31, 2025 and 2024, respectively.

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

Amendments of Articles of Incorporation

On July 1, 2024 and May 23, 2024, the stockholders and Board of Directors (BOD) of the Parent Company, respectively, approved the amendment of its articles of incorporation for the following:

- Change in primary purpose that the Parent Company is organized primarily as a holding company to engage in different sources of energy and technologies for power or energy generation.
- Increase in the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of shares of stock from ₱1.00 to ₱0.10 per share.

On February 18, 2025, the amended articles of incorporation was approved by the SEC.

On February 11, 2026 and December 22, 2025, the stockholders and BOD of the Parent Company, respectively, approved the amendment of its articles of incorporation, for the following:

- Change in corporate name from Coal Asia Holdings Incorporated to Tubig Pilipinas Holdings Inc.
- Change in primary purpose to reflect that its main business is to hold interests or equity in companies engaged in water distribution, bulk water supply, septage, sewage, and related activities.
- Increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value remaining at ₱0.10 per share (see Note 12).

On March 19, 2026, the application for the amended articles of incorporation has been submitted to the SEC and is pending approval as at report date.

Share Purchase Agreement

On September 26, 2025, the stockholders of the Parent Company who collectively own 28,671,400,000 common shares representing 71.68% of the total outstanding capital stock entered into a Share Purchase Agreement with Pure Energy Holdings Corporation, Pure Water Corporation (Pure), and Quad Water Corporation (Quad) at ₱0.0077 per share. The shares were acquired by the investors in varying proportions, with none of the investors individually obtaining control of the Parent Company.

Plans on Share Issuance through Share Swap Agreement and Divestment of TMEC

The stockholders and the BOD of the Parent Company approved on February 11, 2026 and December 22, 2025, respectively, the plan to issue new shares out of the increase in authorized capital stock to Pure and Quad in exchange for their equity in Tubig Pilipinas Group, Inc. (TPGI). The agreement involves exchange of 100% outstanding capital stock of TPGI.

The share swap agreement was entered into by the parties on March 2, 2026, with the related share issuance to be done upon the approval of the SEC on the amended articles of incorporation, which includes the increase in authorized capital stock.

On the same dates, the stockholders and the BOD of the Parent Company approved the plan to divest in TMEC. The terms and conditions of the divestment will be determined by the BOD once finalized.

Status of Operations

As at December 31, 2025 and 2024, the Group has two Coal Operating Contracts (COCs) located in Davao Oriental (COC No. 159) and Zamboanga Sibugay (COC No. 166).

As discussed in Note 18 to the consolidated financial statements, on January 22, 2025, the Department of Energy (DOE) issued a notice of term expiration of COC No. 166 stating that TMEC failed to submit the complete requirements for conversion of COC No. 166 from Exploration Phase to Development and Production Phase. Accordingly, in accordance with the expressed provision of Presidential Decree No. 972, the term of COC No. 166 has lapsed, and TMEC was directed to immediately vacate the contract area and restore all sites that may have been affected by any coal operations. The Group appealed on February 18, 2025, for reconsideration with the DOE and, as at report date, is awaiting the DOE's response.

As also discussed in Note 18 to the consolidated financial statements, the Group has already received from the DOE the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the Certificate of Precondition (CP) (for Development and Production Phase) or Certificate of Non-Overlap (CNO) from the National Commission on Indigenous People (NCIP). The Group has been compliant with the requirements of the DOE and is confident that it will obtain the necessary approval from the NCIP.

On March 3, 2026, TMEC received a certification from the DOE affirming that COC No. 159 remains valid (see Note 18).

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024, and 2023 were reviewed and recommended for approval by the Audit Committee and approved and authorized for issuance by the BOD on May 13, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. 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 and adopted by the SEC, including SEC pronouncements.

The material 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, except for retirement benefits liability which is measured at the present value of define benefit obligation. 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 used in measuring fair value is disclosed in Note 16 to the consolidated financial statements.

Adoption of Amendments to PFRS Accounting Standards

The adoption of the amendments to PFRS Accounting Standards effective for annual reporting periods beginning January 1, 2025 did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.
- Annual Improvements to PFRS Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
 - Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.

- Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendment to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the 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 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, 2025 and 2024, 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 or impaired or 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, 2025 and 2024, the Group’s cash, advances to related parties, 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, 2025 and 2024, 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 financial assets at amortized cost 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.

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.

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 statements 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 statements 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.

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 output VAT liability.

Coal Reserves and Exploration and Evaluation Asset

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 is carried at cost less accumulated impairment losses.

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 mine development costs 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 is charged during the exploration and evaluation phase.

Property and Equipment

Property and equipment, except for 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. 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 machinery	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 charge for depreciation and amortization is made in respect of those 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.

Coal Reserves and Exploration and Evaluation Asset. Coal reserves and exploration and evaluation asset is assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. One or more of the following facts and circumstances indicate that the 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.

Cumulative Remeasurement Gain on Retirement Benefits Liability, Net of Deferred Tax

This pertains to cumulative actuarial gain and losses on the Group's retirement benefits liability arising from experience adjustments and changes in financial assumptions. These are recognized immediately in OCI and are included in equity and these are not reclassified to profit or loss in subsequent periods.

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.

Employee Benefits

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 current service costs and interest cost on the retirement benefits liability in profit or loss. Interest cost is calculated by applying the discount rate to the retirement benefits liability at the beginning of the year, taking into account any changes in the defined liability during the period as a result of benefit payments.

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 stated at the present value of the retirement liability. The present value of retirement benefits liability 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, carryforward benefits of unused net operating loss carryover (NOLCO) and tax credits from the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), 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. Any such reductions are reassessed at each reporting date and are reversed 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.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity as other comprehensive income.

Related Party Relationships and Transactions

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.

Related party transactions are transfers of resources, services, or obligations between the Group and its related parties.

Stock Split

The Group accounts for stock splits as a reclassification within equity. In a stock split, the number of issued and outstanding shares is increased proportionately without a corresponding change in the total share capital. Accordingly, the par value per share is reduced, and the total par value of all shares remains unchanged.

For purposes of presenting basic and diluted loss per share, the number of shares outstanding is adjusted retrospectively as if the stock split had occurred at the beginning of the earliest period presented.

Basic and Diluted 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. Diluted loss per share is computed in the same manner, adjusted for the effects of convertible securities.

The Group has no dilutive instruments.

Segment Reporting

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 only operating segment is related to coal mining operations (see Note 4).

Provisions and Contingencies

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.

Events after the Reporting Date

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 consolidated financial statements when material.

3. Material Judgment, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements in compliance with PFRS Accounting Standards 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. 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.

As discussed in Notes 1 and 18 to the consolidated financial statements, the Group has already received from the DOE 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 Group has been compliant with the requirements of the DOE and management is confident that TMEC will obtain the necessary approval from the NCIP. Majority of the stockholders remain committed to provide continuous financial support to enable the Group to meet its maturing obligations.

Moreover, as discussed in Note 1 to the consolidated financial statements, the Parent Company's stockholders and BOD approved the amendment of its articles of incorporation, planned share issuance in exchange for 100% ownership in TPGL, and the planned divestment of TMEC. These plans align with the long-term strategic objective to focus its expansion on water utility operations.

In view of these plans, management believes that the Group will be able to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Assessing ECL on Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on probability-weighted estimate of the present value of all cash shortfalls over the expected life of the financial assets at amortized cost. ECL are provided for credit losses that result to possible default events within 12-months unless there has been a significant increase in credit risk since initial recognition, in which case ECL are provided based on lifetime expected credit loss.

No provision for ECL was recognized on financial assets at amortized cost in 2025, 2024 and 2023.

The carrying amounts of financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 5, 6 and 13 to the consolidated financial statements.

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 amount of coal reserves as at December 31, 2025, and 2024 and the related provision for impairment on coal reserves for the years ended December 31, 2025, 2024 and 2023 are disclosed in Note 4 to the consolidated financial statements.

Determining the Amount to be Capitalized as Exploration and Evaluation Asset. 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. 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 amount of exploration and evaluation asset as at December 31, 2025 and 2024 and the related provision for impairment on exploration and evaluation asset for the years ended December 31, 2025, 2024 and 2023 are disclosed in Note 4 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 the estimated useful lives of property and equipment in 2025, 2024 and 2023.

The carrying amounts of depreciable property and equipment as at December 31, 2025 and 2024 are disclosed in Note 7 to the consolidated financial statements.

Assessing the Impairment of Other Nonfinancial Assets. The Group assesses impairment on other 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.

Further, for coal reserves and exploration and evaluation asset, one or more of the following facts and circumstances indicate that the asset requires impairment test:

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

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 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 recognized on coal reserves and exploration and evaluation asset is disclosed in Note 4 to the financial statements. No impairment loss on property and equipment was recognized in 2025, 2024 and 2023. The corresponding carrying amounts as at December 31, 2025 and 2024 are disclosed in Notes 4 and 7 to the consolidated financial statements.

The other nonfinancial assets of the Group include input VAT and property and equipment. The corresponding carrying amounts as at December 31, 2025 and 2024 are disclosed in Notes 6 and 7 to the consolidated financial statements.

Determining 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 11 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 carrying amount of retirement benefits liability as at December 31, 2025, 2024 and 2023 are disclosed in Note 11 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, 2025 and 2024 are disclosed in Note 14 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 and Exploration and Evaluation Asset

The balances and movements of this account are as follows:

	2025		
	COC No. 159	COC No. 166	Total
Coal Reserves			
Balance at beginning and end of year	₱1,705,785,888	₱1,425,810,213	₱3,131,596,101
Exploration and Evaluation Asset			
Balance at beginning and end of year	580,645,506	56,580,572	637,226,078
	2,286,431,394	1,482,390,785	3,768,822,179
Allowance for Impairment Loss			
Balance at beginning of year	–	1,482,390,785	1,482,390,785
Provision for impairment loss	1,386,970,068	–	1,386,970,068
Balance at end of year	1,386,970,068	1,482,390,785	2,869,360,853
Carrying Amount	₱899,461,326	₱–	₱899,461,326

	2024		
	COC No. 159	COC No. 166	Total
Coal Reserves			
Balance at beginning and end of year	₱1,705,785,888	₱1,425,810,213	₱3,131,596,101
Exploration and Evaluation Asset			
Balance at beginning and end of year	580,645,506	56,580,572	637,226,078
	2,286,431,394	1,482,390,785	3,768,822,179
Allowance for Impairment Loss			
Balance at beginning of year	–	546,344,961	546,344,961
Provision for impairment loss	–	936,045,824	936,045,824
Balance at end of year	–	1,482,390,785	1,482,390,785
Carrying Amount	₱2,286,431,394	₱–	₱2,286,431,394

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.

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 18). The recovery of these costs depends on the conversion of the COCs to development and production phase.

Impairment Assessment on Coal Reserves and Exploration and Evaluation Asset

The Group carried out a review of the recoverable amount of its coal reserves and exploration and evaluation asset due to the delays in obtaining the necessary approval of its COCs from the government which has significantly reduced the Group's operating funds and resulted to continuing net losses. The recoverable amount was determined as the higher of fair value less costs to sell and value in use, with value in use resulting in a higher amount. Accordingly, 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 include the projected coal price, foreign exchange rate, discount rate and estimated volume of coal reserves. The discount rates used are 17% (which includes company-specific risk premium of 5% to account risks relating to delays in production, among others), 11.48% and 10.35% in 2025, 2024 and 2023, respectively.

The cash flow projections, which have a period of five years, 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 take 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.

In 2025, management assessed that the carrying amount of the coal reserves and exploration and evaluation asset related to COC No. 159 is impaired and recognized an impairment loss of ₱1,387.0 million. The recognition of the impairment loss is driven by the reduction in coal price, increase in foreign exchange rate and discount rate, and unplanned expenditures caused by the delays in the conversion of COCs and start of commercial operations (see Notes 1 and 18).

In 2024, management assessed that the carrying amount of the coal reserves and exploration and evaluation asset related to COC No. 166 is fully impaired and recognized an additional impairment loss of ₱936.0 million. The recognition of the additional impairment loss is driven by the notice from the DOE informing TMEC of the term expiration of COC No. 166.

Movement in the allowance for impairment loss is as follows:

	2025	2024
Balance at beginning of year	₱1,482,390,785	₱546,344,961
Provision	1,386,970,068	936,045,824
Balance at end of year	₱2,869,360,853	₱1,482,390,785

The recoverable amount as at December 31, 2025 and 2024 is based on the discounted cash flow approach. The value in use is most sensitive to changes in the coal price, discount rate and projected revenue growth. A reasonably possible change in these assumptions, such as a decrease in coal price or an increase in the discount rate, would result in a further decrease in the recoverable amount of the cash-generating unit and may lead to additional impairment.

The financial information arising from exploration and evaluation activities as at and for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Total assets	₱305,911,467	₱626,803,146
Total liabilities	1,766,995	619,331,319
Expenses	328,345,009	76,759,008
Net cash provided by (used in)		
operating activities	(4,328,190)	267,642
Cash used in investing activities	(1,853,533)	(6,604,550)
Cash provided by financing activities	6,800,000	6,400,000

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.

5. Cash

This account consists of:

	2025	2024
Cash on hand	₱15,000	₱15,000
Cash in banks	1,267,156	775,316
	₱1,282,156	₱790,316

Cash in banks earn interest at the respective bank deposit rates and are immediately available for use in the current operations.

Interest income earned from cash in banks and restricted cash (see Note 6) amounted to ₱1,383, ₱8,360 and ₱1,171 in 2025, 2024 and 2023, respectively.

6. Other Assets

This account consists of:

	2025	2024
Current:		
Input VAT	₱3,010,625	₱2,533,875
Less allowance for probable loss	(3,010,625)	(2,533,875)
	₱—	₱—
Noncurrent -		
Restricted cash	₱1,089,465	₱1,089,465

The input VAT is fully provided with allowance for probable loss, as management has assessed that the Group may not be able to utilize its input VAT.

Movements in the allowance for probable loss are as follows:

	Note	2025	2024
Balance at beginning of year		₱2,533,875	₱2,407,335
Provision	9	476,750	126,540
Balance at end of year		₱3,010,625	₱2,533,875

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 restricted cash in 2025, 2024, and 2023 is disclosed in Note 5 to the consolidated financial statements.

7. Property and Equipment

The balances and movements of this account are as follows:

2025									
	Land	Land Improvements	Drilling Equipment	Laboratory and Camp Buildings	Survey Equipment and Machinery	Laboratory and Testing Equipment	Transportation Equipment	Office Furniture and Equipment	Total
Cost									
Balances at beginning and end of year	₱22,739,580	₱155,308,567	₱194,212,031	₱25,429,304	₱3,264,334	₱12,606,310	₱8,227,574	₱1,783,130	₱423,570,830
Accumulated Depreciation and Amortization									
Balances at beginning of year	–	140,856,452	194,212,031	25,217,394	3,264,334	12,606,310	8,227,574	1,783,130	386,167,225
Depreciation and amortization	–	14,452,115	–	211,910	–	–	–	–	14,664,025
Balances at end of year	–	155,308,567	194,212,031	25,429,304	3,264,334	12,606,310	8,227,574	1,783,130	400,831,250
Carrying Amount	₱22,739,580	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱22,739,580

2024									
	Land	Land Improvements	Drilling Equipment	Laboratory and Camp Buildings	Survey Equipment and Machinery	Laboratory and Testing Equipment	Transportation Equipment	Office Furniture and Equipment	Total
Cost									
Balances at beginning of year	₱18,139,580	₱154,954,040	₱194,212,031	₱25,429,304	₱3,264,334	₱12,606,310	₱8,227,574	₱1,783,130	₱418,616,303
Additions	4,600,000	354,527	–	–	–	–	–	–	4,954,527
Balances at end of year	22,739,580	155,308,567	194,212,031	25,429,304	3,264,334	12,606,310	8,227,574	1,783,130	423,570,830
Accumulated Depreciation and Amortization									
Balances at beginning of year	–	126,098,496	194,212,031	22,674,463	3,264,334	12,606,310	8,227,574	1,783,130	368,866,338
Depreciation and amortization	–	14,757,956	–	2,542,931	–	–	–	–	17,300,887
Balances at end of year	–	140,856,452	194,212,031	25,217,394	3,264,334	12,606,310	8,227,574	1,783,130	386,167,225
Carrying Amount	₱22,739,580	₱14,452,115	₱–	₱211,910	₱–	₱–	₱–	₱–	₱37,403,605

In 2023, various fully depreciated transportation equipment were sold for ₱0.8 million, resulting to a gain equivalent to the proceeds.

Depreciation and amortization charged as general and administrative expenses amounted to ₱14.7 million in 2025 and ₱17.3 million in 2024 and 2023 (see Note 9).

8. Trade and Other Payables

This account consists of:

	2025	2024
Trade payables	₱10,074,495	₱10,074,495
Accrued expenses	2,790,147	3,252,795
Statutory payables	25,647	21,277
	₱12,890,289	₱13,348,567

Trade payables, which include amounts payable to the Group's suppliers and financial obligation to the DOE (see Note 18), are noninterest-bearing and are due and demandable.

Accrued expenses pertain to accruals for administrative expenses which are expected to be settled within one year.

Statutory payables are normally settled in the following month.

9. General and Administrative Expenses

This account consists of:

	Note	2025	2024	2023
Depreciation and amortization	7	₱14,664,025	₱17,300,887	₱17,300,887
Filing fees and other charges		4,014,600	—	—
Personnel costs	10	2,412,625	2,040,714	1,934,021
Taxes and licenses		1,140,094	70,954	70,391
Professional fees		805,400	1,441,765	1,947,600
Transportation and communication		714,223	99,894	86,957
Provision for probable loss on input VAT	6	476,750	126,540	29,718
Listing maintenance fee		250,000	250,000	250,000
Representation and entertainment		202,208	93,709	19,828
Safekeeping fee		120,000	120,000	160,000
Repairs and maintenance		51,489	21,696	103,944
Insurance		1,122	31,782	20,750
Office supplies		1,465	470	5,959
Others		683,744	674,483	238,174
		₱25,537,745	₱22,272,894	₱22,168,229

10. Personnel Costs

This account consists of (see Note 9):

	Note	2025	2024	2023
Salaries and other employees' benefits		₱2,350,260	₱1,994,685	₱1,884,229
Retirement benefits cost	11	62,365	46,029	49,792
		₱2,412,625	₱2,040,714	₱1,934,021

11. Retirement Benefits Liability

The Group has an unfunded, noncontributory defined benefit plan covering all 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 components of retirement benefits costs are as follows (see Note 10):

	2025	2024	2023
Interest cost	₱33,215	₱30,386	₱26,885
Current service cost	29,150	15,643	22,907
	₱62,365	₱46,029	₱49,792

The changes in the present value of the retirement benefits liability are as follows:

	2025	2024
Balance at beginning of year	₱540,425	₱494,396
Interest cost	33,215	30,386
Current service cost	29,150	15,643
Balance at end of year	₱602,790	₱540,425

The cumulative remeasurement gain recognized as OCI as at December 31, 2025, and 2024 amounted to ₱3,328,922, net of deferred tax of ₱1,109,641.

The principal actuarial assumptions used to determine the retirement benefits cost as at December 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate	6.15%	6.15%
Salary increase rate	2.00%	2.00%

Sensitivity analysis on retirement benefits liability as at December 31, 2025 is as follows:

	Change in Assumption	Effect on retirement benefits liability
Discount rate	(1.00%)	₱108,891
	1.00%	(91,435)
Salary increase rate	1.00%	112,528
	(1.00%)	(95,682)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefits 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 17.54 years and 13.43 years as at December 31, 2025 and 2024.

12. Equity

Capital Stock

Details of the Parent Company's capital stock are as follows:

	Number of Shares		Amount	
	2025	2024	2025	2024
Authorized	50,000,000,000	5,000,000,000	₱5,000,000,000	₱5,000,000,000
Issued and outstanding	40,000,000,040	4,000,000,004	₱4,000,000,004	₱4,000,000,004

On February 18, 2025, the SEC approved the Parent Company's application to amend its articles of incorporation, increasing the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of the shares of stock from ₱1.00 to ₱0.10 per share.

On February 11, 2026 and December 22, 2025, the stockholders and the BOD of the Parent Company, respectively, approved the increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value at ₱0.10 per share. As at report date, the increase in authorized capital stock is pending approval by the SEC.

13. 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		Outstanding Balances	
		2025	2024	2025	2024
Advances to related parties					
Entities under common ownership	Advances for working capital	₱—	₱—	₱2,050,940	₱2,050,940
Advances from stockholders					
Stockholders	Advances for working capital	₱11,760,090	₱6,360,560	₱87,396,031	₱75,635,941

Terms and Conditions

Advances to related parties and advances from stockholders are unsecured, noninterest-bearing, generally settled in cash, due on demand, and are not covered by any guarantees or collateral as at December 31, 2025 and 2024. The Group assesses ECL on advances to related parties at each reporting date. No provision for ECL on advances to related parties was recognized in 2025, 2024 and 2023.

Office Space Arrangement

The Group uses office space owned by an entity under common stockholder at no cost.

Key Management Personnel Compensation

The compensation of key management personnel of the Group are as follows:

	2025	2024	2023
Short-term employee benefits	₱1,983,600	₱1,983,600	₱1,786,164
Post-employment benefits	62,365	46,029	49,792
	₱2,045,965	₱2,029,629	₱1,835,956

Reconciliation of Liability Arising from a Financing Activity

The table below details the changes in the Group's liability arising from a financing activity as at December 31, 2025 and 2024, including both cash and non-cash changes:

	2025	2024
Advances from stockholders		
Balance at beginning of year	₱75,635,941	₱69,275,381
Additions	11,760,090	6,360,560
Balance at end of year	₱87,396,031	₱75,635,941

14. 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 VAT on importations of machinery and equipment, spare parts and materials required for the coal operations subject to terms and conditions in the COC.

The Group's provision for current income tax represents MCIT in 2023.

The components of provision for (benefit from) income tax are as follows:

	2025	2024	2023
Current	₱—	₱—	₱11,250
Deferred	(15,591)	(11,507)	(12,448)
	(₱15,591)	(₱11,507)	(₱1,198)

The Group's net deferred tax liability consists of:

	2025	2024
Deferred tax liability - Retirement benefits cost capitalized to exploration and evaluation asset	₱1,314,902	₱1,314,902
Deferred tax asset - Retirement benefits liability	(150,697)	(135,106)
Net deferred tax liability	₱1,164,205	₱1,179,796

The Group's unrecognized deferred tax assets are as follows:

	2025	2024
Allowance for impairment loss on coal reserves and exploration and evaluation asset	₱717,340,213	₱370,597,696
NOLCO	33,614,521	37,124,398
Excess MCIT over RCIT	11,250	11,250
	₱750,965,984	₱407,733,344

These deferred tax assets were not recognized because management has assessed that it is not probable that sufficient future taxable income may be available against which these deferred tax assets can be utilized within the period allowed by the tax regulation.

As at December 31, 2025, 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
2025	₱—	₱4,982,747	₱—	₱4,982,747	2028
2024	1,929,639	—	—	1,929,639	2027
2023	2,380,550	—	—	2,380,550	2026
2022	2,346,111	—	(2,346,111)	—	2025
2021	4,185,088	—	—	4,185,088	2026
2020	2,527,910	—	(2,527,910)	—	2025
	₱13,369,298	₱4,982,747	(₱4,874,021)	₱13,478,024	

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, 2025, details of NOLCO from TMEC are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2025	₱—	₱19,399,074	₱—	₱19,399,074	2030
2024	20,076,977	—	—	20,076,977	2029
2023	18,938,341	—	—	18,938,341	2028
2022	28,712,636	—	—	28,712,636	2027
2021	33,853,030	—	—	33,853,030	2026
2020	33,547,309	—	(33,547,309)	—	2025
	₱135,128,293	₱19,399,074	(₱33,547,309)	₱120,980,058	

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 consecutive years immediately following the year of loss.

TMEC incurred excess MCIT over RCIT amounting to ₱11,250 for the year ended December 31, 2023, which can be claimed as tax credit against RCIT due until 2026.

A reconciliation between the benefit from income tax at statutory income tax rate and the effective income tax rates is as follows:

	2025	2024	2023
Benefit from income tax at statutory tax rate	(₱353,126,608)	(₱239,577,590)	(₱58,334,995)
Change in unrecognized deferred tax assets	343,232,640	238,569,763	56,892,358
Income tax effects of:			
Expired NOLCO	9,605,333	943,347	1,429,345
Nondeductible expenses	273,390	55,063	12,387
Interest income already subjected to final tax	(346)	(2,090)	(293)
Benefit from income tax at effective tax rates	(₱15,591)	(₱11,507)	(₱1,198)

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the years ended December 31, 2025, 2024 and 2023 are 25% for RCIT, and 2%, 2% and 1.5% for MCIT, respectively.

15. 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, 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, 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, 2025 and 2024:

	2025					
	Neither Past Due nor Impaired			Past Due but not Impaired	Credit impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Financial assets at amortized cost:						
Cash in banks	₱1,267,156	₱—	₱—	₱—	₱—	₱1,267,156
Advances to related parties	—	2,050,940	—	—	—	2,050,940
Restricted cash	1,089,465	—	—	—	—	1,089,465
	₱2,356,621	₱2,050,940	₱—	₱—	₱—	₱4,407,561

	2024					
	Neither Past Due nor Impaired			Past Due but not Impaired	Credit impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Financial assets at amortized cost:						
Cash in banks	₱775,316	₱—	₱—	₱—	₱—	₱775,316
Advances to related parties	—	2,050,940	—	—	—	2,050,940
Restricted cash	1,089,465	—	—	—	—	1,089,465
	₱1,864,781	₱2,050,940	₱—	₱—	₱—	₱3,915,721

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. Credit 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 standard grade because the related parties are operating entities with sufficient liquid assets to repay but the receivables have been outstanding for a certain period of time.

The 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, 2025 and 2024:

	2025			Total
	On Demand	Within 1 Year	Over 1 Year	
Trade and other payables*	₱10,074,495	₱2,790,147	₱—	₱12,864,642
Advances from stockholders	87,396,031	—	—	87,396,031
	₱97,470,526	₱2,790,147	₱—	₱100,260,673

*Excluding statutory payables (see Note 8).

	2024			Total
	On Demand	Within 1 Year	Over 1 Year	
Trade and other payables*	₱10,074,495	₱3,252,795	₱—	₱13,327,290
Advances from stockholders	75,635,941	—	—	75,635,941
	₱85,710,436	₱3,252,795	₱—	₱88,963,231

*Excluding statutory payables (see Note 8).

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 optimal cost of capital based in current conditions. The Group considers its equity, excluding cumulative remeasurement gain on retirement benefits liability, net of deferred tax, as capital employed.

TMEC is subject to externally-imposed capital requirements applicable to applicants for exploration permits. The minimum paid-up capital is ₱6.3 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.

16. Fair Value Measurement of Financial Instruments

As at December 31, 2025 and 2024, the Group has no financial instruments measured at fair value.

Due to the short-term nature of the Group's cash, advances to related parties, trade and other payables (excluding statutory payables), and advances from stockholders, their carrying amounts approximate fair values as at December 31, 2025 and 2024.

Restricted Cash. The carrying amount of this financial instrument approximates its fair value.

Since the Group has no financial instruments measured at fair value, there were no transfers between levels of the fair value hierarchy in 2025, 2024 and 2023.

17. Stock Split and Basic and Diluted Loss Per Share

On February 18, 2025, the Parent Company effected a 10-for-1 stock split of its shares by reducing the par value from ₱1.00 to ₱0.10 per share (see Note 12). As a result of the stock split, each issued share was converted into ten shares, thereby increasing the total number of issued and outstanding shares without a corresponding change in the Parent Company's share capital.

The weighted average number of shares outstanding and the basic and diluted loss per share have been retrospectively adjusted to reflect the stock split at the beginning of the earliest period presented.

Basic and diluted loss per share are computed as follows:

	2025	2024	2023
Net loss	(₱1,412,490,839)	(₱958,298,851)	(₱233,338,783)
Divided by weighted average number of common shares outstanding	40,000,000,040	40,000,000,040	40,000,000,040
Basic and diluted loss per share	(₱0.035)	(₱0.024)	(₱0.006)

Diluted loss per share is equal to the basic loss per share as the Group does not have any dilutive potential common shares at the end of each year.

The stock split has no effect on the Parent Company's total retained earnings, net income, or stockholders' equity.

18. Commitments and Contingencies

The Group has the following contractual commitments:

COCs with the DOE

The Philippine Government, through the DOE, awarded COCs to TMEC. The exploration phase under the COCs is for two (2) years and can be extended for another two (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, 2025 and 2024, 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, 2025 and 2024, TMEC has incurred ₱637.2 million, respectively, for the direct implementation of the work program for the exploration phase of these COCs (see Note 4).

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 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. On December 21, 2018, 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 September 11, 2018, the Group submitted the required documents to the 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 thereof for a period of 10 years, and should there be remaining mineable reserves, extendible for another 10 years and thereafter renewable for a series of three (3) year periods not exceeding 12 years under such terms and condition as may be agreed upon by the DOE and TMEC.

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.

On March 28, 2023, TMEC received notice from the NCIP to provide the necessary documents in relation to the issuance of CP or CNO following its special session where the project and FPIC report were presented.

On November 18, 2024, TMEC submitted a request to the NCIP for the immediate commencement of the FPIC process.

On January 16, 2025, TMEC re-submitted the revised Five-Year Work Program to DOE for evaluation and approval.

On March 3, 2026, TMEC received a certification from the DOE affirming that the COC remains valid.

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 May 16, 2024, a meeting was held between the DOE and TMEC in which the status of COC No. 166 was presented and wherein TMEC expressed its intention to pursue the conversion to Development and Production Phase.

On June 25, 2024, the DOE issued a final notice to TMEC for COC No. 166 to comply on its conversion requirements in settling its outstanding obligations to the DOE (see Note 8) and submitting a new Five-Year Work Program and Budget and Feasibility Study.

On January 22, 2025, the DOE issued a notice of term expiration of COC No. 166 stating that TMEC failed to submit the complete requirements for conversion of COC No. 166 from Exploration Phase to Development and Production Phase. Accordingly, in accordance with the expressed provision of Presidential Decree No. 972, the term of COC No. 166 has lapsed, and TMEC was directed to immediately vacate the contract area and restore all sites that may have been affected by any coal operations.

On February 18, 2025, TMEC submitted an appeal for reconsideration to DOE, requesting a one-year grace period to facilitate the conversion of COC No. 166 from Exploration to Development and Production Phase.

As at report date, the Group is still awaiting approval from the DOE on its appeal for reconsideration on the term expiration.



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 (the Parent Company) and a Subsidiary (collectively referred to as the Group) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and have issued our report dated May 13, 2026. 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 (SEC) are the responsibility of the Group's management.

These supplementary schedules include the following:

- Reconciliation of Parent Company's Unappropriated Retained Earnings Available for Dividend Declaration as at December 31, 2025
- Schedules Required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2025
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024
- Conglomerate Map as at December 31, 2025

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and no material exceptions were noted.

The supplementary schedules are presented for purposes of complying with the Revised SRC Rule 68 issued by the SEC and are not part of the consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & Co.



CEDRIC M. CATERIO

Partner

CPA Certificate No. 87322

Tax Identification No. 102-083-647-000

BOA Accreditation No. 4782/P-008; Valid until June 6, 2026

SEC Accreditation No. 87322-SEC Group A

Issued April 20, 2022;

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 19-005765-001-2025;

Valid until November 14, 2028

PTR No. 10764012;

Issued January 2, 2026, Makati City

May 13, 2026

Makati City, Metro Manila

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**

COAL ASIA HOLDINGS INCORPORATED
3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

	Amount
Deficit, beginning of reporting period and as adjusted	(₱1,496,037,353)
Add: Net loss for the current year	(1,686,619,535)
Total deficit, end of the reporting period available for dividend	(₱3,182,656,888)

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY
SEC Supplementary Schedule as Required by Part II of the Revised SRC Rule 68
DECEMBER 31, 2025

Table of Contents

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>N/A</u>
C	Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements	<u>1</u>
D	Long-term Debt	<u>N/A</u>
E	Indebtedness to Related Parties	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>2</u>

Notes:

A – The Group has no financial assets measured at fair value through profit or loss.

B – All receivables arises from ordinary course of business.

D – The Group has no long-term debt.

E – The amount of the Group's indebtedness to related parties is less than five per cent of its total assets.

F – The Group 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, 2025**

<i>Name and designation of debtor</i>	<i>Balance at beginning of period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at end of period</i>
			<i>Amounts collected</i>	<i>Amounts written off</i>	<i>Current</i>	<i>Not current</i>	
Advances to TMEC	₱565,309,431	₱—	₱—	₱—	₱565,309,431	₱—	₱565,309,431

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

G. Capital Stock
DECEMBER 31, 2025

				<i>Number of shares held by</i>		
<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related statements of financial position caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Capital stock - ₱0.10 par value	50,000,000,000	40,000,000,040	—	28,671,399,999	4,120,041	11,324,480,000

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2025 and 2024

	2025	2024
Total Audit Fees	₱570,000	₱570,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-audit Fees	—	—
Total Audit and Non-audit Fees	₱570,000	₱570,000

The Group has no related parties covered by Section 2.1c of SEC Memorandum Circular No. 18-2024.

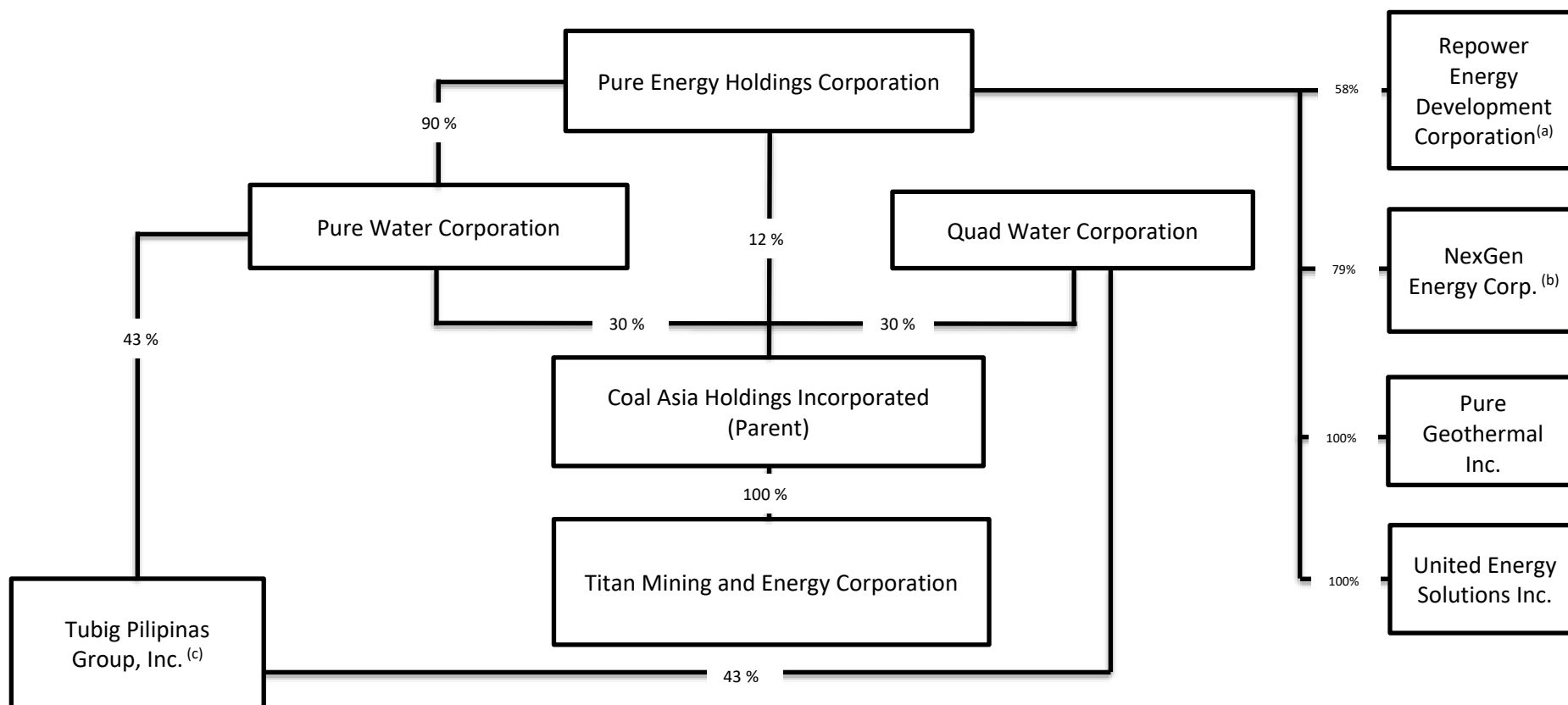
COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025 AND 2024

Ratio	Formula	2025	2024
Current ratio	Total Current Assets	₱3,333,096	₱2,841,256
	Divided by: Total Current Liabilities	100,286,320	88,984,508
	Current ratio	0.03:1	0.03:1
Acid test ratio	Total Current Assets	₱3,333,096	₱2,841,256
	Less: Other current assets	—	—
	Quick assets	3,333,096	2,841,256
	Divide by: Total Current Liabilities	100,286,320	88,984,508
	Acid test ratio	0.03:1	0.03:1
Solvency ratio	Net loss before depreciation	(₱1,397,826,814)	(₱940,997,964)
	Divide by: Total Liabilities	102,053,315	90,704,729
	Solvency ratio	(13.70):1	(10.37):1
Debt-to-equity ratio	Total Liabilities	₱102,053,315	₱90,704,729
	Divide by: Total Equity	824,570,152	2,237,060,991
	Debt-to-equity ratio	0.12:1	0.040:1
Asset-to-equity ratio	Total Assets	₱926,623,467	₱2,327,765,720
	Divide by: Total Equity	824,570,152	2,237,060,991
	Asset-to-equity ratio	1.12:1	1.04:1
Return on equity	Net loss	(₱1,412,490,839)	(₱958,298,851)
	Divide by: Average total equity	1,530,815,572	2,716,210,417
	Return on equity	(92.27%)	(35.28%)
Return on assets	Net loss	(₱1,412,490,839)	(₱958,298,851)
	Divide by: Average total assets	1,627,194,594	2,327,765,720
	Return on assets	(86.81%)	(41.17%)

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONGLOMERATE MAP

DECEMBER 31, 2025



(a) Repower Energy Development Corporation's subsidiaries include Tibag Hydropower Corporation, Cabanglasan Hydropower Corporation, Bicol Hydropower Corporation, Baguio Asin Hydropower Corporation, Maramag Hydropower Corporation, Philippine Power and Development Corporation, Majayjay Hydropower Company Inc., Labayat 1 Hydropower Corporation, and Piapi Hydropower Corporation.

(b) NexGen Energy Corp.'s subsidiaries include Airstream Renewables Corp., Solar Power Agri-Rural Communities Corporation, 5Hour Peak Energy Corp.

(c) Tubig Pilipinas Group, Inc.'s subsidiaries include Tubig Trece Martires Corp., Tubig Coron Inc., Tubig Nabua Inc., Tubig Catbalogan Corp., San Jose City (N.E.) Water Company Inc., Bacolod Bulk Water Inc., Tubig Echague Corp., ALV Tubig ng Mandaue Inc., Tubig Pilipinas Global Group Inc., and Tubig Cadiz Inc. The associates are Calbayog Water Company Inc., Princess Urduja Waterworks System Inc., and MTTP Water Corporation.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS201210314

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

COMPANY INFORMATION
Company's Email Address: rolando.domingo@pureenergy.com
Company's Telephone Number/s: (02) 8813-8892
Mobile Number: 0917 853 5701
No. of Stockholders: 20
Annual Meeting (Month / Day): April 30
Calendar Year (Month / Day): December 31

CONTACT PERSON INFORMATION
The designated contact person MUST be an Officer of the Corporation
Name of Contact Person: Johnson A. Sanhi Jr.
Email Address: johnson.sanhi.jr@titanmining.com
Telephone Number/s: (02) 8818-6772
Mobile Number: -

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.



**“STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR FINANCIAL STATEMENTS”**

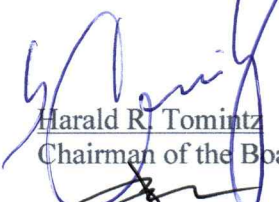
The Management of **COAL ASIA HOLDINGS INCORPORATED**, is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated 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 for the years ended December 31, 2025 and 2024, 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.

Signature: 
Harald R. Tomintz
Chairman of the Board

Signature: 
Johnson A. Sanhi Jr.
President

Signature: 
Dexter Y. Tiu
Treasurer

Signed this 14 day of MAY 2026

SUBSCRIBED AND SWORN TO BEFORE ME, this
MAY 14 2026 day of 20 at Makati
City, affiant exhibited to me his/her competent evidence
of identity no. issued at
on .

DOC. NO. 375
PAGE NO. 76
BOOK NO. 477
SERIES OF 707


ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 536461/01-05-2026/Pasig City
PTR NO. MKT 10764120/01-05-2026/Makati City
MCLE Compliance No. Vill-0012898/04-14-2028



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, 2025 and 2024, 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, 2025, 2024 and 2023, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024 and its financial performance and its cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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)), as applicable to audit of separate financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the separate financial statements of public interest entities in the Philippines. We have also 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.

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 Accounting Standards, 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, they 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.



REYES TACANDONG & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

- 3 -

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 our audits.

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.

CEDRIC M. CATERIO

Partner

CPA Certificate No. 87322

Tax Identification No. 102-083-647-000

BOA Accreditation No. 4782/P-008; Valid until June 6, 2026

SEC Accreditation No. 87322-SEC Group A

Issued April 20, 2022;

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 19-005765-001-2025;

Valid until November 14, 2028

PTR No. 10764012;

Issued January 2, 2026, Makati City

May 13, 2026

Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED			
SEPARATE STATEMENTS OF FINANCIAL POSITION			
		December 31	
	Note	2025	2024
ASSETS			
Current Asset			
Cash in banks	4	₱293,271	₱419,708
Noncurrent Asset			
Investment in a subsidiary	7	864,740,787	2,545,468,806
		₱865,034,058	₱2,545,888,514
LIABILITIES AND EQUITY			
Current Liabilities			
Advances from a stockholder	5	₱45,664,193	₱38,850,570
Other current liabilities		2,026,749	3,075,293
Total Liabilities		47,690,942	41,925,863
Equity			
Capital stock		4,000,000,004	4,000,000,004
Deficit		(3,182,656,888)	(1,496,037,353)
Total Equity		817,343,116	2,503,962,651
		₱865,034,058	₱2,545,888,514

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31				
	Note	2025	2024	2023
INTEREST INCOME	4	₱684	₱852	₱564
EXPENSES	9	(1,686,620,219)	(735,887,215)	(253,059,667)
NET LOSS		(1,686,619,535)	(735,886,363)	(253,059,103)
OTHER COMPREHENSIVE INCOME		—	—	—
TOTAL COMPREHENSIVE LOSS		(₱1,686,619,535)	(₱735,886,363)	(₱253,059,103)

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31				
	Note	2025	2024	2023
CAPITAL STOCK	8	₱4,000,000,004	₱4,000,000,004	₱4,000,000,004
DEFICIT				
Balance at beginning of year		(1,496,037,353)	(760,150,990)	(507,091,887)
Net loss		(1,686,619,535)	(735,886,363)	(253,059,103)
Balance at end of year		(3,182,656,888)	(1,496,037,353)	(760,150,990)
		₱817,343,116	₱2,503,962,651	₱3,239,849,014

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF CASH FLOWS

Years Ended December 31				
	Note	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		(P1,686,619,535)	(P735,886,363)	(P253,059,103)
Adjustments for:				
Provision for impairment loss				
on investment in a subsidiary	7	1,680,728,019	733,792,757	99,238,437
Provision for probable loss				
on input value-added tax (VAT)	6	476,750	126,540	29,718
Interest income	4	(684)	(852)	(564)
Provision for expected credit loss (ECL)				
on advances to a subsidiary	5	–	–	151,398,304
Operating loss before working capital changes		(5,415,450)	(1,967,918)	(2,393,208)
Increase (decrease) in:				
Input VAT		(476,750)	(126,540)	(29,718)
Other current liabilities		(1,048,544)	683,452	875,378
Net cash used for operations		(6,940,744)	(1,411,006)	(1,547,548)
Interest received		684	852	564
Net cash used in operating activities		(6,940,060)	(1,410,154)	(1,546,984)
CASH FLOW FROM A FINANCING ACTIVITY				
Additional advances from a stockholder	5	6,813,623	1,630,560	1,609,820
NET INCREASE (DECREASE) IN CASH IN BANKS		(126,437)	220,406	62,836
CASH IN BANKS AT BEGINNING OF YEAR		419,708	199,302	136,466
CASH IN BANKS AT END OF YEAR		P293,271	P419,708	P199,302

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED
NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. Corporate 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. In 2012, the Company acquired 100% ownership of Titan Mining and Energy Corporation (TMEC or the Subsidiary).

TMEC is a wholly-owned subsidiary incorporated and registered with the SEC. 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, 2025 and 2024, 40,000,000,040 and 4,000,000,004 common shares of the Company at ₱0.10 and ₱1.00 par value, respectively, are listed in the Philippine Stock Exchange (PSE). Of those shares, 28.31% and 20.00% are publicly-owned as at December 31, 2025 and 2024, respectively.

Amendments of Articles of Incorporation

On July 1, 2024 and May 23, 2024, the stockholders and Board of Directors (BOD) of the Company, respectively, approved the amendment of its articles of incorporation, for the following:

- Change in primary purpose that the Company is organized primarily as a holding company to engage in different sources of energy and technologies for power or energy generation.
- Increase in the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of shares of stock from ₱1.00 to ₱0.10 per share.

On February 18, 2025, the amended articles of incorporation was approved by the SEC.

On February 11, 2026 and December 22, 2025, the stockholders and BOD of the Company, respectively, approved the amendment of its articles of incorporation respectively, for the following:

- Change in corporate name from Coal Asia Holdings Incorporated to Tubig Pilipinas Holding Inc.
- Change in primary purpose to reflect that its main business is to hold interests or equity in companies engaged in water distribution, bulk water supply, septage, sewage, and related activities.
- Increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value remaining at ₱0.10 per share (see Note 8).

On March 19, 2026, the application for the amended articles of incorporation has been submitted and pending approval by the SEC.

Share Purchase Agreement

On September 26, 2025, the stockholders of the Company who collectively own 28,671,400,000 common shares representing 71.68% of the total outstanding capital stock entered into a Share Purchase Agreement with Pure Energy Holdings Corporation, Pure Water Corporation (Pure), and Quad Water Corporation (Quad) at ₱0.0077 per share. The shares were acquired by the investors in varying proportions, with none of the investors individually obtaining control of the Company.

Plans on Share Issuance through Share Swap Agreement and Divestment of TMEC

The stockholders and the BOD of the Company approved on February 11, 2026 and December 22, 2025, respectively, the plan to issue new shares out of the increase in authorized capital stock to Pure and Quad in exchange for their equity in Tubig Pilipinas Group, Inc. (TPGI). The agreement involves exchange of 100% outstanding capital stock of TPGI.

The share swap agreement was entered into by the parties on March 2, 2026, with the related share issuance to be done upon the approval of the SEC on the amended articles of incorporation, which includes the increase in authorized capital stock.

On the same dates, the stockholders and the BOD of the Company approved the plan to divest in TMEC. The terms and conditions of the divestment will be determined by the BOD once finalized.

Status of TMEC's Operations

As at December 31, 2025 and 2024, TMEC has two Coal Operating Contracts (COCs) located in Davao Oriental (COC No. 159) and Zamboanga Sibugay (COC No. 166).

COC No. 159

In 2013, TMEC applied for the start-up of the development and production stage in COC No. 159. TMEC 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 Department of Energy (DOE) 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. On December 21, 2018, 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 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.

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 Certificate of Non-Overlap (CNO) from the NCIP. The COC No. 159 for Development and Production Phase shall be effective from date thereof for a period of 10 years, and should there be remaining mineable reserves, extendible for another 10 years and thereafter renewable for a series of three (3) year periods not exceeding 12 years under such terms and condition as may be agreed upon by the DOE and TMEC.

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.

On March 28, 2023, the Company received notice from the NCIP to provide the necessary documents in relation to the issuance of CP or CNO following its special session where the project and FPIC report were presented.

On November 18, 2024, TMEC submitted a request to NCIP for the immediate commencement of the FPIC process.

On January 16, 2025, TMEC re-submitted the revised Five-Year Work Program to DOE for evaluation and approval.

On March 3, 2026, TMEC received a certification from the DOE affirming that the COC remains valid.

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 May 16, 2024, a meeting was held between the DOE and TMEC in which the status of COC No. 166 was presented and wherein TMEC expressed its intention to pursue the conversion to Development and Production Phase.

On June 25, 2024, the DOE issued a final notice to TMEC for COC No. 166 to comply on its conversion requirements in settling its outstanding obligations to the DOE and submitting a new Five-Year Work Program and Budget and Feasibility Study.

On January 22, 2025, the DOE issued a notice of term expiration of COC No. 166 stating that TMEC failed to submit the complete requirements for conversion of COC No. 166 from Exploration Phase to Development and Production Phase. Accordingly, in accordance with the expressed provision of Presidential Decree No. 972, the term of COC No. 166 has lapsed, and TMEC was directed to immediately vacate the contract area and restore all sites that may have been affected by any coal operations.

On February 18, 2025, TMEC submitted an appeal for reconsideration to DOE, requesting a one-year grace period to facilitate the conversion of COC No. 166 from Exploration to Development and Production Phase.

As at report date, TMEC is still awaiting approval from the DOE on its appeal for reconsideration on the term expiration.

Approval of Separate Financial Statements

The separate financial statements of the Company as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023 were reviewed and recommended for approval by the Audit Committee and approved and authorized for issuance by the BOD on May 13, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability 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 Accounting Standards. 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 disclosed in Note 12 to the separate financial statements.

Adoption of Amendments to PFRS Accounting Standards

The adoption of the amendments to PFRS Accounting Standards effective for annual reporting periods beginning January 1, 2025 did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the separate financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Volume 11 -
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
 - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendment to PFRS Accounting Standards 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 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, 2025 and 2024, 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 or 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, 2025 and 2024, the Company's cash in banks and advances to a subsidiary 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 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 impaired or through the amortization process.

As at December 31, 2025 and 2024, the Company's advances from a stockholder and other current liabilities (excluding statutory payables) are classified under this category.

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 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 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 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 output 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 statements 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 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.

Capital Stock

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

Deficit

Deficit represents the cumulative balance of net losses.

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. Any such reductions are reassessed at each reporting date and are reversed 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 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.

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

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. Material Judgement, Accounting Estimates and Assumptions

The preparation of the Company's separate financial statements in compliance with PFRS Accounting Standards requires management to exercise judgment, make accounting estimates and assumptions that affect amounts reported in the separate 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 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 ECL on Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on probability-weighted estimate of the present value of all cash shortfalls over the expected life of the financial assets at amortized cost. ECL are provided for credit losses that result to possible default events within 12-months unless there has been a significant

increase in credit risk since initial recognition, in which case ECL are provided based on lifetime expected credit loss.

While cash in banks is subject to the impairment requirements of PFRS 9, the resulting impairment loss is not significant primarily because these are with reputable counterparty banks that possess good credit rating.

No provision was recognized for cash in banks.

The Company did not recognize provision for ECL on advances to a subsidiary.

The carrying amounts of financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 4 and 5 to the separate financial statements.

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, 2025 and 2024, management has assessed that the Company has control over its subsidiary (see Note 7).

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.

Provision for impairment loss on investment in a subsidiary amounting to ₱1,680.7 million, ₱733.8 million, and ₱99.2 million were recognized in 2025, 2024, and 2023, respectively (see Note 7). The carrying amount of investment in a subsidiary as at December 31, 2025 and 2024 is disclosed in Note 7 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, 2025 and 2024, 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 ₱293,271 and ₱419,708 as at December 31, 2025 and 2024, respectively, earn interest at the respective bank deposit rates and are immediately available for use in the current operations.

Interest income amounting to ₱684, ₱852 and ₱564 were earned from cash in banks for the years ended December 31, 2025, 2024 and 2023, respectively.

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	
		2025	2024	2025	2024
Advances to a subsidiary					
	Advances for working capital				
TMEC		₱–	₱–	₱565,309,431	₱565,309,431
Less allowance for ECL		–	–	(565,309,431)	(565,309,431)
				₱–	₱–
Advances from a stockholder					
	Advances for working capital				
Stockholder		₱6,813,623	₱1,630,560	₱45,664,193	₱38,850,570

The Company did not recognize provision for ECL on advances to a subsidiary in 2025 and 2024. In 2023, the Company recognized a provision for ECL on such advances. (see Note 9).

Advances from stockholder are unsecured, noninterest-bearing, generally settled in cash and due on demand, and are not covered by any guarantees or collateral as at December 31, 2025 and 2024. The Company assesses ECL on advances from a stockholder at each reporting date. No provision for ECL on advances from a stockholder was recognized in 2025 and 2024.

Office Space Arrangement

The Company uses office space owned by an entity under common stockholder at no cost.

Key Management Personnel

The short-term employee benefits given by the Company to its key management personnel amounted to ₱0.7 million in 2025, 2024 and 2023. 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.

	2025	2024
Advances from a stockholder		
Balance at beginning of year	₱38,850,570	₱37,220,010
Additions	6,813,623	1,630,560
Balance at end of year	₱45,664,193	₱38,850,570

6. Input VAT

This account consists of:

	2025	2024
Input VAT	₱3,010,625	₱2,533,875
Less allowance for probable loss	(3,010,625)	(2,533,875)
	₱—	₱—

The input VAT is fully provided with allowance for probable loss as 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	2025	2024
Balance at beginning of year		₱2,533,875	₱2,407,335
Provision	9	476,750	126,540
Balance at end of year		₱3,010,625	₱2,533,875

7. Investment in a Subsidiary

This account consists of:

	2025	2024
Cost	₱3,378,500,000	₱3,378,500,000
Less allowance for impairment loss	(2,513,759,213)	(833,031,194)
	₱864,740,787	₱2,545,468,806

In 2012, TMEC obtained an independent valuation report to estimate the value of its 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.

TMEC carried out a review of the recoverable amount of its nonfinancial assets due to the delays in obtaining the necessary approval of its COCs from the government which has significantly reduced its operating funds and resulted to continuing net losses. The recoverable amount was determined as the higher of fair value less costs to sell and value in use, with value in use resulting in a higher amount.

Accordingly, 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 include the projected coal price, foreign exchange rate, discount rate and estimated volume of coal reserves. The discount rates used are 17% (which includes company-specific risk premium of 5% to account risks relating to delays in production, among others), 11.48% and 10.35% in 2025, 2024 and 2023, respectively.

The cash flow projections, which have a period of five years, 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 take 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.

In 2025, management assessed that the recoverable amount of the investment in a subsidiary is lower than its aggregate carrying amount and recognized an additional impairment loss of ₱1,680.7 million on its investment in a subsidiary. The recognition of the impairment loss is driven by the reduction in coal price, increase in foreign exchange rate and discount rate, and unplanned expenditures caused by the delays in the conversion of COCs and start of commercial operations (see Note 1).

In 2024, management assessed that the recoverable amount of the investment in a subsidiary is lower than its aggregate carrying amount and recognized an additional impairment loss of ₱733.8 million on its investment in a subsidiary. The recognition of the impairment loss is driven by the notice from the DOE informing TMEC of the term expiration of COC No. 166.

Movements in the allowance for impairment loss are as follows:

	Note	2025	2024
Balance at beginning of year		₱833,031,194	₱99,238,437
Provision	9	1,680,728,019	733,792,757
Balance at end of year		₱2,513,759,213	₱833,031,194

The value in use is most sensitive to changes in the coal price, discount rate and projected revenue growth. A reasonably possible change in these assumptions, such as a decrease in coal price or an increase in the discount rate, would result in a further decrease in the recoverable amount of the cash-generating unit and may lead to additional impairment.

8. Equity

Capital Stock

Details of the Parent Company's capital stock are as follows:

	Number of Shares		Amount	
	2025	2024	2025	2024
Authorized	50,000,000,000	5,000,000,000	₱5,000,000,000	₱5,000,000,000
Issued and outstanding	40,000,000,040	4,000,000,004	₱4,000,000,004	₱4,000,000,004

On February 18, 2025, the SEC approved the application to amend the articles of incorporation, increasing the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of shares of stock from ₱1.00 to ₱0.10 per share.

On February 11, 2026 and December 22, 2025, the stockholders and the BOD of the of the Company, respectively, approved the increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value at ₱0.10 per share. As at report date, the increase in authorized capital stock is pending approval by the SEC.

9. Expenses

This account consists of:

	Note	2025	2024	2023
Provision for impairment loss on investment in a subsidiary	7	₱1,680,728,019	₱733,792,757	₱99,238,437
Filing fees and other charges		4,014,600	–	–
Personnel costs	5	650,000	650,000	650,000
Provision for probable loss on input VAT	6	476,750	126,540	29,718
Listing maintenance fee		250,000	250,000	250,000
Professional fees		210,000	810,000	1,122,000
Seminar and membership fees		147,000	120,000	160,000
Taxes and licenses		21,409	18,292	20,317
Representation and entertainment		18,102	38,279	12,658
Provision for ECL on advances to a subsidiary	5	–	–	151,398,304
Repairs and maintenance		–	–	56,324
Others		104,339	81,347	121,909
		₱1,686,620,219	₱735,887,215	₱253,059,667

10. Income Taxes

There is no provision for current income tax in 2025, 2024 and 2023 due to the Company's gross loss and taxable loss position.

Deferred tax asset on NOLCO amounting to ₱3.4 million and ₱3.3 million as at December 31, 2025 and 2024, respectively, was not recognized in the separate statements of financial position 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
2025	₱–	₱4,982,748	₱–	₱4,982,748	2028
2024	1,929,639	–	–	1,929,639	2027
2023	2,380,550	–	–	2,380,550	2026
2022	2,346,111	–	(2,346,111)	–	2025
2021	4,185,088	–	–	4,185,088	2026
2020	2,527,910	–	(2,527,910)	–	2025
	₱13,369,298	₱4,982,748	(₱4,874,021)	₱13,478,025	

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 tax rate and the effective tax rates is as follows:

	2025	2024	2023
Benefit from income tax at statutory tax rate	(P421,654,884)	(P183,971,591)	(P63,264,776)
Change in unrecognized deferred tax asset	27,182	482,410	595,138
Add (deduct) tax effects of:			
Nondeductible expenses	420,409,368	183,489,394	62,669,779
Interest income subjected to final tax	(171)	(213)	(141)
Expired NOLCO	1,218,505	—	—
Benefit from income tax at effective tax rates	P—	P—	P—

Accordingly, the income tax rate used in preparing the separate financial statements as at and for the years ended December 31, 2025, 2024 and 2023 are 25% for RCIT, and 2%, 2% and 1.5% for MCIT, respectively.

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 and advances to a subsidiary.

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, 2025 and 2024:

	2025				
	Neither Past Due nor Impaired		Past Due but not Impaired	Credit-impaired	Total
	High Grade	Standard Grade			
Lifetime ECL:					
Cash in banks	P293,271	P—	P—	P—	P293,271
Advances to a subsidiary	—	—	—	565,309,431	565,309,431
	P293,271	P—	P—	P565,309,431	P565,602,702

	2024				
	Neither Past Due nor Impaired		Past Due but not Impaired	Credit-impaired	Total
	High Grade	Standard Grade			
Lifetime ECL:					
Cash in banks	₱419,708	₱—	₱—	₱—	₱419,708
Advances to a subsidiary	—	—	—	565,309,431	565,309,431
	₱419,708	₱—	₱—	₱565,309,431	₱565,729,139

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 but not impaired - those with history of frequent default, nevertheless the amount due are still collectible.
- Credit impaired - those that are long outstanding or those that have been provided with an allowance for impairment.

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, 2025 and 2024:

	2025			
	On Demand	Within 1 Year	Over 1 Year	Total
Advances from a stockholder	₱45,664,193	₱—	₱—	₱45,664,193
Other current liabilities*	2,021,161	—	—	2,021,161
	₱47,685,354	₱—	₱—	₱47,685,354

*Excluding statutory payables amounting to ₱5,588.

	2024			
	On Demand	Within 1 Year	Over 1 Year	Total
Advances from a stockholder	₱38,850,570	₱—	₱—	₱38,850,570
Other current liabilities*	3,069,885	—	—	3,069,885
	₱41,920,455	₱—	₱—	₱41,920,455

*Excluding statutory payables amounting to ₱5,408.

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 optimal cost of capital based in current conditions. The Company considers its equity, excluding cumulative remeasurement gain on retirement benefits liability, net of deferred tax, as capital employed.

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

12. Fair Value Measurement of Financial Instruments

As at December 31, 2025 and 2024, the Company has no financial instruments measured at fair value.

Due to the short-term nature of the Company's cash in banks, advances from a stockholder, and other liabilities (excluding statutory payables), their carrying amounts approximate fair values as at December 31, 2025, and 2024.

Since the Company has no financial instruments measured at fair value, there were no transfers between levels of the fair value hierarchy in 2025, and 2024.