COVER SHEET

CS201210314

SEC Registration Number

COAL ASIA HOLDINGS INCORPORATED

(Company's Full Name)

3F JTKC CENTER, 2155 DON CHINO ROCES AVE. MAKATI CITY

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

KRISTINE MARIE E. LIBERATO

632-0905

Company Telephone Number

12	31		09	17
Month	Day		Month	Day
Fiscal Year			Annual Meeting	

Amended 2019 Definitive 20-IS

Form Type

Secondary License Type, if applicable

Department Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

Coal Asia Holdings
Reliable energy resources through responsible mining

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that the annual meeting of the stockholders of **COAL ASIA HOLDINGS, INCORPORATED** will be held on Tuesday, 17 September 2019 at 9:00 in the morning, at the Dasmariñas Room, Makati Sports Club, L.P. Leviste cor. Gallardo St., Salcedo Village, 1227 Makati City, to consider the following:

AGENDA

1) Call to Order
2) Proof of Notice of Meeting
3) Certification of Quorum
4) Approval of the Minutes of the Previous Annual Stockholders' Meeting
5) Approval of 2018 Operations and Results
6) Ratification of All Acts of the Board of Directors and Officers
7) Election of Directors
8) Appointment of External Auditor
9) Other Matters
10) Adjournment

Attached is a list of the rationale for each of the above agenda items for reference.

In accordance with the rules of the Philippine Stock Exchange, the close of business on **26 July 2019** has been fixed as the record date for the determination of the stockholders entitled to notice of, and vote at, said meeting and any adjournment thereof.

Registration for those who are personally attending the meeting will start at 8:00 in the morning and end promptly at 8:50 a.m. All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to fill out, date, sign and send a proxy to the Corporation's principal office. All proxies should be received by the Corporation on or before Friday, **6 September 2019**. Proxies submitted shall be validated by a Committee of Inspectors on **9 September 2019** at 10:00 in the morning at the Corporation's principal office. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

To avoid any inconvenience in registering your attendance at the meeting, you or your proxy is requested to bring identification paper(s) containing a photograph and signature, e.g. passport or driver's license.

Makati City, Metro Manila.

ANN MARGARET K. LORENZO
Assistant Corporate Secretary

RATIONALE FOR AGENDA ITEMS

Agenda Item No. 4. Approval of the Minutes of the Previous Meeting of Stockholders held on 07 August 2018

Copies of the Minutes of the 07 August 2018 Annual Stockholders' Meeting will be made available during the 2019 Annual Stockholders' Meeting. It is likewise currently posted on the Corporation's website (www.coalasiaholdings.com) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2018 Annual Stockholders' Meeting.

Agenda Item No. 5. Approval of 2018 Operations and Results

A report on the highlights of the financial performance of the Corporation for the year ended 31 December 2018 will be presented to the stockholders. A summary of the Corporation's performance for the year is also provided in the "Financial Information" section on page 48 hereof.

The Corporation's Audited Financial Statements (AFS), for which the external auditors have issued an unqualified opinion, have likewise been reviewed by the Board of Directors. A summary of the 2018 AFS shall also be presented to the stockholders.

Stockholders, after identifying themselves, will be given an opportunity to raise questions regarding the 2018 Operations and Results of the Corporation.

Agenda Item No. 6. Ratification of all Acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting to the date of this meeting

All actions, proceedings and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management from the date of the last Stockholders' Meeting held on 07 August 2018 to the date of this meeting shall be presented for confirmation, approval, and ratification. The items covered with respect to the ratification of the acts of the Board of Directors and Officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business.

Agenda Item No. 7. Election of Directors for 2019 to 2020

The qualifications of the incumbent members of the Board of Directors have been reviewed by the Corporate Governance Committee which has nominated them for re-election. Their proven expertise and qualifications, based on current regulatory standards and the Corporation's own criteria, will help the Company's performance that will result to its stockholders' benefit. The profiles of the directors are further detailed in the Corporation's Information Statement. If elected, they shall serve as directors for a period of one (1) year from 17 September 2019 until their successors shall have been duly elected and 7qualified.

Agenda Item No. 8. Appointment of External Auditors

The Audit Committee has pre-screened and recommended, and the Board has endorsed for consideration of the stockholders, the reappointment of Reyes Tacandong & Co. as the Corporation's External Auditor for 2019-2020. Reyes Tacandong & Co. is one of the leading auditing firms in the country and is duly accredited by the Securities and Exchange Commission. The stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2019.

PROXY FORM

The undersigned stockholder of Coal Asia Holdings, Incorporated (the "Company") hereby appoints ______________________________ or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 17 September 2019 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors.

____ 1.1. Vote for all nominees listed below:

- 1.1.1. Harald R. Tomintz
- 1.1.2. Eric Y. Roxas
- 1.1.3. Johnson A. Sanhi, Jr.
- 1.1.4. Dexter Y. Tiu
- 1.1.5. Aristides S. Armas (Independent Director)
- 1.1.6. Juan Kevin G. Belmonte (Independent Director)
- 1.1.7. Arsenio M. Bartolome III (Independent Director)

____ 1.2. Withhold authority for all nominees listed above

____ 1.3. Withhold authority to vote for the nominees listed below:

_________________ _________________

_________________ _________________

_________________ _________________

2. Approval of minutes of previous Annual Stockholders' Meeting.

___ Yes ___ No ___ Abstain

3. Approval of 2018 Annual Report (Operations and Results).

___ Yes ___ No ___ Abstain

4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last Stockholders' Meeting to 17 September 2019.

___ Yes ___ No ___ Abstain

5. Appointment of Reyes Tacandong & Co. as external auditor.

___ Yes ___ No ___ Abstain

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may be properly come before the meeting.

___ Yes ___ No ___ Abstain

____

Printed Name of Stockholder

____

Signature of Stockholder /
Authorized Signatory

____

Date

THIS PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY BEFORE THE DATE SET FOR THE ANNUAL MEETING, AS PROVIDED IN THE BY-LAWS.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20 of the Securities Regulation Code

SECURITIES AND EXCHANGE COMMISSION
AUG 22 2019
MARKET REGULATION DEPT.
TIME: 11:50

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

2. Name of Registrant as specified in its charter:
   COAL ASIA HOLDINGS, INCORPORATED

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

4. SEC Identification Number: **CS201210314**

5. BIR Tax Identification Number: **008-297-271-000**

6. Address of principal office: **3rd Floor JTKC Center, 2155 Don Chino Roces Avenue, Makati City**

7. Registrant's telephone number, including area code: **(632) 818-6772**

8. Date, time, and place of the meeting of security holders:

Date	**:**	**17 September 2019 (Tuesday)**
Time	**:**	**9:00 in the morning**
Venue	**:**	**Dasmariñas Room, Makati Sports Club, L.P. Leviste cor. Gallardo St., Salcedo Village, Makati City 1227**

9. Approximate date on which the Information Statement is to be sent or given to security holders: **19 August 2019.**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱1.00 par value	**4,000,000,004 (as of 19 August 2019)**

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

    Yes [√] No [ ]

    If so, disclose name of the Exchange : **The Philippine Stock Exchange, Inc.**
    Class of securities listed : **Common Shares**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders.

(a) Date, time and place of meeting:

Date	**17 September 2019 (Tuesday)**
Time	**9:00 in the morning**
Place	**Dasmariñas Room, Makati Sports Club, L.P. Leviste cor. Gallardo St., Salcedo Village, Makati City 1227**

The approximate date on which the Information Statement will be sent or given to security holders is on 19 August 2019.

(b) The complete mailing address of the principal office of Coal Asia Holdings, Incorporated ("the Company") is at **3rd Floor, JTKC Center, 2155 Don Chino Roces Ave., Makati City.**

Item 2. Dissenters' Right of Appraisal

Sections 41 and 80 of the Corporation Code provide for a shareholder's exercise of the right of appraisal (defined as the right of any stockholder to dissent and demand payment of the fair value of his shares). The instances where the right of appraisal may be exercised are as follows:

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

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's property and assets;

3. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and

4. In case of merger or consolidation.

There are no items in the agenda that may give rise to a dissenting shareholder's exercise of the right of appraisal.

Section 81 of the Corporation Code provides for the appropriate procedure for the exercise of the right of appraisal, *viz*:

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

excluding any appreciation or depreciation in anticipation of such corporate action.

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

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) Except for the election of directors, no person who has been a director or officer or any nominee for election as director of the Company or associate of such person has substantial interest, direct or indirect, in any matter to be acted upon.

(b) The Company is not aware of any director or security holder who intends to oppose any action to be taken by the Company during the stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(A) As of the record date (26 July 2019), the Company has 4,000,000,004 common shares outstanding and each share is entitled to one vote. 10,128,010 (or 0.25%) of the outstanding common shares of the Company were held by non-Filipinos.

(B) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is **26 July 2019.**

(C) In the forthcoming annual stockholders' meeting, stockholders shall be entitled to elect seven (7) members to the Board of Directors. Each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).

(D) Security ownership of certain record and beneficial owners and management.

(1) 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 26 July 2019:

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* *G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City*	*(see footnote)*	Filipino	783,159,872	19.58%
Common	Sterling Bank of Asia – Trust Group* *Sterling Bank Corporate Center 1500 San Juan City* (Parent Company)	JTKC Equities, Inc. Dexter Y. Tiu Eric Y. Roxas Alexander Y. Tiu Gertim G. Chuahiong	Filipino	3,200,000,000	80%

**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. As of 26 July 2019, there is no person under the PCD account holding more than 5% of COAL's outstanding shares.*

**Sterling Bank of Asia, Inc. – Trust Group is the escrow bank for the shares under lock-up of the beneficial owners, Messrs. Dexter Y. Tiu, Eric Y. Roxas, Gertim G. Chuahiong, and Alexander Y. Tiu and JTKC Equities Inc., each of whom owns 640,000,000 shares amounting to sixteen percent (16%) of the Company's outstanding capital stock. The beneficial owners are the stockholders of COAL. The beneficial owners have the power to decide how their respective shares under lock-up are to be voted.*

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

(2) Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of 31 July 2019.

Title of Class	Name and Citizenship	Amount and nature of beneficial ownership		Percent of Class
Common	Harald R. Tomintz (Austrian)	1,000	Direct	0.00
Common	Dexter Y. Tiu (Filipino)	640,000,000	Direct	16.00
Common	Johnson A. Sanhi, Jr. (Filipino)	1,000	Direct	0.00
Common	Eric Y. Roxas (Filipino)	640,200,000	Direct	16.00
Common	Arsenio M. Bartolome III	1	Direct	0.00
Common	Juan Kevin G. Belmonte (Filipino)	1	Direct	0.00
Common	Aristides S. Armas (Filipino)	10,001	Direct	0.00
Common	A. Bayani K. Tan (Filipino)	200,001	Direct	0.05
Common	Enrique C. Payawal (Filipino)	0	N/A	0.00
Common	Gizella Greta D.J. Gonzales (Filipino)	0	N/A	0.00
Common	Rolando P. Domingo	0	N/A	0.00
Common	Ann Margaret K. Lorenzo (Filipino)	0	N/A	0.00
Common	Rosanna Desiderio (Filipino)	1	Direct	0.00
Common	***All directors and executive officers as a group***	***1,280,412,005***		***32.01***

(3) Voting Trust Holders of 5% or More

There is no party known to the Company as holding any voting trust or any similar arrangement for 5% or more of the Company's voting securities.

Changes in Control

There is no arrangement known to the Company which may result in a change in control of the Company.

Item 5. Directors and Executive Officers

The following are the Directors and Executive Officers 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	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
Arsenio Bartolome III	Independent Director	August 2017/07 August 2018
Juan Kevin G. Belmonte	Independent Director	July 2012/07 August 2018
Aristides Armas	Independent Director	July 2012/07 August 2018
A. Bayani K. Tan	Corporate Secretary	August 2017 /07 August 2018
Rolando P. Domingo	Chief Financial Officer (OIC)	June 2018/07 August 2018
Enrique C. Payawal	Vice President-Exploration	July 2012/07 August 2018
Gizella Greta D. J. Gonzales	Senior Geologist	July 2012/07 August 2018
Ann Margaret K. Lorenzo	Assistant Corporate Secretary	March 2017/07 August 2018
Rosanna T. Desiderio	Chief Information Officer/ Investor Relations Officer/ Compliance Officer	June 2012/07 August 2018

Board of Directors

The present members of the Board of Directors ("BOD") were elected during the stockholders' meeting held on 07 August 2018. The term of the current members of the BOD shall be until the next stockholders' meeting, or on 17 September 2019.

The Corporate Governance Committee is composed of its Chairman, Mr. Arsenio M. Bartolome III, and two members, Messrs. Aristides S. Armas and Juan Kevin G. Belmonte. In accordance with the Securities Regulation Code and its Implementing Rules and Regulations, the Corporate Governance Committee nominated Messrs. Tomintz, Sanhi, Tiu, Roxas, Belmonte, Armas and Bartolome for election to the Board.

The business experience for at least the last five (5) years of the Company's candidates for election as Directors, as well as the Executive Officers, are as follows:

Harald R. Tomintz, 66, 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., 55, Filipino, President & Chief Operating Officer

Johnson A. Sanhi, Jr., 55, has been with TMEC from 2010 to present. He was previously VP-Operations of Stronghold Steel Corporation. He was 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, 47, Filipino, Director and Treasurer

Dexter Y. Tiu, Filipino, 47, is the Treasurer and Director of the Company. Mr. Tiu is the Chairman and CEO of Pure Energy Holdings Corporation and the Chairman of Tubig Pilipinas Group, Inc. He is both Director and Treasurer of Titan Mining & Energy Corporation. He is also a director of JTKC Equities, Inc. and Star Equities, Inc. He holds a Bachelor of Science degree in Mechanical Engineering from De La Salle University.

Eric Y. Roxas, 56, 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.

Independent Directors

Pursuant to the requirements of Section 38 of the SRC, the Company's Board of Directors and stockholders approved the amendment of the Company's By-Laws adopting the requirement on the nomination and election of independent directors on 18 June 2012. The Amended By-Laws was approved by the SEC on 22 June 2012.

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws.

The Corporate Governance Committee endorsed the nominations for re-election as independent directors given in favor of Messrs. Juan Kevin G. Belmonte (by Mr. Dexter Tiu), Aristides S. Armas (by Mr. Johnson Sanhi, Jr.) and Arsenio M. Bartolome III (by Mr. A. Bayani K. Tan). The Corporate Governance Committee has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code.

The nominees, who are also incumbent independent members of the Board of Directors and whose required information are discussed below, are in no way related to the stockholders who nominated them and have signified their acceptance of their respective nominations. These nominees are expected to attend the scheduled Annual Stockholders' Meeting

Juan Kevin G. Belmonte, 57, Filipino, Independent Director

Juan Kevin G. Belmonte is an Independent Director of the Corporation. He is also currently the President & CEO of Philstar.com, a director of People Asia, and Chairman of Nuvoland Philippines. He is also a director of Philstar Daily, Inc., IPVG Corporation, IP E-Games Corporation, and EEI Corporation. He is also 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 a former director of Bantay Kalikasan, ABS-CBN Foundation Initiative, and the Development Bank of the Philippines. 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, 74, Filipino, Independent Director

Aristides S. Armas was the President of Asia United Leasing & Finance Corporation and Asia United Fleet Management Services, Inc. until 2018. 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, 78, Filipino, Independent Director

Arsenio M. Bartolome III is the Chairman and President of Amber Properties, 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 Fargo 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 in 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).

Principal Officers

Harald R. Tomintz, 66, Austrian, Chairman of the Board

Johnson A. Sanhi, Jr., 55, Filipino, President & Chief Operating Officer

Dexter Y. Tiu, 47, Filipino, Director and Treasurer

Rolando P. Domingo, 49, Filipino, Chief Financial Officer - OIC

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

Enrique C. Payawal, 76, Filipino, Vice President – Exploration

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

Gizella Greta D.J. Gonzales, 43, Filipino, Senior Geologist

Gizella Greta D.J. Gonzales is an Exploration Geographic Information System (GIS) / Database Manager with over ten (10) years' work experience in gold, copper, coal, and nickel and iron deposits. She is a licensed practicing geologist since 2000. She holds a Bachelor of Science degree in Geology and completed units for Masters in Remote Sensing and GIS from the University of the Philippines. She is currently taking up law at FEU-IL.

A. Bayani K. Tan, 63, Filipino, Corporate Secretary

Mr. A. Bayani K. Tan, 63, Filipino, is the Corporate Secretary of the Corporation (since July 2012, Publicly-Listed). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Belle Corporation (since May 1994, Publicly Listed), Discovery World Corporation (since March 2013, Publicly-Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Fund, Inc. (since June 1997), Philequity MSCI Philippines Index Fund, Inc. (since December 2017), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Premium Leisure Corporation (since December 1993, Publicly-Listed), Sterling Bank of Asia Inc (A Savings Bank) (since December 2006), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995), The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999), and Vantage Equities, Inc. (since January 1993). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005), Pascual Laboratories, Inc. (since March 2014), and Pure Energy Holdings Corporation (since October 2016), President of Catarman

Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

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

Ann Margaret K. Lorenzo, 30, Filipino, Assistant Corporate Secretary

Ann Margaret K. Lorenzo is the Assistant Corporate Secretary of the Company. She concurrently serves as Corporate Secretary/Assistant Corporate Secretary of the following listed firms: TKC Metals Corporation, Crown Asia Chemicals Corporation, Asia United Bank Corporation, and Vantage Equities, Inc. She also serves as Assistant Corporate Secretary of the following reporting companies: Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity Dividend Yield Fund, Inc. and Philequity MSCI Philippines Index Fund, Inc. She is also the Assistant Corporate Secretary of the following private companies: Philequity Strategic Growth Fund, Inc., Philequity Balanced Fund, Inc., Philequity Resources Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Philequity Global Fund, Inc., Philequity Alpha One Fund, Inc., Etruscan Resources Philippines, Inc., and Tao Mohin Resources Corporation. She is also the Corporate Secretary of Philequity Management, Inc., Athena Ventures, Inc., Galileo Software Services, Inc. and GGO Realty Holdings, Inc. Ms. Lorenzo is currently an Associate at Tan Venturanza Valdez. She holds a Juris Doctor and a Bachelor of Arts Degree in English Studies, cum laude, both from the University of the Philippines, obtained in 2010 and 2014, respectively. She was admitted to the Philippine Bar in April 2015.

Rosanna T. Desiderio, 54, Filipino, Chief Information Officer, Investor Relations 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.

Family Relationships

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.

Significant Employees

No single person is expected to contribute more significantly than others do to 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.

Involvement in Certain Legal Proceedings

Atty. A. Bayani K. Tan. As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc. (ULCI), some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULCI, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

As of the date of this report, to the best of the Company's knowledge, other than as disclosed above, there has been no occurrence within the past five 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 or executive officer of the Company:

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

- any conviction by final judgment in a criminal proceeding, domestic or foreign, or a criminal case, excluding traffic violations and minor offenses, pending against any of the incumbent directors or executive officers of the Company;

- 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 the involvement of any of the incumbent directors or executive officers of the Company in any type of business, securities, commodities or banking activities; and

- any finding by 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, that any of the incumbent Directors or executive officers of the Company has violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Certain Relationships and Related Transactions

Transactions with and/or Dependence on Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence.

TMEC has transactions with related party, Pacifico Sul Mineracao Corporation, pertaining to advances for 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.

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 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.

The abovementioned related party transactions are also disclosed in Note 15 of the 2018 Consolidated Audited Financial Statements on pages 32-33 thereof.

Disagreement with Director

No director has resigned nor declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company regarding the latter's operations, policies, or practices.

Item 6. Compensation of Directors and Executive Officers

Other than those disclosed below, there are no other standard or other arrangements wherein directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director. For 2018, the directors did not receive per diems for meetings attended. The executive officers also do not receive regular compensation from COAL 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 2016, 2017, and 2018, as well as the estimated aggregate compensation for calendar year 2019.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Johnson A. Sanhi, Jr.* *President & COO*				
Enrique C. Payawal* *Vice President - Exploration and Mining*				
Gizella Greta DJ Gonzales* *Senior Geologist*				
Total for the Executive Officers as a group	2019 *estimate only	₱ 4,450,000		
	2018	₱ 5,070,000		
	2017	₱ 6,259,708		
	2016	₱ 7,450,957		
Total for the Executive Officers and Directors as a group	2019 *estimate only	₱ 4,450,000		
	2018	₱ 5,070,000		
	2017	₱ 6,289,708		
	2016	₱ 7,485,958		

** These are the top 3 compensated executive officers.*

For 2019, the estimated aggregate compensation to be paid to all officers and directors as a group amount to ₱ 4,450,000.

Standard Arrangements and other Arrangements

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

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no existing employment contracts with executive officers. Furthermore, there are no special retirement plans for executive officers. There is also no arrangement for compensation to be received from the Company in the event of a change in control of 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 7. Independent Public Accountants

Representatives of the principal accountant (Reyes Tacandong & Co.), the Company's external auditors for the most recently completed fiscal year are expected to be present at the Annual Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Details on the selected/recommended principal accountant and partner-in-charge for the ensuing year are as follows:

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1021-AR-2 Group A; Valid until March 27, 2020
BIR Accreditation No. 08-005144-005-2017; Valid until January 13, 2020
PTR No. 6607954 issued January 3, 2018, Makati City

Reyes Tacandong & Co. audited the Company's statement of financial position as of 31 December 2018, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year ended 31 December 2018 and a summary of significant accounting policies and other explanatory notes. Their responsibility is to express an opinion on these financial statements based on their audit. The audits were conducted in accordance with Philippine Standards on Auditing. The partner who handled the Company's external audit was Mr. Emmanuel V. Clarino.

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

In compliance with SRC Rule 68 3 (b) (iv), the assignment of Reyes, Tacandong & Co.'s managing partner shall not exceed five (5) years.

The aggregate fees for each of the last three (3) fiscal years for professional services rendered by the external auditors are as follows:

	2018	2017	2016
Audit Fee	₱565,000	₱485,000	₱550,000
Tax Fees	-	-	-
Other Fees	-	-	-
TOTAL	₱565,000	₱485,000	₱550,000

Professional fees paid to the external auditor are purely audit engagement fees. The external auditor was not engaged for professional services for tax accounting, compliance, advice, planning and any other form of tax services.

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 Mr. Aristides S. Armas (Chairman), Mr. Arsenio M. Bartolome III, and Eric Y. Roxas) prior to said report being endorsed to the Board of Directors for approval.

The Company will recommend the accounting firm of Reyes Tacandong & Co. for reappointment at the scheduled annual stockholders' meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

There are no matters to be taken up during the Annual Stockholders' Meeting relating to the matters covered by Items 9 to 14.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The Company will seek the approval by the stockholders of the Minutes of the previous Annual Stockholders Meeting held on 07 August 2018, during which the following were taken up: (1) Call to Order, (2) Certification of Notice and Quorum (3) Approval of the Minutes of the previous stockholders' meeting, (4) President's Report and Presentation of Audited Financial Statements, (5) Ratification of All Acts of the Board of Directors and Officers, (6) Election of Directors, (7) Appointment of Reyes Tacandong & Co. as External Auditors, (8) Other Matters, and (9) Adjournment. The Minutes of the Annual Stockholders Meeting (ASM) held on 07 August 2018 will be made available during the meeting. The Minutes of the 2018 ASM is likewise currently posted on the Corporation's website (www.coalasiaholdings.com) and can be viewed at any time.

The Company will also seek approval by the stockholders of the 2018 Operations and Results contained and discussed in the Annual Report attached and made part of this Information Statement. Approval of the reports will likewise constitute approval and ratification of the acts of management and of the Board of Directors for the past year.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Other Proposed Action

The following are to be proposed for approval during the stockholders' meeting:

1. 2018 Operations and Results;
2. Ratification of all Acts of the Board of Directors and Officers;
3. Election of Directors for 2019-2020;
4. Appointment of Reyes Tacandong & Co. as External Auditors; and
5. Other Matters.

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business, with those of significance having been covered by appropriate disclosures such as:

1. Membership in the relevant board committees;
2. Appointment of principal officers at the Organizational Board Meeting; and
3. Approval of Financial Reports.

Management reports which summarize the acts of management for the year 2018 are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

Item 18. Voting Procedures

(a) For purposes of the Annual Stockholders' Meeting on 17 September 2019, the Corporate Secretary and/or his representative together with the Audit Partner of the External Auditor and/or his representative have been designated as inspectors tasked to oversee the counting of votes.

(b) Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation.

(c) The Chairman shall announce each proposal on the floor, which shall be voted on separately.

- In the absence of any objection from the floor, the Chairman shall instruct the Corporate Secretary to record a unanimous vote of approval.
- If there is an objection, the Chairman will call for a division of the house and the votes of the shareholders present in person or by proxy shall be counted by hand.

(d) Matters to be taken up in the Annual Stockholders' Meeting shall need the approval of stockholders of the corporation representing majority of the outstanding capital stock of the corporation. The Chairman shall announce the result of the voting.

<u>Omitted Items</u>

Items 8, 9, 10, 11, 12, 13, 14 and 17 are not responded to in this report, the Company having no intention to take any action with respect to the information required therein**.**

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, I hereby certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Makati, Metro Manila on 19 August 2019.

ISSUER: COAL ASIA HOLDINGS, INCORPORATED

ANN MARGARET LORENZO
Assistant Corporate Secretary

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 ₱ 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 by way of introduction and by then sold or offered for sale in the Philippines.

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

Business Consolidation

Subsidiary

Titan Mining and Energy Corporation

TMEC 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 the TMEC's transition from exploration to actual commercial operation. This amendment was approved by the SEC on December 23, 2009. TMEC is involved in a 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.

In 2016, preliminary mine development activities have commenced at the Davao Oriental Project. Bulk sampling was also conducted for test firing 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 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. On 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.

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 the Certification Precondition for Development and Production are ongoing.

The company is still awaiting the conversion of the COC in Davao Oriental from exploration to development and production from the DOE.

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.

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.

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.

Coal Operating Contracts

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

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 expired 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 Department of Energy 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 sampling was also conducted for test firing 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. On 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.

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.

The company is still awaiting the conversion of the COC from exploration to 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.

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.

166

The Zamboanga Project encompasses four (4) adjoining 1,000-hectare Coal Blocks for a total area of 6,000-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 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.

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.

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 ₱ 911 billion and found the project to be feasible at a discount rate of 10% per annum. In 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.

Coal Reserve (In Situ)

Area	In Situ (MMT)
Macopa & Bactinan	3 MMT
Sagasa	1.5 MMT
Total (In Situ)	4.5 MMT

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

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

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

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

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

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

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

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

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

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

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

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 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. 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	26.26%
Sulfur Content	0.49%

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

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

<u>Ideal Location for Mining</u>

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

TMEC has cordial relations with the local government units ("LGUs") in its operating areas. Furthermore, small-scale mining operators are present and prevalent in other municipalities of Zamboanga-Sibugay, which allowed TMEC to secure the Governor-, Mayor-, and Barangay-level permits in addition to the approvals from the DENR-Mine and Geosciences Bureau for the Certificate of Non-Coverage and the National Commission on Indigenous Person ("NCIP") for the Certificate of Non-Overlap. The same holds true for the Municipality of Manay, Davao Oriental which signed a Memorandum of Agreement ("MOA") with 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 the Certification Precondition for Development and Production are on going

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 and Zamboanga Sibugay. The Davao Oriental Project site is, in fact, less than one (1) kilometer away from a military detachment.

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, a Mining Engineer, two (2)Chemists, 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.

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.

The company has requested for the conversion of the COC from exploration to development and production.

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.

The company is still awaiting the conversion of the COC from exploration to development and production.

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.

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, 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.

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 is 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

Last year's 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, the conversion of COC from Exploration to Development/production phase and the related approval from NCIP.

This year, the company will continue to coordinate with the Department of Energy (DOE) and the National Commission on Indigenous Peoples (NCIP) to secure the Coal Operating Contract (COC) conversion and the Certification Precondition for the Development and Production (CP-D/P), respectively. Moreover, it will comply with the reportorial, documentary and permitting requirements in accordance with the Company's Coal Operating Contract, Environmental Compliance Certificate (ECC), and Local Government (LGU) related laws and ordinances as applicable. Management estimated eighteen (18) months for the conversion to development/production stage after pursuing close coordination with NCIP and DOE. It is estimated that Php 23Million will be incurred to take care of the various expenses including administrative and other maintenance expense. After the acquisition of the required conversion 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 Php500 million; consisting of mining equipment (Php 107M), infrastructures and facilities (Php 55M) and in-pit drilling and supplemental exploration (Php 91M) and the balance as working capital to sustain its operation.

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.

Corporate Social Responsibility (CSR) activities such as road rehabilitation and maintenance will still be conducted upon request of the concerned LGU.

In the Interim, the Company has initiated negotiations involving possible rent/ leasing of its heavy equipment while waiting for the issuance of the above-mentioned NCIP CP-D/P and DOE conversion.

KEY AFFILIATES IN THE MINING AND ENERGY INDUSTRY

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

Pacifico Sul Mineracao Corporation

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

Colossal Petroleum Corporation

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

Risks Related to the Company and its Subsidiary

Risks Inherent in the Mining Business

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

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

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

Risks Related to Exploration and Future Coal Reserves

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

The Department of Energy 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 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.

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

Risks Related to Foreign Exchange

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

Risks Related to Domestics and International Competition

The Company faces completion 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's 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 and 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 identified 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 on 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 mudstone potential coal bearing areas) were initiated in late November 2010. A second drilling program was undertaken in August 2011where 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 on 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 on 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 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 the Certification Precondition for Development and Production are ongoing.

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 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.

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 production, it will need to employ more 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 Philippines 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 31 December 2012.

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

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

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

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

Risks Related to Taxation

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

- Exemption from all taxes except income tax;
- Exemption from payment of tariff duties and compensation tax on importation of machinery / equipment / spare parts / materials required for coal operations;
- Allow entry of alien technical personnel;
- The right of ingress to and egress from the COC area; and
- Recovery of operating expense

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

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

Risks Related to Company's COCs

Risks Related to Expiration of COCs

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

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

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

Table 1: Summary of Coal Operating Contracts of TMEC

COC	Coal Block Nos.	Applicant	Date Awarded	Original Expiration Date	Max. Extension	Remarks
Davao Oriental Coal Operating Contract						
159	CB-136 CB-137 CB-176	TMEC	16-Sep-09	15-Sep-11 (2 years Exploration)	September 15, 2013) 2 years Extension)	Submitted Geologic Report, 5 and 10 yr. mining plan, ECC, Permit to Sell

	CB-177 CB-188 CB-217 CB-218					incidental Coal Production from DOE; Amended 10Year Work Program and Feasibility Study covering Macopa and Sagasa submitted October 2017 and December 2018. NCIP CP for Exploration acquired last December 14, 2018; preparations for FPIC for CP Development and Production on going..
Zamboanga-Sibugay Coal Operating Contracts						
166	CB-280 CB-320 CB-241 CB-281	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.

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 intends to use its IPO proceeds to fully fund TMEC's planned exploration, development, and production in the Davao Oriental Project and use 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 continuous to fulfill and comply with, and even exceed 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 coming 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 couple of small mining companies in the Compostella 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 church in Zamboanga-Sibugay. As of the date of this Prospectus, there have been no attacks or threats of attacks received by the Company at its mining sites in either Davao Oriental or 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 Prospectus, there have been no attacks or threats attack received by the Company at its mining sites in either Davao Oriental or Zamboanga-Sibugay. 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).

Table 2: Coal Operating Contract (COC) holders

COC No.	NAME OF COMPANY	LOCATION OF CONTRACT AREA
5,189,190	**Semirara Mining Corporation**	Semirara Island, Caluya, Antique; Bulalacao, Oriental Mindoro; Maitum and Kiamba, Sarangani
13	**Ibalong Resources & Development Corporation**	Mantalongon, Dalaguete, Cebu
9	**Adlaon Energy Development Corporation**	Brgy. Santicon, Bala-as, Maloray & Manlapay, Municipalities of Dalaguete & Argao, Cebu
83	**Benguet Corporation**	Lianga, Marihatag & San Miguel, Surigao del Sur
68,77,78	**Filipinas (Prefab) Systems , Inc.**	Bulalacao, Mindoro Oriental, Payao, Zamboanga Sibugay,
93	**A Blackstone Energy Corporation**	Lalat, Zamboanga Sibugay
116, 123	**D. M. Wenceslao and Associates , Inc.**	Baculod, Gattaran and Iguig, Cagayan
127	**Smart Mining and Resources Development Corporation (SMRDC)**	Bislig, Surigao del Sur
41, 122, 184,185,186	**PNOC-Exploration Corporation**	Buug, Imelda, Payao, Malangas , Zamboanga Sibugay, Cauayan, Isabela, Trento, Agusan del Sur and Lingig, Surigao del Sur
104,137	**BatanCoal Resources Corporation**	Liguan, Batan Island, Rapu-Rapu, Albay,
125, 153	**Lima Coal Development Corporation**	Batan Island, Rapu-Rapu, Albay, Bacon and Gubat, Sorsogon
126	**Daguma Agro Minerals Inc.**	South Cotabato and Sultan Kudarat
128, 129	**SAMAJU Corporation**	Bilbao, Batan Island, Rapu-Rapu, Albay, Bagaobawan, Batan Island, Rapu-Rapu, Albay
130	**Grace Coal Mining & Development Corporation**	Diplahan and Buug, Zamboanga Sibugay
131	**Forum Cebu Coal Corporation**	Dalaguete, Cebu
132	**First Asian Resource Mining Corp.**	Balamban, Cebu
134	**Sultan Energy Phils. Corporation**	Sultan Kudarat, South Cotabato

136,179,180	**SKI Energy Resources , Inc.**	Carmen,Asturias and Catmon, Cebu; Alpaco, Naga, Cebu
135	**SKI Construction Group, Inc.**	Cahumayan, Portland & Dungga, Danao City, Cebu
187	**SKI Mining Corp.**	Trento, Agusan del Sur
138	**Bonanza Energy Resources , Inc.**	Maitum, Sarangani Province and Ned, Lake Sebu, South Cotabato
142	**Visayas Multi-Minerals Mining and Trading Corporation**	Toledo City, Cebu
145	**Great Wall Mining and Power Corporation**	San Miguel & Tandag, Surigao del Sur
148	**Abacus Coal Exploration and Development Corp.**	Tandag, Surigao del Sur
149	**IL Rey'c Coal Mining Exploration Corp.**	Danao City, Cebu
151	**Guidance Management Corp.**	Calatrava, Negros Occidental
154	**DMC-Cons truction Equipment Resources , Inc.**	Bagumbayan, Sultan Kudarat
162	**ASK Mining & Exploration Corp.**	Cagwait-Marihatag, Surigao del Sur
165	**3Kings Sunrise Mining Corp.**	Carmen, Cebu
169,174,175	**Blackgem Resources & Energy Inc.**	Tarragona, Davao Oriental; Batan Island, Rapu-rapu, Albay; Cateel and Baganga, Davao Oriental
170	**Dell Equipment & Cons truction Corp.**	Sarangani & South Cotabato
171	**Cedaphil Mining Corp.**	Toledo City, Cebu
172	**Core 8 Mining Corp.**	Toledo City, Cebu
173	**BBB Mining and Energy Corp.**	Asturias, Carmen, Danao, Cebu

181	**Timberwolves Resources , Inc.**	Guigaquit, Surigao del Norte
182,200,202	**Altura Mining Philippines , Inc.**	Bagamanoc, Caramoran and Panganiban, Catanduanes; Rapu-Rapu, Albay; Bislig, Surigao del Sur
183	**Blackstone Mineral Resources , Inc.**	Naga, Zamboanga Sibugay
188	**Mega Philippines , Inc.**	Lake Sebu, South Cotabato; Palimbang, Sultan Kudarat; and Maitum, Sarangani
191	**South Davao Development Corp., Inc.**	San Jose and Magsaysay, Occidental Mindoro
192,201,203	**Empire Asia Mining Corporation**	Bislig and Lingig, Surigao del Sur; Kitcharao, Agusan del Norte; Bislig, Surigao del Sur & Trento, Agusan del Sur
193	**Coal Black Mining Corporation**	Tandag and Tago, Surigao del Sur
194, 195, 198,199	**Sahi Mining (SMC)**	Butuan City, Agusan del Norte and Sibagat Agusan 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, some coal mining companies have also entered the power generation business to find ready markets 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 certain scale advantage.

Expenses on Development Activities

As of 31 December 2018, TMEC has spent ₱ 585.8 Million on exploration and development activities.

Costs and Effects of Compliance with Environmental Laws

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

Employees

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

	2018	Next 12 months (pending conversion of COC)
Administration and Accounting	7	1
Exploration and Development		
Regular	9	7
Contractual	0	0

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

Transaction with and/or Dependence of Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence.

TMEC has transactions with related parties, 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 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.

The abovementioned related party transactions are also disclosed in Note 15 of the 2018 Consolidated Audited Financial Statements on pages 32-33 thereof.

Government Approvals on Products and Services

TMEC secured permits and licenses from the Philippine Government for their exploration activities. There is no extraordinary government approvals 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 the 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.

All properties are free of any liens and encumbrances.

ITEM 3: LEGAL PROCEEDINGS

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, the incumbent Corporate Secretary of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

Aside from the foregoing, 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 directors or executive officer of the Company was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time;

- any conviction by final judgment in a criminal proceeding, domestic or foreign, or any criminal case, excluding traffic violations and minor offenses, pending against any of the incumbent directors or executive officers 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 executive officer 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 other organized trading market or self-regulatory organization, that any of the incumbent directors or executive officers of the Company has violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

PART II - SECURITIES OF THE REGISTRANT

(1) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

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 2019 are as follows:

Quarter	High	Low	Close
1Q 2019	.305	.300	.300
2Q 2019	.290	.280	.290

The trading prices at the PSE for the year 2018:

Quarter	High	Low	Close
1Q 2018	.325	.310	.325
2Q 2018	.300	.290	.300
3Q 2018	.300	.295	.295
4Q 2018	.300	.290	.300

The trading prices at the PSE for the year 2017:

Quarter	High	Low	Close
1Q 2017	.55	.40	.40
2Q 2017	.48	.38	.39
3Q 2017	.40	.37	.39
4Q 2017	.39	.30	.31

The trading prices at the PSE for the year 2016:

Quarter	High	Low	Close
1Q 2016	.48	.47	.48
2Q 2016	.49	.48	.48
3Q 2016	.41	.40	.40
4Q 2016	.47	.45	.45

As of the latest practicable trading date (as of 29 July 2019), the price of the company's securities was at ₱ 0.270.

(2) Holders of Common Equity

As of 26 July 2019, the Company had 28 (Twenty-Eight) stockholders as per its stock and transfer agent, RCBC-Stock and Transfer Agent. The list of shareholders reported by the Stock and Transfer Agent were as follows:

	Name of Stockholders	**No. of shares**	**Percentage**
1	PCD NOMINEE CORP. (F)	783,159,872	19.58%
2	STERLING BANK OF ASIA - TRUST GROUP	640,000,000	16.00%
3	STERLING BANK OF ASIA - TRUST GROUP	640,000,000	16.00%
4	STERLING BANK OF ASIA - TRUST GROUP	640,000,000	16.00%
5	STERLING BANK OF ASIA - TRUST GROUP	640,000,000	16.00%
6	STERLING BANK OF ASIA - TRUST GROUP	640,000,000	16.00%
7	PCD NOMINEE CORP. (NF)	10,128,010	0.25%
8	YAN, LUCIO W. YAN &/OR CLARA Y.	4,000,000	0.10%
9	WILLIAM RAGOS ENRILE II	1,200,000	0.03%

10	QUIBIN, ALEXANDER C.	570,000	0.01%
11	TACUB, PACIFICO B.	400,000	0.01%
12	SUCALDITO, ENRIQUE L.	100,000	0.00%
13	ENRILE, WILLIAM ENRILE &/OR NELY ENRILE &/OR	100,000	0.00%
14	MARANA, MIGUEL D. MARANA &/OR CENON BIENVENIDO	95,000	0.00%
15	ROSELLER A. MENDOZA	65,000	0.00%
16	COMIA JR., JUAN D.	50,000	0.00%
17	MARANA, CENON BIENVENIDO D. MARANA &/OR MIGU	40,000	0.00%
18	PUNO, CHRISTOPHER	30,000	0.00%
19	PUNO, ORPHA C.	22,000	0.00%
20	ASUNCION, ALEXANDER G.	15,000	0.00%
21	BARTHOLOMEW DYBUNCIO YOUNG	10,000	0.00%
22	OSCAR M. RAYOS DEL SOL	10,000	0.00%
23	MARIANO, MARIA ANA B.	2,000	0.00%
24	LIMGENCO, DONDI RON R.	1,111	0.00%
25	GILI JR, GUILLERMO F.	1,000	0.00%
26	BES, RONALD S.	1,000	0.00%
27	FALCOTELO, MATTHEW HENRI H.	10	0.00%
28	JOSELITO T. BAUTISTA	1	0.00%
		4,000,000,004	**100.00%**

As of 26 July2019, 10,128,010 common shares are held by non-Filipinos, placing the foreign ownership level of the Corporation at 0.25%. This is significantly below the foreign ownership limit of 40%.

(3) Dividends

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

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

For the year ended 31 December 2018, the Company has not issued any securities constituting an exempt transaction.

PART III - FINANCIAL INFORMATION

(A) Management's Discussion and Analysis

Plan of Operation

Last year's 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, the conversion of COC from Exploration to Development/production phase and the related approval from NCIP.

This year, the company will continue to coordinate with the Department of Energy (DOE) and the National Commission on Indigenous Peoples (NCIP) to secure the Coal Operating Contract (COC) conversion and the Certification Precondition for the Development and Production (CP-D/P), respectively. Moreover, it will comply with the reportorial, documentary and permitting requirements in accordance with the Company's Coal Operating Contract, Environmental Compliance Certificate (ECC), and Local Government (LGU) related laws and ordinances as applicable. Management estimated eighteen (18) months for the conversion to development/production stage after pursuing close coordination with NCIP and DOE. It is estimated that Php 23Million will be incurred to take care of the various expenses including administrative and other maintenance expense. After the acquisition of the required conversion 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 Php500 million; consisting of mining equipment (Php 107M), infrastructures and facilities (Php 55M) and in-pit drilling and supplemental exploration (Php 91M) and the balance as working capital to sustain its operation.

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.

Corporate Social Responsibility (CSR) activities such as road rehabilitation and maintenance will still be conducted upon request of the concerned LGU.

In the Interim, the Company has initiated negotiations involving possible rent/ leasing of its heavy equipment while waiting for the issuance of the above-mentioned NCIP CP-D/P and DOE conversion.

The following tables present the summary financial Statements and Independent Auditor's Report for the year ended December 31, 2018, and 2017, and the unaudited consolidated financial information as of June 30, 2019.

COAL's Summary Consolidated Financial Information					
	Unaudited	*Audited*	*Audited*	*Audited*	*Audited*
as at	**30 Jun 2019**	**2018**	**2017**	**2016**	**2015**
	(for six-month period ended 30 June 2019)	**(One year)**	**(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	(3,882,140)	(10,643,404)	(9,907,962)	(20,921,125)	(20,071,989)

Operating Income	-	(10,643,404)	(9,907,962)	(20,921,125)	(20,071,989)
Other Income	-	-	884,366	6,087,472	519,357
Interest Income	74,400	688,927	295,135	745,832	1,473,194
Finance Cost	-	(123,348)	(999,139)	(1,898,675)	(1,379,696)
Income (loss) before income tax	(3,807,740)	(10,077,825)	(9,727,600)	(15,986,496)	(19,459,134)
Net Income (loss)	(3,807,740)	(8,307,764)	(7,976,615)	(13,967,727)	(15,965,832)
Consolidated Statement of Financial Position					
Assets					
Cash and cash equivalents	1,439,708	10,619,011	30,954,930	6,906,425	9,795,965
Funds held in escrow	667,502	654,840	5,628,653	37,869,019	87,133,562
Advances to Affiliates	1,841,009	1,464,711	1,555,438	1,646,248	1,265,628
Prepayments and other current assets	295,527	192,748	4,749,308	1,125,182	2,028,993
Total Current Assets	**4,243,746**	**12,931,310**	**42,888,329**	**47,546,874**	**100,224,148**
Exploration and evaluation assets	612,411,885	585,755,321	534,956,340	480,756,581	413,845,460
Property, plant and equipment –net	167,027,297	187,025,922	222,560,983	261,324,664	305,609,793
Coal Reserves	3,131,596,101	3,131,596,101	3,131,596,101	3,131,596,101	193,018
Deferred Tax Asset	14,311,621	14,311,621	12,541,560	10,772,888	3,131,596,101
Other Noncurrent Asset	1,051,370	1,051,370	2,719,464	2,693,122	8,538,906
Total Non-Current Assets	**3,926,398,274**	**3,919,740,335**	**3,904,374,448**	**3,887,143,356**	**3,859,783,278**
TOTAL ASSETS	**3,930,642,020**	**3,932,671,645**	**3,947,262,777**	**3,934,690,230**	**3,960,007,426**
Liabilities and Equity					
Trade and other payables	8,534,711	8,556,596	9,713,412	8,996,848	10,691,381
Advances from related parties	31,825,377	30,025,377	30,025,377	25,820	25,820
Current portion of loans payable	-	-	5,629,445	10,581,920	9,081,038
Income tax payable	-	-	17,687	121,749	10,387
Total Current Liabilities	**40,360,088**	**38,581,973**	**45,385,921**	**19,726,337**	**19,808,626**
Loan Payable-net of current portion	-	-	-	5,629,445	15,757,962
Retirement benefit liability	4,740,222	4,740,222	4,219,642	3,700,619	4,621,200
Total Non-Current Liability	**4,740,222**	**4,740,222**	**4,219,642**	**9,330,064**	**20,379,162**
Capital Stock	4,000,000,004	4,000,000,004	4,000,000,004	4,000,000,004	4,000,000,004
Deficit	(114,623,610)	(110,815,870)	(102,508,106)	(94,531,491)	(80,563,764)
Other Comprehensive loss	165,316	165,316	165,316	165,316	383,398
Stockholders' Equity	**3,885,541,710**	**3,889,349,450**	**3,897,657,214**	**3,905,633,829**	**3,919,819,638**
TOTAL LIABILITIES AND EQUITY	**3,930,642,020**	**3,932,671,645**	**3,947,262,777**	**3,934,690,230**	**3,960,007,426**
Key Indicators					
Gross Profit Margin (%)	-	-	-	-	-
Net Income (loss) Margin (%)	-	-	-	-	-
Return on Asset (%)	-	-	-	-	-
Return on Equity(%)	-	-	-	-	-
Current Ratio(x)	0.11:1.00	0.34:1.00	0.94:1.00	2.41:1.00	5.06:1.00
Total Liabilities to Equity (x)	0.01:1	.01:1.00	.01:1.00	.01:1.00	.01:1.00
Earnings Per Share (Basic) (Php 0.0000)	(0.0010)	-0.0021	-0.0020	-0.0035	-0.0040
Book Value Per Share (Php 0.0000)	0.9714	0.97234	0.9744	0.9764	0.9800

A. Comprehensive Income

For the six-month period ended June 30, 2019 vs. For the six-month period ended June 30, 2018

General and Administrative Expenses

General and Administrative expenses decreased by ₱1.0 million or 21% was due to decreased mainly in salaries and wages.

Net Operating Loss Margin
Operating loss decreased by ₱1.0 million or 21% due to decreased on general and administrative expenses.

Interest Income
Interest income decreased by 75% due to decreased on balance of cash and cash equivalents

Interest Expense
Interest Expense decreased by ₱0.1 million or 100% since the Group has no existing loans payable as of June 30, 2019

Net Income and Net Income Margin
The net loss of the Group decreased by ₱1.0 million or 20%. This represent decreased on general and administrative expenses.

For Second Quarter ended June 30, 2019 vs. For Second Quarter ended June 30, 2018

General and Administrative Expenses
General and Administrative expenses increased by ₱0.3 million or 14% due to increase on professional fee and other expenses during the quarter of 2019.

Net Operating Loss Margin
Operating loss Increased by ₱0.3 million or 14% due to increase on general and administrative expenses.

Interest Income
Interest income decreased by 76% due to decreased on balance of cash and cash equivalents.

Interest Expense
Interest Expense decreased by ₱0.05 million or 100% since the Group has no existing loans payable as of June 30, 2019.

Net Income and Net Income Margin
The net loss of the Group increased by ₱0.4 million or 27%. This represent increased on general and administrative expenses interest income decreases.

Full Year – December 31, 2018 vs. December 31, 2017

Sales

There were no sales for 2018 and 2017. 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.

General and Administrative Expenses

General and administrative expenses amounted to ₱10.64M, due mainly to personnel costs, professional fees, communication expense and taxes and licenses.

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 ₱30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to ₱30.3M. It bears an annual interest rate of 9%. On August 31, 2018, the Company fully paid its loans payable. Interest expense amount to ₱0.1M, and ₱1.0M in 2018 and 2017, respectively.

Interest Income

Interest income which came from interest earned from bank deposits, cash equivalents, restricted cash and funds held in escrow was ₱0.7M, and ₱0.3M in 2018 and 2017, respectively.

Other Income

In 2017 and 2016, the DOE granted various PTS for incidentally produced coal within TMEC's COC No. 159 area. Gain on sale of incidental coal amounted to nil and ₱.9M 2018 and 2017, respectively.

Net Income

As a result of the foregoing, The Group realized net loss of P8.3M and P8.0M in 2018 and 2017, respectively.

<u>Full Year – December 31, 2017 vs. December 31, 2016</u>

Sales

There were no sales for 2017 and 2016. 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, 2017 and 2016, 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.

General and Administrative Expenses

General and administrative expenses amounted to ₱9.91M, due mainly to personnel costs and professional fees.

Interest Expense

In 2015, the Group entered into a credit facility agreement with UCPB Leasing and Finance Corporation granting the Company with a credit line amounting to ₱30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to ₱30.3M. It bears an annual interest rate of 9%. As at December 31, 2017, the total interest expense amounted to ₱1.00M.

Interest Income

Interest income which came from interest earned from bank deposits and funds held in escrow was ₱.30M decreased by ₱.45M (60%) due to decreased in Fund held in escrow.

Other Income

In 2017 and 2016, the DOE granted various PTS for incidentally produced coal within TMEC's COC No. 159 area. Gain on sale of incidental coal amounted to ₱.88M and P6.09M in 2017 and 2016, respectively.

Net Income

As a result of the foregoing, The Group realized net loss of ₱7.98M for the year ended December 31, 2017. This was lower by ₱5.99M compared to ₱13.97M net loss during the year ended December 31, 2016.

<u>Full Year – December 31, 2016 vs. December 31, 2015</u>

Sales

There were no sales for 2016 and 2015. TMEC focused on exploration of its COC areas and is awaiting conversion to development and production from the Department of Energy.

General and Administrative Expenses

General and Administrative expenses increased by ₱.85M due to increased expenses related to representation and entertainment.

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%. As at December 31, 2016, the total interest expense amounted to ₱1.9 million.

Interest Income

Interest income which came from interest earned from bank deposits and funds held in escrow was ₱ .75M decreased by ₱ .73M (50%) due to decreased in Fund held in escrow.

Other Income

In 2016 and 2015, the DOE granted various PTS for incidentally produced coal within TMEC's COC No. 159 area. Gain on sale of incidental coal amounted to ₱6.1M and ₱0.5M in 2016 and 2015, respectively.

Net Income

As a result of the foregoing, The Group realized net loss of ₱13.97M for the year ended December 31, 2016. This was lower by ₱2.0M compared to ₱15.97M net loss during the year ended December 31, 2015.

B. Consolidated Statement of Financial Position

Second Quarter – June 30, 2019 (unaudited) vs. December 31, 2018 (audited)

Cash and cash equivalents

Cash and cash equivalents decreased by ₱9.2 million or a 86% from ₱10.6 million to ₱1.4 million due to withdrawal of cash equivalents for working capital of the Group.

Funds held in escrow
No major change on fund held in escrow of the group. Interest income recognized in June 30, 2019 amounting to ₱12,662.

Prepayments and other current assets

The increased of ₱0.1 million or a 53% from ₱0.3 million to ₱0.2 million was due to advances to officers and employees for business purposes.

Exploration and evaluation assets

The ₱26.7 million increased in exploration and evaluation assets or a 5% increase from ₱585.8 million to ₱612.4 million comprised of ₱20.0 million depreciation expenses and ₱6.7 million for cash–paid on pre – development of COC areas.

Property and Equipment

The net 11% decrease from ₱187.0 million to ₱167.0 million of property and equipment pertains to depreciation. There was no additional purchase of property and equipment during the period.

Liabilities

Total liabilities of the Group have minimal decreased in trade and other payables.

Equity

Capital position of the Group went down by ₱3.8 million due to net loss for the period.

Full Year – December 31, 2018 vs. December 31, 2017

Cash and Cash Equivalent

Cash and cash equivalents decreased by ₱20.34M or 66%, to ₱10.6M as of December 31, 2018 from P31.0M as of December 31, 2017 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, 2018 was ₱1.5M.

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. Net withdrawals of principal from the fund held in escrow amounted to ₱32.5M and ₱5.0M in 2018 and 2017, respectively.

Prepayments and Other Current Assets

Prepayments and other current assets decreased by ₱4.6M or 96%, to ₱0.2M as of December 31, 2018 from ₱4.7M as of December 31, 2017, mainly due to collection of advances made to officers.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were increased by ₱50.8M or 9% as of December 31, 2018. The increase was brought by the capitalization of the costs incurred in the exploration and pre-development of the mining properties in Davao Oriental such as personnel costs, professional, utilities, depreciation and others.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by ₱35.5M or 16% due to depreciation incurred during the year. ₱7.7M land improvement cost incurred during the year.

Coal Reserves

Coal Reserves still amounted to ₱3.13 billion as of December 31, 2018. 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 were increased by ₱1.8M or 14%, to ₱14.3M as of December 31, 2018 from ₱12.5M as of December 31, 2018 due to adjustment to provision for deferred tax.

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 No. 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 ₱1.8M.

Trade and Other Payables

Trade and other payables decreased by 1.2M, to ₱8.6M as of December 31, 2018 from ₱9.7M as of December 31, 2017.

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 ₱563.6M and ₱537.4M as at December 31, 2018 and 2017, respectively, were eliminated during consolidation.

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 ₱ 30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to ₱ 30.3M. 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 ₱4.7M of December 31, 2018. This is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to ₱110.8M as of end December 31, 2017. Deficit increased because of increased expenses and no sales during the year.

Full Year – December 31, 2017 vs. December 31, 2016

Cash and Cash Equivalent

Cash and cash equivalents increased by ₱24.05M, to ₱30.95M as of December 31, 2017 from ₱6.91M as of December 31, 2016. During the year, stockholder advanced the amount of ₱30M for the working capital of the Group.

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 2017 was ₱1.56M.

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. Net withdrawals of principal from the fund held in escrow amounted to ₱32.5M and ₱50.0M in 2017 and 2016, respectively.

Prepayments and Other Current Assets

Prepayments and other current assets increased by ₱3.62M, to ₱4.75M as of December 31, 2017 from ₱1.13M as of December 31, 2016, mainly due to receivable from an officer pertains to the cash held by an officer for safekeeping.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were increased by ₱54.20M (11.27%) as of December 31, 2017. The increase was brought by the capitalization of the costs incurred in the exploration and pre-development of the mining properties in Davao Oriental such as personnel costs, professional, utilities, depreciation and others.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by ₱38.76M (14.83%), from ₱ 261,324,664 as of December 31, 2016 to ₱ 222,560,983 as of December 31, 2017, due to depreciation incurred during the year. No additional purchase made during the year.

Coal Reserves

Coal Reserves still amounted to ₱3.13 billion as of December 31, 2017. This represents the fair value of the coal reserve acquired as a result of the business combination.

Deferred Tax Assets

Deferred tax assets were increased by ₱1.77M (16.42%), to ₱12.54M as of December 31, 2017 from ₱10.77M as of December 31, 2016.

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 No. 159 and cash in bank set aside to settle obligations arising from a certain court case.

Trade and Other Payables

Trade and other payables increased by ₱.72M (7.96%), to P9.71M as of December 31, 2017 from ₱9.00M as of December 31, 2016,

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 ₱536.5M and ₱508.3M as at December 31, 2017 and 2016, respectively, were eliminated during consolidation.

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 ₱ 30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to ₱ 30.3M. 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%. As at December 31, 2017, the loan payable amounted to ₱5.63 which will be due within 12 months after the year-end. The outstanding amount of these borrowings decreased by ₱10.58M (65.27%) from ₱16.21 as of December 31, 2017 due to scheduled principal repayments on term loans.

Retirement Benefit Liability

Retirement Benefit Liability amounted to ₱4.22M of December 31, 2017. This is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to ₱102.51M as of end December 2017. Deficit increased because of increased expenses and minimal sale of incidental production during the year.

<u>December 31, 2016 vs. December 31, 2015</u>

Cash and Cash Equivalent

Cash and cash equivalents decreased by P2.89M(29%), to P6.91M as of December 31, 2016 form P9.80M as of December 31, 2016, due mainly to capital expenditure incurred in exploration and evaluation assets.

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 2016 was P.66M.

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. Net withdrawals of principal from the fund held in escrow amounted to P50.0M and P47.0M in 2016 and 2015, respectively.

Prepayments and Other Current Assets

Prepayments and other current assets increased by P2.78M (137%), to P4.81M as of December 31, 2016 from P2.03M as of December 31, 2015, mainly due to Receivables from sale of incidental coal are generally due and demandable and in accordance with the Permits to Transport and Sell (PTS) issued by the DOE and additional Restricted cash set aside to settle obligations arising from a certain court case.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were increased by P66.91M (16%) as of December 31, 2016. The increase was brought by the capitalization of the costs incurred in the exploration and pre-development of the mining properties in Davao Oriental such as personnel costs, professional, utilities, depreciation and others.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by P44.29M (15%) due to depreciation incurred during the year.

Intangible Assets

Computer software for exploration was decreased due to amortization of such.

Coal Reserves

Coal Reserves still amounted to P3.13 billion as of December 31, 2015. This represents the fair value of the coal reserve acquired as a result of the business combination.

Deferred Tax Assets

Deferred tax assets were increased by P2.23M (26%), to P10.77M as of December 31, 2016 from P8.54M as of December 31, 2015.

Trade and Other Payables

Trade and Other Payables decreased by P1.69M (16%), to P9.0M as of December 31, 2016 from P10.69M as of December 31, 2016, due mainly to the Final payment of certain supplier of the Group.

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 P508.3M and P461.2M as at December 31, 2016 and 2015, respectively, were eliminated during consolidation.

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 P 30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to P 30.3M. 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%. As at December 31, 2016, the loan payable amounted to P16.21M of which P10.58M will be due within 12 months after the year-end. The outstanding amount of these borrowings decreased by P8.63M (35%) from P24.84 as of December 31, 2015 due to scheduled principal repayments on term loans.

Retirement Benefit Liability

Retirement Benefit Liability amounted to P3.70M of December 31, 2016. This is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to P94.53 M as of end December 2016. Deficit increased because of increased expenses and minimal sale of incidental production 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 3,200.0 million. The Parent Company recognized the portion of consideration amounting to ₱3,131.6 million as coal reserves.

In 2018 and 2017, the Group carried out a review of the recoverable amount of its coal reserves. The impairment test is based on value in use calculations that 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:

	2018	2017
Coal price	**$58/MT**	$55/MT
Foreign exchange rate	**₱54.00:$1**	₱49.93:$1
Discount rate	**15.50%**	12.60%
Estimated coal	**17.3 MMT**	17.3 MMT

The cash flow projections are based on the 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 No. 159 and COC No. 166 is at 9 years and 5 years, respectively. The average forecast period for COC No. 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 did not identify impairment loss for the investment in a subsidiary. 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 P12.5 billion.

Exploration and Evaluation Asset

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.

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

Exploration and evaluation asset is no longer classified as such when the technical feasibility and commercial viability of extracting the coal reserve are demonstrable. Exploration and evaluation asset is 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 31 December 2018 from the exploration for and evaluation of coal resources are as follows:

	2018	2017
Total assets	**P793,020,036**	P779,291,804
Total liabilities	**576,142,181**	556,550,346
Other income (from incidental sales)	**–**	884,366
Expenses	**7,817,330**	6,742,828
Net cash used in operating activities	**(2,653,867)**	(8,887,919)
Net cash used in investing activities	**(14,929,778)**	(15,267,743)
Net cash provided by financing activities	**20,570,555**	18,553,633

Exploration and evaluation asset pertains 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 certain minimum work expenditure obligations 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:

	2018
Balance at beginning of year	₱ 534,956,340
Additions for the year	50,798,981
Cost at the end of year	₱ 585,755,321

No impairment loss was recognized in 2018.

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 is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Exploration and Evaluation 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

During the interim period - Second Quarter ending June 30, 2019**:**

- There are no known trends, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity.
- There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no off–balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated or other persons created during the reporting period.
- There are no known trends, events, or uncertainties that have had or that are reasonably expected to have materially favorable or unfavorable impact on net revenues or income from continuing operations.
- There are no significant elements of income and loss that did not arise from continuing operations.

As of and for period ended June 30, 2019:

- No material changes on COAL's financial position (changes of 5% or more) can be computed as the Company has only been incorporated on June 11, 2013.

- 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 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.

ADDITIONAL COMPONENTS OF FINANCIAL STATEMENTS (SRC Rule 68)

A schedule showing financial soundness indicators in three comparative period is as follows:

	June 30,2019 (unaudited)	December 31, 2018 (audited)	December 31, 2017 (audited)	December 31, 2016 (audited)
Current assets	4,243,746	12,931,310	42,888,329	47,546,874
Current liabilities	40,360,088	38,581,973	45,385,921	19,726,337
Liquidity ratio	0.11:1.00	0.34:1.00	0.94:1.00	2.41:1
Net loss before depreciation	(3,901,930)	(8,248,067)	(7,754,441)	(13,449,188)
Total liabilities	45,100,310	43,322,195	49,605,563	29,056,401
Solvency ratio	(0.08):1.00	(0.19):1.00	(0.16):1.00	(0.46):1
Total liabilities	45,100,310	43,322,195	49,605,563	29,056,401
Total equity	3,885,541,710	3,889,349,450	3,897,657,214	3,905,633,829
Debt–to–equity ratio	0.01:1.00	1.0111:1.00	0.0127:1.00	0.0074:1
Total assets	3,930,642,020	3,932,671,645	3,947,263,777	3,934,690,230
Total equity	3,885,541,710	3,889,349,450	3,897,657,214	3,905,633,829
Asset–to–equity ratio	1.01:1.00	1.01:1.00	1.01:1.00	1.01:1
Net loss	(3,807,740)	(8,307,764)	(7,976,615)	(13,967,727)
Total assets	3,930,642,020	3,932,671,645	3,947,262,777	3,934,690,230
Return on asset	(0.00):1.00	(0.021):1.00	(0.002):1.00	(0.35%)
Net loss	(3,807,740)	(8,307,764)	(7,976,615)	(13,967,727)
Total equity	3,885,541,710	3,889,349,450	3,897,657,214	3,905,633,829
Return on equity	(0.00):1.00	(0.0021):1.00	(0.002):1.00	(0.0036):1.00

A reconciliation of retained earnings available for dividend earnings as of 31 December 2018 is as follows:

Deficit, beginning of year	(₱ 78,180,349)
Net loss based on the face of AFS	(2,444,133)
Net loss actually earned/realized during the year	(80,624,482)
Less appropriation during the year	–
Deficit, as adjusted, end of year	(₱80,624,482)

A map of the conglomerate is as follows:

Coal Asia Holdings Incorporated
(Parent)

↓ 100%

Titan Mining and Energy Corporation

Financial Statements

Please refer to the attached audited consolidated financial statements of the Company as at and for the year ended December 31, 2018 and 2017, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes Tacandong & Co.

The Company was incorporated on 11 June 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:

	2018	2017	2016
Audit Fee	₱ 565,000	₱ 485,000	₱ 550,000
Tax and Other Fees	-	-	-
TOTAL	₱ 565,000	₱ 485,000	₱ 550,000

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.

(B) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Reyes Tacandong & Co. was appointed as external auditors for the year ended 31 December 2018.

There were no disagreements with the external auditors on any matter pertaining to accounting and financial disclosure.

PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS

Please refer to the portion of this Information Statement on “Directors and Executive Officers”.

PART V - CORPORATE GOVERNANCE

In compliance with the initiative of the Securities and Exchange Commission (“SEC”) under Memorandum Circular No. 19, Series of 2016, the Company’s Revised Manual on Corporate Governance (the “Manual”) was approved by the Board of Directors on 30 May 2017. The Manual is a supplement to the Company’s Amended 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 was submitted to the SEC and PSE on or before 30 May 2019.

PART VI - EXHIBITS AND SCHEDULES

Exhibits

Please refer to the attached audited consolidated financial statements as of and for the year ended 31 December 2018, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes, Tacandong & Co.

Likewise attached is the Company’s interim unaudited financial statement as of 30 June 2019.

UNDERTAKING TO PROVIDE COPIES OF REPORTS

UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S INFORMATION STATEMENT (SEC FORM 20-IS), ANNUAL REPORT FOR 2018 (SEC FORM 17-A), AND QUARTERLY REPORT FOR SECOND QUARTER 2019 (SEC FORM 17-Q) FREE OF CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO**:**

A. BAYANI K. TAN
THE CORPORATE SECRETARY
COAL ASIA HOLDINGS, INCORPORATED
3RD FLOOR JTKC CENTER
2155 DON CHINO ROCES AVENUE
MAKATI CITY

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ABKT/JCN/AMKL/KML 1356-219

COVER SHEET

C S 2 0 1 3 0 3 1 4

SEC Registration Number

COAL ASIA HOLDINGS INCORPORATED
AND SUBSIDIARY

(Company's Full Name)

3F JTKC Center 2155 Chino Roces
Avenue, Makati City

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

Johnson A. Sanhi, Jr.	818-6772
(Contact Person)	(Company Telephone Number)

1 2	3 1	17-A	0 4	3 0
Month	Day	(Form Type)	Month	Day
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

CFD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

28		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

COAL ASIA HOLDINGS INCORPORATED

SEC FORM 17-A

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

1. For the calendar period ended **December 31, 2018**

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: **1231**

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

8. Issuer's telephone number, including area code **(02) 818-6772**

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

   N.A.

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

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

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

    Yes [✓] No [ ]

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

    Philippine Stock Exchange - **Common Shares**

12. Check whether the issuer:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

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

As of December 31, 2018: ₱240 Million

The aggregate market value of the voting shares held by non-affiliates as of December 31, 2018 was determined by multiplying the number of shares held by the public by the closing share price on 28 December 2018 of ₱ 0.30.

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 ₱ 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 by way of introduction and by then sold or offered for sale in the Philippines.

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

Business Consolidation

Subsidiary

Titan Mining and Energy Corporation

TMEC 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 the TMEC's transition from exploration to actual commercial operation. This amendment was approved by the SEC on December 23, 2009. TMEC is involved in a 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.

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. On 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.

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 the Certification Precondition for Development and Production are ongoing.

The company is still awaiting the conversion of the COC in Davao Oriental from exploration to development and production from the DOE.

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.

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.

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 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.

Coal Operating Contracts

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

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 Department of Energy 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. On 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.

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 on going.The company is still awaiting the conversion of the COC from exploration to 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.

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.

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 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.

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 drillholes and 2 coal outcrops
B	0.50 - 3.88 m	14 drillholes 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

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 or the conduct of the Free and Prior Informed Consent (FPIC) for the Certification Precondition for Development and Production are on going.

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 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 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	26.26%
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 the Certification Precondition for Development and Production are on going.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 and Zamboanga Sibugay. The Davao Oriental Project site is, in fact, less than one (1) kilometer away from a military detachment.

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.

The company has requested for the conversion of the COC from exploration to development and production.

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 the Certification Precondition for Development and Production are on going.

The company is still awaiting the conversion of the COC from exploration to development and production.

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.

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, 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.

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 is 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

Last year's 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, the conversion of COC from Exploration to Development/production phase and the related approval from NCIP.

This year, the company will continue to coordinate with the Department of Energy (DOE) and the National Commission on Indigenous Peoples (NCIP) to secure the Coal Operating Contract (COC) conversion and the Certification Precondition for the Development and Production (CP-D/P), respectively. Moreover, it will comply with the reportorial, documentary and permitting requirements in accordance with the Company's Coal Operating Contract, Environmental Compliance Certificate (ECC), and Local Government (LGU) related laws and ordinances as applicable. Management estimated eighteen (18) months for the conversion to development/production stage after pursuing close coordination with NCIP and DOE. It is estimated that Php 23Million will be incurred to take care of the various expenses including administrative and other maintenance expense. After the acquisition of the required conversion 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 Php500 million; consisting of mining equipment (Php 107M), infrastructures and facilities (Php 55M) and in-pit drilling and supplemental exploration (Php 91M) and the balance as working capital to sustain its operation.

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.

Corporate Social Responsibility (CSR) activities such as road rehabilitation and maintenance will still be conducted upon request of the concerned LGU.

In the Interim, the Company has initiated negotiations involving possible rent/ leasing of its heavy equipment while waiting for the issuance of the above-mentioned NCIP CP-D/P and DOE conversion.

Key affiliates in the Mining and Energy Industry

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

Pacifico Sul Mineracao Corporation

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

Colossal Petroleum Corporation

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

Risks Related to the Company and its Subsidiary

Risks Inherent in the Mining Business

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

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

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

Risks Related to Exploration and Future Coal Reserves

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

Risks Related to Drilling and Mining Equipment

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

Risks Related to Foreign Exchange

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

Risks Related to Domestics and International Competition

The Company faces completion 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's 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 and

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 identified 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 on 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 mudstone potential coal bearing areas) were initiated in late November 2010. A second drilling program was undertaken in August 2011where 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 on 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 on 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 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 the Certification Precondition for Development and Production are on going.

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 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.

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 production, it will need to employ more 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 31 December 2012.

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

On September 30, 2015, Engr. Rufino B. Bomasang, the lone CP-Mining Engineer for coal in the Philippines, submitted to the PSE a PMRC-compliant Technical Report entitled "Final Report on the Economic Assessment of the COC#159 Davao Coal Project."
There is risk those government regulators, both at the national and local levels, may implement more stringent policies and/or regulations that will make it more difficult or more costly for TMEC to operate its business.

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

Risks Related to Taxation

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

- Exemption from all taxes except income tax;
- Exemption from payment of tariff duties and compensation tax on importation of machinery / equipment / spare parts / materials required for coal operations;
- Allow entry of alien technical personnel;
- The right of ingress to and egress from the COC area; and
- Recovery of operating expense

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

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

Risks Related to Company's COCs

Risks Related to Expiration of COCs

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

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

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

Table 1: Summary of Coal Operating Contracts of TMEC						
COC	**Coal Block Nos.**	**Applicant**	**Date Awarded**	**Original Expiration Date**	**Max. Extension**	**Remarks**
Davao Oriental Coal Operating Contract						
159	CB-136 CB-137 CB-176 CB-177 CB-188 CB-217 CB-218	TMEC	16-Sep-09	15-Sep-11 (2 years Exploration)	September 15, 2013) 2 years Extension)	Submitted Geologic Report, 5 and 10 yr mining plan, ECC, Permit to Sell incidental Coal Production from DOE; Amended 10Year Work Program and Feasibility Study covering Macopa and Sagasa submitted on October 2017 and December 2018. NCIP CP for Exploration acquired last December 14, 2018; ; preparations for FPIC for CP Development and Production on going.
Zamboanga-Sibugay Coal Operating Contracts						
166	CB-280 CB-320 CB-241 CB-281	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.

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 intends to use its IPO proceeds to fully fund TMEC's planned exploration, development, and production in the Davao Oriental Project and use 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 continuous to fulfill and comply with, and even exceed 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 coming 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 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 church in Zamboanga-Sibugay. As of the date of this Prospectus, there have been no attacks or threats of attacks received by the Company at its mining sites in either Davao Oriental or 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 attack received by the Company at its mining sites in either Davao Oriental or Zamboanga-Sibugay. 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).

Table 2: Coal Operating Contract (COC) holders

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

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

	Corporation	
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 Sibagat Agusan 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, some coal mining companies have also entered the power generation business to find ready markets 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 certain scale advantage.

Expenses on Development Activities

As of 31 December 2018, TMEC has spent P 585.8 Million on exploration and development activities.

Costs and Effects of Compliance with Environmental Laws

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

Employees

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

	2018	Next 12 months (pending conversion of COC)
Administration and Accounting	7	1
Exploration and Development		
Regular	9	7
Contractual	0	0

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

Transaction with and/or Dependence of Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence.
TMEC has transactions with related parties, 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 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 approvals 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 the 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.

All properties are free of any liens and encumbrances.

ITEM 3: LEGAL PROCEEDINGS

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, the incumbent Corporate Secretary of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

Aside from the foregoing, 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 incumbents 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 2018 are as follows:

Quarter	High	Low	Close
1Q 2018	.325	.310	.325
2Q 2018	.300	.290	.300
3Q 2018	.300	.295	.295
4Q 2018	.300	.290	.300

Holders of Common Equity

As of December 31, 2018, the Company had 28 (Twenty-Eight) stockholders as per its stock and transfer agent, RCBC-Stock and Transfer Agent. The list of shareholders reported by the Stock and Transfer Agent were as follows:

	Name of Stockholders	No. of shares	Percentage
1	PCD NOMINEE CORPORATION (FILIPINO)	783,094,873	19.58%
2	STERLING BANK OF ASIA - TRUST GROUP FAO DEXTER Y. TIU	640,000,000	16.00%
3	STERLING BANK OF ASIA - TRUST GROUP FAO ALEXANDER Y. TIU	640,000,000	16.00%
4	STERLING BANK OF ASIA - TRUST GROUP FAO GERTIM G. CHUAHIONG	640,000,000	16.00%
5	STERLING BANK OF ASIA - TRUST GROUP FAO ERIC Y. ROXAS	640,000,000	16.00%
6	STERLING BANK OF ASIA - TRUST GROUP FAO JTKC EQUITIES, INC.	640,000,000	16.00%
7	PCD NOMINEE CORPORATION (FOREIGN)	10,178,010	0.25%
8	YAN, LUCIO W. YAN &/OR CLARA Y.	4,000,000	0.10%
9	WILLIAM RAGOS ENRILE II	1,200,000	0.03%
10	QUIBIN, ALEXANDER C.	570,000	0.01%
11	TACUB, PACIFICO B.	400,000	0.01%
12	SUCALDITO, ENRIQUE L.	100,000	0.00%
13	ENRILE, WILLIAM ENRILE &/OR NELY ENRILE &/OR	100,000	0.00%
14	MARANA, MIGUEL D. MARANA OR CENON BIENVENIDO	95,000	0.00%
15	ROSELLER A. MENDOZA	65,000	0.00%
16	COMIA JR., JUAN D.	50,000	0.00%
17	MARANA, CENON BIENVENIDO D. MARANA &/OR MIGU	40,000	0.00%
18	PUNO, CHRISTOPHER	30,000	0.00%
19	PUNO, ORPHA C.	22,000	0.00%
20	ASUNCION, ALEXANDER G.	15,000	0.00%
21	MOLANO, ROMEO B.	15,000	0.00%
22	BARTHOLOMEW DYBUNCIO YOUNG	10,000	0.00%

23	OSCAR M. RAYOS DEL SOL	10,000	0.00%
24	MARIANO, MARIA ANA B.	2,000	0.00%
25	LIMGENCO, DONDI RON R.	1,111	0.00%
26	BES, RONALD S.	1,000	0.00%
27	GILI JR, GUILLERMO F.	1,000	0.00%
28	FALCOTELO, MATTHEW HENRI H.	10	0.00%
		4,000,000,004	**100.00%**

As of December 31, 2018, 10,178,010 common shares are held by non-Filipinos, placing the foreign ownership level of the Corporation at 0.25%. 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, 2018, we have not issued any securities constituting an exempt transaction.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Plan of Operation

Last year's 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, the conversion of COC from Exploration to Development/production phase and the related approval from NCIP.

This year, the company will continue to coordinate with the Department of Energy (DOE) and the National Commission on Indigenous Peoples (NCIP) to secure the Coal Operating Contract (COC) conversion and the Certification Precondition for the Development and Production (CP-D/P), respectively. Moreover, it will comply with the reportorial, documentary and permitting requirements in accordance with the Company's Coal Operating Contract, Environmental Compliance Certificate (ECC), and Local Government (LGU) related laws and ordinances as applicable. Management estimated eighteen (18) months for the conversion to development/production stage after pursuing close coordination with NCIP and DOE. It is estimated that Php 23Million will be incurred to take care of the various expenses including administrative and other maintenance expense. After the acquisition of the required conversion 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 Php500 million; consisting of mining equipment (Php 107M), infrastructures and facilities (Php 55M) and in-pit drilling and supplemental exploration (Php 91M) and the balance as working capital to sustain its operation.

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.

Corporate Social Responsibility (CSR) activities such as road rehabilitation and maintenance will still be conducted upon request of the concerned LGU.

In the Interim, the Company has initiated negotiations involving possible rent/ leasing of its heavy equipment while waiting for the issuance of the above-mentioned NCIP CP-D/P and DOE conversion.

The following tables present the summary financial Statements and Independent Auditor's Report for the ended December 31, 2018, 2017 and 2016.

COAL's Summary Audited Consolidated Financial Information			
as at			
	2018	2017	2016
	(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	-10,643,404	-9,907,962	-20,921,125
Operating Income	-10,643,404	-9,907,962	-20,921,125
Other Income	-	884,366	6,087,472
Interest Income	688,927	295,135	745,832
Finance Cost	-123,348	-999,139	-1,898,675
Income (loss) before income tax	-10,077,825	-9,727,600	-15,986,496
Net Income (loss)	-8,307,764	-7,976,615	-13,967,727
Consolidated Statement of Financial Position			
Assets			
Cash and cash equivalents	10,619,011	30,954,930	6,906,425
Funds held in escrow	654,840	5,628,653	37,869,019
Advances to Affiliates	1,464,711	1,555,438	1,646,248
Prepayments and other current assets	192,748	4,749,308	1,125,182
Total Current Assets	**12,931,310**	**42,888,329**	**47,546,874**
Exploration and evaluation assets	585,755,321	534,956,340	480,756,581
Property, plant and equipment –net	187,025,922	222,560,983	261,324,664
Coal Reserves	3,131,596,101	3,131,596,101	3,131,596,101
Deferred Tax Asset	14,311,621	12,541,560	10,772,888
Other Noncurrent Asset	1,051,370	2,719,464	2,693,122
Total Non-Current Assets	**3,919,740,335**	**3,904,374,448**	**3,887,143,356**
TOTAL ASSETS	**3,932,671,645**	**3,947,262,777**	**3,934,690,230**
Liabilities and Equity			
Trade and other payables	8,556,596	9,713,412	8,996,848
Advances from related parties	30,025,377	30,025,377	25,820
Current portion of loans payable	-	5,629,445	10,581,920
Income tax payable	-	17,687	121,749
Total Current Liabilities	**38,581,973**	**45,385,921**	**19,726,337**
Loan Payable-net of current portion	-	-	5,629,445
Retirement benefit liability	4,740,222	4,219,642	3,700,619
Total Non-Current Liability	**4,740,222**	**4,219,642**	**9,330,064**
Capital Stock	4,000,000,004	4,000,000,004	4,000,000,004
Deficit	-110,815,870	-102,508,106	-94,531,491
Other Comprehensive loss	165,316	165,316	165,316
Stockholders' Equity	**3,889,349,450**	**3,897,657,214**	**3,905,633,829**
TOTAL LIABILITIES AND EQUITY	**3,932,671,645**	**3,947,262,777**	**3,934,690,230**
Key Indicators			
Gross Profit Margin (%)	-	-	-
Net Income (loss) Margin (%)	-	-	-
Return on Asset (%)	-	-	-
Return on Equity(%)	-	-	-
Current Ratio(x)	0.34:1.00	0.94:1.00	2.41:1.00
Total Liabilities to Equity (x)	.01:1.00	.01:1.00	.01:1.00
Earnings Per Share (Basic) (Php 0.0000)	-0.0021	-0.0020	-0.0035
Book Value Per Share (Php 0.0000)	0.97234	0.9744	0.9764

A. Comprehensive Income for the year ended December 31, 2018 vs. Comprehensive Income for the year ended December 31, 2017 vs. Comprehensive Income for the year ended December 31, 2016

Sales

There were no sales for 2018, 2017 and 2016. 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.

General and Administrative Expenses

General and administrative expenses amounted to P10.64M, due mainly to personnel costs, professional fees, communication expense and taxes and licenses.

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 P30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to P30.3M. It bears an annual interest rate of 9%. On August 31, 2018, the Company fully paid its loans payable. Interest expense amount to P0.1M, P1.0M, P1.9M in 2018, 2017 and 2016, respectively.

Interest Income

Interest income which came from interest earned from bank deposits, cash equivalents, restricted cash and funds held in escrow was P0.7M, P0.3M and P0.7M in 2018, 2017 and 2016, respectively.

Other Income

In 2017 and 2016, the DOE granted various PTS for incidentally produced coal within TMEC's COC No. 159 area. Gain on sale of incidental coal amounted to nil, P.9M and P6.1M in 2018, 2017 and 2016, respectively.

Net Income

As a result of the foregoing, The Group realized net loss of P8.3M, P8.0M, P14.0M in 2018, 2017 and 2016, respectively.

B. <u>Consolidated Statement of Financial Position</u>

<u>December 31, 2018 vs. December 31, 2017</u>

Cash and Cash Equivalent

Cash and cash equivalents decreased by P20.34M or 66%, to P10.6M as of December 31, 2018 from P31.0M as of December 31, 2017 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, 2018 was P1.5M.

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. Net withdrawals of principal from the fund held in escrow amounted to P32.5M and P5.0M in 2018 and 2017, respectively.

Prepayments and Other Current Assets

Prepayments and other current assets decreased by P4.6M or 96%, to P0.2M as of December 31, 2018 from P4.7M as of December 31, 2017, mainly due to collection of advances made to officers.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were increased by P50.8M or 9% as of December 31, 2018. The increase was brought by the capitalization of the costs incurred in the exploration and pre-development of the mining properties in Davao Oriental such as personnel costs, professional, utilities, depreciation and others.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by P35.5M or 16% due to depreciation incurred during the year. P7.7M land improvement cost incurred during the year.

Coal Reserves

Coal Reserves still amounted to P3.13 billion as of December 31, 2018. 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 were increased by P1.8M or 14%, to P14.3M as of December 31, 2018 from P12.5M as of December 31, 2018 due to adjustment to provision for deferred tax.

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 No. 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 P1.8M.

Trade and Other Payables

Trade and other payables decreased by 1.2M, to P8.6M as of December 31, 2018 from P9.7M as of December 31, 2017.

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 P563.6M and P537.4M as at December 31, 2018 and 2017, respectively, were eliminated during consolidation.

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 P 30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to P 30.3M. 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 P4.7M of December 31, 2018. This is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to P110.8M as of end December 31, 2017. Deficit increased because of increased expenses and no sales during the year.

December 31, 2017 vs. December 31, 2016

Cash and Cash Equivalent

Cash and cash equivalents increased by P24.05M, to P30.95M as of December 31, 2017 from P6.91M as of December 31, 2016. During the year, stockholder advanced the amount of P30M for the working capital of the Group.

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 2017 was P1.56M.

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. Net withdrawals of principal from the fund held in escrow amounted to P32.5M and P50.0M in 2017 and 2016, respectively.

Prepayments and Other Current Assets

Prepayments and other current assets increased by P3.62M, to P4.75M as of December 31, 2017 from P1.13M as of December 31, 2016, mainly due to receivable from an officer pertains to the cash held by an officer for safekeeping.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were increased by P54.20M (11.27%) as of December 31, 2017. The increase was brought by the capitalization of the costs incurred in the exploration and pre-development of the mining properties in Davao Oriental such as personnel costs, professional, utilities, depreciation and others.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by P38.76M (14.83%) due to depreciation incurred during the year. No additional purchase made during the year.

Coal Reserves

Coal Reserves still amounted to P3.13 billion as of December 31, 2015. This represents the fair value of the coal reserve acquired as a result of the business combination.

Deferred Tax Assets

Deferred tax assets were increased by P1.77M (16.42%), to P12.54M as of December 31, 2017 from P10.77M as of December 31, 2016.

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 No. 159 and cash in bank set aside to settle obligations arising from a certain court case.

Trade and Other Payables

Trade and other payables increased by P.72M (7.96%), to P9.71M as of December 31, 2017 from P9.00M as of December 31, 2016.

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 P536.5M and P508.3M as at December 31, 2017 and 2016, respectively, were eliminated during consolidation.

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 P 30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to P 30.3M. 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%. As at December 31, 2017, the loan payable amounted to P5.63 which will be due within 12 months after the year-end. The outstanding amount of these borrowings decreased by P10.58M (65.27%) from P16.21 as of December 31, 2017 due to scheduled principal repayments on term loans.

Retirement Benefit Liability

Retirement Benefit Liability amounted to P4.22M of December 31, 2017. This is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to P102.51M as of end December 2017. Deficit increased because of increased expenses and minimal sale of incidental production during the year.

December 31, 2016 vs. December 31, 2015

Cash and Cash Equivalent

Cash and cash equivalents decreased by P2.89M(29%), to P6.91M as of December 31, 2016 form P9.80M as of December 31, 2016, due mainly to capital expenditure incurred in exploration and evaluation assets.

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 2016 was P.66M.

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. Net withdrawals of principal from the fund held in escrow amounted to P50.0M and P47.0M in 2016 and 2015, respectively.

Prepayments and Other Current Assets

Prepayments and other current assets increased by P2.78M (137%), to P4.81M as of December 31, 2016 from P2.03M as of December 31, 2015, mainly due to Receivables from sale of incidental coal are generally due and demandable and in accordance with the Permits to Transport and Sell (PTS) issued by the DOE and additional Restricted cash set aside to settle obligations arising from a certain court case.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were increased by P66.91M (16%) as of December 31, 2016. The increase was brought by the capitalization of the costs incurred in the exploration and pre-development of the mining properties in Davao Oriental such as personnel costs, professional, utilities, depreciation and others.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by P44.29M (15%) due to depreciation incurred during the year.

Intangible Assets

Computer software for exploration was decreased due to amortization of such.

Coal Reserves

Coal Reserves still amounted to P3.13 billion as of December 31, 2015. This represents the fair value of the coal reserve acquired as a result of the business combination.

Deferred Tax Assets

Deferred tax assets were increased by P2.23M (26%), to P10.77M as of December 31, 2016 from P8.54M as of December 31, 2015.

Trade and Other Payables

Trade and Other Payables decreased by P1.69M (16%), to P9.0M as of December 31, 2016 from P10.69M as of December 31, 2016, due mainly to the Final payment of certain supplier of the Group.

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 P508.3M and P461.2M as at December 31, 2016 and 2015, respectively, were eliminated during consolidation.

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 P 30.3M to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to P 30.3M. 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%. As at December 31, 2016, the loan payable amounted to P16.21M of which P10.58M will be due within 12 months after the year-end. The outstanding amount of these borrowings decreased by P8.63M (35%) from P24.84 as of December 31, 2015 due to scheduled principal repayments on term loans.

Retirement Benefit Liability

Retirement Benefit Liability amounted to P3.70M of December 31, 2016. This is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to P94.53 M as of end December 2016. Deficit increased because of increased expenses and minimal sale of incidental production 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 P3,131.6 million as coal reserves.

In 2018 and 2017, 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:

	2018	2017
Coal price	**\$58/MT**	\$55/MT
Foreign exchange rate	**P54.00:\$1**	P49.93:\$1
Discount rate	**15.50%**	12.60%
Estimated coal	**17.3 MMT**	17.3 MMT

The cash flow 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 No. 159 and COC No. 166 is at 9 years and 5 years, respectively. The average forecast period for COC No. 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 P12.5 billion.

Exploration and Evaluation Asset

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.

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

Exploration and evaluation asset is no longer classified as such when the technical feasibility and commercial viability of extracting the coal reserve are demonstrable. Exploration and evaluation asset is 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 31,2017 from the exploration for and evaluation of coal resources are as follows:

	2018	2017
Total assets	**P793,020,036**	P779,291,804
Total liabilities	**576,142,181**	556,550,346
Other income (from incidental sales)	-	884,366
Expenses	**7,817,330**	6,742,828
Net cash used in operating activities	**(2,653,867)**	(8,887,919)
Net cash used in investing activities	**(14,929,778)**	(15,267,743)
Net cash provided by financing activities	**20,570,555**	18,553,633

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

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

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

Movements of this account are as follows:

	2018
Balance at beginning of year	P534,956,340
Additions for the year	50,798,981
Cost at the end of year	P585,755,321

No impairment loss was recognized in 2018.

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 P12.5 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 P4.1 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 is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Exploration and Evaluation 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, 2017:

- 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, 2017 and 2016, 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:

	2017	2016
Audit Fee	P565,000	P485,000
other fees	-	-
TOTAL	P565,000	P485,000

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, 2018.

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, 66, 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., 54, 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, 47, 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 both Director and Treasurer of Titan Mining & Energy Corporation. He is also a director of JTKC Equities, Inc. and Star Equities, Inc. He also serves as Vice Chairman of Zhangzhou Stronghold Steelworks Corporation based in Xiamen, China. He holds a Bachelor of Science degree in Mechanical Engineering from De La Salle University.

Eric Y. Roxas, 56, 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, 55, 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 Bantay Kalikasan 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, 74, 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, 78, 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 the discussion on the Board of Directors above for the profiles of Messrs. Tomintz, Sanhi, and Tiu.

Rolando P. Domingo, 49, Filipino, Chief Financial Officer – OIC

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

Enrique C. Payawal, 74, Filipino, Vice President-Exploration

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

Gizella Greta D.J. Gonzales, 43, Filipino, Senior Geologist

Gizella Greta D.J. Gonzales is an Exploration Geographic Information System (GIS)/ Database Manager with over ten (10) years' work experience in gold, copper, coal, and nickel and iron deposits. She is a licensed practicing geologist since 2000. She holds a Bachelor of Science degree in Geology and completed units for Masters in Remote Sensing and GIS from the University of the Philippines. She also passed the PhilSAT and is currently preparing for law proper.

A. Bayani K. Tan, 63, Filipino, Corporate Secretary

A. Bayani K. Tan is the Corporate Secretary of the Corporation. He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Belle Corporation (since May 1994, Publicly Listed), , Discovery World Corporation (since March 2013, Publicly-Listed), First Abacus Financial Holdings Corp. (since May 1994, Publicly Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Balanced Fund, Inc. (since March 2010), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Premium Leisure Corporation (since December 1993, Publicly-Listed), Sterling Bank of Asia, Inc. (since December 2006), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Highlands Community Condominium Ass., Inc. (since August 1995), The Spa and Lodge (since December 1999) and Vantage Equities, Inc. (since January 1993, Publicly-Listed). Mr. Tan is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny Lend Fund, Inc. (since December 2005), Pascual Laboratories, Inc. (since March 2014), and Pure Energy Holdings Corporation (since October 2016), President of Catarman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

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

Ann Margaret K. Lorenzo, 30, Filipino, Assistant Corporate Secretary

Ann Margaret K. Lorenzo is the Assistant Corporate Secretary of the Company. She concurrently serves as Assistant Corporate Secretary of the following listed firms: Asia United Bank Corporation, Crown Asia Chemicals Corporation and Vantage Equities, Inc. She is likewise the Corporate Secretary of TKC Metals Corporation. She also serves as Assistant Corporate Secretary of the following reporting companies: Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., and Philequity Dividend Yield Fund, Inc. She is also the Assistant Corporate Secretary of the following private companies: Philequity Strategic Growth Fund, Inc., Philequity Balanced Fund, Inc., Philequity Resources Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Aldex Realty Corporation, Oakridge Properties, Inc., Palm Concepcion Power Corporation, Peakpower Energy, Inc., Peakpower Soccsargen, Inc., Peakpower San Francisco, Inc., Etruscan Resources Philippines, Inc., and Tao Mohin Resources Corporation. She is also the Corporate Secretary of Athena Ventures, Inc., Galileo Software Services, Inc. and GGO Realty Holdings, Inc. Ms. Lorenzo is currently an Associate at Tan Venturanza Valdez. She holds a Juris Doctor and a Bachelor of Arts Degree in English Studies, cum laude, both from the University of the Philippines, obtained in 2010 and 2014, respectively. She was admitted to the Philippine Bar in April 2015.

Rosanna T. Desiderio, 53, 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		Chief Financial Officer	June 2018-present
Dexter Y. Tiu	Filipino	Treasurer	June 11, 2012-present
A. Bayani K. Tan	Filipino	Corporate Secretary	August 1, 2017 - present
Ann Margaret K. Lorenzo	Filipino	Assistant Corporate Secretary	March 23, 2017 - present
Rosanna T. Desiderio	Filipino	Chief Information Officer/ Compliance Officer	June 11, 2012-present

Significant Employees

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

Family Relations

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

Involvement in Legal Proceedings

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, an incumbent Director of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

Except as otherwise discussed above and 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 2018, 2017 and 2016 as well as the estimated aggregate compensation for calendar year 2019.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Johnson A. Sanhi, Jr. *President & COO*				
Enrique C. Payawal Vice President – *Exploration and Mining*				
Gizella Greta DJ Gonzales *Senior Geologist*				
Total for the Executive Officers as a group	2018	₱5,070,000.0 0		
	2017	₱6,259,708		
	2016	₱7,450,957		
Total for the Executive Officers & Directors as a group	2018	₱5,070,000.0 0		
	2017	₱6,289,708		
	2016	₱7,485,9588		

For 2019, the estimated aggregate compensation paid to all officers and directions as a group amount to ₱4,450,000.

Compensation of Directors

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

Standard Arrangements and other Arrangements

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

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

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

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

Warrants and Options Outstanding

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

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners

The following persons or group are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of 31 December 2018:

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	783,045,873	19.58%
Common	Sterling Bank of Asia – Trust Group Sterling Bank Corporate Center	Dexter Y. Tiu Eric Y. Roxas Alexander Y. Tiu Gertim G. Chuahiong JTKC Equities, Inc.	Filipino	3,200,000,000	80.00%

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

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

Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of 31 December 2018:

Title of Class	Name and Citizenship	Amount and nature of beneficial ownership		Percent of Class
Common	Harald R. Tomintz (Austrian)	1,000	Direct	0.00
Common	Dexter Y. Tiu (Filipino)	640,000,000	Direct	16.00
Common	Johnson A. Sanhi, Jr. (Filipino)	1,000	Direct	0.00
Common	Eric Y. Roxas (Filipino)	640,200,000	Direct	16.005
Common	Arsenio M. Bartolome III (Filipino)	1	Direct	0.00
Common	Juan Kevin G. Belmonte (Filipino)	1	Direct	0.00
Common	Aristides Armas (Filipino)	201	Direct	0.00
Common	A. Bayani K. Tan (Filipino)	200,001	Direct	0.05
Common	Rosanna Desiderio (Filipino)	1	Direct	0.00
Common	All directors and executive officers as a group	1,280,402,205		32.01

ITEM 12: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with and/or Dependence on Related Parties

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

- TMEC has transactions with related parties, Pacifico Sul Mineracao Corporation and Colossal Petroleum 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, 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, 2019.

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, 2018, 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 2018:

Date of event reported	Subject Matter
June 14, 2018	Setting of Annual Stockholders' Meeting
August 7, 2018	Results of Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors

f:\data\clients\1356\corp\17a 2018 (final).docx
ABKTJCN\AMKL 1356-204

Coal Asia Holdings Incorporated
Utilization of IPO Proceeds
As of December 31, 2018

Net Proceeds	726,868,750
Add: Accumulated Interest Income, December 31, 2018	13,948,916
	740,817,666
Less: Disbursements	(740,162,826)
Balance as of December 31, 2018	**654,840**

Details of Disbursements:

1)	**Working Capital**	126,868,750
	Q4 2012	
2)	**Davao Oriental Project**	
	Exploration Work	168,764,566
	Mine Development Cost	392,246,132
3)	**Zamboanga Sibugay Project**	
	Exploration Work	52,283,378
		740,162,826

By:

JOHNSON A. SANHI JR.
President/Chief Operating Officer
April 10, 2019

ROLANDO P. DOMINGO
Chief Financial Officer
April 10, 2019

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 PASIG CITY on APR 3 0 2019, 20__.

By:

HARALD R. TOMINTZ
Chairman of the Board

JOHNSON A. SANHI JR.
Chief Operating Officer

ROLANDO P. DOMINGO
Chief Financial Officer

ANN MARGARET K. LORENZO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of APR 3 0 2019 20__ affiant(s) exhibiting to me his/their Tax Identification Number, as follows:

NAMES	TAX IDENTIFICATION NUMBER
HARALD R. TOMINTZ	123-069-283-000
JOHNSON A. SANHI JR.	105-618-140-000
ROLANDO P. DOMINGO	105-777-482-000
ANN MARGARET K. LORENZO	274-323-370-000

Doc. No. 226;
Page No. 47;
Book No. II;
Series of 2019

PATRICIA ANN M. CRUZ
Notary Public for Cities of Pasig and San Juan and in the Municipality of Pateros
Notary Public
Appointment No. 182 (2018-2019)
Commission Expires on December 31, 2019
2704 East Tower, PSE Centre, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 2843813/ 01.11.2019 / Mandaluyong
IBP LRN No. 016261 / 06.17.19 / Manila II
Roll of Attorneys No. 68370
MCLEC No. VI-0009727 / 07.03.18

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201210314

COMPANY NAME

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

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

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
–	(02) 818-6772	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
28	April 30	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Johnson A. Sanhi Jr.	johnson.sanhi.jr@titanmining.com	(02) 818-6772	–

CONTACT PERSON'S ADDRESS

3rd Floor, JTKC Center, 2155 Chino Roces Ave., 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.*

Coal Asia Holdings
Reliable energy resources through responsible mining

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Coal Asia Holdings Incorporated and Subsidiary (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2018 and 2017, 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 or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

HARALD R. TOMINTZ	**JOHNSON A. SANHI JR.**	**ROLANDO P. DOMINGO**
Chairman of the Board	Chief Executive Officer	Chief Financial Officer

SUBSCRIBED AND SWORN to before me this _____ day of APR 2 6 2019 affiant(s) exhibiting to me his/their Tax Identification Number, as follows:

NAMES	**TAX IDENTIFICATION NUMBER**
HARALD R. TOMINTZ	123-069-283-000
JOHNSON A. SANHI JR.	105-618-140-000
ROLANDO P. DOMINGO	105-777-482-000

NOTARY PUBLIC
Doc. No. : 211
Page No. : 44
Book No. : 140
Series of 2019

ATTY. GERVACIO B. ORTIZ JR.
Notary Public Makati City
Until Dec. 31, 2019
Appointment No. M-183 (2019-2020)
PTR No. 7333104 Jan. 3, 2019/Makati
IBP Lifetime No. 656155 Roll No. 40091
MCLE Compliance No. V-0006934
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 982 9100
Fax : +632 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of Coal Asia Holdings Incorporated (the Parent Company) and Subsidiary (collectively referred to as the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, 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, 2018, 2017 and 2016, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2018, 2017 and 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which indicate delays in the approval by the Department of Energy (DOE) of the Group's application for the conversion of its Coal Operating Contracts (COC) to development and production phase. Consequently, the Group has not yet started commercial operations.

Moreover, the delays have significantly reduced the Group's operating funds. Remaining balance of funds held in escrow, representing unutilized portion of proceeds from the Parent Company's initial public offering (IPO) amounted to ₱0.7 million and ₱5.6 million as at December 31, 2018 and 2017, respectively. Cash and cash equivalents amounted to ₱10.6 million and ₱31.0 million as at December 31, 2018 and 2017, respectively. These conditions indicate a material uncertainty that may cast a significant doubt on the Group's ability to commence commercial operations and continue as a going concern.

The Group's management are confident that the conversion to development and production stage of areas covered by the COCs will be approved. Moreover, a major stockholder has committed to provide continuous financial support to meet not only the Group's pre-operating activities but also the cost of the conversion of the COCs and the Group's working capital requirements.

Our opinion is not modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

- *Impairment of Nonfinancial Assets*

  As at December 31, 2018, the Group has not yet started its commercial operations because of delays in getting approval to proceed with the development and production phase in areas covered by its COCs. The Group is required to review the recoverable amount of its nonfinancial assets whenever there is an indication of impairment losses. This is significant to our audit because nonfinancial assets consisting of coal reserves, exploration and evaluation asset, and property and equipment, aggregating ₱3,904.4 million as at December 31, 2018 is material to the consolidated financial statements. The ability of the Group to recover these assets depends on the conversion of the COCs to development and production phase. Moreover, the assessment and determination process of impairment are complex and involves significant judgment and estimates.

  We have reviewed the management's determination of impairment indicators and management's assessment on the recoverability of these nonfinancial assets. We evaluated the assumptions used by the Group in its value in use calculation. These assumptions include the estimated coal reserves, coal prices, foreign exchange rate and discount rate, which we compared against available market information. We also reviewed the adequacy of the Group's disclosures in Note 4 to consolidated financial statements about the assumptions used, the outcome of which the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the nonfinancial assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, 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, 2018 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1021-AR-2 Group A
Valid until March 27, 2020
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 7334331
Issued January 3, 2019, Makati City

April 26, 2019
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2018	2017
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱10,619,011**	₱30,954,930
Advances to related parties	15	**1,464,711**	1,555,438
Funds held in escrow	6	**654,840**	5,628,653
Other current assets	7	**192,748**	4,749,308
Total Current Assets		**12,931,310**	42,888,329
Noncurrent Assets			
Coal reserves	4	**3,131,596,101**	3,131,596,101
Exploration and evaluation asset	8	**585,755,321**	534,956,340
Property and equipment	9	**187,025,922**	222,560,983
Net deferred tax assets	18	**14,311,621**	12,541,560
Other noncurrent asset	7	**1,051,370**	2,719,464
Total Noncurrent Assets		**3,919,740,335**	3,904,374,448
		₱3,932,671,645	₱3,947,262,777
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**₱8,556,596**	₱9,713,412
Advances from related parties	15	**30,025,377**	30,025,377
Loan payable	11	–	5,629,445
Income tax payable		–	17,687
Total Current Liabilities		**38,581,973**	45,385,921
Noncurrent Liability			
Retirement benefits liability	14	**4,740,222**	4,219,642
Total Liabilities		**43,322,195**	49,605,563
Equity			
Capital stock		**4,000,000,004**	4,000,000,004
Deficit		**(110,815,870)**	(102,508,106)
Other comprehensive income	14	**165,316**	165,316
Total Equity		**3,889,349,450**	3,897,657,214
		₱3,932,671,645	₱3,947,262,777

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2018**	2017	2016
GENERAL AND ADMINISTRATIVE EXPENSES	12	**(₱10,643,404)**	(₱9,907,962)	(₱20,921,125)
INTEREST EXPENSE	11	**(123,348)**	(999,139)	(1,898,675)
INTEREST INCOME	5	**688,927**	295,135	745,832
OTHER INCOME	20	**–**	884,366	6,087,472
LOSS BEFORE INCOME TAX		**(10,077,825)**	(9,727,600)	(15,986,496)
PROVISION FOR (BENEFIT FROM) INCOME TAX	18			
Current		**–**	17,687	121,749
Deferred		**(1,770,061)**	(1,768,672)	(2,140,518)
		(1,770,061)	(1,750,985)	(2,018,769)
NET LOSS		**(8,307,764)**	(7,976,615)	(13,967,727)
OTHER COMPREHENSIVE LOSS				
Not to be reclassified to profit or loss in subsequent periods				
Remeasurement loss on retirement benefits liability - net of deferred tax	14	**–**	–	(218,082)
TOTAL COMPREHENSIVE LOSS		**(₱8,307,764)**	(₱7,976,615)	(₱14,185,809)
BASIC/DILUTED LOSS PER SHARE	19	**(₱0.002)**	(₱0.002)	(₱0.003)

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	2018	2017	2016
		Years Ended December 31		
CAPITAL STOCK - ₱1 par value				
Authorized - 5,000,000,000 shares				
Issued and outstanding - 4,000,000,004 shares		**₱4,000,000,004**	₱4,000,000,004	₱4,000,000,004
DEFICIT				
Balances at beginning of year		**(102,508,106)**	(94,531,491)	(80,563,764)
Net loss		**(8,307,764)**	(7,976,615)	(13,967,727)
Balances at end of year		**(110,815,870)**	(102,508,106)	(94,531,491)
OTHER COMPREHENSIVE INCOME	14			
Balances at beginning of year		**165,316**	165,316	383,398
Remeasurement loss on retirement benefits liability - net of deferred tax		–	–	(218,082)
Balances at end of year		**165,316**	165,316	165,316
		₱3,889,349,450	₱3,897,657,214	₱3,905,633,829

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱10,077,825)**	(₱9,727,600)	(₱15,986,496)
Adjustments for:				
Interest income	5	**(688,927)**	(295,135)	(745,832)
Retirement benefits cost (income)	14	**126,741**	128,514	(222,663)
Interest expense	11	**123,348**	999,139	1,898,675
Provision for probable loss	12	**114,000**	102,960	136,156
Depreciation and amortization	9	**59,697**	222,174	518,539
Operating loss before change in working capital		**(10,342,966)**	(8,569,948)	(14,401,621)
Decrease (increase) in:				
Funds held in escrow		**5,000,000**	32,240,366	49,264,543
Other current assets		**4,442,560**	(3,727,086)	(283,715)
Restricted cash		**1,846,149**	(26,342)	(1,641,752)
Increase (decrease) in trade and other payables		**(1,156,816)**	767,742	(1,694,533)
Net cash generated from (used in) operations		**(211,073)**	20,684,732	31,242,922
Interest paid		**(123,348)**	(1,050,317)	(1,898,675)
Income tax paid		**(17,687)**	(121,749)	(10,387)
Interest received		**484,685**	295,135	745,832
Net cash provided by operating activities		**132,577**	19,807,801	30,079,692
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to exploration and evaluation asset		**(7,271,911)**	(9,822,724)	(23,960,977)
Acquisitions of property and equipment	9	**(7,657,867)**	(5,445,019)	–
Collections from (advances to) related parties		**90,727**	90,810	(380,620)
Net cash used in investing activities		**(14,839,051)**	(15,176,933)	(24,341,597)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loan	11	**(5,629,445)**	(10,581,920)	(8,627,635)
Advances from related parties		–	29,999,557	–
Net cash provided by (used in) financing activities		**(5,629,445)**	19,417,637	(8,627,635)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(20,335,919)**	24,048,505	(2,889,540)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**30,954,930**	6,906,425	9,795,965
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱10,619,011**	₱30,954,930	₱6,906,425
NONCASH FINANCIAL INFORMATION				
Additions to exploration and evaluation asset	8	**₱43,527,070**	₱44,377,035	₱42,950,144

	Years Ended December 31		
	2018	2017	2016
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on hand	**₱14,264**	₱126,720	₱174,990
Cash in banks	**3,725,551**	828,210	6,731,435
Cash equivalents	**6,879,196**	30,000,000	–
	₱10,619,011	₱30,954,930	₱6,906,425

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

General Information

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

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

On October 23, 2012, the Parent Company became a publicly listed company. As at December 31, 2018 and 2017, 4,000,000,004 common shares of the Parent Company at ₱1 par value are listed in the Philippine Stock Exchange (PSE). Of those shares, 20% are publicly-owned as at December 31, 2018 and 2017.

The registered office address of the Parent Company and the Subsidiary is 3rd Floor, JTKC Center, 2155 Chino Roces Ave., Makati City.

The consolidated financial statements of the Group as at December 31, 2018 and 2017 and for the three years ended December 31, 2018, 2017 and 2016 were approved and authorized for issue by the Board of Directors (BOD) on April 26, 2019.

Status of Operations

As at December 31, 2018 and 2017, 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.

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

On September 11, 2018, the Group submitted the required documents to the National Commission on Indigenous People (NCIP) for the issuance of 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 CP and the certified true copy approving the CP precondition from the NCIP. As at report date, the conversion of the areas within titled properties to development and production phase is pending approval of the DOE.

COC No. 166. On September 18, 2018, the Group has re-submitted the Five-Year Work Program in support for the processing of the Group's application for the conversion of its COC. As at report date, the conversion is still subject to the approval of the DOE.

The significant delays in the conversion of the COCs to development and production phase have significantly reduced the Group's operating funds. Remaining balance of funds held in escrow, representing unutilized portion of proceeds from the Parent Company's Initial Public Offering (IPO) amounted to ₱0.7 million and ₱5.6 million as at December 31, 2018 and 2017, respectively. Cash and cash equivalents amounted to ₱10.6 million and ₱31.0 million as at December 31, 2018 and 2017, respectively.

These conditions indicate a material uncertainty that may cast a significant doubt on the Group's ability to commence commercial operations and continue as a going concern.

The Group's management, however, are confident that the conversion to development and production stage of areas covered by the COCs will be approved by the DOE.

Moreover, a major stockholder has committed to provide continuous financial support to meet not only the Group's pre-operating activities but also the start-up of the development and production phase when these COCs are approved.

2. Summary of Significant Accounting and Reporting Policies

Basis of Preparation

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

Measurement Bases

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

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

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

- In principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal on the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in Note 17.

<u>Adoption of New and Amended PFRS</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard replaced PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.
    - PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value [through profit or loss or through other comprehensive income (OCI)], depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

- For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss (FVPL) that is attributable to changes in the credit risk of that liability is recognized in OCI (rather than in profit or loss), unless this creates an accounting mismatch.

- For the impairment of financial assets, PFRS 9 introduces an expected credit loss (ECL) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

- For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

- The derecognition provisions are carried over almost unchanged from PAS 39.

The Group has applied the requirements of PFRS 9 retrospectively. The Group's retrospective application of PFRS 9, however, did not result to restatement of account balances in comparative periods or any adjustment in the opening retained earnings of the earliest period presented in the consolidated financial statements. Consequently, the Group opted not to present a third consolidated statement of financial position.

The Group has performed an assessment and determined the following impact of PFRS 9 on its financial instruments:

Classification and Measurement. Based on the Group's analysis, the Group has concluded that all of its financial assets and liabilities shall continue to be measured on the same basis as under PAS 39 but shall be classified under the new classification categories of PFRS 9.

Cash and cash equivalents, advances to related parties, time deposit included in funds held in escrow, receivable from an officer, receivables from incidental sale of coal and other receivables presented under "Other current assets" account and restricted cash presented as "Other noncurrent asset" account that were classified as loans and receivables under PAS 39 are now classified as financial assets at amortized cost. These financial assets are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

Trade and other payables (excluding statutory payables), advances from related parties and loan payable under this category that were classified as other financial liabilities under PAS 39 are now classified as financial liabilities at amortized cost. The Group has not designated any financial liabilities at FVPL.

Impairment. The new impairment requirements do not result to additional provision for impairment losses with respect to its receivables from incidental sale of coal and other receivables presented under "Other current assets" account because these are mainly exposures from the Group's customers which have established good credit standing and sufficient liquid assets to settle their obligation.

No provision for impairment losses with respect to its advances to related parties because these are mainly advances from related parties which are operating entities with sufficient liquid assets to repay the receivables upon demand by the Group.

While cash and cash equivalents, time deposit included in funds held in escrow and restricted cash presented as "Other noncurrent asset" account are subject to the impairment requirements of PFRS 9, the resulting impairment loss is not significant primarily because the deposits and placements are with reputable counterparty banks that possess good credit ratings.

- PFRS 15, *Revenue from Contracts with Customers* – The new standard replaced PAS 11, *Construction Contracts*, PAS 18, Revenue, and their related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.).

  The Group has adopted PFRS 15 using the full retrospective. Accordingly, the adoption of PFRS 15 has no material impact in the timing of the Group's revenue recognition.

- Amendments to PFRS 15, *Revenue from Contract with Customers - Clarification to PFRS 15* – The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

  The adoption of the amendments to PFRS 15 did not have any material effect on the consolidated financial statements.

Several other amendments apply for the first time in 2018, but are not relevant on the consolidated financial statements of the Group.

<u>New and Amended PFRS Issued But Not Yet Effective</u>
Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2019:

- PFRS 16, *Leases* – This standard will replace PAS 17, *Leases,* and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

For the Group's non-cancellable operating lease commitments as at December 31, 2018, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under PFRS 16. Thus, the Group will have to recognize a right-of-use asset and a corresponding liability in respect of all these leases - unless these qualify for low value or short-term leases upon the application of PFRS 16 - which might have no significant impact on the amounts recognized in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until the Group completes the review.

- Philippine Interpretation IFRIC 23, *Uncertainty Over Income Tax Treatments* – The interpretation provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under PAS 12, *Income Taxes*, in particular (i) whether uncertain tax treatments should be considered separately, (ii) assumptions for taxation authorities' examinations, (iii) determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and (iv) effect of changes in facts and circumstances.

- Amendments to PFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation* – The amendments allow entities to measure particular prepayable financial assets with negative compensation at amortized cost or at fair value through OCI (instead of at fair value through profit or loss) if a specified condition is met. It also clarifies the requirements in PFRS 9, *Financial Instruments*, for adjusting the amortized cost of a financial liability when a modification or exchange does not result in its derecognition (as opposed to adjusting the effective interest rate).

- Amendments to PAS 19, *Employee Benefits - Plan Amendment, Curtailment or Settlement* – The amendments specify how companies remeasure a defined benefit plan when a change - an amendment, curtailment or settlement - to a plan takes place during a reporting period. It requires entities to use the updated assumptions from this remeasurement to determine current service cost and net interest cost for the remainder of the reporting period after the change to the plan.

- Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements - Previously Held Interest in a Joint Operation* – The amendments are part of the Annual Improvements to PFRS 2015-2017 Cycle. The amendment to PFRS 3 clarifies that when an entity obtains control of a business that is a joint operation, the acquirer applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the joint operation at its acquisition-date fair value. The amendment to PFRS 11 clarifies that when an entity obtains joint control of a business that is a joint operation, the previously held interests in that business are not remeasured.

Effective for annual periods beginning on or after January 1, 2021 -

Deferred effectivity -

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

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

Basis of Consolidation

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

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

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

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

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

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements 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 FVPL, includes transaction cost.

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

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through OCI (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, 2018 and 2017, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

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

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through 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, 2018 and 2017, the Group's cash and cash equivalents, advances to related parties, time deposit included in funds held in escrow, receivable from an officer, receivables from incidental sale of coal and other receivables presented under "Other current assets" account and restricted cash presented as "Other noncurrent asset" account 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, 2018 and 2017, the Group has classified its trade and other payables (excluding statutory payables), advances from related parties and loan payable 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 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 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 loss allowances at an amount equivalent to the 12-month ECL for receivables on which credit risk has not increased significantly since initial recognition and for debt instruments that are determined to have low credit risk at the reporting date.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. ECL for credit-impaired financial assets is based on the difference between the gross carrying amount and present value of estimated future cash flows.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Receivable from Sale of Coal and Other Receivables. The Group has applied the simplified approach in measuring the ECL on accounts receivable from stock transfer services. Simplified approach requires that ECL should always be based on the lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial instruments, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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

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

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

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

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

- Deliver cash or another financial asset to another entity;

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

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

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

Otherwise, the financial instrument is classified as equity.

Other Current Assets
Other current assets mainly include input value-added tax (VAT), prepayments, and advances to officers and employees.

Input VAT. Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Group's current VAT liability. Input VAT is stated at net realizable value (NRV).

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for not more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrent assets.

Advances to Officers and Employees. Advances to officers and employees pertain to expenses paid by the Group on behalf of its officers and employees. These are initially recorded at transaction price including transaction costs. Subsequently, these are charged to expense once liquidated.

Coal Reserves
Coal reserves are proven and probable coal reserves, which are defined as the estimated quantities of coal which geological data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Coal reserves are carried at historical cost less impairment losses, if any. Coal reserves are amortized upon the commencement of production on a unit of production basis, which is the ratio of coal production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated future development costs. Changes in the estimates of coal reserves or future development costs are accounted for prospectively.

Exploration and Evaluation Asset

Pre-license costs. Pre-license costs relate to costs incurred before the Group has obtained the legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analyzing that data. These costs are expensed in the period in which these are incurred.

Exploration and Evaluation Asset. Exploration and evaluation asset is carried at cost less accumulated impairment losses, if any.

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

Exploration and evaluation activity includes:

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

Exploration and evaluation expenditures are recognized as asset when future economic benefit is more likely than not to be realized. These costs include materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further evaluation costs incurred to exploration and evaluation asset up to the point when a commercial reserve is established. Capitalized exploration and evaluation asset is considered as tangible assets.

Exploration and evaluation asset is transferred to development cost under "Property and equipment" account in the consolidated statement of financial position when the technical feasibility and commercial viability of extracting the coal reserve are demonstrable. Exploration and evaluation asset is assessed for impairment before these are reclassified. Any impairment loss is recognized in profit or loss.

No amortization was charged during the exploration and evaluation phase.

Property and Equipment

Property and equipment, except land, are carried at cost less accumulated depreciation and any impairment losses. Land is carried at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts such as property and equipment when the asset recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Depreciation is calculated on the straight-line basis over the estimated useful lives of the property and equipment as shown below:

	Number of Years
Drilling equipment	10
Land improvements	10
Laboratory and camp buildings	10
Survey equipment and machineries	3
Laboratory and testing equipment	5
Transportation equipment	5
Office furniture and equipment	3

The estimated useful lives and depreciation 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 any impairment in value are removed from the accounts. Any resulting gain or loss is recognized to profit or loss.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further change for depreciation is made in respect of these assets.

Construction in progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Impairment of Nonfinancial Assets

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

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

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

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

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

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

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

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

Deficit
Deficit represents the cumulative balance of net losses.

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

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

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

Gain on Incidental Sale of Coal. Gain on incidental sale of coal is recognized when risks and rewards of ownership of goods have passed to the buyer and the amount of revenue can be measured reliably.

Other Income. Income from other sources is recognized when earned during the period.

Cost and 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. General and administrative expenses constitute cost of administering the business. These are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Operating Leases
Leases, which do not transfer to the Group substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term.

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 service costs, comprising of current service costs, past service costs and income, gains and losses on curtailments and non-routine settlements; and interest expense in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs and income are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment; and the date that the Group recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement benefits liability is the present value of the retirement liability. The present value of the defined benefit obligation (DBO) is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) 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 tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on 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 Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

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 operating segment is related to mining operations.

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 the consolidated financial statements when material.

3. Significant Accounting Judgment, Accounting Estimate and Assumptions

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

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

The Group's management, however, are confident that the conversion to development and production stage of areas covered by the COCs will be approved by the DOE. Moreover, a major stockholder has committed to provide continuous financial support to meet not only the Group's pre-operating activities but also the start-up of the development and production phase when these COCs are approved.

Determining Operating Segments. Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Group's chief operating decision maker. The Group is organized into one reportable segment which is related to coal mining operations. All significant operating decisions are based upon the analysis of the Group as one segment.

Classifying Lease Commitment - Group as a Lessee. The Group has lease agreement for its office space. The Group has determined that the risk and rewards of ownership related to the leased property are retained by the lessor. Accordingly, the lease is accounted as operating lease.

Rent expense amounted to ₱0.8 million in 2018 and 2017, and ₱4.6 million in 2016 (see Note 20).

Assessing ECL on Financial Assets at Amortized Cost. The Group estimates ECL of receivables from incidental sale of coal, receivable from an officer and other receivables using provision matrix. The provision rates are based on days past due for groupings of receivables with similar credit risk characteristics and loss patterns. The provision matrix is based on the Group's historical default rates and is adjusted for forward-looking estimates, as appropriate. The Group has no observed default experience from receivables from incidental sale of coal, receivable from an officer and other receivables. Consequently, the resulting lifetime ECL on receivables from incidental sale of coal, receivable from an officer and other receivables is considered not significant.

The Group's advances to related parties are non-interest bearing and payable on demand. These exposures are considered to be in default when there is evidence that the related party is in significant financial difficulty such that it will have insufficient liquid assets to repay its obligation upon demand. This is assessed based on a number of factors including key liquidity and solvency ratios. Relying on the 90 days past due rebuttable presumption is not considered an appropriate backstop indicator given the lack of contractual payment obligations due throughout the life of the advances. After taking into consideration the related parties' ability to pay depending on the sufficiency of liquid assets and available forward-looking information, the risk of default of the related parties are assessed to be minimal.

For cash and cash equivalents, time deposits included in funds held in escrow and restricted cash, the Group applies low credit risk simplification. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The resulting ECL for these financial assets is considered insignificant because the counterparty banks have no history of default and have good credit ratings.

Financial assets at amortized cost are considered as credit-impaired when contractual payments are 90 days past due and the counterparty is unlikely to settle its obligation to the Group, as evidenced by the following, among others:

- Significant financial difficulty or insolvency;
- Breach of financial covenants;
- Probability that the counterparty will enter bankruptcy or other financial reorganization.

No provision for impairment losses on the Group's financial assets at amortized cost was recognized in 2018, 2017 and 2016.

The carrying amounts of financial assets at amortized cost that were subjected to ECL assessment are disclosed in Note 16.

Capitalizing Exploration and Evaluation Expenditure. The capitalization of exploration and evaluation expenditure requires judgment in determining whether there are future economic benefits from future exploitation or sale of coal reserves. The capitalization requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

As at December 31, 2018 and 2017, exploration and evaluation asset amounted to ₱585.8 million and ₱535.0 million, respectively (see Note 8).

Estimating 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.

Based on management's assessment, there is no change in estimated useful lives of property and equipment in 2018, 2017 and 2016. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Depreciation and amortization amounted to ₱43.2 million, ₱44.2 million and ₱44.5 million in 2018, 2017 and 2016, respectively. As at December 31, 2018 and 2017, depreciable property and equipment, net of accumulated depreciation and amortization, amounted to ₱168.9 million and ₱204.4 million, respectively (see Note 9).

Estimating Coal Reserves. The Group estimates its coal reserves based on information compiled by competent persons on geological and technical data on the size, depth, shape and grade of the mineral body and suitable production techniques and recovery rates. The analysis requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, foreign exchange rates, future capital requirements, discount rate, and production costs along with geological assumptions and judgments made in estimating the size and grade of the mineral body.

Management assumes conservative forecasted sales prices, based on current and long-term historical average price trends. Conservative forecasted sales price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is obtained during the exploration and evaluation of the mine properties, estimates of reserves may change. The changes may impact the Group's reported financial position and results which include:

- The carrying amounts of exploration and evaluation asset and property and equipment may be affected due to changes in estimated future cash flows; and

- The recognition and carrying amount of deferred tax assets may change due to changes in the judgment regarding the existence of such assets and in estimates of the likely recovery of such assets.

Assessing Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends;
- Significant changes or planned changes in the use of the assets;
- Significant changes in the estimation of coal reserves;
- Expiration of the right to explore the areas;
- Significant unbudgeted or unplanned expenditures for exploration and evaluation; and
- Management's decision to discontinue activities in specific areas.

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

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

No impairment loss on other nonfinancial assets was recognized in 2018, 2017 and 2016. The carrying amounts of other nonfinancial assets are as follows:

	Note	2018	2017
Coal reserves	4	**₱3,131,596,101**	₱3,131,596,101
Exploration and evaluation asset	8	**585,755,321**	534,956,340
Property and equipment	9	**187,025,922**	222,560,983
Advances to officers and employees*	7	**–**	91,570

**Presented under "Other current assets" account.*

Assessing Recoverability of Input VAT. The carrying amount of input VAT is adjusted to the extent that it is probable that revenue subject to output VAT will be available to allow all or part of the input VAT and deferred input VAT to be utilized. Any allowance for probable loss is maintained at a level considered adequate to provide for potentially probable loss. The level of allowance is based on past application experience and other factors that may affect realizability.

Provision for probable loss amounted to ₱0.1 million in 2018, 2017 and 2016. Allowance for probable loss amounted to ₱1.9 million and ₱1.8 million as at December 31, 2018 and 2017, respectively. As at December 31, 2018 and 2017, input VAT is fully provided by allowance (see Note 7).

Estimation of 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 14 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 cost (income) amounted to ₱0.5 million in 2018 and 2017, and (₱1.2 million) in 2016. The retirement benefits liability amounted to ₱4.7 million and ₱4.2 million as at December 31, 2018 and 2017, respectively (see Note 14).

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 Group did not recognize deferred tax assets amounting to ₱2.9 million and ₱3.4 million as at December 31, 2018 and 2017, respectively, as management has assessed that the Group may not be able to utilize these deductible temporary differences against future taxable income. As at December 31, 2018 and 2017, the Group recognized deferred tax assets, net of unrecognized deferred tax, amounting to ₱15.8 million and ₱13.9 million, respectively (see Note 18).

4. Coal Reserves

The Parent Company acquired TMEC in 2012 (see Note 1) in exchange for the Parent Company's common shares valued at ₱3,200.0 million. The Parent Company recognized the portion of the consideration amounting to ₱3,131.6 million as coal reserves.

In 2018 and 2017, the Group carried out a review of the recoverable amount of its coal reserves, exploration and evaluation assets, and property and equipment. 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:

	2018	2017
Coal price	**\$58/MT**	\$55/MT
Foreign exchange rate	**₱54.00:\$1**	₱49.93:\$1
Discount rate	**15.50%**	12.60%
Estimated coal	**17.3 MMT**	17.3 MMT

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

Average forecast period for COC No. 159 and COC No. 166 is at 9 years and 5 years, respectively. The average forecast period for COC No. 159 is greater than 5 years as 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 amount of the coal reserves and other nonfinancial assets exceeded 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.

5. Cash and Cash Equivalents

This account consists of:

	2018	2017
Cash on hand	**₱14,264**	₱126,720
Cash in banks	**3,725,551**	828,210
Cash equivalents	**6,879,196**	30,000,000
	₱10,619,011	₱30,954,930

Cash in banks earn interest at the prevailing market interest rates.

Cash equivalents refer to a two-month time deposit in a local bank which earns interest of 2.5% annually.

Interest income consists of:

	Note	2018	2017	2016
Cash in banks		**₱5,489**	₱9,159	₱10,375
Cash equivalents		**479,196**	–	–
Restricted cash	7	**178,055**	26,342	–
Funds held in escrow	6	**26,187**	259,634	735,457
		₱688,927	₱295,135	₱745,832

6. Funds Held in Escrow

Proceeds of IPO are kept separate from other Group's funds and managed by a commercial bank in accordance with the work program approved by the SEC and PSE.

The funds held in escrow consist of the following:

	2018	2017
Assets:		
Time certificates of deposit - own bank	₱653,632	₱554,067
Time certificates of deposit - other bank	–	5,074,581
Other assets	1,208	5
	₱654,840	₱5,628,653
Equity:		
Net Proceeds	₱748,209,915	₱748,209,915
Net accumulated income	13,393,420	13,367,233
Withdrawals	(760,948,495)	(755,948,495)
	₱654,840	₱5,628,653

Withdrawals from the fund held in escrow amounted to ₱5.0 million, ₱32.5 million and ₱50.0 million in 2018, 2017 and 2016, respectively.

Interest income earned amounted to ₱26,187, ₱259,634 and ₱735,457 in 2018, 2017 and 2016, respectively (see Note 5).

The balance of the trust was certified by the Custodian Bank.

7. Other Current and Noncurrent Assets

This account consists of:

	2018	2017
Current:		
Input VAT	₱1,918,218	₱1,804,218
Receivables from incidental sale of coal	150,728	150,728
Prepayments	42,020	60,049
Receivable from an officer	–	4,274,551
Advances to officers and employees	–	91,570
Other receivables	–	172,410
	2,110,966	6,553,526
Less allowance for probable loss	(1,918,218)	(1,804,218)
	₱192,748	₱4,749,308
Noncurrent -		
Restricted cash	₱1,051,370	₱2,719,464

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

Movements in the allowance for unrecoverable input VAT are as follow:

	Note	2018	2017
Balance at beginning of year		**₱1,804,218**	₱1,701,258
Provision	12	**114,000**	102,960
Balance at end of year		**₱1,918,218**	₱1,804,218

Receivables from incidental sale of coal pertain to uncollected proceeds from the sale of incidentally produced coal, which is in accordance with the Permits to Transport and Sell (PTS) issued by the DOE (see Note 20).

Receivable from an officer pertains to the advances made for business purposes.

Other receivables pertain to receivables from third parties. These are noninterest-bearing and are generally collected within one year.

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.

In 2018, the National Labor Relations Commission released motion to issue order of release of the garnished deposit to execute the judgement award amounting to ₱1.8 million.

Interest income earned from the restricted cash amounted to ₱178,055 and ₱26,342 in 2018 and 2017, respectively (see Note 5).

8. Exploration and Evaluation Asset

Exploration and evaluation asset are costs incurred on the mining properties situated in the provinces of Davao Oriental and Zamboanga Sibugay, Philippines.

COC Nos. 159 and 166 provide a minimum work expenditure on obligations covered by the work program at the exploration phase (see Note 20).

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

Balances and movements of this account are as follows:

	2018	2017
Balances at beginning of year	**₱534,956,340**	₱480,756,581
Additions	**50,798,981**	54,199,759
Balances at end of year	**₱585,755,321**	₱534,956,340

The additions to the exploration and evaluation asset are as follows:

	Note	2018	2017
Depreciation and amortization	9	**₱43,133,231**	₱43,986,526
Personnel costs	13	**5,119,764**	6,687,748
Professional fees		**1,296,467**	2,149,854
Utilities		**216,397**	121,615
Others		**1,033,122**	1,254,016
		₱50,798,981	₱54,199,759

Others include fuel, security services, communication, transportation, hauling costs, and repairs and maintenance.

Included as part of additions to the exploration and evaluation asset are noncash items as follows:

	Note	2018	2017
Depreciation and amortization	9	**₱43,133,231**	₱43,986,526
Retirement benefits cost	14	**393,839**	390,509
		₱43,527,070	₱44,377,035

The financial information as at and for the years ended December 31, 2018 and 2017 from the exploration and evaluation of coal resources are as follows:

	2018	2017
Total assets	**₱793,020,036**	₱779,291,804
Total liabilities	**576,142,181**	556,550,346
Other income (from incidental sales)	**–**	884,366
Expenses	**7,817,330**	6,742,828
Net cash used in operating activities	**(2,653,867)**	(8,887,919)
Net cash used in investing activities	**(14,929,778)**	(15,267,743)
Net cash provided by financing activities	**20,570,555**	18,553,633

Based on the review of the recoverable amount of the Group's nonfinancial assets, management determined that there are no impairment losses in exploration and evaluation asset (see Note 4).

9. Property and Equipment

Balances and movements of this account are as follows:

	2018								
	Land	Drilling Equipment	Land Improvements	Laboratory and Camp Buildings	Survey Equipment and Machineries	Laboratory and Testing Equipment	Transportation Equipment	Office Furniture and Equipment	Total
Cost									
Balances at beginning of year	₱18,139,580	₱194,212,031	₱139,921,695	₱25,429,304	₱3,264,334	₱12,606,310	₱9,794,774	₱1,818,835	₱405,186,863
Additions	–	–	7,657,867	–	–	–	–	–	7,657,867
Balance at end of year	18,139,580	194,212,031	147,579,562	25,429,304	3,264,334	12,606,310	9,794,774	1,818,835	412,844,730
Accumulated Depreciation									
Balances at beginning of year	–	112,776,964	39,044,795	7,416,882	2,589,226	9,273,119	9,779,534	1,745,360	182,625,880
Depreciation	–	24,387,311	13,263,920	2,542,932	417,806	2,521,262	15,240	44,457	43,192,928
Balances at end of year	–	137,164,275	52,308,715	9,959,814	3,007,032	11,794,381	9,794,774	1,789,817	225,818,808
Carrying Amount	₱18,139,580	₱57,047,756	₱95,270,847	₱15,469,490	₱257,302	₱811,929	₱–	₱29,018	₱187,025,922

	2017									
	Land	Drilling Equipment	Land Improvements	Laboratory and Camp Buildings	Survey Equipment and Machineries	Laboratory and Testing Equipment	Transportation Equipment	Office Furniture and Equipment	Construction in Progress	Total
Cost										
Balances at beginning of year	₱18,139,580	₱194,212,031	₱132,639,195	₱25,429,304	₱3,264,334	₱12,606,310	₱9,794,774	₱1,818,835	₱1,837,481	₱399,741,844
Additions	–	–	5,445,019	–	–	–	–	–	–	5,445,019
Reclassification	–	–	1,837,481	–	–	–	–	–	(1,837,481)	–
Balances at end of year	18,139,580	194,212,031	139,921,695	25,429,304	3,264,334	12,606,310	9,794,774	1,818,835	–	405,186,863
Accumulated Depreciation										
Balances at beginning of year	–	88,389,653	25,285,962	4,873,950	2,171,423	7,221,926	8,859,640	1,614,626	–	138,417,180
Depreciation	–	24,387,311	13,758,833	2,542,932	417,803	2,051,193	919,894	130,734	–	44,208,700
Balances at end of year	–	112,776,964	39,044,795	7,416,882	2,589,226	9,273,119	9,779,534	1,745,360	–	182,625,880
Carrying Amount	₱18,139,580	₱81,435,067	₱100,876,900	₱18,012,422	₱675,108	₱3,333,191	₱15,240	₱73,475	₱–	₱222,560,983

Details of depreciation and amortization are as follows:

	2018	2017	2016
Property and equipment	**₱43,192,928**	₱44,208,700	₱44,285,129
Intangible asset	**–**	–	193,018
	₱43,192,928	₱44,208,700	₱44,478,147

Depreciation and amortization are charged as follows:

	Note	2018	2017	2016
Exploration and evaluation asset	8	**₱43,133,231**	₱43,986,526	₱43,959,608
General and administrative expenses	12	**59,697**	222,174	518,539
		₱43,192,928	₱44,208,700	₱44,478,147

The reclassification in 2017 from construction in progress to land improvements pertains to completed road improvements, street lights and pier boulders.

Fully depreciated property and equipment that are still being used by the Group amounted to ₱19.0 million and ₱7.3 million as at December 31, 2018 and 2017, respectively.

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 in 2018 and 2017 (see Note 4).

10. Trade and Other Payables

This account consists of:

	2018	2017
Trade	**₱7,163,177**	₱8,258,189
Accrued expenses	**1,274,052**	1,250,885
Withholding taxes payable	**119,367**	164,078
Other statutory payables	**–**	40,260
	₱8,556,596	₱9,713,412

Trade payables are noninterest-bearing and are due and demandable.

Accrued expenses pertain to accruals for security and janitorial services, and interest which are expected to be settled within one year.

Other statutory payables pertain to the payable to other government agencies which are normally settled in the following month.

11. Loan Payable

In 2015, the Group obtained a loan of ₱30.3 million from a local financing company to finance the acquisition of trucks and heavy equipment.

The loan bears an annual interest rate of 9% and is payable in 36 monthly instalments starting May 30, 2015.

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

Interest expense amounted to ₱0.1 million, ₱1.0 million and ₱1.9 million in 2018, 2017 and 2016, respectively. Accrued interest amounting to ₱27,616 as at December 31, 2017 is reported as part of "Accrued expenses" under "Trade and other payables" account.

<u>**Reconciliation of Liabilities Arising from Financing Activities**</u>

The table below details changes in the Group's liabilities arising from financing activities as at December 31, 2018 and 2017, including both cash and noncash changes:

	2018					
			Noncash Changes			
	Balance at Beginning of Year	**Financing Cash Flows**	**Fair Value Adjustments**	**Foreign Exchange Changes**	**Other Changes**	**Balance at End of Year**
Advances from related parties	**₱30,025,377**	**₱–**	**₱–**	**₱–**	**₱–**	**₱30,025,377**
Loan payable	**5,629,445**	**(5,629,445)**	**–**	**–**	**–**	**–**
	₱35,654,822	**(₱5,629,445)**	**₱–**	**₱–**	**₱–**	**₱30,025,377**

	2017					
			Noncash Changes			
	Balance at Beginning of Year	Financing Cash Flows	Fair Value Adjustments	Foreign Exchange Changes	Other Changes	Balance at End of Year
Advances from related parties	₱25,820	₱29,999,557	₱–	₱–	₱–	₱30,025,377
Loan payable	16,211,365	(10,581,920)	–	–	–	5,629,445
	₱16,237,185	₱19,417,637	₱–	₱–	₱–	₱35,654,822

12. General and Administrative Expenses

This account consists of:

	Note	**2018**	2017	2016
Personnel costs	13	**₱5,959,618**	₱4,238,912	₱3,889,135
Professional fees		**1,916,488**	2,170,319	1,514,442
Rental	20	**758,095**	758,095	4,557,665
Transportation and communication		**350,837**	507,256	887,325
Taxes and licenses		**270,481**	315,999	238,705
Listing fee		**256,720**	258,000	250,000
Safekeeping fee		**201,000**	208,700	216,250
Outside services		**191,024**	205,016	214,349
Representation and entertainment		**165,700**	106,721	6,992,655
Provision for probable loss	7	**114,000**	102,960	136,156

(Forward)

	Note	2018	2017	2016
Insurance		**₱64,137**	₱93,777	₱184,805
Repairs and maintenance		**62,521**	83,022	166,920
Depreciation and amortization	9	**59,697**	222,174	518,539
Office supplies		**25,138**	11,623	62,541
Others		**247,948**	625,388	1,091,638
		₱10,643,404	₱9,907,962	₱20,921,125

13. Personnel Costs

Personnel costs charged to "Exploration and evaluation asset" account consist of:

	Note	2018	2017	2016
Salaries and wages		**₱4,602,725**	₱6,171,320	₱14,148,346
Retirement benefits cost (income)	14	**393,839**	390,509	(1,009,464)
Employee benefits		**123,200**	125,919	447,075
		₱5,119,764	₱6,687,748	₱13,585,957

Personnel costs classified under "General and administrative expenses" account consists of:

	Note	2018	2017	2016
Salaries and wages		**₱5,665,254**	₱3,971,416	₱3,973,762
Employee benefits		**167,623**	138,982	138,036
Retirement benefits cost (income)	14	**126,741**	128,514	(222,663)
		₱5,959,618	₱4,238,912	₱3,889,135

14. Retirement Benefits Liability

The Group has an unfunded defined benefit plan covering all of qualified regular employees of TMEC. The benefits are based on years of service and compensation. The plan provides for a lump-sum benefit payment upon retirement which shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641 Retirement Pay Law. The latest actuarial valuation as at December 31, 2016 was prepared by an independent actuary using the projected unit credit method.

The components of retirement benefits cost (income) are as follows:

	2018	2017	2016
Current service cost	**₱299,471**	₱324,984	₱1,483,122
Interest cost	**221,109**	194,039	240,765
Past service income	**–**	–	(2,956,014)
	₱520,580	₱519,023	(₱1,232,127)

Retirement benefits costs (income) are charged as follows:

	Note	2018	2017	2016
Exploration and evaluation asset	8	**₱393,839**	₱390,509	(₱1,009,464)
General and administrative expenses	13	**126,741**	128,514	(222,663)
		₱520,580	₱519,023	(₱1,232,127)

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

	2018	2017
Balance at beginning of year	**₱4,219,642**	₱3,700,619
Current service cost	**299,471**	324,984
Interest cost	**221,109**	194,039
Balance at end of year	**₱4,740,222**	₱4,219,642

The cumulative remeasurement gain recognized as OCI as at December 31, 2018 and 2017 are as follows:

	2018		
	Cumulative Remeasurement Gain	**Deferred Tax (see Note 18)**	**Net**
Balances at beginning and end of year	**₱236,166**	**₱70,850**	**₱165,316**

	2017		
	Cumulative Remeasurement Gain	Deferred Tax (see Note 18)	Net
Balances at beginning and end of year	₱236,166	₱70,850	₱165,316

The principal actuarial assumptions used to determine the retirement benefits cost as at December 31, 2018 and 2017 are as follows:

	2018	2017
Discount rate	**7.09%**	5.24%
Salary increase rate	**8.00%**	8.00%

Sensitivity analysis on retirement benefits liability as at December 31, 2018 is as follows:

	Change in Assumption	Effect on defined benefit liability
Discount rate	(1.00%)	(₱119,568)
	1.00%	101,038
Salary increase rate	1.00%	19,533
	(1.00%)	(19,533)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged.

The table below shows the 10-year maturity analysis of expected future benefit payments:

	Expected Benefit Payments
More than one year to five years	₱1,167,797
More than five years to ten years	2,238,734

The weighted average duration of the retirement benefits liability is 13.4 years as at December 31, 2018.

15. 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	
		2018	2017	**2018**	2017
Advances to related parties -					
Entities under Common Ownership	Advances for working capital	**₱1,782,665**	₱2,653,141	**₱1,464,711**	₱1,555,438
Advances from related parties:					
Stockholders	Advances for working capital	**₱–**	₱30,000,000	**₱30,000,000**	₱30,000,000
Entities under Common Ownership	Advances for working capital	**–**	–	**25,377**	25,377
				₱30,025,377	₱30,025,377
Trade payables -					
Entities under Common Ownership	Rental	**₱758,095**	₱758,095	**₱–**	₱–

<u>Terms and Conditions</u>

Advances to/from related parties are unsecured, noninterest-bearing, generally settled in cash and due on demand. No impairment loss on advances to related parties was recognized in 2018, 2017 and 2016.

Trade payables to related parties are unsecured, noninterest-bearing, generally settled in cash and are due and demandable.

Other Transactions
The advances of the Parent Company to TMEC amounting to ₱563.6 million and ₱537.4 million as at December 31, 2018 and 2017, respectively, were eliminated during consolidation. These advances were for working capital purposes. No impairment loss on these advances was recognized in 2018, 2017 and 2016.

The Group has a lease agreement for its office space with its related party under common control, JTKC Equities, Inc., valid until July 31, 2015 and renewable upon mutual consent of both parties. In 2017, the Group renewed the lease agreement but with lesser area. Rental expense amounted to ₱0.8 million in 2018 and 2017, and ₱4.6 million in 2016, respectively (see Note 20).

Key Management Personnel Compensation
The compensation of key management personnel of the Group are as follow:

	2018	2017	2016
Short-term employee benefits	**₱5,070,000**	₱5,609,708	₱8,916,522
Post-employment benefits	**369,739**	244,786	496,250
	₱5,439,739	₱5,854,494	₱9,412,772

16. Financial Assets and Liabilities

The Group's financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash and cash equivalents, advances to related parties, time deposit included in funds held in escrow, receivable from an officer, restricted cash, receivables from incidental sale of coal, other receivables (presented under "Other current assets" account), restricted cash (presented as "Other noncurrent asset" account), trade and other payables (excluding statutory payables), advances from related parties and loan payable.

Financial Risk Management Objectives and Policies
The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and agrees on policies for managing each of these risks.

Credit Risk. Credit risk is a risk due to uncertainty in 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 Group's credit risk arises principally from cash and cash equivalents, advances to related parties, time deposit included in funds held in escrow, receivable from an officer, receivables from incidental sale of coal and other receivables (presented under "Other current assets" account) and restricted cash (presented as "Other noncurrent asset" account).

The Group trades mainly with recognized and creditworthy third parties as well as with related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. 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, 2018 and 2017:

	2018					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Credit-impaired	Total
Financial assets at amortized cost:						
Cash and cash equivalents*	₱10,604,747	₱–	₱–	₱–	₱–	₱10,604,747
Advances to related parties	1,464,711	–	–	–	–	1,464,711
Funds held in escrow	654,840	–	–	–	–	654,840
Receivables from incidental sale of coal**	150,728	–	–	–	–	150,728
Restricted cash***	1,051,370	–	–	–	–	1,051,370
	₱13,926,396	₱–	₱–	₱–	₱–	₱13,926,396

Excluding cash on hand amounting to ₱14,264 as at December 31, 2018.
*** Presented under "Other current assets" account.*
**** Presented under "Other noncurrent asset" account.*

	2017					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Credit-impaired	Total
Financial assets at amortized cost:						
Cash and cash equivalents*	₱30,828,210	₱–	₱–	₱–	₱–	₱30,828,210
Advances to related parties	1,555,438	–	–	–	–	1,555,438
Funds held in escrow	5,628,653	–	–	–	–	5,628,653
Receivable from an officer**	4,274,551	–	–	–	–	4,274,551
Receivables from incidental sale of coal**	150,728	–	–	–	–	150,728
Other receivables**	–	172,410	–	–	–	172,410
Restricted cash***	2,719,464	–	–	–	–	2,719,464
	₱45,157,044	₱172,410	₱–	₱–	₱–	₱45,329,454

Excluding cash on hand amounting to ₱0.1 million as at December 31, 2017.
*** Presented under "Other current assets" account.*
**** Presented under "Other noncurrent asset" account.*

The credit quality of the financial assets is managed by the Group using internal credit quality ratings. High grade consists of financial assets from counterparties with good financial condition and with relatively low defaults. This also includes transactions with related parties with sufficient liquid assets to settle its obligation upon demand of the Group. Financial assets having risks of default but are still collectible are considered as standard grade accounts. Financial assets that require persistent effort from the Group to collect are considered substandard grade accounts.

Cash in banks, cash equivalents, time deposit included in funds held in escrow 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 mainly exposures to related parties and are considered as high grade because the related parties are operating entities with sufficient liquid assets to repay the receivables upon demand by the Group.

With the exception of receivable from an officer, receivables from incidental sale of coal and other receivables which are always subject to lifetime ECL, impairment of financial assets at amortized cost has been measured on 12-month ECL basis and reflects the short maturities of the exposures. The resulting ECL is not significant because the financial assets are considered high grade with minimal risk of default.

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

The table below summarizes the maturity profile of the financial liabilities at amortized cost of the Group based on remaining contractual undiscounted cash flows as at December 31, 2018 and 2017:

	2018			
	On Demand	**Within 1 Year**	**Over 1 Year**	**Total**
Trade and other payables*	**₱8,437,229**	**₱–**	**₱–**	**₱8,437,229**
Advances from related parties	**30,025,377**	**–**	**–**	**30,025,377**
	₱38,462,606	**₱–**	**₱–**	**₱38,462,606**

**Excluding statutory payables amounting to ₱0.1 million as at December 31, 2018.*

	2017			
	On Demand	Within 1 Year	Over 1 Year	Total
Trade and other payables*	₱9,509,074	₱–	₱–	₱9,509,074
Advances from related parties	30,025,377	–	–	30,025,377
Loan payable**	–	5,780,409	–	5,780,409
	₱39,534,451	₱5,780,409	₱–	₱45,314,860

**Excluding statutory payables amounting to ₱0.2 million as at December 31, 2017.*
***Including future interest payments.*

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's market risk policy requires it to manage interest rate risk by maintaining fixed rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and liabilities. Any gap between the maturities of the instruments is effectively managed by the Group. Interest rate changes are not significant to affect the Group's financial performance.

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

In determining reasonable leverage, the Group evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Group considers its equity, excluding OCI, as capital amounting to ₱3,889.2 million and ₱3,897.5 million as at December 31, 2018 and 2017, respectively.

The TMEC is subject to externally-imposed capital requirements applicable to applicants for exploration permits. The minimum paid-up capital is ₱6.25 million. The TMEC has complied with the capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous years.

17. Fair Value Measurement of Financial Instruments

Presented below is a comparison category of the carrying and fair values of all the Group's financial assets and liabilities as at December 31, 2018 and 2017.

	2018		2017	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost:				
Cash and cash equivalents	**₱10,619,011**	**₱10,619,011**	₱30,954,930	₱30,954,930
Advances to related parties	**1,464,711**	**1,464,711**	1,555,438	1,555,438
Funds held in escrow	**654,840**	**654,840**	5,628,653	5,628,653
Receivables from incidental sale of coal*	**150,728**	**150,728**	150,728	150,728
Receivable from an officer*	**–**	**–**	4,274,551	4,274,551
Other receivables*	**–**	**–**	172,410	172,410
Restricted cash**	**1,051,370**	**1,051,370**	2,719,464	2,719,464
	₱13,940,660	**₱13,940,660**	₱45,456,174	₱45,456,174
Financial Liabilities at Amortized Cost:				
Trade and other payables***	**₱8,437,069**	**₱8,437,069**	₱9,509,074	₱9,509,074
Advances from related parties	**30,025,377**	**30,025,377**	30,025,377	30,025,377
Loans payable	**–**	**–**	5,629,445	5,629,445
	₱38,462,446	**₱38,462,446**	₱45,163,896	₱45,163,896

**Presented under "Other current assets" account.*
***Presented as "Other noncurrent asset" account.*
****Excluding statutory payables amounting to ₱0.1 million and ₱0.2 million as at December 31, 2018 and 2017, respectively.*

Cash and Cash Equivalents, Advances to Related Parties, Funds Held in Escrow, Receivables from Incidental Sale of Coal, Receivable from an Officer, Other Receivables, Trade and Other Payables, Advances from Related Parties, and Loans Payable. The carrying amounts of these financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Restricted Cash. The carrying amounts of this financial instrument approximate their fair value. The effects of not discounting the cash flows from these instruments were determined by management to be insignificant.

18. Income Taxes

TMEC is entitled to the following incentives under the COC:

- Exempt from all national taxes except for income tax; and
- Exempt from payment of tariff duties, compensating tax and value-added tax on importations of machinery and equipment, spare parts and materials required for the Coal Operation subject to terms and conditions in the COC.

The Group has no provision for current income tax in 2018 since it has no taxable income. Provision for current income tax in 2017 and 2016 amounting to ₱17,687 and ₱121,749, respectively, pertain to MCIT.

The Group's net deferred tax assets consist of:

	2018	2017
Deferred tax assets:		
NOLCO	**₱17,143,688**	₱15,902,534
Retirement benefits liability	**1,422,067**	1,265,893
Excess MCIT over RCIT	**139,436**	149,823
	18,705,191	17,318,250
Less unrecognized deferred tax assets	**2,890,069**	3,391,341
	15,815,122	13,926,909
Deferred tax liability -		
Retirement benefits liability attributable to exploration and evaluation asset	**1,503,501**	1,385,349
	₱14,311,621	₱12,541,560

Deferred tax assets on allowance for impairment loss and NOLCO from the Parent Company amounting to ₱2.9 million and ₱3.4 million as at December 31, 2018 and 2017, respectively, have not been recognized because management has assessed that the Group may not be able to utilize these deductible temporary differences against future tax liabilities.

As at December 31, 2018, details of the related NOLCO from the Parent Company are as follows:

Year Incurred	Balances at Beginning of Year	Incurred	Expired	Balances at End of Year	Year Expired
2018	₱–	₱2,671,126	₱–	₱2,671,126	2020
2017	3,960,942	–	–	3,960,942	2020
2016	3,001,494	–	–	3,001,494	2019
2015	4,342,034	–	4,342,034	–	2018
	₱11,304,470	₱2,671,126	₱4,342,034	₱9,633,562	

Deferred tax assets on NOLCO, retirement benefits liability and excess MCIT over RCIT from the Subsidiary aggregating ₱18.7 million and ₱17.3 million as at December 31, 2018 and 2017, respectively, were recognized by the Group.

As at December 31, 2018, details of NOLCO from TMEC are as follows:

Year Incurred	Balances at Beginning of Year	Incurred	Expired	Balances at End of Year	Year Expired
2018	₱–	₱5,808,086	₱–	₱5,808,086	2024
2017	5,709,860	–	–	5,709,860	2023
2016	6,951,892	–	–	6,951,892	2022
2015	11,453,725	–	–	11,453,725	2021
2014	8,758,932	–	–	8,758,932	2020
2013	8,829,567	–	–	8,829,567	2019
	₱41,703,976	₱5,808,086	₱–	₱47,512,062	

As at December 31, 2018, details of the TMEC's excess MCIT over RCIT are as follows:

Year Incurred	Balances at Beginning of Year	Incurred	Expired	Balances at End of Year	Year Expired
2017	₱17,687	₱–	₱–	₱17,687	2020
2016	121,749	–	–	121,749	2019
2015	10,387	–	10,387	–	2018
	₱149,823	₱–	₱10,387	₱139,436	

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 six years immediately following the year of loss.

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

	2018	2017	2016
Benefit from income tax at statutory tax rate	**(₱3,023,348)**	(₱2,918,280)	(₱4,795,949)
Change in unrecognized deferred tax assets	**(501,272)**	351,483	(10,576)
Expired MCIT over RCIT	**(141,621)**	528	–
Income tax effects of:			
Expired NOLCO	**1,302,610**	836,800	911,024
Nondeductible expenses	**648,240**	67,025	2,100,482
Interest income already subjected to final tax	**(54,670)**	(88,541)	(223,750)
Benefit from income tax at effective tax rate	**(₱1,770,061)**	(₱1,750,985)	(₱2,018,769)

19. Basic and Diluted Loss Per Share

Basic and diluted loss per share are computed as follows:

	2018	2017	2016
Net loss	**(₱8,307,764)**	(₱7,976,615)	(₱13,967,727)
Divided by weighted average number of common shares outstanding	**4,000,000,004**	4,000,000,004	4,000,000,004
Basic/diluted loss per share	**(₱0.002)**	(₱0.002)	(₱0.003)

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

20. Commitments and Contingencies

The Group has the following contractual commitments:

Lease Agreement

The Group has a lease agreement for its office space with its related party under common control, JTKC Equities, Inc., valid until July 31, 2015 and renewable upon mutual consent of both parties. In 2017, the Group renewed the lease agreement but with lesser area. Rental expense amounted to ₱0.8 million in 2018 and 2017, and ₱4.6 million in 2016 (see Note 12).

COCs with DOE

The Government, through the DOE, awarded COCs to TMEC. The exploration phase under the COCs is for 2 years and can be extended for another 2 years upon the approval of the DOE. The development and production phase commences when the DOE and TMEC agrees on the existence of Coal Reserves in Commercial Quantity subject to the terms and conditions in the COC. As at December 31, 2018, 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, 2018 and 2017, TMEC has incurred ₱585.8 million and ₱535.0 million, respectively, for the direct implementation of the work program for the exploration phase of these COCs (see Note 8).

COC No. 159. In 2013, the Group applied for the start-up of the development and production stage in COC No. 159. The Group has submitted to the DOE the Final Exploration Report, 10-Year Work Program and Feasibility Study and Environmental Compliance Certificate (ECC) as issued by the Department of Environment and Natural Resources (DENR).

On August 30, 2018, the Department of Energy (DOE) has re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. The Group agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves on December 21, 2018.

On September 11, 2018, the Group submitted the required documents to the National Commission on Indigenous People (NCIP) for the issuance of 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 CP and the certified true copy approving the CP precondition from the NCIP. As at report date, the conversion of the areas within titled properties to development and production phase is pending approval of the DOE.

In 2017 and 2016, the DOE granted various PTS for incidentally produced coal within the Group's COC No. 159 area. Gain on incidental sale of coal presented as "Other income" account amounted to ₱0.9 million and ₱6.1 million in 2017 and 2016, respectively.

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. TMEC remitted nil, ₱45,278 and ₱179,675 in 2018, 2017 and 2016, respectively.

COC 166. In 2014, COC No. 166's term for exploration expired. The Group, however, is working on the extension of the COC. As required, the Group has submitted to the DOE the Result of Exploration covering the exploration activities conducted and estimates of the resultant coal resource and reserve of the property, which have been verified by the DOE. In 2016, the DOE evaluated the documents submitted and requested additional information to further process the application for conversion.

On September 18, 2018, the Group has re-submitted the Five-Year Work Program in support for the processing of the Group's application for the conversion of its COC. As at report date, the conversion is still subject to the approval of the DOE.

21. 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.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 982 9100
Fax : +632 982 9111
Website : www.reyestacandong.com

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

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

We have audited the accompanying consolidated financial statements of Coal Asia Holdings Incorporated (the Company) and Subsidiary as at December 31, 2017 and 2018 and for the years ended December 31, 2018, 2017 and 2016, on which we have rendered our report dated April 26, 2019.

In compliance with Securities Regulation Code Rule 68, we are stating that the Company has twenty-seven (27) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1021-AR-2 Group A
Valid until March 27, 2020
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 7334331
Issued January 3, 2019, Makati City

April 26, 2019
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Coal Asia Holdings Incorporated and Subsidiary (the Group) as at December 31, 2018 and 2017 and for each of the years ended December 31, 2018, 2017 and 2016 and have issued our report dated April 26, 2019. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedule of Adoption of Effective Accounting Standards and Interpretations as at December 31, 2018
- Schedule of Financial Soundness Indicators as at December 31, 2018, 2017 and 2016
- Proceeds from initial offering as at December 31, 2018:
  - (i) Gross and net proceeds as disclosed in the final prospectus;
  - (ii) Actual gross and net proceeds;
  - (iii) Use of proceeds; and
  - (iv) Balance of the proceeds as at the end of the reporting period.
- Conglomerate Map as at December 31, 2018
- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2018
- Schedules as required by Part II of SRC Rule 68, as Amended as at December 31, 2018

These supplementary schedules are presented for purposes of complying with Securities Regulation Code Rule 68, as amended, and are not part of the basic consolidated financial statements. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
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April 26, 2019
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

DECEMBER 31, 2018

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary			✓
PFRSs Practice Statement 2: Making Materiality Judgments	✓		

Philippine Financial Reporting Standards (PFRSs)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19 (Revised): Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27 (Amended): Investment Entities			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-32	Intangible Assets - Web Site Costs			✓

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2018, 2017 AND 2016

	2018	2017	2016
Current assets	**₱12,931,310**	₱42,888,329	₱47,546,874
Current liabilities	**38,581,973**	45,385,921	19,726,337
Liquidity ratio	**0.34:1**	0.94:1	2.41:1
Net loss before depreciation	**(₱8,248,067)**	(₱7,754,441)	(₱13,449,188)
Total liabilities	**43,322,195**	49,605,563	29,056,401
Solvency ratio	**(0.19):1**	(0.16):1	(0.46):1
Total liabilities	**₱43,322,195**	₱49,605,563	₱29,056,401
Total equity	**3,889,349,450**	3,897,657,214	3,905,633,829
Debt-to-equity ratio	**0.0111:1**	0.0127:1	0.0074:1
Total assets	**₱3,932,671,645**	₱3,947,262,777	₱3,934,690,230
Total equity	**3,889,349,450**	3,897,657,214	3,905,633,829
Asset-to-equity ratio	**1.01:1**	1.01:1	1.01:1
Net loss	**(₱8,307,764)**	(₱7,976,615)	(₱13,967,727)
Total assets	**3,932,671,645**	3,947,262,777	3,934,690,230
Return on asset	**(0.21%)**	(0.20%)	(0.35%)
Net loss	**(₱8,307,764)**	(₱7,976,615)	(₱13,967,727)
Total equity	**3,889,349,450**	3,897,657,214	3,905,633,829
Return on equity	**(0.21%)**	(0.20%)	(0.36%)

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF PROCEEDS FROM INITIAL OFFERING

DECEMBER 31, 2018

(i) GROSS AND NET PROCEEDS AS DISCLOSED IN THE FINAL PROSPECTUS

The estimated gross proceeds from the offer will amount to ₱800,000,000. The estimated net proceeds from the offer of the shares, after deducting the estimated related expenses to the offer, will amount to ₱726,868,750 and will accrue to the Group.

The following table shows the breakdown of the estimated offer proceeds:

Gross proceeds	₱800,000,000
Estimated expenses	73,131,250
Net proceeds	₱726,868,750

(ii) ACTUAL GROSS AND NET PROCEEDS

Gross proceeds	₱800,000,000
Actual expenses	51,790,085
Net proceeds	₱748,209,915

(iii) USE OF PROCEEDS

Working capital	₱126,868,750
Exploration work for Davao Oriental Project	581,796,367
Exploration work for Zamboanga Sibugay Project	52,283,378
	₱760,948,495

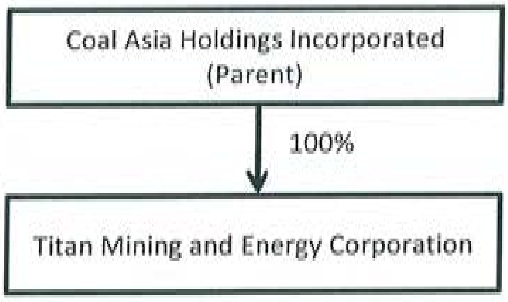
(iv) BALANCE OF PROCEEDS AS AT THE END OF THE REPORTING PERIOD

Net proceeds	₱748,209,915
Accumulated interest income	13,393,420
Disbursements	(760,948,495)
	₱654,840

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONGLOMERATE MAP

DECEMBER 31, 2018



COAL ASIA HOLDINGS INCORPORATED

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2018

Deficit, beginning of year	(₱78,180,349)
Net loss based on the face of AFS	(2,444,133)
Net loss actually earned/realized during the year	(80,624,482)
Less appropriation during the year	–
Deficit, as adjusted, end of year	(₱80,624,482)

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SEC Supplementary Schedule as Required by Part II of SRC Rule 68 as Amended
DECEMBER 31, 2018

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COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements

DECEMBER 31, 2018

Name and designation of debtor	*Balance at beginnning of period*	*Additions*	*Deductions*		*Ending Balance*		*Balance at end of period*
			Amounts collected	*Amounts written off*	*Current*	*Not current*	
Advances to TMEC	₱537,386,253	₱26,200,000	₱–	₱–	₱563,586,253	₱–	₱563,586,253

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

E. Long-term Debt

DECEMBER 31, 2018

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount shown under caption "Loan payable - net of current portion " in related balance sheet*	*Amount shown under caption "Loan payable" in related balance sheet*
Term loan	₱30,312,000	₱–	₱– *Stated interest rate – 9% per annum* *Payable in 36 monthly instalments*

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

H. Capital Stock

DECEMBER 31, 2018

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statements of financial position caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Capital Stock - ₱1 par value	5,000,000,000	4,000,000,004	–	1,920,000,000	1,280,000,000	800,000,0004

107302019003646

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	CS201210314
Company Name	COAL ASIA HOLDINGS INCORPORATED
Industry Classification	Financial Holding Company Activities
Company Type	Stock Corporation

Document Information

Document ID	107302019003646
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
Document Code	17-Q
Period Covered	June 30, 2019
No. of Days Late	0
Department	CFD
Remarks	

C S 2 0 1 2 0 3 1 4

SEC Registration Number

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

(Company's Full Name)

3F JTKC CENTER 2155 Chino Roces Avenue, Makati City

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

Johnson A. Sanhi Jr.

(Contact Person)

818-6772

(Company Telephone Number)

1 2 | 3 1
Month *Day*
(Fiscal Year)

1 7 – Q
(Form Type)

0 4 | 3 0
Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

27

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

COAL ASIA HOLDINGS INCORPORATED

SEC FORM 17–Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2019**

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: **1231**

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

8. Issuer's telephone number, including area code **(02) 818–6772**

9. Former name, former address and former fiscal year, if changed since last report **Not Applicable**

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

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

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

    Yes [•] No [ ]

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

    Philippine Stock Exchange – **Common Shares**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)–1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
    Yes [x] No []

    (b) has been subject to such filing requirements for the past ninety (90) days.
    Yes [x] No [ ]

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

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	5	**1,439,708**	10,619,011
Advances to related parties	15	**1,841,009**	1,464,711
Funds held in escrow	6	**667,502**	654,840
Other current assets	7	**295,527**	192,748
Total Current Assets		4,243,746	12,931,310
Noncurrent Assets			
Coal reserves	4	**3,131,596,101**	3,131,596,101
Exploration and evaluation asset	8	**612,411,885**	585,755,321
Property and equipment	9	**167,027,297**	187,025,922
Net deferred tax assets	17	**14,311,621**	14,311,621
Other noncurrent asset	7	**1,051,370**	1,051,370
Total Noncurrent Assets		**3,926,398,274**	3,919,740,335
TOTAL ASSETS		**3,930,642,020**	3,932,671,645
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**8,534,711**	8,556,596
Advances from related parties	15	**31,825,377**	30,025,377
Total Current Liabilities		**38,564,174**	38,581,973
Noncurrent Liabilities			
Retirement benefits liability	13	**4,740,222**	4,740,222
Total Noncurrent Liabilities		4,740,222	4,740,222
Total Liabilities		**45,100,310**	43,322,195
Equity			
Capital stock		**4,000,000,004**	4,000,000,004
Deficit		**(114,623,610)**	(110,815,870)
Other equity reserve		**165,316**	165,316
Total Equity		**3,885,541,710**	3,889,349,450
TOTAL LIABILITIES AND EQUITY		**3,930,642,020**	3,932,671,645

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the Quarter Ended June 30	
	Note	2019	2018
GENERAL AND ADMINISTRATIVE EXPENSES	11	(2,089,931)	(1,828,029)
INTEREST EXPENSE		–	(46,136)
INTEREST INCOME		67,943	279,983
LOSS BEFORE INCOME TAX		(2,021,988)	(1,594,182)
PROVISION FOR INCOME TAX		–	–
NET LOSS		(2,021,988)	(1,594,182)
OTHER COMPREHENSIVE INCOME (LOSS)		–	–
TOTAL COMPREHENSIVE LOSS		(2,021,988)	(1,594,182)
BASIC/DILUTED LOSS PER SHARE	18	(0.0005)	(0.0004)

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the Six-Month Period Ended June 30	
	Note	**2019**	2018
GENERAL AND ADMINISTRATIVE EXPENSES	11	**(3,882,140)**	(4,918,250)
INTEREST EXPENSE		–	(112,601)
INTEREST INCOME		**74,400**	294,203
LOSS BEFORE INCOME TAX		**(3,807,740)**	(4,736,648)
PROVISION FOR INCOME TAX		–	–
NET LOSS		**(3,807,740)**	(4,736,648)
OTHER COMPREHENSIVE INCOME (LOSS)		–	–
TOTAL COMPREHENSIVE LOSS		**(3,807,740)**	(4,736,648)
BASIC/DILUTED LOSS PER SHARE	18	**(0.0010)**	(0.0012)

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the Six-Month Period Ended June 30		
	Note	2019	2018
CAPITAL STOCK - 1 par value Authorized - 5,000,000,000 shares Issued and outstanding - 4,000,000,004 shares		**4,000,000,004**	4,000,000,004
DEFICIT			
Balances at beginning of year		**(110,815,870)**	(102,508,106)
Net loss		**(3,807,740)**	(4,736,648)
Balances at end of year		**(114,623,610)**	(107,244,754)
OTHER COMPREHENSIVE INCOME (LOSS)			
Balances at beginning of year		**165,316**	165,316
Remeasurement gain (loss) on retirement benefits liability		–	–
Balances at end of year		**165,316**	165,316
		3,885,541,710	3,892,920,566

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six-Month Period Ended June 30		
	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(3,807,740)**	(4,736,648)
Adjustments for:			
Interest expense		–	112,601
Interest income	5	**(74,400)**	(294,203)
Depreciation and amortization	9	**2,086**	43,696
Provision for unrecoverable input VAT	7	**66,000**	60,000
Operating loss before change in working capital		**(3,814,054)**	(4,814,554)
Decrease (increase) in:			
Funds held in escrow		**(12,662)**	4,983,078
Other current assets		**(168,779)**	3,564,353
Restricted cash		–	–
Increase (decrease) in trade and other payables		**(21,885)**	(831,505)
Net cash generated from (used for) operations		**(4,017,380)**	2,901,372
Interest paid		–	(112,601)
Income tax paid		–	(17,687)
Interest received		**74,400**	294,203
Net cash provided by (used in) operating activities		**(3,942,980)**	3,065,287
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation asset		**(6,660,024)**	(5,679,595)
Collections (advances) to related parties		**(376,298)**	(322,354)
Net cash used in investing activities		**(3,655,974)**	(6,001,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loan		–	(4,664,324)
Increase in advances from a stockholder		**1,800,000**	–
Net cash provided by (used in) financing activities		**1,800,000**	(4,664,324)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9,179,303)**	(7,600,986)
CASH AND CASH EQUIVALENTS, JANUARY 1		**10,619,011**	30,954,930
CASH AND CASH EQUIVALENTS, JUNE 30		**1,439,708**	23,353,944

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

General Information

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

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

On October 23, 2012, the Parent Company became a publicly listed company. As at June 30, 2019, 4,000,000,004 common shares of the Parent Company at ₱1 par value are listed in the Philippine Stock Exchange (PSE). Of those shares, are publicly-owned as at June 30, 2019.

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

Status of Operations

As at June 30, 2019, 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.

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

On September 11, 2018, the Group submitted the required documents to the National Commission on Indigenous People (NCIP) for the issuance of 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 CP and the certified true copy approving the CP precondition from the NCIP. As at report date, the conversion of the titled properties to development and production phase is pending approval of the DOE.

COC No. 166. On September 18, 2018, the Group has re-submitted the Five-Year Work Program in support for the processing of the Group's application for the conversion of its COC. As at report date, the conversion is still subject to the approval of the DOE.

The significant delays in the conversion of the COCs to development and production phase have significantly reduced the Group's operating funds. Remaining balance of funds held in escrow, representing unutilized portion of proceeds from the Parent Company's IPO amounted to ₱0.67 million as at June 30, 2019.

These conditions indicate a material uncertainty that may cast a significant doubt on the Group's ability to commence commercial operations and continue as a going concern.

The Group's management, however, are confident that the conversion to development and production stage of areas covered by the COCs will be approved by the DOE.

Moreover, stockholders have committed to provide continuous financial support to meet not only the Group's pre-operating activities but also the start-up of the development and production phase when these COCs are approved.

2. Summary of Significant Accounting and Reporting Policies

Basis of Preparation

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

Measurement Bases

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes placeeither:

- In principal market for the asset or liability; or
- Intheabsenceofaprincipalmarket, inthemostadvantageousmarketfortheassetorliability

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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in Note 16 to the consolidated financial statements.

Basis of Consolidation

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

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

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

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

Accounting Policies of a Subsidiary. The 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 statements 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 and loss (FVPL), includes transaction cost.

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

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

As at June 30, 2019, the Group does not have financial assets and liabilities at FVPL and FVOCI.

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

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through 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 June 30, 2019, the Group's cash and cash equivalents, advances to related parties, time deposit included in funds held in escrow, receivable from an officer, receivables from incidental sale of coal and other receivables presented under "Other current assets" account and restricted cash presented as "Other noncurrent asset" account 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 June 30, 2019, the Group has classified its trade and other payables (excluding statutory payables), advances from related parties and loan payable 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 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 other comprehensive income 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 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 loss allowances at an amount equivalent to the 12-month ECL for receivables on which credit risk has not increased significantly since initial recognition and for debt instruments that are determined to have low credit risk at the reporting date.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. ECL for credit-impaired financial assets is based on the difference between the gross carrying amount and present value of estimated future cash flows.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Receivable from Sale of Coal and Other Receivables. The Group has applied the simplified approach in measuring the ECL on accounts receivable from stock transfer services. Simplified approach requires that ECL should always be based on the lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial instruments, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements 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 Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

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

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the 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 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.

Other Current Assets

Other current assets include input value-added tax (VAT), advances to officers and employees and prepayments.

Input VAT. Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Group's current VAT liability. Input VAT is stated at net realizable value (NRV).

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for not more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrentassets.

Advances to Officers and Employees. Advances to officers and employees pertain to expenses paid by the Group on behalf of its officers and employees. These are initially recorded at transaction price and subsequently measured at the undiscounted amount of cash or other considerations expected to bereceived.

Coal Reserves

Coal reserves are proven and probable coal reserves, which are defined as the estimated quantities of coal which geological data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Coal reserves are carried at historical cost less impairment losses, if any. Coal reserves are amortized upon the commencement of production on a unit of production basis, which is the ratio of coal production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated future development costs. Changes in the estimates of coal reserves or future development costs are accounted for prospectively.

Exploration and Evaluation Asset

Pre-license costs. Pre-license costs relate to costs incurred before the Group has obtained the legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analyzing that data. These costs are expensed in the period in which they are incurred.

Exploration and Evaluation Assets. Exploration and evaluation asset is carried at cost less accumulated impairment losses, if any.

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

Exploration and evaluation activity includes:

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

Exploration and evaluation expenditures are recognized as asset when future economic benefit is more likely than not to be realized. These costs include materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further evaluation costs incurred to exploration and evaluation asset up to the point when a commercial reserve is established. Capitalized exploration and evaluation expenditure is considered as tangible assets.

Exploration and evaluation asset is transferred to development cost under "Property and equipment" 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 assets are assessed for impairment before these are reclassified. Any impairment loss is recognized in profit or loss.

No amortization was charged during the exploration and evaluation phase.

Property and Equipment

Property and equipment, except land, are carried at cost less accumulated depreciation and any impairment losses. Land is carried at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts such as property and equipment when the asset recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Depreciation is calculated on the straight-line basis over the estimated useful lives of the property and equipment as shown below:

	Number of Years
Drilling equipment	10
Land improvements	10
Laboratory and camp buildings	10
Survey equipment and machineries	3
Laboratory and testing equipment	5
Transportation equipment	5
Office furniture and equipment	3

The estimated useful lives and depreciation 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 any impairment in value are removed from the accounts. Any resulting gain or loss is recognized to profit or loss.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further change for depreciation is made in respect of these assets.

Construction in progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

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 is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Exploration and Evaluation 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.

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

Deficit
Deficit represents the cumulative balance of net losses.

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

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

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Gain on Incidental Sale of Coal. Gain on incidental sale of coal is recognized when risks and rewards of ownership of goods have passed to the buyer and the amount of revenue can be measured reliably.

Other Income. Income from other sources is recognized when earned during the period.

Cost and 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. General and administrative expenses constitute cost of administering the business. These are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Operating Leases
Leases, which do not transfer to the Group substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term.

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 service costs, comprising of current service costs, past service costs and income, gains and losses on curtailments and non-routine settlements; and interest expense in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs and income are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment; and the date that the Group recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement benefits liability is the present value of the retirement liability. The present value of the defined benefit obligation (DBO) is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) 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 tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on 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 Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

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 operating segment is related to mining operations.

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 the consolidated financial statements when material.

3. Significant Accounting Judgment, Accounting Estimate and Assumptions

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

Determination of Operating Segments. Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Group's chief operating decision maker. The Group is organized into one reportable segment which is related to coal mining operations. All significant operating decisions are based upon the analysis of the Group as one segment. Accordingly, the financial information about the sole business segment is equivalent to the consolidated financial statements of the Group.

Classification of Lease Commitment - Group as a Lessee. The Group has lease agreement for its office space. The Group has determined that the risk and rewards of ownership related to the leased property are retained by the lessor. Accordingly, the lease is accounted as operating lease.

Rent expense amounted to ₱0.4 million in June 30, 2019, and ₱0.4 million in June 30, 2018, respectively (see Note 19).

Assessing ECL on Financial Assets at Amortized Cost. The Group estimates ECL of receivables from incidental sale of coal and other receivables using provision matrix. The provision rates are based on days past due for groupings of receivables with similar credit risk characteristics and loss patterns. The provision matrix is based on the Group's historical default rates and is adjusted for forward-looking estimates, as appropriate. The Group has no observed default experience from receivables from incidental sale of coal and other receivables. Consequently, the resulting lifetime ECL on receivables from incidental sale of coal and other receivables is considered not significant.

The Group's advances to related parties are non-interest bearing and payable on demand. These exposures are considered to be in default when there is evidence that the related party is in significant financial difficulty such that it will have insufficient liquid assets to repay its obligation upon demand. This is assessed based on a number of factors including key liquidity and solvency ratios. Relying on the 90 days past due rebuttable presumption is not considered an appropriate backstop indicator given the lack of contractual payment obligations due throughout the life of the loan. After taking into consideration the related parties' ability to pay depending on the sufficiency of liquid assets and available forward-looking information, the risk of default of the related parties are assessed to be minimal.

For cash and cash equivalents, time deposits included in funds held in escrow and restricted cash, the Group applies low credit risk simplification. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The resulting ECL for these financial assets is considered insignificant because the counterparty banks have no history of default and have good credit ratings.

Estimation of 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 ofreserves.

As the economic assumptions used may change and as additional geological information is obtained during the exploration and evaluation of the mine properties, estimates of reserves may change. The changes may impact the Group's reported financial position and results which include:

- The carrying amount of exploration and evaluation asset and property and equipment may be affected due to changes in estimated future cash flows; and
- The recognition and carrying amount of deferred tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

Assessment for Recoverability of Input VAT. The carrying amount of input VAT is adjusted to the extent that it is probable that revenue subject to output VAT will be available to allow all or part of the input VAT and deferred input VAT to be utilized. Any allowance for probable loss is maintained at a level considered adequate to provide for potentially probable loss. The level of allowance is based on past application experience and other factors that may affect realizability.

Allowance for probable loss amounted to ₱2.0 million and ₱1.9 million as at June 30, 2019 and December 31, 2018, respectively. The carrying amount of input VAT is nil as at June 30, 2019(see Note 7).

Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends;
- Significant changes or planned changes in the use of the assets;
- Significant changes in the estimation of coal reserves;
- Expiration of the right to explore the areas;
- Significant unbudgeted or unplanned expenditures for exploration and evaluation; and
- Management's decision to discontinue activities in specific areas.

Financial assets at amortized cost are considered as credit-impaired when contractual payments are 90 days past due and the counterparty is unlikely to settle its obligation to the Group, as evidenced by the following, among others:

- Significant financial difficulty or insolvency;
- Breach of financial covenants;
- Probability that the counterparty will enter bankruptcy or other financial reorganization.

No provision for impairment losses on the Group's financial assets was recognized in June 30, 2019.

The carrying amounts of financial assets at amortized cost that were subjected to impairment testing are disclosed in Note 15.

Capitalization of Exploration and Evaluation Expenditure. The capitalization of exploration and evaluation expenditure requires judgment in determining whether there are future economic benefits from future exploitation or sale of coal reserves. The capitalization requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

As at June 30, 2019, exploration and evaluation asset amounted to ₱612.4 million (see Note 8).

Estimation of 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.

Based on management's assessment, there is no change in estimated useful lives of property and equipment in June 30, 2019. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Depreciation and amortization amounted to ₱20.0 million and ₱43.2 million in June 30, 2019 and December 31, 2018, respectively. As at June 30, 2019 and December 31, 2018, depreciable property and equipment, net of accumulated depreciation and allowance for impairment loss, amounted to ₱167.0 million and ₱187.0 million, respectively (see Note 9).

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

Recoverable amount of an asset is higher of is its fair value less 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 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.

No impairment loss on other nonfinancial assets was recognized in June 30, 2019 and December 31, 2018. The carrying amounts of other nonfinancial assets are as follows:

	Note	**June 30, 2019**	December 31, 2018
Coal reserves	4	**₱3,131,596,101**	₱3,131,596,101
Exploration and evaluation asset	8	**612,411,885**	585,755,321
Property and equipment	9	**167,027,297**	187,025,922
Advances to officers and employees		**–**	–
		₱3,911,035,283	₱3,904,377,344

Estimation of 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 14 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.

Recognition of 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.

Contingencies. The estimate of the probable costs for the resolution of possible claims have been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results.

There are on-going litigations filed against the Group that would not have a material adverse impact on the Group's financial condition and results of operations.

4. Coal Reserves

The Parent Company acquired TMEC in 2012 (see Note 1) in exchange for Parent Company's common shares valued at ₱3,200.0 million. The Parent Company recognized the portion of consideration amounting to ₱3,131.6 million as coal reserves.

In December 31, 2018, 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:

	December 31, 2018
Coal price	$58/MT
Foreign exchange rate	₱54.00:$1
Discount rate	15.50%
Estimated coal	17.3 MMT

The cash flow 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 No. 159 and COC No. 166 is at 9 years and 5 years, respectively. The average forecast period for COC No. 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.

Cash and cash equivalents, advances to related parties, Funds held in escrow, Receivables from incidental sale of coal, Receivable from an officer, Other receivables, Trade and other payables, advances from related parties, and loans payable. The carrying amounts of these financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Restricted cash. The carrying amounts of this financial instrument approximate their fair value. The effects of not discounting the cash flows from these instruments were determined by management to be insignificant.

17. Income Taxes

TMEC is entitled to the following incentives under the COC:

- Exempt from all national taxes except for income tax; and
- Exempt from payment of tariff duties, compensating tax and value-added tax on importations of machinery and equipment, spare parts and materials required for the Coal Operation subject to terms and conditions in the COC.

The Group has no provision for current income tax in June 30, 2019 since it has no taxable income.

18. Basic and Diluted Loss Per Share

Basic and diluted loss per share are computed as follows:

	June 30, 2019	June 30, 2018
Net loss	**₱ 3,807,740**	₱ (4,736,648)
Divided by weighted average number of common shares outstanding	**4,000,000,004**	4,000,000,004
Basic/diluted loss per share	**₱0.0010**	**₱0.0012**

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

19. Commitments and Contingencies

The Group has the following contractual commitments:

Lease Agreement

The Group has a lease agreement with its related party under common control, JTKC Equities, Inc., valid until July 31, 2015 and renewable upon mutual consent of both parties. In 2017, the Group renewed the lease agreement but with lesser area. Rental expense amounted to ₱0.4 million in June 30, 2019 (see Note 12).

COCs with DOE

The Government, through the DOE, awarded COCs to TMEC. The exploration phase under the COCs is for 2 years and can be extended for another 2 years upon the approval of the DOE. The development and production phase commences when the DOE and TMEC agrees on the existence of Coal Reserves in Commercial Quantity subject to the terms and conditions in the COC. As at December 31, 2018, 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 June 30, 2019 and December 31, 2018, TMEC has incurred ₱599.2 million and ₱585.8 million, respectively, for the direct implementation of the work program for the exploration phase of these COCs.

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 Department of Energy (DOE) has re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. The Group agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves on December 31, 2018.

On September 11, 2018, the Group submitted the required documents to the National Commission on Indigenous People (NCIP) for the issuance of 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 CP and the certified true copy approving the CP precondition from the NCIP. As at report date, the conversion of the titled properties to development and production phase is pending approval of the DOE.

In 2017, the DOE granted various PTS for incidentally produced coal within the Group's COC No. 159 area. Gain on sale of incidental coal presented as "Other income" account amounted to ₱0.9 million in 2017.

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. TMEC remitted nil, ₱45,278 and ₱179,675 in 2018, 2017 and 2016, respectively.

COC 166. In 2014, COC No. 166's term for exploration expired. The Group, however, is working on the extension of the COC. As required, the Group has submitted to the DOE the Result of Exploration covering the exploration activities conducted and estimates of the resultant coal resource and reserve of the property, which have been verified by the DOE. In 2016, the DOE evaluated the documents submitted and requested additional information to further process the application for conversion.

On September 18, 2018, the Group has re-submitted the Five-Year Work Program in support for the processing of the Group's application for the conversion of its COC. As at report date, the conversion is still subject to the approval of the DOE.

Contingencies
The Group is currently involved in various legal proceedings, which are normal to its business. The Group does not believe these proceedings will have a material adverse effect on the Group's financial position.

20. Operating Segments

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.

Item 2. Management's Discussion and Analyses of Results of Operations and Financial Condition

Summary of Financial Information

The following table represents the summary of financial information for COAL from January 1 to June 30, 2019.

COAL's Summary Unaudited Consolidated Financial Information as at June 30, 2019	
Amounts are Php	
Consolidated Statement of Comprehensive Income	
Sales	-
Cost of Sales	-
Gross Profit	-
Operating Income	-
Income (loss) before income tax	(3,807,740)
Net Income (loss)	(3,807,740)
Consolidated Statement of Financial Position	
Assets	
Cash	1,439,708
Funds held in escrow	667,502
Advances to Affiliates	1,841,009
Prepayments and other current assets	295,527
Total Current Assets	**4,243,746**
Exploration and evaluation assets	612,411,885
Property, plant and equipment –net	167,027,297
Intangible asset	-
Coal Reserves	3,131,596,101
Deferred Tax Asset	14,311,621
Other Noncurrent Asset	1,051,370
Total Non–Current Assets	**3,926,398,274**
TOTAL ASSETS	**3,930,642,020**
Liabilities and Equity	
Trade and other payables	8,534,711
Advances from related parties	31,825,377
Total Current Liabilities	**40,360,088**
Retirement benefit liability	4,740,222
Total Non–Current Liability	**4,740,222**
Capital Stock	4,000,000,004
Deficit	(114,623,610)
Remeasurement loss on retirement benefit liability	165,316
Stockholders' Equity	**3,885,541,710**
TOTAL LIABILITIES AND EQUITY	**3,930,642,020**
Key Indicators	
Gross Profit Margin (%)	-
Net Income (loss) Margin (%)	-
Return on Asset (%)	-
Return on Equity(%)	-
Current Ratio(x)	0.11:1.00
Total Liabilities to Equity (x)	0.01:1
Earnings Per Share (Basic) (Php 0.0000)	(0.0010)
Book Value Per Share (Php 0.0000)	0.9714

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YTD June 30, 2019 vs. YTD June 30, 2018

General and Administrative Expenses

General and Administrative expenses decreased by ₱1.0 million or 21% was due to decreased mainly in salaries and wages.

Net Operating Loss Margin

Operating loss decreased by ₱1.0 million or 21% due to decreased on general and administrative expenses.

Interest Income

Interest income decreased by 75% due to decreased on balance of cash and cash equivalents .

Interest Expense

Interest Expense decreased by ₱0.1 million or 100% since the Group has no existing loans payable as of June 30, 2019

Net Income and Net Income Margin

The net loss of the Group decreased by ₱1.0 million or 20%. This represent decreased on general and administrative expenses.

Second Quarter June 30, 2019 vs. Second Quarter June 30, 2018

General and Administrative Expenses

General and Administrative expenses increased by ₱.3 million or 14% due to increase on professional fee and other expenses during the quarter of 2019.

Net Operating Loss Margin

Operating loss Increased by ₱0.3 million or 14% due to increase on general and administrative expenses.

Interest Income

Interest income decreased by 76% due to decreased on balance of cash and cash equivalents.

Interest Expense

Interest Expense decreased by ₱0.05 million or 100% since the Group has no existing loans payable as of June 30, 2019.

Net Income and Net Income Margin

The net loss of the Group increased by ₱0.4 million or 27%. This represent increased on general and administrative expenses interest income decreases.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2019 vs. December 31, 2018

Cash and cash equivalents
Cash and cash equivalents decreased by ₱9.2 million or a 86% from ₱10.6 million to ₱1.4 million due to withdrawal of cash equivalents for working capital of the Group.

Funds held in escrow
No major change on fund held in escrow of the group. Interest income recognized in June 30, 2019 amounting to ₱12,662.

Prepayments and other current assets
The increased of ₱0.1 million or a 53% from ₱0.3 million to ₱0.2 million was due to advances to officers and employees for business purposes.

Exploration and evaluation assets
The ₱26.7 million increased in exploration and evaluation assets or a 5% increase from ₱585.8 million to ₱612.4 million comprised of ₱20.0 million depreciation expenses and ₱6.7 million for cash–paid on pre – development of COC areas.

Property and Equipment
The net 11% decrease from ₱187.0 million to ₱167.0 million of property and equipment pertains to depreciation. There was no additional purchase of property and equipment during the period.

Liabilities
Total liabilities of the Group have minimal decreased in trade and other payables.

Equity
Capital position of the Group went down by ₱3.8 million due to net loss for the period.

In this interim period:

- There are no known trends, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity.

- There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

- There are no off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated or other persons created during the reporting period.

- There are no known trends, events, or uncertainties that have had or that are reasonably expected to have materially favorable or unfavorable impact on net revenues or income from continuing operations.

- There are no significant elements of income and loss that did not arise from continuing operations.

Other Financial Information

As of and for period ended June 30, 2019:

- No material changes on COAL's financial position (changes of 5% or more) can be computed as the Company has only been incorporated on June 11, 2013.
- 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 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.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

	June 30, 2019	June 30, 2018
Current assets	**4,243,746**	27,002,266
Current liabilities	**40,360,088**	39,872,405
Liquidity ratio	**0.11:1.00**	0.67:1.00
Net loss before depreciation	**(3,901,930)**	(4,692,949)
Total liabilities	**45,100,310**	44,092,047
Solvency ratio	**(0.08):1.00**	(0.11):1.00
Total liabilities	**45,100,310**	44,092,047
Total equity	**3,885,541,710**	3,892,920,566
Debt–to–equity ratio	**0.01:1.00**	0.01:1.00
Total assets	**3,930,642,020**	3,937,012,613
Total equity	**3,885,541,710**	3,892,920,566
Asset–to–equity ratio	**1.01:1.00**	1.01:1.00
Net loss	**(3,807,740)**	(4,736,648)
Total assets	**3,930,642,020**	3,937,012,613
Return on asset	**(0.00):1.00**	(0.00):1.00
Net loss	**(3,807,740)**	(4,736,648)
Total equity	**3,885,541,710**	3,892,920,566
Return on Equity	**(0.00):1.00**	(0.00):1.00

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY
AGING OF TRADE AND OTHER RECEIVABLES
JUNE 30, 2019

	Total	Current	1-30 days	31-60 days	61-90 days	120 days or more
Trade Receivable	₱150,728	₱–	₱–	₱–	₱–	₱150,728
Other Receivables	3,969	–	3,969	–	–	–
Total	₱154,697	₱–	₱3,969	₱–	₱–	₱154,697

COAL ASIA HOLDINGS INCORPORATED

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS

AVAILABLE FOR DIVIDEND DECLARATION JUNE 30, 2019

Unappropriated Retained Earnings (Deficit), beginning	(₱ 110,815,870)
Unappropriated Retained Earnings (Deficit), as adjusted to amount available for dividend declaration, beginning	(₱ 110,815,870)
Net income (loss) based on the face of AFS	(3,807,740)
Net loss actually earned/realized during the year	(114,623,610)
Less appropriation during the year	–
Unappropriated Retained earnings (deficit) available for dividend declaration, end	(₱114,623,610)

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SEC Supplementary Schedule as Required by Part II of SRC Rule 68 as Amended
JUNE 30, 2019

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COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements

June 30, 2019

			Deductions		Ending Balance		
Name and designation of debtor	*Balance at beginning of period*	*Additions*	*Amounts collected*	*Amounts written off*	*Current*	*Not current*	*Balance at end of period*
Advances to TMEC	₱563,586,253	₱6,745,000	₱–	₱–	₱570,331,253	₱–	₱570,331,253

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

H. Capital Stock

June 30, 2019

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statements of financial position caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Capital Stock - ₱1 par value	5,000,000,000	4,000,000,004	-	1,920,000,000	1,280,412,005	9,587,999

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

Issuer: **COAL ASIA HOLDINGS INCORPORATED**
By:

JOHNSON A. SANHI JR.
President/Chief Operating Officer
July 26, 2019

RDdomingo
ROLANDO P. DOMINGO
Chief Financial Officer
July 26, 2019

Coal Asia Holdings Incorporated
Utilization of IPO Proceeds
As of June 30, 2019

Net Proceeds	726,868,750
Add: Accumulated Interest Income, June 30, 2019	13,961,578
	740,830,328
Less: Disbursements	(740,162,826)
Balance as of June 30, 2019	**667,502**

Details of Disbursements:

1)	**Working Capital**	126,868,750
	Q4 2012	
2)	**Davao Oriental Project**	
	Exploration Work	168,764,566
	Mine Development Cost	392,246,132
3)	**Zamboanga Sibugay Project**	
	Exploration Work	52,283,378
		740,162,826

By:

JOHNSON A. SANHI JR.
President/Chief Operating Officer
July 26, 2019

ROLANDO P. DOMINGO
Chief Finance Officer
July 26, 2019