COVER SHEET

CS201210314
SEC Registration Number

COAL ASIA HOLDINGS, INC.

(Company's Full Name)

3RD FLOOR JTKC CENTER, 2155 CHINO ROCES AVE,. MAKATI CITY

ERIC PETER Y. ROXAS

8813-8892
Company Telephone Number

12 Month 31 Day
Fiscal Year

Month Day
Annual Meeting

Preliminary Information Statement (SEC Form 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

RATIONALE FOR AGENDA ITEMS

Agenda Item No. 4. Approval of the Minutes of the Previous Annual Meeting of Stockholders held on 4 DECEMBER 2025

A copy of the Minutes for the 2025 Annual Stockholders' Meeting held last 4 December 2025 is currently posted on the Corporation's website (https://coalasiaholdings.com/minutesstockholdersmeetings.html) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2025 Annual Stockholders' Meeting.

Agenda Item No. 5. Approval of the Minutes of the Previous Special Meeting of Stockholders held on 11 FEBRUARY 2026

A copy of the Minutes for the 2026 Special Stockholders' Meeting held last 11 February 2026 is currently posted on the Corporation's website (https://coalasiaholdings.com/minutesstockholdersmeetings.html) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2026 Special Stockholders' Meeting.

Agenda Item No. 6. Approval of Y2025 Operations and Results

A report on the highlights of the financial performance of the Corporation for the year ended 31 December 2025 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 51 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 2025 AFS shall also be presented to the stockholders.

Agenda Item No. 7. 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 4 December 2025 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. 8. Election of Directors for 2026 to 2027

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 23 JUNE 2026 until their successors shall have been duly elected and qualified.

Agenda Item No. 9. 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 2026. 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 2026.

Stockholders are given the opportunity to raise questions regarding the operations and report of the Corporation through the e-voting platform. A section for stockholder comments/questions or a "chatbox" shall also be provided in the live streaming platform. Questions will be responded to during the annual stockholders' meeting before the end of the proceedings. Due to the limited time, however, not all questions may be responded to during the live stream of the annual stockholders' meeting. Questions not addressed at the meeting proper, including those that may be received during the live stream, will be responded to via email by the corporate officers concerned.

Guidelines for Participating via Remote Communication and Voting *in Absentia*

The 2026 Annual Stockholders' Meeting (ASM) of Coal Asia Holdings Incorporated (the "Corporation") will be held on 23 JUNE 2026 at 2:00 P.M. The close of business on 9 JUNE 2026 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.

The Board of Directors of the Corporation has approved and authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote in absentia or by proxy.

REGISTRATION

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering until 22 JUNE 2026, 5:30 p.m. via https://www.coalasiaholdings.com/ and by submitting the following requirements and documents, subject to verification and validation:

For individual stockholders

1. Full Name of Stockholder
2. Scanned copy of a Valid Government ID
3. E-mail address
4. Mobile No.
5. Whether or not a proxy will be appointed for the meeting
    a. If Yes, kindly provide the following:
        i. Proxy Form
        ii. Proxy Valid ID
        iii. Proxy Contact number
        iv. Proxy E-mail Address
6. Total Number of Shares
7. Stock Certificate Number/s (if certificated shares); Certification from broker (for uncertificated shares)

For corporate stockholders

1. Scanned copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation
2. Scanned copy of a Valid Government ID of the authorized representative
3. E-mail address of the authorized representative
4. Mobile No. of the authorized representative
5. Total Number of Shares
6. Stock Certificate Number/s (if certificated shares); Certification from broker (for uncertificated shares)

PCD Participants/Brokers

1. Scanned copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the PCD Participant/Broker
2. Scanned/Digital copy of the certificate of shareholdings issued by the PCD/Broker
3. Scanned copy of a Valid Government ID of the authorized representative
4. E-mail address of the authorized representative
5. Mobile No. of the authorized representative

Notes

1. *Please refrain from sending duplicate and inconsistent information/documents as these can result in failed registration. All documents/information shall be subject to verification and validation by the Corporation.*

2. *Please be informed that by providing us with the above documents, you consent to the Corporation's processing of your personal data in accordance with the Data Privacy Act for the purpose of validating your credentials and registration to participate and vote at the Corporation's annual stockholders' meeting.*

Should the stockholder wish to assign a proxy, the stockholder shall submit the proxy form upon registration.

ONLINE VOTING

1. Log-in to the e-voting platform by clicking the link, and using the log-in credentials, sent to the e-mail address of the shareholder to the Corporation.
2. Upon accessing the e-voting platform, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval is appended to the Notice of Meeting
    a. A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval
    b. For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

    Note: A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (7 directors) multiplied by the number of his shares 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 shall not exceed the number of shares owned by the stockholder

3. The e-voting platform will likewise contain a field wherein stockholders may send their comments/questions.
4. Once the stockholder has finalized his vote and questions, he/she can proceed to submit the form by clicking the "Submit" button. The stockholder may no longer modify his/her vote thereafter.

ASM LIVESTREAM

The ASM will be broadcast live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will be sent to their e-mail addresses upon registration.

OPEN FORUM

During the virtual meeting, after all items in the agenda have been discussed, the Corporation will have the Question and Answer Portion, during which, the meeting's moderator will read and where representatives of the Corporation shall answer questions and comments received from stockholders, as time will allow.

Stockholders may send their questions in advance through the e-voting platform on or before 2:00 P.M. on 23 JUNE 2026. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Corporation via e-mail.

For complete information on the annual meeting, please visit https://www.coalasiaholdings.com/

PROXY FORM

The undersigned stockholder of Coal Asia Holdings Incorporated (the "Company") hereby appoints 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 23 JUNE 2026 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 Peter 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 minutes of previous Special Stockholders' Meeting.
____Yes ____No ____Abstain

4. Approval of 2025 Annual Report (Operations and Results).
____Yes ____No ____Abstain

5. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last Stockholders' Meeting to 23 JUNE 2026.
____Yes ____No ____Abstain

6. Appointment of Reyes Tacandong & Co. as external auditor.
____Yes ____No ____Abstain

7. 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 (IN HARD COPY TO THE OFFICE OF THE CORPORATE SECRETARY AT 3F JTKC CENTRE 2155 CHINO ROCES AVENUE PIO DEL PILAR, MAKATI CITY OR SOFTCOPY SUBMITTED THROUGH THE ASM ONLINE REGISTRATION PORTAL) ON OR BEFORE 16 JUNE 2026.

SECRETARY'S CERTIFICATE

I, ______________________________, Filipino, of legal age and with office address at ____, do hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of ______________________________ (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at ______________________________;

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Corporation held on _________________, the following resolution was passed and approved:

   "**RESOLVED**, that ______________________________ be authorized and appointed, as he is hereby authorized and appointed, as the Corporation's Proxy (the 'Proxy') to attend the 2026 annual meeting of the stockholders of Coal Asia Holdings Incorporated ('Coal Asia'), or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in Coal Asia and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Corporation;

   "**RESOLVED**, **FINALLY**, that Coal Asia be furnished with a certified copy of this resolution and Coal Asia may rely on the continuing validity of this resolution until receipt of written notice of its revocation."

3. The foregoing resolution has not been modified, amended or revoked in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in __________________________ on __________________________.

____
Printed Name and Signature of the
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on ____________________ in ____________________, affiant exhibited to me his/her Competent Evidence of Identity by way of ____________________ issued on ____________________ at ____________________.

Doc. No. ___;
Page No. ___;
Book No. ___;
Series of 2026.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

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 Centre, 2155 Don Pasong Tamo**
   Makati City

7. Registrant's telephone number, including area code: **(632) 8813-8892 to 97**

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

   Date : 23 JUNE 2026 (Tuesday)
   Time : 2:00 in the afternoon
   Venue : Via videoconference, in accordance with the rules of the SEC

9. Approximate date on which the Information Statement is to be sent or given to security holders:
   9 JUNE 2026.

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, ₱0.10 par value	**40,000,000,040 (as of 31 MARCH 2026)**

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	**23 JUNE 2026 (Tuesday)**
Time	**2:00 in the afternoon**
Place	**Videoconferencing in accordance with the rules of the SEC**

The approximate date on which the Information Statement will be sent or given to security holders is on 9 JUNE 2026 (Tuesday).

(b) The complete mailing address of the principal office of Coal Asia Holdings, Incorporated (the "Company") is at **3rd Floor, JTKC Centre, 2155 Pasong Tamo, Makati City.**

Item 2. Dissenters' Right of Appraisal

Sections 41 and 80 of the Revised 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 Revised 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.

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(A) As of 31 MARCH 2026, the Company has 40,000,000,040 common shares outstanding and each share is entitled to one vote. 1,842,132,734 (or 4.6%) 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 Special Stockholders' Meeting is **9 JUNE 2026.**

(C) 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 31 MARCH 2026;

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	38,109,526,086	95%

**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.*

(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 MARCH 2026.

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership		Citizenship	Percent of Class
Common	Harald R. Tomintz	10,000	Direct	Austrian	0.00
Common	Dexter Y. Tiu	1	Direct	Filipino	0.00
Common	Johnson A. Sanhi, Jr.	10,000	Direct	Filipino	0.00
Common	Eric Y. Roxas	2,000,000	Indirect	Filipino	0.00
Common	Arsenio M. Bartolome III	10	Direct	Filipino	0.00
Common	Juan Kevin G. Belmonte	10	Direct	Filipino	0.00
Common	Aristides Armas	2,100,0010	Direct	Filipino	0.00
Common	Rosanna T. Desiderio	10	Direct	Filipino	0.00
All directors and executive officers as a group		***4,120,041***			***0.00***

(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

As previously disclosed to the Commission and the Exchange, the stockholders of the Company executed a Share Purchase Agreement with certain entities, including an affiliate, for the sale and purchase of shares in the Company which resulted in change in control thereof.

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 2012/01 July 2024
Johnson A. Sanhi, Jr.	Director, President and Chief Operating Officer	July 2014/01 July 2024
Dexter Y. Tiu	Director and Treasurer	June 2012/01 July 2024
Eric Peter Y. Roxas	Director	June 2012/01 July 2024
Arsenio Bartolome III	Independent Director	August 2017/01 July 2024
Juan Kevin G. Belmonte	Independent Director	July 2012/01 July 2024
Aristides Armas	Independent Director	July 2012/01 July 2024
Rolando P. Domingo	Chief Financial Officer	June 2018/01 July 2024
Eric Peter Y. Roxas	Corporate Secretary	March 2025
Rosanna T. Desiderio	Chief Information Officer/ Investor Relations Officer/ Compliance Officer	June 2012/01 July 2024

Board of Directors

The present members of the Board of Directors ("BOD") were elected during the stockholders' meeting held on 4 DECEMBER 2025.

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, 72, Austrian, Chairman of the Board

Harald R. Tomintz is the Chairman of the Company. 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 Rekom Manila, and VATECH Phils., Inc. (2002-2004), member of the Executive Committee, Director of Semirara Coal Corporation (1992-1997), and Director of Ferrochrome Philippines (1992-1995). He holds a degree in Mechanical Engineering from BULME in Graz-Goesting and SZA Vienna, Austria.

Johnson A. Sanhi, Jr., 61, Filipino, President & Chief Operating Officer

Johnson A. Sanhi, Jr. has been with TMEC from 2010 to present. He was previously VP-Operations of Stronghold Steel Corporation. He was 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, 54, Filipino, Director and Treasurer

Dexter Y. Tiu, Filipino is the Treasurer and Director of the Company. Mr. Tiu is the Chairman and CEO of Pure Energy Holdings Corporation. 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, 63, Filipino, Director

Eric Y. Roxas is an incorporator and Director of the Company. Mr. Roxas is also a Director and President of Pure Energy Holdings Corporation. Concurrently, he is the President of Repower Energy Development Corporation and NexGen Energy Corporation. 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 Y. Tiu), Aristides S. Armas (by Mr. Johnson A. 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, 62, Filipino, Independent Director

Juan Kevin G. Belmonte is an Independent Director of the Corporation. He is also currently the President & CEO of Philstar.com, and Chairman of Nuvoland Philippines. He is concurrently a director of People Asia, Philstar Daily, Inc., IP Ventures Corporation, IP E-Games Corporation, and PhilPlans Inc. 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, 80, 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. Mr. Armas is concurrently an Independent Director of Pure Energy Holdings Corporation and NexGen Energy Corp. He earned his Bachelor of Arts degree and Bachelor of Science degree in Commerce from the De La Salle University.

Arsenio M. Bartolome III, 82, Filipino, Independent Director

Arsenio M. Bartolome III is the Chairman and President of Amber Properties, Inc and is concurrently a director in CIBI Foundation, 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, 72, Austrian, Chairman of the Board

Johnson A. Sanhi, Jr., 61, Filipino, President & Chief Operating Officer

Dexter Y. Tiu, 53, Filipino, Director and Treasurer

Rolando P. Domingo, 79, Filipino, Chief Financial Officer

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.

Rosanna T. Desiderio, 61, Filipino, Chief Information Officer, Investor Relations Officer, and 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 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

As of the date of this report, to the best of the Company's knowledge, 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

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

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	
		March 31 2026	December 31, 2025	**March 31, 2026**	December 31, 2025
Advances to related parties -					
Entities under common ownership	Advances for working capital	**₱–**	₱–	**₱2,050,940**	₱2,050,940
Advances from related parties:					
Stockholders	Advances for working capital	**₱–**	₱–	**₱–**	₱–
Entities under common ownership	Advances for working capital	**1,680,000**	11,301,812	**89,076,031**	87,396,031
		₱1,680,000	₱11,301,812	**₱89,076,031**	₱87,396,031
Trade payables -					
Entities under common ownership	Rental	**₱–**	₱–	**₱–**	₱–

Terms and Conditions

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 2025, 2024 and 2023.

Trade payables to related parties are unsecured, noninterest-bearing, generally settled in cash and are due and demandable.

Please refer to Note 13 (Related Party Transactions) on page 37 of the Unaudited Consolidated Financial Statements for the First Quarter of 2026.

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

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

The following table shows the aggregate compensation received by the directors and officers of the Company for calendar years 2025, 2024 and 2023.

NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION
Johnson A. Sanhi, Jr. *President & COO*				
Total for the Executive Officers as a group	2025	₱1,300,000		
	2024	₱1,300,000		
	2023	₱1,300,000		
Total for the Executive Officers & Directors as a group	2025	₱1,300,000		
	2024	₱1,300,000		
	2023	₱1,300,000		

For 2025, the estimated aggregate compensation paid to all officers and directions as a group amount to ₱1,300,000.00

Compensation of Directors

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

Standard Arrangements and other Arrangements

As of the date of this 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:

CEDRIC M. CATERIO
Partner

Reyes Tacandong & Co. audited the Company's statement of financial position as of 31 December 2025, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year ended 31 December 2025 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. Cedric M. Caterio.

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 last two (2) fiscal years for professional services rendered by the external auditors are as follows:

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

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

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 Special Stockholders' Meeting relating to the matters covered by Items 9 to 14.

Item 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

A. Title and amount of securities to be authorized/issued

B. Information required by Part II (B) of Annex C, as amended.

1. Common or Preferred Stock

a. Title and amount of securities to be authorized/issued: Common Shares: Authorized Capital Stock of P13B divided into 130,000,000,000 shares from P5B divided into 50,000,000,000 common shares

b. No change in class of shares and preferences: dividend, voting or pre-emptive rights. Please note that pre-emptive right is denied under the existing Articles of Incorporation.

c. N/A

d. The rights of common shares are described in the Articles & By-laws, and certain provisions of the Manual on Corporate Governance.

e. N/A

6. Market Information for Securities Other than Common Equity

NA/

7. Other Securities

N/A

C. Brief Description of Transaction in which securities are to be issued including:

1. **Name & approximate amount of consideration received/to be received by the registrant; and**

   90.3 to 105.1 of COAL shares for every 1 share at a low of P9.03 to P10.51 per share.

2. **Approximate amount devoted to each purpose for which the net proceeds have been or are to be used. TBD.**

3. **If the securities are to be issued other than in a public offering for cash, state reasons for the proposed authorization or issuance and the general effect upon the rights of existing security holders.**

Item 11. FINANCIAL AND OTHER INFORMATION

A. Information Required

1. **Audited FS for Y2025: Please see attachment to PIS**

2. **Management Discussion & Analysis and Plan of Operation: Y2025 AFS**

3. **Changes in and disagreements with accountants on accounting and financial disclosure: N/A**

4. **Statement as to whether or not representatives of the principal accountants for the current year/mostly recently completed FY are:**

(a) **Expected to be present at the meeting: YES**

(b) **Will have the opportunity to make a statement if they desire to do so: YES**

(c) **Are expected to be available to respond to questions: YES**

B. Incorporation by Reference

Paragraph (a) of this Item 11 is complied with, thus, the information contained in the annual report or previously filed statement / report may be incorporated by reference herein.

Item 12. Merger, Consolidation, Acquisition & Similar Matters

A. If action to be taken with respect to any transaction involving the following, furnish the information required by paragraph (b):

1. **Merger/consolidation of the registrant x x x: N/A**

2. **Acquisition by the registrant or any of its security holders of securities of another person: Through**

the share swap for approval during the SSM.

3. **Sale/other transfer of all or any substantial part of the assets of the registrant: For approval at the SSM.**

4. **Liquidation or dissolution of the registrant: N/A**

B. Registrants subject to paragraph (a) hereof shall furnish the following information:

1. **Coal Asia Holdings Incorporated/3rd Floor, JTKC Centre, 2155 Pasong Tamo, Makati City/(02) 8813-8892 to 97**

2. **Brief description of the general nature of the conducted by the other person: Water distribution, septage, bulk water distribution, treatment.**

3. **Summary of the material features of the proposed transaction, if set forth in a written document, file a copy thereof**

"*Amendments to the Articles of Incorporation*

a. *Change in Corporate Name of the Company from Coal Asia Holdings Incorporated to "Tubig Pilipinas Holdings Inc.";*

b. *Amendment in the Primary and Secondary Purposes of the Company*
   i. *Upon approval of the Securities and Exchange Commission ("**SEC**"), the primary purpose of the Company will read, thus:*
      1. *To engage in the business of holding companies engaged in the business of water distribution, supply, sewage, septage and bulk supply, and and their related activities;*
      2. *To vote its shareholdings in other companies and exercise all the rights of a shareholder under the Corporation Code and applicable laws;*
      3. *To purchase, acquire x x x;*
      4. *To enter into x x x;*
      5. *To purchase or otherwise acquire x x x;*
      6. *To engage in the business x x x;*
      7. *To purchase, own, sell x x x;*
      8. *To act as manufacturer's representative x x x;*
      9. *To act as managers x x x;*
      10. *To do other acts and things, necessary, desirable or appropriate for the attainment of these purposes;*
   ii. *And its Secondary Purposes, amended, to read thus:*
      1. *To carry on the general business of operating, managing, maintaining and rehabilitating waterworks, sewerage, and sanitation systems and services, specifically, for the distribution, supply and sale of potable water; the provision of sewerage and sanitation systems; the maintenance, development, repair and upgrading of water and wastewater facilities including water supply, treatment, distribution of water, sewerage and sanitation, metering and leakage control, customer service and billing; the construction, maintenance and operation of all necessary and convenient buildings, structures, dams, reservoirs, conduits, aqueducts, tunnels, purification plants, water mains, pipes, pumping stations, machineries, sanitary sewerages and other waterworks and the acquisition, lease, occupation or use of land rights of way and easement therein; the provision of allied and ancillary services; and undertaking such other activities incidental to the foregoing;*
      2. *To act as holding company for, and/or to carry on directly or indirectly, the business of generating energy derived from geothermal, nuclear including the use of small modular*

reactors (SMRs), natural gas, hydroelectric new and renewable energy including but not limited to utility scale ground solar farms, floating solar farms and rooftop solar power, wind farms for onshore and offshore, biomass and biogas power systems, and energy generation and other viable sources of power, for lighting and power purposes and whole selling the electric power to any corporation, public electric utilities and electric cooperatives and for carrying on of all necessary and convenient buildings, structures, machinery, sub-stations, transmission lines, poles, wires and other things and devices, and to acquire and hold water and flowage rights and to acquire, lease, hold, occupy or use land rights of way and easement therein; buying, selling, brokering, marketing or aggregating electricity to end-users; to provide power generation, electricity trading and electricity supply services to distribution utilities and other entities, including but not limited to, electric cooperatives to install, build, own, lease, maintain or operate power generation facilities, using renewable energy; and to engage in any and all acts which may be necessary, or convenient, in the furtherance of such power generation services to develop, construct, own, lease and operate electricity generation and/or distribution, and/or hydropower plants or related businesses; to engage in build-operate-transfer arrangements with the government, its branches, agencies and instrumentalities, and any non-government entity; act as consultants, contractors or principals in the business of developing, constructing, operating, repairing and maintaining of hydropower plants and systems and other power-generating or converting stations and in the manufacture, operation and repair of associated mechanical and electrical equipment; to carry on the general business of manufacture, generation, and/or transmission of electric power in accordance with existing laws, rules and regulations; and to carry on all business necessary or incident to all the foregoing; to purchase, acquire, own, lease, sell and convey real properties such as lands, buildings, factories, and warehouses and machineries, equipment and other personal properties as may be necessary or incidental to the conduct of the corporate business, including the importation of plants, machineries, equipment, and any and all implements necessary, desirable and required for the corporation's power generation, distribution, transmission systems and other matters related to but not confined to energy related businesses; to engage, operate and maintain water and electric facilities or make the necessary undertakings for the distribution of such facilities to consumers, and in relation thereto, engage in other allied services and business necessary for the conduct and maintenance of the above projects; to engage in the business of agriculture, plantations of any kind, farms, indoor farming, aquaculture, and akin industries and activities; Watershed conservation, forestry, and all other allied industries and activities; to engage in the business of generating of electricity and distribution of the same through waste energy with agricultural waste and commercial/residential and waste, and all other waste to energy power systems.

iii. *With the rest of the un-amended provisions in such articles re-numbered.*

c. *Increase in Authorized Capital Stock*
   i. *From PESOS: FIVE BILLION (P5,000,000,000.00) divided into FIFTY BILLION (50,000,000,000) shares with a par value of Ten Centavos (P0.10) per share, to PESOS: THIRTEEN BILLION (P13,000,000,000.00) divided into ONE HUNDRED THIRTY BILLION (130,000,000,000) shares with a par value of Ten Centavos (P0.10) per share;*
   ii. *And the subscription out of the increase of PESOS: EIGHT BILLION (P8,000,000,000.00) shall be at least twenty-five percent (25%) thereof or PESOS: TWO BILLION (P2,000,000,000.00), divided into TWENTY BILLION (20,000,000,000) shares, and out of such subscription, the paid-in capital shall be at least twenty-five percent (25%) thereof or PESOS: FIVE HUNDRED MILLION (P500,000,000.00);*

4. *Share Swap*

*The issuance by the Company of primary shares out of the increase in the Authorized Capital Stock at par value to Pure Water Corporation, Quadwater Corporation and, subject to the receipt of necessary approvals, CEF2 A09 B.V., in exchange for the transfer by them to the Company of up to one hundred percent (100%) of the outstanding capital stock of Tubig Pilipinas Group, Inc. ("**TPGI**"; and the transaction, the "**Share Swap**"), at a value determined based on an independent fairness opinion and valuation report.*

Further details on the Share Swap will be disclosed once the terms and conditions are finalized.

5. *Divestment of Titan Mining Energy Corporation*

*The divestment by the Company of its lone subsidiary, Titan Mining Energy Corporation ("**TMEC**"). Further details on the divestment of TMEC will be disclosed once the terms and conditions are finalized.*

6. *Other approvals related to the Resolutions above.*"

ITEM 12, B, (a), (b), (c) and (d), nos. 4,5,6, are stated in the registrant's and the other person's respective AFSs, annual report and other financial reports.

7. Statement as to whether any regulatory requirement must be complied with or approval must be obtained in connection with the transaction and if so, status of such compliance/approval: SEC approval to be obtained after approval by the stockholders at the SSM on 11 February 2026.

8. If report, opinion or appraisal relating to the transaction has been received from an outside party, and such report is referred to in the Proxy statement furnish the information below:

(a) Pricewaterhouse Coopers (PwC)

(b) Please see attached Valuation Report

(c) Please see attached Valuation Report

(d) Please see attached Valuation Report

(e) Please see attached Valuation Report

(f) Please see attached Valuation Report

9. N/A

D. OTHER MATTERS

Item 15. Action with Respect to Reports

NOT APPLICABLE. (https://coalasiaholdings.com/minutesstockholdersmeetings.html).

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 18. Other Proposed Action

1. AS MAY ARISE DURING THE MEETING.

Item 19. Voting Procedures

(a) Some actions to be taken at the Special Stockholders' Meeting may require the vote of the stockholders representing at least 2/3 of the Company's outstanding capital stock.

(b) Two inspectors, who are officers or employees of the Corporation, shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place. If no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend, then the appointment shall be made by the presiding officer of the meeting. For purposes of the ASM on 23 JUNE 2026, the Corporate Secretary and/or his representative together with the Compliance Officer, have been designated as inspectors who have been tasked to oversee the counting of votes.

(c) 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. For the purpose of the ASM, which will be held only in a virtual format, the stockholders may only vote through proxies or by remote communication (in absentia). The stockholders are encouraged to participate in the meeting by either of the following:

    i. by submitting duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City on or before 5:30 p.m. on 16 JUNE 2026.

    For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

    ii. by registering your votes on the matters to be taken up during the meeting through the e-voting platform set up for the purpose, the link for which will be sent to the stockholders after successful registration. Voting will be open until 2:00 in the afternoon of 23 JUNE 2026.

(d) The method of counting votes shall be in accordance with the general provisions of the Revised Corporation Code. The counting shall be done by the inspectors abovementioned

<u>Omitted Items</u>

Items 8, 9, 10, 11, 12, 13, and 14 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 Makati Metro Manila 26 MAY 2026.

ISSUER: COAL ASIA HOLDINGS INCORPORATED

ERIC PETER Y. ROXAS
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 P 1.00 per share.

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

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

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

- Change in primary purpose that the Company is organized primarily as a holding company to engage in different sources of energy and technologies for power or energy generation.

- Increase in the authorized capital stock from 5 billion to 50 billion shares with corresponding decrease in the par value of shares of stock from P=1.00 to P=0.10 per share.

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

Then on 22 December 2025 and 11 February 2026, the Board of Directors (BOD) and the stockholders of the Company respectively approved the amendment of its articles of incorporation, for the following:

- Change in corporate name to Tubig Pilipinas Holdings Inc.

- Change in primary purpose that the Company is organized primarily as a holding company to engage in the business of water distribution, supply, sewage, septage, bulk water supply and related activities.

- Increase in the authorized capital stock from 50 billion shares to 130 billion shares.

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 TMEC’s transition from exploration to actual commercial operation. This amendment was approved by the SEC on December 23, 2009. TMEC is involved in coal mining and energy-related business.

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

On ___________________, the Company divested its shares in its subsidiary in favor of ___________________________.

COC #159

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

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

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

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

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

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

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

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

On December 11, 2019 the DOE converted TMEC's COC from Exploration to Development and

Production Phase on the condition that TMEC shall secure NCIP's FPIC and/or CNO prior to the execution of development activities on the field.

COC #166

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

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

Coal Operating Contracts

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

COC #159

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

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

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

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

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

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

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

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

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

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

COC #166

As per DOE Certification dated 21 March 2025, the COC has been issued a Notice of Term Expiration as shown in the Department's letter of 22 January 2025. The Company subsequently submitted a Letter of Appeal to the DOE for COC 166 last February 18, 2025.

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

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

Ideal Location for Mining

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

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

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

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

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

Experienced Technical Management and Staff

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

<u>Experienced Executive Management</u>

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

<u>Exploration Work</u>

Davao Oriental Project

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

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

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

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

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

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

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

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

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

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

Development Plan

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

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

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

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

Mining Plan and Layout

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

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

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

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

Production and Operational Parameters

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

Production and Operational Parameters	
Total Mineable Reserves for Macopa and Sagasa (by Open Pit Extraction)	1.2 MMT
Mine Life	9 years
Annual Production	148,000 MT
Monthly Production	12,300 MT

Marketing Plan

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

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

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

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

Management Plan

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

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

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

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

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

KEY AFFILIATES IN THE MINING AND ENERGY INDUSTRY

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

Colossal Petroleum Corporation

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

Risks Related to the Company and its Subsidiary

Risks Inherent in the Mining Business

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

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

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

Risks Related to Exploration and Future Coal Reserves

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

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

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

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

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

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

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

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

Risks Related to Drilling and Mining Equipment

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

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

Risks Related to Customer Demand

The coal that will be produced from TMEC's Davao Oriental 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, the quality of its subsidiary's coal is comparable, if not superior, to that of other potential sources of coal both in the Philippines and other neighboring Asian countries.

Risks Related to Coal Price

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

Risks Related to Foreign Exchange

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

Risks Related to Domestics and International Competition

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

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

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

Risks Related to Limited Operating History and Track Record

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Reliance on Key Personnel

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

Risks Related to Labor Matters

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

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

Risks Related Philippine Laws and Regulations

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

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

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

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

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

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

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

Risks Related to Taxation

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

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

TMEC registered with the Board of Investment under the Omnibus Investment Code of 1987 for the exploration and development of indigenous thermal coal in Davao Oriental 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:

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 year mining plan, ECC, Permit to Sell incidental Coal Production from DOE; Amended 10Year Work Program and Feasibility Study covering Macopa and Sagasa submitted on October 2017 and December 2018. NCIP CP for Exploration acquired last December 14, 2018; preparations for FPIC for CP Development and__Production on going.

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 Project 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.

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

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

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

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

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

Risk Related to the Philippines

Risks Related to Political or Social Instability in the Philippines

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

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

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

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

Risk Related to Anti-Mining Groups

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

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

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

MOA with the NCIP on July 19, 2012 and the issuance of the Certification Precondition for Exploration on December 14, 2018.

Risk Related to Occurrence of Natural Catastrophes or Blackouts

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

Risk Related to Foreign Exchange Controls

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

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

Risks Related to the Shares

Risks Related to Market Volatility

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

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

(2) BUSINESS OF ISSUER

Products

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

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

Distribution of Products

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

Competition

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

Table 2: Coal Operating Contract (COC) holders

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

132	**First Asian Resource Mining Corp.**	Balamban, Cebu
134	**Sultan Energy Phils. Corporation**	Sultan Kudarat, South Cotabato
136,179,180	**SKI Energy Resources, Inc.**	Carmen, Asturias and Catmon, Cebu; Alpaco, Naga, Cebu
135	**SKI Construction Group, Inc.**	Cahumayan, Portland & Dungga, Danao City, Cebu
187	**SKI Mining Corp.**	Trento, Agusan del Sur
138	**Bonanza Energy Resources, Inc.**	Maitum, Sarangani Province and Ned, Lake Sebu, South Cotabato
142	**Visayas Multi-Minerals Mining and Trading Corporation**	Toledo City, Cebu
145	**Great Wall Mining and Power Corporation**	San Miguel &Tandag, Surigao del Sur
148	**Abacus Coal Exploration and Development Corp.**	Tandag, Surigao del Sur
149	**IL Rey'c Coal Mining Exploration Corp.**	Danao City, Cebu
151	**Guidance Management Corp.**	Calatrava, Negros Occidental
154	**DMC-Cons truction Equipment Resources, Inc.**	Bagumbayan, Sultan Kudarat
162	**ASK Mining & Exploration Corp.**	Cagwait-Marihatag, Surigao del Sur
165	**3Kings Sunrise Mining Corp.**	Carmen, Cebu
169,174,175	**Blackgem Resources & Energy Inc.**	Tarragona, Davao Oriental;Batan Island, Rapu-rapu, Albay; Cateel and Baganga, Davao Oriental
170	**Dell Equipment & Cons truction Corp.**	Sarangani & South Cotabato
171	**Cedaphil Mining Corp.**	Toledo City, Cebu
172	**Core 8 Mining Corp.**	Toledo City, Cebu
173	**BBB Mining and Energy Corp.**	Asturias, Carmen, Danao, Cebu
181	**Timberwolves Resources, Inc.**	Guigaquit, Surigao del Norte
182,200,202	**Altura Mining Philippines, Inc.**	Bagamanoc, Caramoran and Panganiban, Catanduanes; Rapu-Rapu, Albay; Bislig, Surigao del Sur
183	**Blackstone Mineral Resources, Inc.**	Naga, Zamboanga Sibugay
188	**Mega Philippines, Inc.**	Lake Sebu, South Cotabato; Palimbang, Sultan Kudarat; and Maitum, Sarangani

191	**South Davao Development Corp., Inc.**	San Jose and Magsaysay, Occidental Mindoro
192,201,203	**Empire Asia Mining Corporation**	Bislig and Lingig, Surigao del Sur; Kitcharao, Agusan del Norte;Bislig, Surigao del Sur & Trento, Agusan del Sur
193	**Coal Black Mining Corporation**	Tandag and Tago, Surigao del Sur
194, 195, 198,199	**Sahi Mining (SMC)**	Butuan City, Agusan del Norte and 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, Semirara Mining Corp. has entered the power generation business to find a ready market for their coal output.

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

Expenses on Development Activities

As of 31 December, 2024 TMEC, has no expenditure on exploration and development activities.

Costs and Effects of Compliance with Environmental Laws

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

Employees

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

	2025	**Next 12 months (pending conversion of COC)**
Administration and Accounting	1	1
Exploration and Development		
Regular	2	2
Contractual	0	0

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

Transaction with and/or Dependence of Related Parties

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

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

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

The aforementioned companies and TMEC are related parties under common ownership with certain stockholders of COAL.

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

Government Approvals on Products and Services

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

Environmental Laws

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

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

ITEM 2: PROPERTIES

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

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

All properties are free of any liens and encumbrances.

ITEM 3: LEGAL PROCEEDINGS

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

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

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

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

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

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 was first 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 2026 and 2025 are as follows:

Quarter	High	Low	Close
1Q 2026	0.028	0.028	0.028
1Q 2025	0.121	0.116	0.12
2Q 2025	0.138	0.138	0.138
3Q 2025	0.28	0.26	0.27
4Q 2025	0.028	0.028	0.028

The trading prices at the PSE for the year 2024 and 2023 are as follows:

Quarter	High	Low	Close
1Q 2024	0.144	0.14	0. 14
2Q 2024	0.194	0.0178	0.194
3Q 2024	0.15	0.141	0.141
4Q 2024	0.1720	0.116	0.155
1Q 2023	0.199	0.199	0.199
2Q 2023	0.165	0.163	0.165
3Q 2023	0.174	0.15	0.15
4Q 2023	0.12	0.12	0.12

As of the latest practicable trading date (31 March 2026), the price of the company's securities closed at ₱ 0.028.

(2) Holders of Common Equity

As of 31 March 2026, the Company had 19 stockholders as per its stock and transfer agent, Professional Stock Transfer, Inc. The list of shareholders reported by the Stock and Transfer Agent were as follows:

	Name of Stockholders	**No. of shares**	**Percent**
1	PCD Nominee Corp. (F and NF)	39,951,658,820	99.8791
2	Yan, Lucio W. Yan &/or Clara Y.	40,000,000	0.10%
3	Tacub, Pacifico B.	4,000,000	0.01%

4	Regina Capital Devt. Corp.	1,200,000	0.00%
5	Sucaldito, Enrique L.	1,000,000	0.00%
6	Mendoza, Roseller A.	650,000	0.00%
7	Comia Jr., Juan D.	500,000	0.00%
8	Puno, Orpha C.	220,000	0.00%
9	Young, Bartholomew Dybuncio	200,000	0.00%
10	Asuncion, Alexander G.	150,000	0.00%
11	Marana, Cenon Bienvenido C.	135,000	0.00%
12	Marana, Marie Jane C.	135,000	0.00%
13	Rayos Del Sol, Oscar M.	100,000	0.00%
14	Mariano, Maria Ana B.	20,000	0.00%
15	Limgenco, Dondi Ron R.	11,110	0.00%
16	Gili Jr, Guillermo F.	10,000	0.00%
17	Bes, Ronald S.	10,000	0.00%
18	Falcotelo, Matthew Henri H.	100	0.00%
19	Bautista, Joselito T.	10	0.00%
	Total	**40,000,000,0040**	**100.00%**

The Company only has one class of share, common shares, and all such common shares have equal voting rights.

As of 31 March 2026, 1,842,132,734 common shares are held by non-Filipinos, placing the foreign ownership level of the Corporation at 4.61%. 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. As of 31 December 2025, the Company has no unrestricted retained earnings.

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

For the year ended 31 December 2025, the Company has not issued any securities constituting an exempt transaction.

PART III - FINANCIAL INFORMATION

(A) Management's Discussion and Analysis

Plan of Operation

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

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

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

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

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

The following tables present the summary financial Statements and Independent Auditor's Report for the ended December 31, 2025, 2024, and 2023.

COAL's Summary Audited Consolidated Financial Information			
as at			
	2025	**2024**	**2023**
	(One year)	**(One year)**	**(One year)**
Amounts are in Php			
Consolidated Statement of Comprehensive Income			
Sales	-	-	-
Cost of Sales	-	-	-
Gross Profit	-	-	-
General and Administrative Expenses	-25,537,745	-22,272,894	-22,168,229
Provision for Impairment Loss on EEA	-1,386,970,068	-936,045,824	-211,922,923
Operating Income	-1,412,507,813	-234,091,152	-234,091,152
Other Income	-	-	750,000
Interest Income	8,360	8,360	1,171
Finance Cost	-	-	-

Income (loss) before income tax	-1,412,506,430	-958,310,358	-233,338,783
Provision For (Benefit From) Income Tax - Deferred	-15,951	-11,507	-1,198
Net Income (loss)	-1,412,490,839	-958,298,851	-233,338,783
Consolidated Statement of Financial Position			
Assets			
Cash and cash equivalents	1,282,156	790,316	506,818
Funds held in escrow	-	-	-
Advances to Affiliates	2,050,940	2,050,940	2,070,917
Prepayments and other current assets	-	-	449,293
Total Current Assets	**3,333,096**	**2,841,256**	**3,027,028**
Coal Reserves & Exploration and evaluation assets	899,461,326	2,286,431,394	3,222,477,218
Property, plant and equipment –net	22,739,580	37,403,605	49,749,965
Deferred Tax Asset	-	-	-
Other Noncurrent Asset	1,089,465	1,089,465	1,082,925
Total Non-Current Assets	**923,290,371**	**2,324,924,464**	**3,273,310,108**
TOTAL ASSETS	**926,623,467**	**2,327,765,720**	**3,276,337,136**
Liabilities and Equity			
Trade and other payables	12,890,289	13,348,567	10,004,964
Advances from related parties	89,396,031	75,635,941	69,275,381
Current portion of loans payable	-	-	-
Income tax payable	-	-	-
Total Current Liabilities	**100,286,320**	**88,984,508**	**79,291,595**
Loan Payable-net of current portion	-	-	-
Retirement benefit liability	602,790	540,425	494,396
Deferred Tax Liability	1,164,205	1,179,796	1,191,303
Total Non-Current Liability	**1,766,995**	**1,720,221**	**1,685,699**
Capital Stock	4,000,000,004	4,000,000,004	4,000,000,004
Deficit	3,178,758,774	-1,766,267,935	-807,969,084
Other Comprehensive income	3,328,922	3,328,922	3,328,922

Stockholders' Equity	**824,570,152**	**2,237,060,991**	**3,195,359,842**
TOTAL LIABILITIES AND EQUITY	**926,623,467**	**2,327,765,720**	**3,276,337,136**
Key Indicators			
Gross Profit Margin (%)	-	-	-
Net Income (loss) Margin (%)	-	-	-
Return on Asset (%)	-	-	-
Return on Equity (%)	-	-	-
Current Ratio(x)	0.01:1.00	0.03:1.00	0.04:1.00
Total Liabilities to Equity (x)	.01:1.00	.04:1.00	.03:1.00
Earnings Per Share (Basic) (Php 0.0000)	-0.353	-0.240	-0.058
Book Value Per Share (Php 0.0000)	0.2061	0.5593	0.7988

Additional Disclosures for issuers with no revenues from operations in two (2) fiscal years

(1) The Company is planning will continue processing its permitting applications with, among others, the Department of Energy and the National Commission on Indigenous Peoples, in order to pursue commercial operations.
(2) As stated in the Consolidated Financial Statements for 2025 of the Company, the Group has not started commercial operations because of the delays in getting necessary approvals from the government of its COCs. This reduced the Group's operating funds. However, there is the commitment of the majority stockholders to provide continuing financial support not only for the Group's pre-operating activities but also for its working capital requirements when the Group starts commercial operations. There are no plans to raise additional funds from any public offering within the next twelve (12) months.
(3) There are no product research and development planned within the next twelve (12) months.
(4) There are no expected purchase or sale of plant and significant equipment within the next twelve (12) months.
(5) There are no expected significant changes in the number of employees within the next twelve (12) months.

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

Sales

There were no sales for 2025, 2024 and 2023. TMEC focused on exploration of its COC areas and is awaiting conversion to development and production from the Department of Energy.

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

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

General and Administrative Expenses

General and administrative expenses amounted to ₱25.54M, due mainly to personnel costs, professional fees, communication expense, depreciation expense and taxes.

Interest Expense

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

No interest expense incurred for the year 2025.

Interest Income

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

Other Income

No sale of incidental produced coal since 2018.

Net Income

As a result of the foregoing, The Group realized net loss of ₱1,412.49 Million, ₱958.3 Million, ₱233.3 Million in 2025, 2024, and 2023, respectively.

B. Consolidated Statement of Financial Position

December 31, 2025 vs. December 31, 2024
Cash and Cash Equivalent

Cash and cash equivalents increased by ₱0.49 Million or 62%, to ₱01.28 Million as of December 31, 2025 from ₱0.79 Million as of December 31, 2024 was due mainly on additional exploration assets, rehabilitation of access roads, repayment of loan and other working capital expenses.

Advances to Affiliates

These were advances to related parties under common control for working capital purposes. These are unsecured, non-interest bearing, and generally settled in cash and payable upon demand. The balance as of December 31, 2025 was ₱2.05 Million.

Funds held in escrow

This pertains to the proceeds of IPO which are kept separate and distinct from all other funds in the custody of the Custodian Bank. As of December 31, 2025, the balance is Nil.

Prepayments and Other Current Assets

Prepayments and other current assets is Nil since 2024.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were decreased by Nil due to impairment.

Property, Plant and Equipment

Property, Plant and Equipment were decreased by ₱14.66 Million or 39% due to depreciation incurred during the year.

Coal Reserves

Coal Reserves is now amounted to ₱0.90 Billion as of December 31, 2025. This represents the fair value of the coal reserve acquired as a result of the business combination. Based on the review of the recoverable amount of the Group's nonfinancial assets, management determined that there are no impairment losses in property and equipment.

Deferred Tax Assets

Deferred tax assets balance is Nil as of December 31, 2025 and December 31, 2024.

Other Noncurrent Asset

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

Trade and Other Payables

Trade and other payables decreased by ₱0.45 Million, to ₱12.89 Million as of December 31, 2025 from ₱13.34 Million as of December 31, 2024.

Advances from Related Parties

These advances are unsecured, non-interest bearing, and generally settled in cash and payable upon demand. The advances of the Parent Company to TMEC amounting to ₱89.4 Million and ₱75.6 Million as at December 31, 2025 and 2024.

Loan Payable

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

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

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

Retirement Benefit Liability

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

Deficit

Deficit amounted to ₱3,178.76 Million as of end December 31, 2025. Deficit increased because of increased expenses and no sales during the year.

December 31, 2024 vs. December 31, 2023
Cash and Cash Equivalent

Cash and cash equivalents decreased by ₱0.28 Million or 55%, to ₱0.79 Million as of December 31, 2024 from ₱0.51 Million as of December 31, 2023 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, 2024 was ₱2.0 Million.

Funds held in escrow

This pertains to the proceeds of IPO which are kept separate and distinct from all other funds in the custody of the Custodian Bank. As of December 31, 2024, the balance is Nil.

Prepayments and Other Current Assets

Prepayments and other current assets is Nil since 2024.

Exploration and Evaluation Assets

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

Property, Plant and Equipment

Property, Plant and Equipment were decreased by ₱12.34 Million or 25% due to depreciation incurred during the year.

Coal Reserves

Coal Reserves is now amounted to ₱2.29 Billion as of December 31, 2024. This represents the fair value of the coal reserve acquired as a result of the business combination. Based on the review of the recoverable amount of the Group's nonfinancial assets, management determined that there are no impairment losses in property and equipment.

Deferred Tax Assets

Deferred tax assets balance is Nil as of December 31, 2024 and December 31, 2023.

Other Noncurrent Asset

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

Trade and Other Payables

Trade and other payables increased by ₱3.34 Million, to ₱13.34 Million as of December 31, 2024 from ₱10.00 Million as of December 31, 2023.

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 ₱75.0 Million and ₱69.0 Million as at December 31, 2024 and 2023.

Loan Payable

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

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

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

Retirement Benefit Liability

Retirement Benefit Liability amounted to ₱0.54 Million of December 31, 2024, this is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

Deficit

Deficit amounted to ₱1,766.27 Million as of end December 31, 2024. Deficit increased because of increased expenses and no sales during the year.

Consolidated Statement of Financial Position

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 P3,200.00 million. The Parent Company recognized the portion of consideration amounting to ₱3,131.6 Million as coal reserves.

In 2025 and 2024, the Group carried out a review of the recoverable amount of its coal reserves, exploration and evaluation assets, property and equipment, and intangible assets. The impairment test is based on value in use calculations using discounted cash flow approach from the Group's operations.

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

	2025	2024
Coal price	**$100/MT**	$197/MT
Foreign exchange rate	**₱58.877:$1**	₱58.01:$1
Discount rate	**11.48%**	11.48%
Estimated coal	**17.3 MMT**	17.3 MMT

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

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

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

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

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

Exploration and Evaluation Asset

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

Exploration and evaluation activity include:

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

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

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

The assets, liabilities, income and expense and operating and investing cash flows as at and for the year ended December 31, 2024 from the exploration for and evaluation of coal resources are as follows:

	2025	2024
Total assets	**P305,911,467**	**P626,803,146**
Total liabilities	**1,766,994**	**619,331,319**
Expenses	**328,345,005**	**79,759,008**
Net cash used in operating activities	**(4,328,190)**	**267,642**
Net cash used in investing activities	**(1,853,533)**	**(6,604,550)**
Net cash provided by financing activities	**6,800,000**	**6,400,000**

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

COC #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:

	2025
Balance at beginning of year	P90,881,117
Additions for the year	-
Impairment for the year	90,881,117
Cost at the end of year	P-

The Group obtained an independent valuation report using the discounted cash flow approach to estimate the value of the coal reserves. The expected net present value of the coal reserve is estimated at P 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 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 are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

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

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

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

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

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

Revenue Recognition of Sale of Coal

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

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

Other Financial Information

As of and for period ended December 31, 2025:

- No material changes on COAL's financial position (changes of 5.00% or more).
- 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.

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 30 May 2023.

For the meetings of the Board in 2025, the following directors were present:

DIRECTOR	12 SEPTEMBER	4 DECEMBER	22 DECEMBER	%
1. Harald R. Tomintz	✓	✓	✓	100
2. Johnson A. Sanhi Jr.	✓	✓	✓	100
3. Dexter Y. Tiu	✓	✓	✓	100
4. Eric Y. Roxas	✓	✓	✓	100
5. Juan Kevin G. Belmonte	✓	✓	-	75
6. Aristides S. Armas	-	✓	✓	100
7. Arsenio M. Bartolome III	-	✓	✓	100

For the meeting of the Audit Committee in 2024, the following members were present:

MEMBERS	APRIL 20	%
1. Eric Y. Roxas	-	0
2. Aristides S. Armas	✓	100
3. Arsenio M. Bartolome III	✓	100

PART VI - EXHIBITS AND SCHEDULES

Exhibits

Please refer to the attached audited consolidated financial statements as of and for the year ended 31 December 2025, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes, Tacandong & Co. Please see also the unaudited interim financial statements for period ended 31 MARCH 2026.

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 2021 (SEC FORM 17-A) FREE OF CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

ERIC PETER Y. ROXAS
THE CORPORATE SECRETARY
COAL ASIA HOLDINGS INCORPORATED
3RD FLOOR JTKC CENTER
2155 DON CHINO ROCES AVENUE MAKATI CITY

Coal Asia Holdings

Reliable energy resources through responsible mining

3rd Floor, JTKC Centre, 2155 Pasong Tamo, Makati City, Philippines

MINUTES OF THE ORGANIZATIONAL (REGULAR) MEETING OF THE BOARD OF DIRECTORS HELD ON 4 DECEMBER 2025 AT THE PRINCIPAL OFFICE ADDRESS AT 11:15 A.M..

==

PRESENT:

HARALD R. TOMINTZ	-	Chairman
DEXTER Y. TIU	-	Treasurer
JOHNSON A. SANHI, JR.	-	President & CEO
ERIC PETER Y. ROXAS	-	Corporate Secretary
JUAN KEVIN G. BELMONTE	-	Independent Director
ARSENIO M. BARTOLOME III	-	Independent Director

ALSO PRESENT:

ROSANNA T. DESIDERIO	-	CHIEFINFORMATIONOFFICER /INVESTOR RELATIONS OFFICER/ COMPLIANCE OFFICER
GLENN Z. YAP		
MICHELLE EUNICE C. ROXAS		

I. **PROOF OF CALL & CONFIRMATION OF NEWLY-ELECTED DIRECTORS**

The Chairman, Mr. Harald R. Tomintz, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Eric Peter Y. Roxas, certified that the following have been duly elected as members of the Board of Directors for the year 2025, namely:

HARALD R. TOMINTZ
DEXTER Y. TIU
JOHNSON A. SANHI, JR.
ERIC PETER Y. ROXAS
ARISTIDES S. ARMAS
JUAN KEVIN G. BELMONTE
ARSENIO M. BARTOLOME III

II. **CERTIFICATION OF QUORUM**

Thereupon, Mr. Roxas certified that six out of the seven newly elected directors are present and that a quorum exists for the transaction of business. He then proceeded to record the minutes of the meeting.

III. **PRESIDENT'S OPERATIONS & PERFORMANCE REPORT**

The Chairman noted that the President's Report was already taken up during the Annual Stockholders' Meeting held immediately prior to the organizational meeting of the Board of Directors.

Forthwith, upon motion duly made and seconded, the President's Report was noted with approval by the Directorate.

IV. ELECTION OF CORPORATE OFFICERS FOR Y2025

The Corporate Secretary read out the names of the nominees as corporate officers for the year 2025. Upon motion duly made and seconded, the following were elected as Corporate Officers for the year 2025, namely:

NAME	POSITION
1. Harald R. Tomintz	Chairman
2. Johnson A. Sanhi, Jr.	President and Chief Executive Officer
3. Dexter Y. Tiu	Treasurer
4. Eric Peter Y. Roxas	Corporate Secretary
5. Rolando P. Domingo	Chief Financial Officer
6. Rosanna T. Desiderio	Chief Information Officer/ Investor Relations Officer/ Compliance Officer

\- to act as such for one year and/or until their successor/s shall have been elected and qualified into office.

V. APPOINTMENT OF COMMITTEE MEMBERS FOR 2025-2026

Upon motion duly made and seconded, the following were designated to committees set out opposite their names, with their respective positions therein, thus:

COMMITTEE	MEMBERS
Corporate Governance Committee	Chairman: Arsenio M. Bartolome III Members : Aristides S. Armas Juan Kevin G. Belmonte
Risk and Audit Committee	Chairman: Aristides S. Armas Members : Arsenio M. Bartolome III Eric Peter Y. Roxas

A

Furthermore, Mr. Arsenio M. Bartolome III was named as Lead Independent Director.

VI. APPROVAL OF RESOLUTION

Upon motion duly made and seconded, the Board of Directors passed, approved and confirmed the following resolution, thus:

RESOLUTION

========================

In re Appointment of External Auditor for Y2025

"RESOLVED, that the appointment of the auditing firm, REYES, TACANDONG AND COMPANY (RTC) as the Corporation's external auditor for the Y2025, be, as it is hereby APPROVED, RATIFIED and CONFIRMED."

VII. ADJOURNMENT

Upon motion duly made and seconded, the Chairman declared the meeting adjourned at 11:25 A.M..

CERTIFIED CORRECT:

HARALD R. TOMINTZ
Chairman

ERIC PETER Y. ROXAS
Corporate Secretary

ATTEST:

DEXTER Y. TIU
Director

JOHNSON A. SANHI, JR.
Director

JUAN KEVIN G. BELMONTE
Director

ARSENIO M. BARTOLOME III
Director

The following document has been received:

Receiving: RICHMOND CARLOS AGTARAP
Receipt Date and Time: May 19, 2026 11:56:29 AM

Company Information

SEC Registration No.: CS201210314
Company Name: COAL ASIA HOLDINGS INCORPORATED
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST105192026811443731
Document Type: Quarterly Report
Document Code: SEC_Form_17-Q
Period Covered: March 31, 2026
Submission Type: Original Filing
Remarks: None

Acceptance of this document is subject to review of forms and contents

C S 2 0 1 2 0 3 1 4

SEC Registration Number

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

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

(Company's Full Name)

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

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

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

Johnson A. Sanhi Jr.

(Contact Person)

8818-8892

(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

20

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

COAL ASIA HOLDINGS INCORPORATED

SEC FORM 17–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 **March 31, 2026**

2. Commission identification number **CS201210314**

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: **1230**

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

8. Issuer's telephone number, including area code **(02)8813-8992**

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	**40,000,000,040**

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

    Yes [x] No [ ]

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

    Philippine Stock Exchange – Common Shares

12. 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
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2026
(With Comparative Figures as of December 31, 2025)

	Note	**Unaudited** **March 31, 2026**	Audited December 31, 2025
ASSETS			
Current Assets			
Cash and cash equivalents	5	**1,248,873**	1,282,156
Advances to related parties	15	**2,050,940**	2,050,940
Funds held in escrow	6	–	–
Other current assets	7	**32,400**	–
Total Current Assets		**3,332,213**	3,333,096
Noncurrent Assets			
Coal reserves and exploration asset	4	**899,461,326**	899,461,326
Exploration and evaluation asset	8	–	–
Property and equipment	9	**23,352,323**	22,739,580
Net deferred tax assets	18	–	–
Other noncurrent asset	7	**1,089,465**	1,089,465
Total Noncurrent Assets		**923,903,114**	923,290,371
		927,235,327	926,623,467
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**12,852,839**	12,890,289
Advances from related parties	15	**89,076,031**	87,396,031
Income tax payable		–	–
Total Current Liabilities		**101,928,870**	100,286,320
Noncurrent Liabilities			
Retirement benefits liability	14	**602,790**	602,790
Net deferred tax liability	10	**1,179,796**	1,164,205
Total Noncurrent Liabilities		**1,782,586**	1,766,995
Total Liabilities		**103,711,456**	102,053,315
Equity			
Capital stock		**4,000,000,004**	4,000,000,004
Deficit		**(3,176,476,133)**	(3,178,758,774)
Other equity reserve	14	–	3,328,922
Total Equity		**823,523,871**	824,570,152
		927,235,327	926,623,467

See accompanying Notes to Consolidated Financial Statements

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2026

(With Comparative Figures for the Year Ended December 31, 2025)

		Unadited	Audited
	Note	**March 31, 2026**	December 31, 2025
GENERAL AND ADMINISTRATIVE EXPENSES	13	**(740,570)**	(25,537,745)
PROVISION FOR IMPAIRMENT LOSS ON EEA		–	(1,386,970,068)
INTEREST INCOME	5	**355**	1,383
OTHER INCOME		–	–
LOSS BEFORE INCOME TAX		**(740,215)**	(1,412,506,430)
PROVISION FOR (BENEFIT FROM) INCOME TAX	19		
Current		**–**	–
Deferred		**–**	(15,591)
		–	(15,591)
NET LOSS		**(740,215)**	(1,412,490,839)
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on retirement benefits liability - net of deferred tax	15	**–**	–
Effect of change in tax rate		**–**	–
		–	–
TOTAL COMPREHENSIVE LOSS		**(740,215)**	(1,412,490,839)
BASIC/DILUTED LOSS PER SHARE	19	**(0.00)**	(0.035)

See accompanying Notes to Consolidated Financial Statements

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2026

(With Comparative Figures for the Three Months Ended March 31, 2025)

		Unaudited March 31	
	Note	**2026**	2025
GENERAL AND ADMINISTRATIVE EXPENSES	13	**(740,570)**	(5,231,497)
INTEREST EXPENSE	12	–	–
INTEREST INCOME	5	**355**	430
LOSS BEFORE INCOME TAX		**(740,215)**	(5,231,068)
PROVISION FOR (BENEFIT FROM) INCOME TAX	19		
Current		**–**	–
Deferred		**–**	–
		–	–
NET LOSS		**(740,215)**	(5,231,068)
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on retirement benefits liability - net of deferred tax	15	**–**	–
TOTAL COMPREHENSIVE LOSS		**(740,215)**	(5,231,068)
BASIC/DILUTED LOSS PER SHARE	19	**(0.00)**	(0.00)

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2026
(With Comparative Figures for the Year Ended December 31, 2025)

	Note	**Unaudited** **March 31, 2026**	Audited December 31, 2025
CAPITAL STOCK - 1 par value			
Authorized - 50,000,000,000 shares			
Issued and outstanding - 40,000,000,004 shares		**4,000,000,004**	4,000,000,004
DEFICIT			
Balances at beginning of year		**(3,178,792,722)**	(1,766,267,935)
Net loss		**(740,215)**	(1,412,524,787)
Balances at end of year		**(3,179,532,937)**	(3,178,792,722)
OTHER COMPREHENSIVE INCOME (LOSS)			
Balances at beginning of year	15	**3,328,922**	3,328,922
Effect of change in tax rate			–
Remeasurement gain (loss) on retirement benefits liability		**–**	–
Balances at end of year		**3,328,922**	3,328,922
		823,795,989	824,536,204

See accompanying Notes to Consolidated Financial Statements

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2026
(With Comparative Figures for the Three Months Ended March 31, 2025)

		Unuadited March 31	
	Note	**2026**	2025
CAPITAL STOCK - 1 par value			
Authorized - 50,000,000,000 shares			
Issued and outstanding - 40,000,000,004 shares		**4,000,000,004**	4,000,000,004
DEFICIT			
Balances at beginning of year		**(3,178,792,722)**	(1,766,267,935)
Net loss		**(740,215)**	(5,231,068)
Balances at end of year		**(3,179,532,937)**	(1,771,499,003)
OTHER COMPREHENSIVE INCOME (LOSS)			
Balances at beginning of year	15	**3,328,922**	3,328,922
Remeasurement gain (loss) on retirement benefits liability		**–**	–
Balances at end of year		**–**	3,328,922
		823,795,989	2,231,829,923

See accompanying Notes to Consolidated Financial Statements

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2026
(With Comparative Figures for the Three Months Ended March 31, 2025

		Unaudited March 31	
	Note	**2026**	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(740,570)**	(5,231,068)
Adjustments for:			
Provision for probable loass on input VAT		**–**	–
Depreciation and amortization	9	**–**	3,901,399
Interest income	5	**(355)**	(430)
Retirement benefits cost		**602,790**	540,425
Operating loss before change in working capital		**(138,135)**	(789,673)
Decrease (increase) in:			
Funds held in escrow		**–**	–
Other current assets		**32,400**	33,600
Restricted cash		**–**	–
Increase (decrease) in trade and other payables		**(2,737,225)**	(701,026)
Net cash generated from (used for) operations		**(2,842,960)**	(1,457,099)
Income tax paid		**–**	–
Interest received		**355**	430
Net cash provided by (used in) operating activities		**(2,842,605)**	(1,456,670)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to related parties		**(1,129,322)**	(4,496,555)
Other non-current assets		**–**	–
Collections (advances) to related parties		**–**	–
Net cash used in investing activities		**(1,129,322)**	(4,496,555)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from advances from related parties		**1,680,000**	5,896,555
Payment of loan		**–**	–
Net cash provided by (used in) financing activities		**1,680,000**	5,896,555
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(33,283)**	(56,670)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,282,156**	790,316
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,248,873**	733,646

See accompanying Notes to Consolidated Financial Statements

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026 AND DECEMBER 31, 2025

AND FOR THE PERIOD ENDED MARCH 31, 2026 AND DECEMBER 31, 2025

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, 2019 and 2018, 4,000,000,004 common shares of the Parent Company at ₱1 par value were listed in the Philippine Stock Exchange (PSE). Of those shares, 20% were publicly-owned.

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

- Change in primary purpose that the Parent Company is organized primarily as a holding company to engage in different sources of energy and technologies for power or energy generation.

- Decrease in the par value of shares of stock from ₱1.00 to ₱0.10 per share with corresponding increase in the number of shares from 5 billion to 50 billion shares.

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

As at March 31, 2026 and December 31, 2025, 40,000,000,040 common shares of the Parent Company at P=0.10 par value are listed in the Philippine Stock Exchange (PSE). Of those shares, 20% are publicly-owned.

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

Status of Operations

As at March 31, 2020, the Group has two Coal Operating Contracts (COC) located in Davao Oriental (COC No. 159) and Zamboanga Sibugay (COC No. 166).

COC No. 159. On August 30, 2018, the Department of Energy (DOE) has re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. 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 from the NCIP.

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

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

On September 4, 2019, the Group requested for a suspension of the conversion to development and production phase due to difficulties in complying with its obligations due to peace and order in the area.

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

The delays have significantly reduced the Group's operating funds. These conditions indicate a material uncertainty that may cast a significant doubt on the Group's ability to commence commercial operations and continue as a going concern.

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

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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 16.

Adoption of New and Amended PFRS

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, 2019:

- PFRS 16, *Leases*

  PFRS 16 replaced PAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, Standard Interpretations Committee (SIC)-15, *Operating Leases-Incentives,* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. PFRS 16 requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard provides two recognition exemptions for lessees from this PFRS – leases of low-value assets and short-term leases (i.e., leases with a lease term of 12 months or less).

  At the commencement date of a lease, the lessee shall recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The lessee is required to recognize the interest on the lease liability and to depreciate the right-of-use (ROU) asset.

  The lease liability shall be reviewed when there are changes in the lease term and other events affecting the lease, such as future lease payments resulting from a change in the index or rate used to determine those payments. The remeasurement of the lease liability should be recognized as an adjustment to the ROU asset.

  Lessor accounting under PFRS 16 is substantially unchanged from accounting under PAS 17. The lessor shall continue to classify leases using the same classification principle as in PAS 17 to distinguish the two types of leases: operating and finance leases.

  The Group's lease agreements covering the office space have terms of twelve (12) months, renewable upon the agreement of both parties and do not contain any purchase options. The Group assessed that it is not reasonably certain to exercise the renewal option on the leases. Accordingly, the Group decided to apply the recognition exemption on short-term leases and the related lease expenses are recognized in the profit or loss on a straight-line basis.

  The Group has adopted PFRS 16 using the modified retrospective method, which requires that the cumulative effect of applying the new standard is recognized at the beginning of the year of initial application. Accordingly, the comparative information presented for 2018 have not been restated.

- 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) matters to be considered in accounting for uncertain tax treatments separately, (ii) assumptions for taxation authorities' examinations, (iii) determinants 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 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.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

Several other amendments apply for the first time in 2019, but are not relevant on the consolidated financial statements of the Group.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2019 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides a new definition of a "business" which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, 'an integrated set of activities and assets' must now include 'an input and a substantive process that together significantly contribute to the ability to create an output'. The distinction is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Deferred effectivity -

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

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

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

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

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

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

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

Financial Assets and Liabilities

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

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

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

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

As at the end of this quarter, 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 the end of this quarter, the Group's cash and cash equivalents, advances to related parties, 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 the end of this quarter, the Group has classified its trade and other payables (excluding statutory payables), and advances from related parties under this category.

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

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

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

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

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for impairment losses on its financial assets measured at amortized cost based on expected credit loss (ECL).

ECL is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures 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 Incidental Sale of Coal and Other Receivables. The Group has applied the simplified approach in measuring the ECL on accounts receivable from incidental sale of coal. 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 ECL at each reporting date.

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

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

Derecognition of Financial Assets and Liabilities

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

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

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

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

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

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

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

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

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

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Otherwise, the financial instrument is classified as equity.

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

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

Advances to Officers and Employees. Advances to officers and employees pertain to 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.

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.

<u>Coal Reserves</u>
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.

<u>Exploration and Evaluation Asset</u>

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 statements of financial position when the technical feasibility and commercial viability of extracting the coal reserve are demonstrable. Exploration and evaluation asset is assessed for impairment before these are reclassified. Any impairment loss is recognized in profit or loss.

No amortization was charged during the exploration and evaluation phase.

Property and Equipment

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

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

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

Depreciation 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 amortization 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.

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

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

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

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

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

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

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

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

Deficit
Deficit represents the cumulative balance of net losses.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in profit or loss in accordance with PFRS. This pertains to cumulative remeasurement gain on retirement benefits liability.

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.

Leases

Accounting Policies beginning January 1, 2019

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customers has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

At the commencement date, the Group recognizes ROU asset and a lease liability for all leases, except for leases with lease terms of twelve (12) months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Accounting Policies before January 1, 2019

Leases where the lessor retains substantially all the risk and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of comprehensive income 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.

Remeasurement comprising actuarial gains and losses is recognized immediately in OCI in the period in which they arise. Remeasurement is not reclassified to profit or loss in subsequent periods.

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

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

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, 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 the tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

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

Related 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 (see Note 20).

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 Judgment, Accounting Estimates 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, accounting estimates and assumptions made by the Group:

Assessing Going Concern. As discussed in Note 1 to the consolidated financial statements, there are delays in the Group's conversion (through its subsidiary, TMEC) of its COC to the Development and Production Phase. The delays have significantly reduced the Group's operating funds.

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

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 Nil since 2020 (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, 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 certificates of deposit included in funds held in escrow and restricted cash, the Group applies low credit risk simplification. It is the Group's policy to measure ECL 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.

The carrying amounts of financial assets at amortized cost that were subjected to ECL assessment are disclosed in Note 15.

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.

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 March 31, 2026 and December 31, 2025, exploration and evaluation asset is both amounted to Nil.

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 2026, 2025 and 2024. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Depreciation and amortization presented under "General and administrative expenses" account amounted to Nil, ₱17,300,887 and ₱17,300,887 in March 31, 2026, December 31, 2025 and 2024, respectively. As at the end of this quarter, depreciable property and equipment, net of accumulated depreciation and amortization amounted to Nil (see Note).

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 March 31, 2026 and December 31, 2025. The carrying amounts of other nonfinancial assets are as follows:

	Note	**March 31, 2026**	December 31, 2025
Coal reserves and exploration asset	4	**₱899,461,326**	₱2,286,431,394
Exploration and evaluation asset	8	**–**	–
Property and equipment	9	**22,739,580**	37,403,605
Advances to officers and employees and prepayments*	7	**–**	–

**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 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 recoverability.

Estimating Retirement Benefits Cost. The determination of the obligation and cost of retirement and other long-term employee benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 13 to the consolidated financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

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 recognized deferred tax assets amounting to Nil as at December 31, 2025 and 2024 as management has assessed that the Group may not be able to utilize these deductible temporary differences against future taxable income.

4. **Coal Reserves**

The balances and movements of this account are as follows:

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

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

In 2012, the Group obtained an independent valuation report to estimate the value of TMEC's coal reserves in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports. The valuation was determined using the discounted cash flow approach based on assumptions and information secured from the Competent Persons Reports on the Davao Oriental and Zamboanga Sibugay Projects and available market information. The fair value measurement used is categorized as Level 2 using Market Approach. The inputs used to determine the market value of Group's coal reserves include location characteristics, size, time element, quality and marketability.

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

Impairment Assessment on Coal Reserves and Exploration and Evaluation Asset

The Group carried out a review of the recoverable amount of its coal reserves and exploration and evaluation asset due to the delays in obtaining the necessary approval of its COCs from the Government which has significantly reduced the Group's operating funds and resulted to continuing net losses. The impairment test is based on value in use calculations using discounted cash flow approach. The key assumptions used to determine the value in use of the nonfinancial assets include the projected coal price, foreign exchange rate, discount rate and estimated volume of coal reserves. The discount rates used are 11.48%, 10.35% and 10.58% in 2025, 2024 and 2023, respectively.

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

In 2023, management assessed that the recoverable amount of the coal reserves and exploration and evaluation asset related to COC No. 166 is lower than its aggregate carrying amount and recognized an impairment loss of ₱211.9 million. The recognition of the impairment loss is driven by the reduction in coal price and unplanned expenditures caused by the delays in the conversion of COCs and start of commercial operations.

In 2024, management assessed that the carrying amount of the coal reserves and exploration and evaluation asset related to COC No. 166 is fully impaired and recognized an additional impairment loss of ₱936.0 million. The recognition of the additional impairment loss is driven by the notice from the DOE informing TMEC of the term expiration of COC No. 166 (see Notes 1 and 17).

In 2025, management assessed that the carrying amount of the coal reserves and exploration and evaluation asset related to COC No. 166 is fully impaired and recognized an additional impairment loss of ₱936.0 million. The recognition of the additional impairment loss is driven by the notice from the DOE informing TMEC of the term expiration of COC No. 166 (see Notes 1 and 17).

Movement in the allowance for impairment loss is as follows:

	March 31, 2026	December 31, 2025
Balance at beginning of year	**₱2,869,360,853**	₱1,482,390,785
Provision	**–**	1,386,970,068
Balance at end of year	**₱2,869,360,853**	₱2,869,360,853

The recoverable amount as at March 31, 2026 and December 31, 2025, based on the discounted cash flow approach, is classified as Level 3 of the fair value hierarchy. Management also believes that no reasonably possible change in any of the key assumptions would cause in a significantly higher or lower fair value measurement.

5. **Cash and Cash Equivalents**

This account consists of:

	March 31, 2026	December 31, 2025
Cash on hand	**₱15,000**	₱15,000
Cash in banks	**1,233,873**	1,267,156
Cash equivalents	**–**	–
	₱1,248,873	₱1,282,156

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	**March 31, 2026**	December 31, 2025	December 31, 2024
Cash in banks		**₱355**	₱1,383	₱1,820
Cash equivalents		**–**	–	–
Funds held in escrow	6	**–**	–	–
Restricted cash	7	**–**	–	–
		₱355	₱1,383	₱1,820

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:

	March 31, 2026	December 31, 2025
Assets:		
Time certificates of deposit	**₱–**	₱–
Other assets	**–**	–
	₱–	₱–
Equity:		
Net proceeds	**₱748,209,915**	₱748,209,915
Net accumulated income	**13,414,560**	13,414,560
Withdrawals	**(761,624,475)**	(761,624,475)
	₱–	₱–

The balance of fund held in escrow is Nil since 2021.

Interest income earned amounted to Nil since 2021.

Other Current and Noncurrent Assets

This account consists of:

	March 31, 2026	December 31, 2025
Current:		
Input VAT	**₱3,043,025**	₱3,010,625
Receivables from incidental sale of coal	**–**	–
Advances to officers and employees	**–**	–
Prepayments	**–**	–
Others	**–**	–
	3,043,025	3,010,625
Less allowance for probable loss	**(3,010,625)**	(3,010,625)
	₱32,400	₱–
Noncurrent -		
Restricted cash	**₱1,089,465**	₱1,089,465

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

Movements in the allowance for probable loss are as follow:

	Note	**March 31, 2026**	December 31, 2025
Balance at beginning of year		**₱3,043,025**	₱3,010,625
Provision	11	**–**	32,400
Balance at end of year		**₱3,043,025**	₱3,043,025

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.

Advances to officers and employees pertain to the advances made for business purposes.

Others pertain to receivables from third parties. These are noninterest-bearing and are generally collected in cash 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.

Interest income earned from the restricted cash amounted to Nil in March 31, 2026, 2025 and 2024 (see Note 5).

7. **Exploration and Evaluation Asset**

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

COC Nos. 159 and 166 provide a minimum work expenditure on obligations covered by the work program at the exploration phase (see Note 19). The recovery of these costs depends on the conversion of the COCs to development and production phase.

Balances and movements of this account are as follows:

	March 31, 2026	December 31, 2025
Balance at beginning of year	**₱–**	₱–
Additions	**–**	–
Impairment	**–**	–
Balance at end of year	**₱–**	₱–

Others include office and camp supplies, repairs and maintenance, miscellaneous, taxes and licenses, fuel and oil, and meals.

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

	Note	**March 31, 2026**	December 31, 2025
Depreciation and amortization	9	**₱–**	₱–
Retirement benefits cost	13	**–**	–
		₱–	₱–

8. Property and Equipment

The balances and movements of this account are as follows:

	March 31, 2026								
	Land	**Land Improvements**	**Drilling Equipment**	**Laboratory and Camp Buildings**	**Survey Equipment and Machineries**	**Laboratory and Testing Equipment**	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost									
Balances at beginning of year	**₱18,139,580**	**₱155,308,567**	**₱194,212,031**	**₱25,429,304**	**₱3,264,334**	**₱12,606,310**	**₱8,684,774**	**₱1,818,835**	**₱419,463,735**
Additions	**4,600,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,600,000**
Disposal	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balances at end of year	**22,739,580**	**155,308,567**	**194,212,031**	**25,429,304**	**3,264,334**	**12,606,310**	**8,684,774**	**1,818,835**	**424,063,735**
Accumulated Depreciation and Amortization									
Balance at beginning of year	**–**	**140,856,452**	**194,212,031**	**25,217,394**	**3,264,334**	**12,606,310**	**8,684,774**	**1,818,835**	**386,660,130**
Depreciation and amortization	**–**	**14,452,115**	**–**	**211,910**	**–**	**–**	**–**	**–**	**14,664,025**
Balances at end of year	**–**	**155,308,567**	**194,212,031**	**25,429,304**	**3,264,334**	**12,606,310**	**8,684,774**	**1,818,835**	**401,324,155**
Carrying Amount	**₱22,739,580**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱22,739,580**

	December 31, 2025								
	Land	Land Improvements	Drilling Equipment	Laboratory and Camp Buildings	Survey Equipment and Machineries	Laboratory and Testing Equipment	Transportation Equipment	Office Furniture and Equipment	Total
Cost									
Balances at beginning of year	₱18,139,580	₱155,308,567	₱194,212,031	₱25,429,304	₱3,264,334	₱12,606,310	₱8,684,774	₱1,818,835	₱419,463,735
Additions	4,600,000	–	–	–	–	–	–	–	4,600,000
Disposal	–	–	–	–	–	–	–	–	–
Balances at end of year	22,739,580	155,308,567	194,212,031	25,429,304	3,264,334	12,606,310	8,684,774	1,818,835	424,063,735
Accumulated Depreciation and Amortization									
Balances at beginning of year	–	140,856,452	194,212,031	25,217,394	3,264,334	12,606,310	8,684,774	1,818,835	386,660,130
Depreciation and amortization	–	14,452,115	–	211,910	–	–	–	–	14,664,025
Balances at end of year	–	155,308,567	194,212,031	25,429,304	3,264,334	12,606,310	8,684,774	1,818,835	401,324,155
Carrying Amount	₱22,739,580	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱22,739,580

Depreciation and amortization are charged as follows:

	Note	**March 31, 2026**	December 31, 2025	December 31, 2024
Exploration and evaluation asset	8	**₱–**	₱–	₱–
General and administrative expenses	11	**–**	11,280,377	17,300,887
		₱–	₱11,280,377	₱17,300,887

Fully depreciated property and equipment that are still being used by the Group amounted to ₱401.32 million as at March 31, 2026 and December 31, 2025.

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 2026, 2025 and 2024 (see Note 4).

9. Trade and Other Payables

This account consists of:

	March 31, 2026	December 31, 2025
Trade	**₱10,074,495**	₱10,074,495
Accrued expenses	**2,790,147**	2,790,147
Statutory payables	**11,803**	25,647
	₱12,852,839	₱12,890,289

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.

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

10. **General and Administrative Expenses**

This account consists of:

	Note	**March 31, 2026**	March 31, 2025
Personnel costs	12	**₱240,822**	₱487,367
Professional fees		**350,000**	100,000
Rental	19	**–**	–
Representation and entertainment		**12,756**	–
Outside services		**–**	–
Transportation and communication		**36,150**	7,297
Listing fee		**–**	–
Penalties		**–**	–
Stock Transfer Fee		**10,000**	30,000
Taxes and licenses		**47,451**	633,143
Provision for probable loss	7	**–**	–
Repairs and maintenance		**–**	5,799
Office supplies		**–**	–
Insurance		**11,297**	1,122
Depreciation	9	**–**	3,901,399
Others		**32,094**	65,370
		₱740,570	₱4,320,693

11. **Personnel Costs**

Personnel costs charged to “Exploration and evaluation asset” account (see Note 8) consist of:

	Note	**March 31, 2026**	March 31 2025
Salaries and wages		**₱–**	₱–
Employee benefits		**–**	–
Retirement benefits cost	13	**–**	–
		₱–	₱–

Personnel costs classified under “General and administrative expenses” account (see Note 11) consist of:

	Note	**March 31, 2026**	December 31, 2025
Salaries and wages		**₱240,822**	₱2,190,056
Retirement benefits cost	13	**–**	–
Employee benefits		**–**	62,365
		₱240,822	₱2,252,421

12. **Retirement Benefits Liability**

The Group has an unfunded defined benefit plan covering all of qualified regular employees of TMEC. The benefits are based on years of service and compensation. The plan provides for a lump-sum benefit payment upon retirement which shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641 Retirement Pay Law. The latest actuarial valuation as at December 31, 2019 was prepared by an independent actuary using the projected unit credit method. The Group has no retirement benefits cost recognized and retirement benefits liability as at the end of this quarter.

The components of retirement benefits cost are as follows:

	March 31, 2026	December 31, 2025	December 31, 2024
Current service cost	**₱–**	₱–	₱–
Interest cost	**–**	–	–
	₱–	₱–	₱–

Retirement benefits costs are charged as follows:

	Note	**March 31, 2026**	December 31, 2025	December 31, 2024
Exploration and evaluation asset	8	**₱–**	₱–	₱–
General and administrative expenses	11	**–**	–	–
		₱–	₱–	₱–

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

	March 31 2026	December 31, 2025
Balance at beginning of year	**₱602,790**	₱540,425
Current service cost	**–**	–
Interest cost	**–**	–
Remeasurement gain	**–**	62,365
Benefits paid	**–**	–
Balance at end of year	**₱602,790**	₱602,790

13. **Related Party Transactions**

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

	Nature of Transactions	Amount of Transactions		Outstanding Balances	
		March 31 2026	December 31, 2025	**March 31, 2026**	December 31, 2025
Advances to related parties -					
Entities under common ownership	Advances for working capital	**₱–**	₱–	**₱2,050,940**	₱2,050,940
Advances from related parties:					
Stockholders	Advances for working capital	**₱–**	₱–	**₱–**	₱–
Entities under common ownership	Advances for working capital	**1,680,000**	11,301,812	**89,076,031**	87,396,031
		₱1,680,000	₱11,301,812	**₱89,076,031**	₱87,396,031
Trade payables -					
Entities under common ownership	Rental	**₱–**	₱–	**₱–**	₱–

<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 2025, 2024 and 2023.

Trade payables to related parties are unsecured, noninterest-bearing, generally settled in cash and are due and demandable.

<u>Other Transactions</u>

The advances of the Parent Company to TMEC amounting to ₱565.3 million and ₱565.3 million as at December 31, 2025 and 2024, respectively, were eliminated during consolidation. These advances were for working capital purposes. No impairment loss on these advances was recognized in 2025, 2024 and 2023.

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. Rental expense amounted to Nil in 2025, 2024 and 2023 (see Note 19).

<u>Key Management Personnel Compensation</u>

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

	March 31, 2026	December 31 2025	December 31, 2024
Short-term employee benefits	**₱-**	₱1,300,000	₱1,300,000
Post-employment benefits	**-**	-	-
	₱-	₱1,300,000	₱1,300,000

14. **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, 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) and advances from related parties.

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 certificates of deposit included in funds held in escrow, 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 transacts mainly with recognized and creditworthy third parties as well as with related parties. In addition, the Group only deals with financial institutions duly evaluated and approved by the BOD.

The following tables summarize the credit quality of the Group's financial assets at amortized cost as at March 31, 2026 and December 31, 2025:

	March 31, 2026					
	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*	**₱1,233,873**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,233,873**
Advances to related parties	**2,050,940**	**–**	**–**	**–**	**–**	**2,050,940**
Funds held in escrow	**–**	**–**	**–**	**–**	**–**	**–**
Receivables from incidental sale of coal and other receivables**	**–**	**–**	**–**	**–**	**–**	**–**
Restricted cash***	**1,089,465**	**–**	**–**	**–**	**–**	**1,089,465**
	₱4,374,278	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,374,278**

**Excluding cash on hand amounting to ₱15,000*
*** Presented under "Other current assets" account.*
**** Presented under "Other noncurrent asset" account.*

	December 31, 2025					
	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*	₱1,267,156	₱–	₱–	₱–	₱–	₱1,267,156
Advances to related parties	2,050,940	–	–	–	–	2,050,940
Funds held in escrow	–	–	–	–	–	–
Receivables from incidental sale of coal and other receivables**	–	–	–	–	–	–
Restricted cash***	1,089,465	–	–	–	–	1,089,465
	₱4,407,561	₱–	₱–	₱–	₱–	₱4,407,561

**Excluding cash on hand amounting to ₱15,000*
*** 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 certificates of 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.

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 liabilties at amortized cost of the Group based on remaining contractual undiscounted cash flows as at March 31, 2026 and December 31, 2025:

	March 31, 2026			
	On Demand	**Within 1 Year**	**Over 1 Year**	**Total**
Trade and other payables*	**₱12,864,642**	**₱–**	**₱–**	**₱12,864,642**
Advances from related parties	**89,076,031**	**–**		**89,076,031**
	₱101,940,673	**₱–**	**₱–**	**₱101,940,673**

**Excluding statutory payables amounting to ₱0.01 million*

	December 31, 2025			
	On Demand	Within 1 Year	Over 1 Year	Total
Trade and other payables*	₱13,327,290	₱–	₱–	₱13,327,290
Advances from related parties	75,635,941	–	–	75,635,941
	₱88,963,231	₱–	₱–	₱88,963,231

** Excluding statutory payables amounting to ₱0.02 million*
***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 ₱823.52 million and ₱824.57 million as at March 31, 2026 and December 31, 2025, respectively.

TMEC is subject to externally-imposed capital requirements applicable to applicants for exploration permits. The minimum paid-up capital is ₱6.25 million. TMEC has complied with the capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous years.

15. **Fair Value Measurement of Financial Instruments**

Presented below is a comparison category of the carrying amount and fair values of all the Group's financial assets and liabilities as at March 31, 2026 and December 31, 2025.

	March 31, 2026	December 31, 2025	
		Carrying Amount	Fair Value
Financial Assets at Amortized Cost:			
Cash and cash equivalents	**₱1,233,873**	₱1,267,156	₱1,267,156
Advances to related parties	**2,050,940**	2,050,940	2,050,940
Funds held in escrow	–	–	–
Receivables from incidental sale of coal*	–	–	–
Other receivables*	–	–	–
Restricted cash**	**1,089,465**	1,089,465	1,089,465
	₱4,374,278	₱4,407,561	₱4,407,561
Financial Liabilities at Amortized Cost:			
Trade and other payables***	**₱12,864,642**	₱13,327,290	₱13,327,290
Advances from related parties	**89,076,031**	75,635,941	75,635,941
	₱101,940,673	₱88,963,231	₱88,963,231

**Presented under "Other current assets" account.*
***Presented as "Other noncurrent asset" account.*
****Excluding statutory payables amounting to ₱0.01 million and ₱0.02 as at March 31, 2026 and December 31, 2025, respectively.*

Cash and Cash Equivalents, Advances to Related Parties, Receivables from Incidental Sale of Coal, Other Receivables, Trade and Other Payables and Advances from Related Parties. The carrying amounts of these financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Restricted Cash. The carrying amounts of this financial instrument approximate its fair value. The effects of not discounting the cash flows from these instruments were determined by management to be insignificant.

16. 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 as at the end of the quarter since it has no taxable income.

17. Basic and Diluted Loss Per Share

Basic and diluted loss per share are computed as follows:

	March 31, 2026	March 31, 2025
Net loss	**740,570**	**5,231,068**
Divided by weighted average number of common shares outstanding	**40,000,000,004**	**4,000,000,004**
Basic/diluted loss per share	**0.00**	**0.00**

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.

18. 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 Nil in 2023 and 2022 (see Note 11).

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, 2019, 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, 2019 and 2018, TMEC has incurred ₱631.2 million and ₱585.8 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 NCIP for the issuance of 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 from the NCIP.

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

In 2017, 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.

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 ₱45,278 in 2017.

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, TMEC has re-submitted the Five-Year Work Program in support for the processing of TMEC's application for the conversion of its COC.

On September 4, 2019, TMEC requested for a suspension of the conversion to development and production phase due to difficulties in complying with its obligations due to peace and order disturbances in the area, security threats to its employees by lawless elements, dwindling competitiveness of coal.

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

19. 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.

20. Events After the Reporting Period

The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. While the financial impact is considered a non-adjusting subsequent event as at the end of the quarter the effect on Group operations and financial performance, however, cannot be reasonably determined as at the report date.

Nonetheless, the Group strongly believes that it can remain a going concern given that a stockholder representing majority of the stockholders has committed to provide continuous financial support to the Group.

MANAGEMENT'S DISCUSSION ON COAL'S FINANCIALS

Summary of Financial Information

The following table represents the summary of financial information for COAL from January 1 to March 31, 2026.

COAL's Summary Unaudited Consolidated Financial Information as at the end of this quarter	
Amounts are Php	
Consolidated Statement of Comprehensive Income	
Sales	–
Cost of Sales	–
Gross Profit	–
Operating Income	–
Income (loss) before income tax	(740,215)
Net Income (loss)	(740,215)
Consolidated Statement of Financial Position	
Assets	
Cash	1,248,873
Funds held in escrow	–
Advances to Affiliates	2,050,940
Prepayments and other current assets	32,400
Total Current Assets	**3,332,213**
Exploration and evaluation assets	–
Property, plant and equipment –net	23,352,323
Intangible asset	–
Coal Reserves and Exploration Asset	899,461,326
Deferred Tax Asset	–
Other Noncurrent Asset	1,089,465
Total Non–Current Assets	**923,903,114**
TOTAL ASSETS	**927,235,327**
Liabilities and Equity	
Trade and other payables	12,852,839
Advances from related parties	89,076,031
Total Current Liabilities	**101,928,870**
Retirement benefit liability	602,790
Net deferred tax liability	1,179,796
Total Non–Current Liability	**1,782,586**
Capital Stock	4,000,000,004
Deficit	(3,176,476,133)
Remeasurement loss on retirement benefit liability	–
Stockholders' Equity	**823,523,871**
TOTAL LIABILITIES AND EQUITY	**927,235,327**
Key Indicators	
Gross Profit Margin (%)	–
Net Income (loss) Margin (%)	–
Return on Asset (%)	(0.065)
Return on Equity(%)	(0.073)
Current Ratio(x)	0.03:1.00
Total Liabilities to Equity (x)	0.013:1.00
Earnings Per Share (Basic) (Php 0.0000)	(00.00)
Book Value Per Share (Php 0.0000)	0.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

March 31, 2026 vs. March 31, 2025

General and Administrative Expenses

General and administrative expenses decreased by ₱4.49 million or 86% due to decrease in depreciation and other expenses during the period.

Operating Income and Operating Income Margin

Operating loss decreased by ₱4.49 million or 86% due to decrease on general and administrative expenses.

Interest Income

Interest income decreased by 18% due to decrease on balance of cash and cash equivalents.

Interest Expense

Interest expense is Nil since the Group has no existing loans payable.

Net Income and Net Income Margin

The net loss of the Group decreased by ₱4.49 million or 86%. This represents decrease on general and administrative expenses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2026 vs. December 31, 2025

Cash and Cash Equivalents
Cash and cash equivalents decreased by ₱0.04 million or 3% from ₱1.28 million to ₱1.24 million due to collection from related parties of the Group.

Funds Held in Escrow
The balance of fund held in escrow of the group is Nil.

Prepayments and Other Current Assets
The increase of ₱0.03 million from ₱0.00 to ₱0.03 million due to additional input Value-Added Tax (VAT).

Exploration and Evaluation Assets
The exploration and evaluation assets of the group is Nil.

Property and Equipment
The net 3% increase from ₱22.7 million to ₱23.3 million of property and equipment due to addition to project development costs. There was no additional purchase of property and equipment during the period.

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

Equity
Capital position of the Group went down by ₱1.05 million due to net loss for the period.

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

MARCH 31, 2026 AND DECEMBER 31, 2025

Ratio	Formula	March 31, 2026	December 31, 2025
Current ratio			
	Total Current Assets	**3,332,213**	3,333,096
	Divided by: Total Current Liabilities	**101,928,870**	100,286,320
	Current ratio	**0.03:1**	0.03:1
Acid test ratio			
	Total Current Assets	**3,332,213**	3,333,096
	Less: Other current assets	**(32,400)**	–
	Quick assets	**3,299,813**	3,333,096
	Divide by: Total Current Liabilities	**101,928,870**	100,286,320
	Acid test ratio	**0.03:1**	0.03:1
Solvency ratio			
	Net loss before depreciation	**(740,215)**	(1,397,826,814)
	Divide by: Total liabilities	**103,711,456**	102,053,315
	Solvency ratio	**(0.01:1)**	(13.7:1)
Debt-to-equity ratio			
	Total liabilities	**103,711,456**	102,053,315
	Divide by: Total equity	**823,523,871**	824,570,152
	Debt-to-equity ratio	**0.01:1**	0.12:1
Asset-to-equity ratio			
	Total assets	**927,235,327**	926,623,467
	Divide by: Total equity	**823,523,871**	824,570,152
	Asset-to-equity ratio	**1.13:1**	1.12:1
Return on equity			
	Net loss	**(740,215)**	(1,397,826,814)
	Divide by: Total equity	**823,523,871**	824,570,152
	Return on equity	**(0.9%)**	(92.27%)
Return on assets			
	Net loss	**(740,215)**	(1,397,826,814)
	Divide by: Total assets	**927,235,327**	926,623,467
	Return on asset	**(0.8%)**	(86.81%)

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF PROCEEDS FROM INITIAL OFFERING

MARCH 31, 2026

(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	13,414,560
Disbursements	(761,624,475)
	₱ -

COAL ASIA HOLDINGS INCORPORATED

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

MARCH 31, 2026

Deficit, beginning of year	(₱3,178,792,722)
Net loss closed to deficit	(740,925)
Deficit, as adjusted, end of year	(₱3,179,533,647)

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SEC Supplementary Schedule as Required by Part II of SRC Rule 68 as Amended

MARCH 31, 2026

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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

MARCH 31, 2026

			Deductions		*Ending Balance*		
Name and designation of debtor	***Balance at beginnning of period***	***Additions***	***Amounts collected***	***Amounts written off***	***Current***	***Not current***	***Balance at end of period***
Advances to TMEC	₱565,309,431	₱–	₱–	₱–	₱565,309,431	₱–	₱565,309,431

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

G. Capital Stock

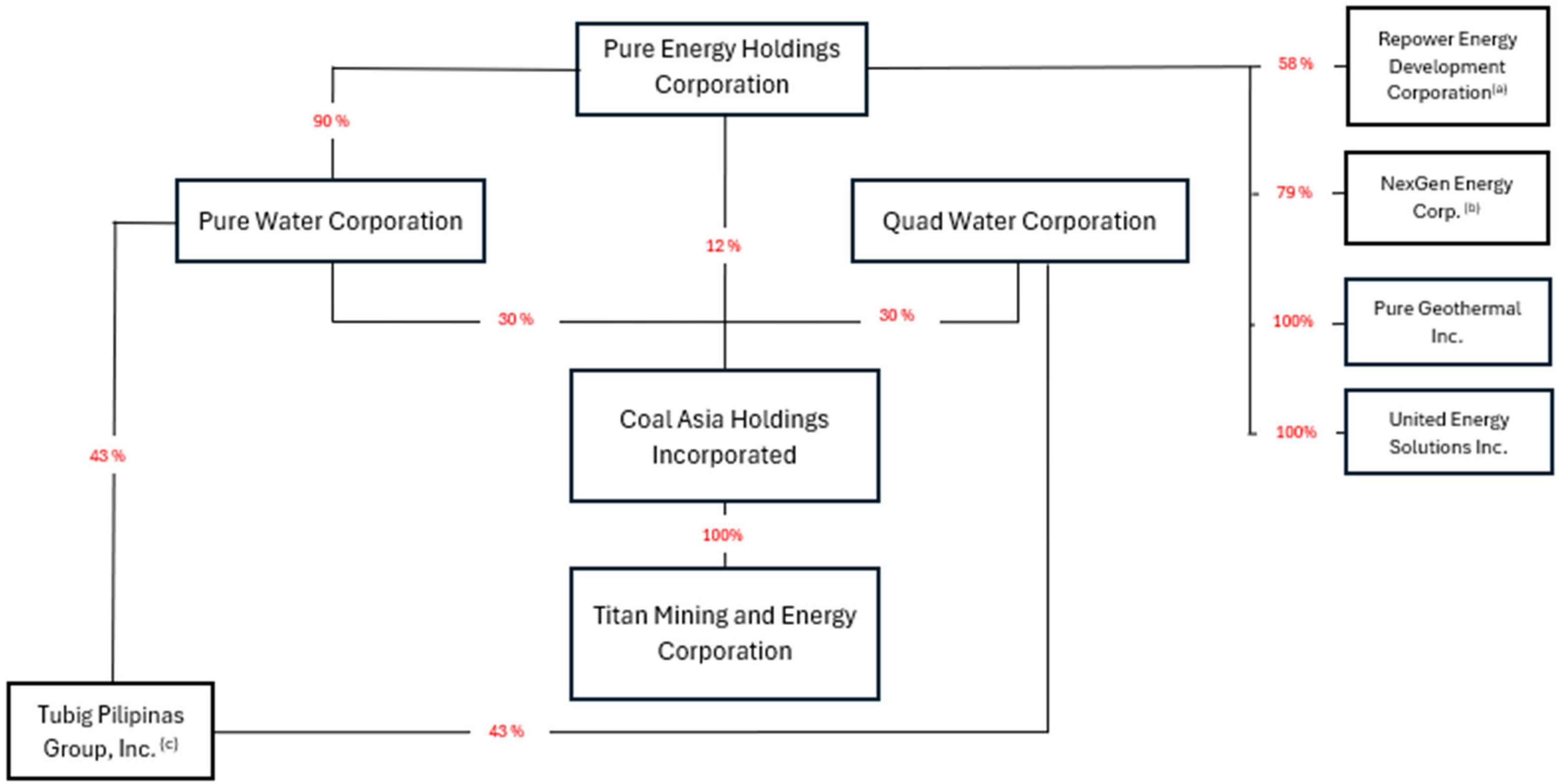
MARCH 31, 2026

				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 - ₱0.10 par value	50,000,000,000	40,000,000,040	–	28,671,399,999	4,120,041	11,324,480,000

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONGLOMERATE MAP

MARCH 31, 2026



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

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

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

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
May 14, 2026

ROLANDO P. DOMINGO
Chief Financial Officer
May 14, 2026

The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: May 20, 2026 10:46:07 AM

Company Information

SEC Registration No.: CS201210314
Company Name: COAL ASIA HOLDINGS INCORPORATED
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST105202026811451566
Document Type: ANNUAL_REPORT
Document Code: SEC_Form_17-A
Period Covered: December 31, 2025
Submission Type: Amendment
Remarks: WITH RECEIVED FS-C & FS-P

Acceptance of this document is subject to review of forms and contents

COVER SHEET

C S 2 0 1 2 0 3 1 4

SEC Registration Number

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

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

(Company's Full Name)

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

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

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

Johnson A. Sanhi, Jr.

(Contact Person)

8813-8892

(Company Telephone Number)

1 2 | 3 1

Month *Day*

(Fiscal Year)

1 7 - A

(Form Type)

0 4 | 3 0

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

20

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

COAL ASIA HOLDINGS INCORPORATED

SEC FORM 17-A

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

1. For the calendar period ended **December 31, 2025**

2. Commission identification number **CS 201210314**

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

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

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

6. Industry Classification Code:(SEC Use Only)

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

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

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

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

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

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

    Yes [x] No [ ]

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

    Philippine Stock Exchange **Common Shares**

12. Check whether the issuer:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

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

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

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

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1: BUSINESS

(1) BUSINESS DEVELOPMENT

Business Development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Business Consolidation

Subsidiary

Titan Mining and Energy Corporation (TMEC)

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

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

COC #159
In 2016, preliminary mine development activities have commenced at the Davao Oriental Project. Bulk samples were collected and subjected to test firing and coal analysis.

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

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

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

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

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

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

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

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

COC #166

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

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

Coal Operating Contracts

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

COC #159

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

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

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

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

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

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

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

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

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

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

COC #166

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

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

Competitive Strengths

Coal Resources & Reserves

Davao Oriental Project

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

PMRC Coal Resource	
Area	**M&I (MMT)**
Macopa&Bactinan	3 MMT

Sagasa	1.9 MMT
Total M&I	4.9 MMT

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

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

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

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

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

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

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

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

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

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

F	0.05 - 1.80 m

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

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

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

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

Zamboanga Sibugay Project

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

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

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

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

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

<u>Ideal Location for Mining</u>

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

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

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

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

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

Experienced Technical Management and Staff

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

Experienced Executive Management

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

Business Plan

Exploration Work

Davao Oriental Project

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

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

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

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

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

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

In support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014. TMEC also submitted a 10-year work program to the DOE on October 21, 2014. On October 2017, an amended Ten (10) Year Work Program with Feasibility Study was again submitted by TMEC to the DOE, this time covering only both the Macopa and

Sagasa areas since both areas are covered by titled properties. Further amendments were incorporated in its submission last December 21, 2018.

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Zamboanga Sibugay Project

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

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

<u>Development Plan</u>

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

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

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

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

<u>Mining Plan and Layout</u>

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

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

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

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

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

Production and Operational Parameters	
Total Mineable Reserves for Macopa and Sagasa (by Open Pit Extraction)	1.2 MMT
Mine Life	9 years
Annual Production	148,000 MT
Monthly Production	12,300 MT

Marketing Plan

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

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

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

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

Management Plan

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

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

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

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

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

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

Risks Related to the Company and its Subsidiary

Risks Inherent in the Mining Business

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

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

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

Risks Related to Exploration and Future Coal Reserves

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

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

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

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

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

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

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

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

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

Risks Related to Drilling and Mining Equipment

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

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

Risks Related to Customer Demand

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

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

Risks Related to Coal Price

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

Risks Related to Foreign Exchange

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

Risks Related to Domestics and International Competition

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

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

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

Risks Related to Limited Operating History and Track Record

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

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

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

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

going diamond drilling activity conducted at Sagasa, located southeast of Macopa. The M&I resource for Sagasa was determined to be 1.9 MMT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Reliance on Key Personnel

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

Risks Related to Labor Matters

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

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

Risks Related Philippine Laws and Regulations

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

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

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

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

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

There is risk those government regulators, both at the national and local levels, may implement more stringent policies and/or regulations that will make it more difficult or more costly for TMEC to operate its business.
The Company and TMEC have no control over these events. However, TMEC has put into place a compliance team that focuses on ensuring TMEC's adherence to laws, rules, and regulations that are in practice.

Risks Related to Taxation

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

- Exemption from all taxes except income tax;

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

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

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

Risks Related to the Company's COCs

Risks Related to Expiration of COCs

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

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

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

Table 1: Summary of Coal Operating Contracts of TMEC						
COC	**Coal Block Nos.**	**Applicant**	**Date Awarded**	**Original Expiration Date**	**Max. Extension**	**Remarks**
Davao Oriental Coal Operating Contract						
159	CB-136 CB-137 CB-176 CB-177 CB-188 CB-217 CB-218	TMEC	16-Sep-09	15-Sep-11 (2 years Exploration)	September 15, 2013) 2 years Extension)	Submitted Geologic Report, 5 and 10 year mining plan, ECC, Permit to Sell incidental Coal Production from DOE; Amended 10Year Work Program and Feasibility Study covering Macopa and Sagasa submitted on October 2017 and December 2018. NCIP CP for Exploration acquired last December 14, 2018; preparations for FPIC for CP Development and Production on going.
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 used its IPO proceeds to fully fund TMEC's exploration, development, and production in the Davao Oriental Project and used a portion of it to partially fund its planned exploration in the Zamboanga-Sibugay Project. If TMEC suddenly cannot proceed to the development/production phase for some unexpected reason, the Company's long-term business performance and eventually, its viability will be at risk. To address the risk, TMEC continuously fulfills and complies with, and even exceeds the conditions that the DOE set forth in the COCs it granted to TMEC. These conditions include the conduction and completion of exploration work commitment and financial investments in the coal projects. Thus, with the proceeds spent from the IPO and the Company's good standing with the DOE as regards its COCs. The Company is confident that it will be able to secure the COC for the development/production stage for the Davao Oriental Project.

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

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

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

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

Risk Related to the Philippines

Risks Related to Political or Social Instability in the Philippines

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

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

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

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

Risk Related to Anti-Mining Groups

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

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

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

Risk Related to Occurrence of Natural Catastrophes or Blackouts

The Philippines has experienced a number of major natural catastrophes in recent years including typhoons, floods, volcanic eruptions, earthquakes, mudslides, and droughts. Natural catastrophes may disrupt the Company's ability to deliver its services and impair the economic conditions in the affected areas, as well as the overall Philippine economy. The Philippines has also experienced power outages from power generation shortages and transmission problems, and from disruptions such as typhoons, storm surges and floods. These types of events may materially disrupt and adversely affect the

Company's business and operations. The Company cannot assure prospective investors that the insurance coverage the Company maintains will adequately compensate it for all damages and economic losses resulting from natural catastrophes or blackouts, including possible business interruptions.

Risk Related to Foreign Exchange Controls

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

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

Risks Related to the Shares

Risks Related to Market Volatility

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

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

(2) Business of Issuer

Products

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

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

Distribution of Products

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

Competition

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

Table 2: Coal Operating Contract (COC) holders		
COC No.	**NAME OF COMPANY**	**LOCATION OF CONTRACT AREA**
5,189,190	**Semirara Mining Corporation**	Semirara Island, Caluya, Antique; Bulalacao, Oriental Mindoro; Maitum and Kiamba, Sarangani
13	**Ibalong Resources & Development Corporation**	Mantalongon, Dalaguete, Cebu

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

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

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

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

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

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

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

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

Expenses on Development Activities

As of 31 December, 2025 TMEC, has spent Nil on exploration and development activities.

Costs and Effects of Compliance with Environmental Laws

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

Employees

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

	2025	Next 12 months (pending conversion of COC)
Administration and Accounting	1	1
Exploration and Development Regular Contractual	 2 1	 2 0

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

Transaction with and/or Dependence of Related Parties

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

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

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

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

Government Approvals on Products and Services

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

Environmental Laws

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

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

ITEM 2: Properties

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

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

ITEM 3: Legal Proceedings

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

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

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

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

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

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

The Company's common equity is listed and traded on the Philippines Stock Exchange on October 23, 2012.
The trading prices of the Corporation's shares at the PSE for the last trading day of each quarter for year 2025 are as follows:

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

Holders of Common Equity

As of December 31, 2025, the Company had 19 (nineteen) stockholders as per its stock and transfer agent, Professional Stock Transfer, Inc. The list of shareholders reported by the stock and transfer agent were as follows:

	Name of Stockholders	No. of shares	Percentage
	PCD NOMINEE CORPORATION (FILIPINO)	**38,095,126,086**	95.23%
	PCD NOMINEE CORPORATION (FOREIGN)	**1,856,532,734**	4.64%
	YAN, LUCIO W. YAN &/OR CLARA Y.	**40,000,000**	0.10%
	TACUB, PACIFICO B.	**4,000,000**	0.01%
	REGINA CAPITAL DEVT CORP - 000351	**1,200,000**	0.00%
	SUCALDITO, ENRIQUE L.	**1,000,000**	0.00%
	MENDOZA, ROSELLER A.	**650,000**	0.00%
	COMIA JR., JUAN D.	**500,000**	0.00%
	PUNO, ORPHA C.	**220,000**	0.00%
	YOUNG, BARTHOLOMEW DYBUNCIO	**200,000**	0.00%
	ASUNCION, ALEXANDER G.	**150,000**	0.00%

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

As of December 31, 2025, 1,856,532,734 common shares are held by non-Filipinos, placing the foreign ownership level of the Corporation at 4.64%. This is significantly below the foreign ownership limit of 40%.

Dividends

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

Recent Issuance of Securities Constituting an Exempt Transaction

For the year ended December 31, 2025, the Company has not issued any securities constituting an exempt transaction.

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

Plan of Operation

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

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

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

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

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

Aside from the maintenance of the physical assets of the Company, it will also continue the transferring of lot titles from the Old Macopa sellers to the Company.
The following tables present the summary financial Statements and Independent Auditor's Report for the ended December 31, 2025, 2024, and 2023.

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

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

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

Sales

There were no sales for 2025, 2024 and 2023. TMEC focused on exploration of its COC areas and is awaiting conversion to development and production from the Department of Energy.

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

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

General and Administrative Expenses

General and administrative expenses amounted to ₱25.54M, due mainly to personnel costs, professional fees, communication expense, depreciation expense and taxes.

Interest Expense

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

No interest expense incurred for the year 2025.

Interest Income

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

Other Income

No sale of incidental produced coal since 2018.

Net Income

As a result of the foregoing, The Group realized net loss of ₱1,412.49 Million, ₱958.3 Million, ₱233.3 Million in 2025, 2024, and 2023, respectively.

B. Consolidated Statement of Financial Position

December 31, 2025 vs. December 31, 2024
Cash and Cash Equivalent

Cash and cash equivalents increased by ₱0.49 Million or 62%, to ₱1.28 Million as of December 31, 2025 from ₱0.79 Million as of December 31, 2024 was due mainly on additional exploration assets, rehabilitation of access roads, repayment of loan and other working capital expenses.

Advances to Affiliates

These were advances to related parties under common control for working capital purposes. These are unsecured, non-interest bearing, and generally settled in cash and payable upon demand. The balance as of December 31, 2025 was ₱2.05 Million.

Funds held in escrow

This pertains to the proceeds of IPO which are kept separate and distinct from all other funds in the custody of the Custodian Bank. As of December 31, 2025, the balance is Nil.

Prepayments and Other Current Assets

There were no prepayments and other current assets since 2024.

Exploration and Evaluation Assets

Exploration and Evaluation Assets were Nil due to impairment.

Property, Plant and Equipment

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

Coal Reserves

Coal Reserves is now amounted to ₱899.46 Million as of December 31, 2025. This represents the fair value of the coal reserve acquired as a result of the business combination. Based on the review of the recoverable amount of the Group's nonfinancial assets, management determined that there are no impairment losses in property and equipment.

Deferred Tax Assets

Deferred tax assets balance is Nil as of December 31, 2025 and December 31, 2024.

Other Noncurrent Asset

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

Trade and Other Payables

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

Advances from Related Parties

These advances are unsecured, non-interest bearing, and generally settled in cash and payable upon demand. The advances of the Parent Company to TMEC amounting to ₱87.4 Million and ₱75.6 Million as at December 31, 2025 and 2024.

Loan Payable

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

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

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

Retirement Benefit Liability

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

Deficit

Deficit amounted to ₱3,178.76 Million as of end December 31, 2025. Deficit increased because of increased expenses and no sales during the year.

Notes on the COAL's Financial Information

Coal Reserves

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

In 2025 and 2024, the Group carried out a review of the recoverable amount of its coal reserves, exploration and evaluation assets, property and equipment, and intangible assets. The impairment test is based on value in use calculations using discounted cash flow approach from the Group's operations.

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

	2025	2024
Coal price	**\$100/MT**	\$197/MT
Foreign exchange rate	**P=58.877:\$1**	P=58.01:\$1
Discount rate	**11.48%**	11.48%
Estimated coal	**17.3 MMT**	17.3 MMT

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

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

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

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

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

Exploration and Evaluation Asset

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

Exploration and evaluation activity include:

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

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

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

The assets, liabilities, income and expense and operating and investing cash flows as at and for the year ended December 31, 2024 from the exploration for and evaluation of coal resources are as follows:

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

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

COC #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:

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

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

Impairment of Nonfinancial Assets

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

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

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

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

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

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

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

Revenue Recognition of Sale of Coal

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

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

Other Financial Information

As of and for period ended December 31, 2025:

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

ITEM 7: Financial Statements

Please refer to the attached audited consolidated financial statements of the Company as at and for the year ended December 31, 2025 and 2024, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes Tacandong & Co.

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

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

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

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

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

Reyes Tacandong & Co. was appointed as external auditor for the year ended December 31, 2025.

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

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9: Directors and Executive Officers

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

Board of Directors

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

Name	Position with the Company	Date of First Election/Last Election
Harald R. Tomintz	Director and Chairman	July 2012/07 August 2018
Johnson A. Sanhi, Jr.	Director, President and Chief Operating Officer	21 July 2014/07 August 2018
Dexter Y. Tiu	Director and Treasurer	June 2012/07 August 2018
Eric Y. Roxas	Director	June 2012/07 August 2018
Juan Kevin G. Belmonte	Independent Director	July 2012/ 07 August 2018
Aristides Armas	Independent Director	July 2012/ 07 August 2018
Arsenio M. Bartolome III	Independent Director	August 2017/ 07 August 2018

Harald R. Tomintz, 72, Austrian, Chairman of the Board

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

Johnson A. Sanhi, Jr., 61, Filipino, President & Chief Operating Officer

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

Dexter Y. Tiu, 53, Filipino, Director and Treasurer

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

Eric Peter Y. Roxas, 62, Filipino, Director

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

Juan Kevin G. Belmonte, 61, Filipino, Independent Director

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

Aristides S. Armas, 80, Filipino, Independent Director

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

Arsenio M. Bartolome III, 82, Filipino, Independent Director

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

Executive Officers

Harald R. Tomintz, Austrian, Chairman of the Board

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

Dexter Y. Tiu, Filipino, Director and Treasurer

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

Rolando P. Domingo,79, Filipino, Chief Financial Officer – OIC

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

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

Rosanna T. Desiderio, 61, Filipino, Chief Information Officer and Acting Chief Compliance Officer

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

Principal Officers

Name	Nationality	Present Position	Period of Service in the Company
Harald R. Tomintz	Austrian	Chairman of the Board	July 2012-present
Johnson A. Sanhi, Jr.	Filipino	President & COO	July 21, 2014-present
Rolando P. Domingo	Filipino	Chief Financial Officer	June 2018-present
Dexter Y. Tiu	Filipino	Treasurer	June 11, 2012-present
Eric Peter Y. Roxas	Filipino	Corporate Secretary	March 24, 2025 - present
Rosanna T. Desiderio	Filipino	Chief Information Officer/ Compliance Officer	June 11, 2012-present

Significant Employees

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

Family Relations

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

Involvement in Legal Proceedings

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

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

ITEM 10: Executive Compensation

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

The following table shows the aggregate compensation received by the directors and officers of the Company for calendar years 20250, 2024, and 2023.

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

For 2025, the estimated aggregate compensation paid to all officers and directions as a group amount to ₱1,300,000.00

Compensation of Directors

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

Standard Arrangements and other Arrangements

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

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

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

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

Warrants and Options Outstanding

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

ITEM 11: Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The following persons or group are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of 31 December 2025:

Title of Class	Name and Address of Record Owner and Relationship with issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation (1) G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	*(see footnote)*	Filipino	1,856,532,734	4.64%
Common	Sterling Bank of Asia – Trust Group Sterling Bank Corporate Center	Dexter Y. Tiu Eric Y. Roxas Alexander Y. Tiu Gertim G. Chuahiong JTKC Equities, Inc.	Filipino	0	0.00%

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

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

Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of 31 December 2025:

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

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

ITEM 12: Certain Relationships and Related Transactions

Transactions with and/or Dependence on Related Parties

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

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

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

PART IV - CORPORATE GOVERNANCE

ITEM 13: Corporate Governance

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

Other portions of this Corporate Governance Section have been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013. The Integrated Annual Corporate Governance of the Corporation will be submitted to the SEC and PSE on or before May 30, 2025.

PART V - EXHIBITS AND SCHEDULES

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

Exhibits

Please refer to the attached audited consolidated financial statements of the Company as at and for the year ended December 31, 2025, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes, Tacandong & Co.

Reports on SEC Form 17-C

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

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

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on MAY 14 2026, 20___.

By:

HARALD R. TOMINTZ
Chairman of the Board

JOHNSON A SANHI JR.
President

ROLANDO P. DOMINGO
Chief Financial Officer

ERIC PETER Y. ROXAS
Corporate Secretary

MAY 14 2026

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

NAMES	**TAX IDENTIFICATION NUMBER**
HARALD R. TOMINTZ	123-069-283-000
JOHNSON A SANHI JR.	105-618-140-000
ROLANDO P. DOMINGO	105-777-482-000
ERIC PETER Y. ROXAS	106-207-301-000

____
Notary Public

Doc. No. 372;
Page No. 77;
Book No. 275;
Series of 2026.

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

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: May 18, 2026 10:36:24 AM

Company Information

SEC Registration No.: CS201210314
Company Name: COAL ASIA HOLDINGS INCORPORATED
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST105182026811434304
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Consolidated
Remarks: None

Acceptance of this document is subject to review of forms and contents

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	0	3	1	4

C O M P A N Y   N A M E

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

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

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

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

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
rolando.domingo@pureenergy.com	(02) 8813-8892	0917 853 5701

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Johnson A. Sanhi Jr.	johnson.sanhi.jr@titanmining.com	(02) 8818-6772	–

CONTACT PERSON'S ADDRESS

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

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

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 A SUBSIDIARY** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2025 and 2024, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: Harald R. Tomintz
Chairman of the Board

Signature: Johnson A. Sanhi Jr.
President

Signature: Dexter Y. Tiu
Treasurer

Signed this _____ day of ______ MAY 14 2026

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

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

DOC. NO. 374;
PAGE NO. 76;
BOOK NO. 415;
SERIES OF 2026.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of Coal Asia Holdings Incorporated (the Parent Company) and a Subsidiary (collectively referred to as the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Recoverability of Coal Reserves and Exploration and Evaluation Asset

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Cedric M. Caterio.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782/P-008; Valid until June 6, 2026
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022;
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2025;
Valid until November 14, 2028
PTR No. 10764012;
Issued January 2, 2026, Makati City

May 13, 2026
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2025	2024
ASSETS			
Current Assets			
Cash	5	**₱1,282,156**	₱790,316
Advances to related parties	13	**2,050,940**	2,050,940
Total Current Assets		**3,333,096**	2,841,256
Noncurrent Assets			
Coal reserves and exploration and evaluation asset	4	**899,461,326**	2,286,431,394
Property and equipment	7	**22,739,580**	37,403,605
Restricted cash	6	**1,089,465**	1,089,465
Total Noncurrent Assets		**923,290,371**	2,324,924,464
		₱926,623,467	₱2,327,765,720
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	**₱12,890,289**	₱13,348,567
Advances from stockholders	13	**87,396,031**	75,635,941
Total Current Liabilities		**100,286,320**	88,984,508
Noncurrent Liabilities			
Retirement benefits liability	11	**602,790**	540,425
Net deferred tax liability	14	**1,164,205**	1,179,796
Total Noncurrent Liabilities		**1,766,995**	1,720,221
Total Liabilities		**102,053,315**	90,704,729
Equity			
Capital stock	12	**4,000,000,004**	4,000,000,004
Deficit		**(3,178,758,774)**	(1,766,267,935)
Cumulative remeasurement gain on retirement benefits liability, net of deferred tax	11	**3,328,922**	3,328,922
Total Equity		**824,570,152**	2,237,060,991
		₱926,623,467	₱2,327,765,720

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2025**	2024	2023
GENERAL AND ADMINISTRATIVE EXPENSES	9	**(₱25,537,745)**	(₱22,272,894)	(₱22,168,229)
PROVISION FOR IMPAIRMENT LOSS ON COAL RESERVES AND EXPLORATION AND EVALUATION ASSET	4	**(1,386,970,068)**	(936,045,824)	(211,922,923)
INTEREST INCOME	5	**1,383**	8,360	1,171
GAIN ON SALE OF TRANSPORTATION EQUIPMENT	7	**–**	–	750,000
LOSS BEFORE INCOME TAX		**(1,412,506,430)**	(958,310,358)	(233,339,981)
PROVISION FOR (BENEFIT FROM) INCOME TAX	14			
Current		**–**	–	11,250
Deferred		**(15,591)**	(11,507)	(12,448)
		(15,591)	(11,507)	(1,198)
NET LOSS		**(1,412,490,839)**	(958,298,851)	(233,338,783)
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE LOSS		**(₱1,412,490,839)**	(₱958,298,851)	(₱233,338,783)
BASIC AND DILUTED LOSS PER SHARE	17	**(₱0.035)**	(₱0.024)	(₱0.006)

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	**2025**	2024	2023
			Years Ended December 31	
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱1,412,506,430)**	(₱958,310,358)	(₱233,339,981)
Adjustments for:				
Provision for impairment loss on coal reserves and exploration and evaluation asset	4	**1,386,970,068**	936,045,824	211,922,923
Depreciation and amortization	7	**14,664,025**	17,300,887	17,300,887
Provision for probable loss on input value-added tax (VAT)	6	**476,750**	126,540	29,718
Retirement benefits cost	11	**62,365**	46,029	49,792
Interest income	5	**(1,383)**	(8,360)	(1,171)
Gain on sale of transportation equipment	7	**–**	–	(750,000)
Operating loss before working capital changes		**(10,334,605)**	(4,799,438)	(4,787,832)
Decrease (increase) in other current assets		**(476,750)**	322,753	(29,718)
Increase (decrease) in trade and other payables		**(458,278)**	3,343,603	858,268
Net cash used for operations		**(11,269,633)**	(1,133,082)	(3,959,282)
Interest received		**1,383**	1,820	1,171
Income tax paid		**–**	(11,250)	–
Net cash used in operating activities		**(11,268,250)**	(1,142,512)	(3,958,111)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	7	**–**	(4,954,527)	–
Decrease (increase) in advances to related parties		**–**	19,977	(7,055)
Proceeds from sale of transportation equipment	7	**–**	–	750,000
Net cash provided by (used in) investing activities		**–**	(4,934,550)	742,945
CASH FLOW FROM A FINANCING ACTIVITY				
Additional advances from stockholders	13	**11,760,090**	6,360,560	3,259,820
NET INCREASE IN CASH		**491,840**	283,498	44,654
CASH AT BEGINNING OF YEAR		**790,316**	506,818	462,164
CASH AT END OF YEAR		**₱1,282,156**	₱790,316	₱506,818
COMPONENTS OF CASH	5			
Cash on hand		**₱15,000**	₱15,000	₱15,000
Cash in banks		**1,267,156**	775,316	491,818
		₱1,282,156	₱790,316	₱506,818

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMEBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. **Corporate Information**

General Information

Coal Asia Holdings Incorporated (the Parent Company or CAHI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 11, 2012. The Parent Company was organized primarily as a holding company.

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

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

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

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

Amendments of Articles of Incorporation

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

- Change in primary purpose that the Parent Company is organized primarily as a holding company to engage in different sources of energy and technologies for power or energy generation.

- Increase in the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of shares of stock from ₱1.00 to ₱0.10 per share.

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

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

- Change in corporate name from Coal Asia Holdings Incorporated to Tubig Pilipinas Holdings Inc.

- Change in primary purpose to reflect that its main business is to hold interests or equity in companies engaged in water distribution, bulk water supply, septage, sewage, and related activities.

- Increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value remaining at ₱0.10 per share (see Note 12).

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

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

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

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

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

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

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

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

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

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

2. **Summary of Material Accounting Policy Information**

Basis of Preparation

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

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

Measurement Bases

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

The consolidated financial statements have been prepared on a historical cost basis, except for retirement benefits liability which is measured at the present value of define benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

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

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

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

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

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

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

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

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

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

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

Further information about the assumptions used in measuring fair value is disclosed in Note 16 to the consolidated financial statements.

Adoption of Amendments to PFRS Accounting Standards

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

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

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

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

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

- Annual Improvements to PFRS Volume 11:

    - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

    - Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.

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

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

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

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

Basis of Consolidation

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

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

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

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

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

Financial Assets and Liabilities

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

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

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

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

As at December 31, 2025 and 2024, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

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

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

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

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

As at December 31, 2025 and 2024, the Group's cash, advances to related parties, and restricted cash are classified under this category.

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

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

As at December 31, 2025 and 2024, the Group has classified its trade and other payables (excluding statutory payables), and advances from stockholders under this category.

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

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

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

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

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for impairment losses on its financial assets measured at amortized cost based on expected credit loss (ECL).

ECL is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures ECL at an amount equivalent to the 12-month ECL for financial assets at amortized cost on which credit risk has not increased significantly since initial recognition and for debt instruments that are determined to have low credit risk at the reporting date.

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

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

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

The Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

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

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

- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,

- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

- Deliver cash or another financial asset to another entity;

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

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

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

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

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

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

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

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

Exploration and evaluation activity includes:

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

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

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

No amortization is charged during the exploration and evaluation phase.

Property and Equipment

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

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

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of the property and equipment as shown below:

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

The assets' estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized to profit or loss.

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

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

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

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

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

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

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

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

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

Deficit
Deficit represents the cumulative balance of net losses.

Cumulative Remeasurement Gain on Retirement Benefits Liability, Net of Deferred Tax
This pertains to cumulative actuarial gain and losses on the Group's retirement benefits liability arising from experience adjustments and changes in financial assumptions. These are recognized immediately in OCI and are included in equity and these are not reclassified to profit or loss in subsequent periods.

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

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

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

Employee Benefits

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

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

Retirement Benefits Cost. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

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

Remeasurement comprising actuarial gains and losses is recognized immediately in OCI in the period in which they arise. Remeasurement is not reclassified to profit or loss in subsequent periods.

The retirement benefits liability is stated at the present value of the retirement liability. The present value of retirement benefits liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

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

Income Taxes

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

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

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

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

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

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

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

Related Party Relationships and Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

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

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

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

Basic and Diluted Loss Per Share
Basic loss per share is computed by dividing the net loss for the period attributable to equity holders of the Group by the weighted average number of issued and outstanding and subscribed common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted loss per share is computed in the same manner, adjusted for the effects of convertible securities.

The Group has no dilutive instruments.

Segment Reporting
Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of segment reporting, the Group's only operating segment is related to coal mining operations (see Note 4).

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

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

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

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

Events after the Reporting Date

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

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3. Material Judgment, Accounting Estimates and Assumptions

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

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

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

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

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

As discussed in Notes 1 and 18 to the consolidated financial statements, the Group has already received from the DOE the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the CP (for Development and Production Phase) or CNO from the NCIP. The Group has been compliant with the requirements of the DOE and management is confident that TMEC will obtain the necessary approval from the NCIP. Majority of the stockholders remain committed to provide continuous financial support to enable the Group to meet its maturing obligations.

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

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

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

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

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

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

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

As the economic assumptions used may change and as additional geological information is obtained during the exploration and evaluation of the mine properties, estimates of reserves may change.

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

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

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

Estimating the Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Based on management's assessment, there is no change in the estimated useful lives of property and equipment in 2025, 2024 and 2023.

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

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

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

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

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of coal reserves in the specific area is neither budgeted nor planned;
- exploration for and evaluation of coal reserves in the specific area have not led to the discovery of commercially viable qualities of coal reserves and the entity has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

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

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

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

Determining the Retirement Benefits Cost. The determination of the obligation and cost of retirement and other long-term employee benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 11 to the consolidated financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

Retirement benefits costs and carrying amount of retirement benefits liability as at December 31, 2025, 2024 and 2023 are disclosed in Note 11 to the consolidated financial statements.

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

The amounts of recognized and unrecognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 14 to the consolidated financial statements. The Group did not recognize a portion of the deferred tax assets as management has assessed that the Group may not be able to utilize these deductible temporary differences against future taxable income.

4. **Coal Reserves and Exploration and Evaluation Asset**

The balances and movements of this account are as follows:

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

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

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

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

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

COC Nos. 159 and 166 provide a minimum work expenditure on obligations covered by the work program at the exploration phase (see Note 18). The recovery of these costs depends on the conversion of the COCs to development and production phase.

Impairment Assessment on Coal Reserves and Exploration and Evaluation Asset

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

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

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

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

Movement in the allowance for impairment loss is as follows:

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

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

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

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

Operating Segment

For management reporting purposes, the Group is organized based on its activities and has one operating segment which is the coal mining segment. This segment undertakes the exploration and evaluation activities of the coal reserves of the Group which is within the Group's country of domicile.

5. Cash

This account consists of:

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

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

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

6. Other Assets

This account consists of:

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

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

Movements in the allowance for probable loss are as follows:

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

Restricted cash includes cash bond required pursuant to the application of the permit to proceed with the development phase for COC No. 159 and cash set aside to settle obligations arising from a court case.

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

7. Property and Equipment

The balances and movements of this account are as follows:

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

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

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

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

8. Trade and Other Payables

This account consists of:

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

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

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

Statutory payables are normally settled in the following month.

9. General and Administrative Expenses

This account consists of:

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

10. Personnel Costs

This account consists of (see Note 9):

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

11. Retirement Benefits Liability

The Group has an unfunded, noncontributory defined benefit plan covering all qualified regular employees of TMEC. The benefits are based on years of service and compensation. The plan provides for a lump-sum benefit payment upon retirement which shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641 Retirement Pay Law.

The components of retirement benefits costs are as follows (see Note 10):

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

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

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

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

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

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

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

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

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefits liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged.

The weighted average duration of the retirement benefits liability is 17.54 years and 13.43 years as at December 31, 2025 and 2024.

12. Equity

Capital Stock

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

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

On February 18, 2025, the SEC approved the Parent Company's application to amend its articles of incorporation, increasing the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of the shares of stock from ₱1.00 to ₱0.10 per share.

On February 11, 2026 and December 22, 2025, the stockholders and the BOD of the Parent Company, respectively, approved the increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value at ₱0.10 per share. As at report date, the increase in authorized capital stock is pending approval by the SEC.

13. **Related Party Transactions**

The transactions of the Group, in the normal course of business, with its related parties, and the outstanding balances from related parties arising from such transactions are as follows:

	Nature of Transactions	Amount of Transactions 2025	2024	Outstanding Balances 2025	2024
Advances to related parties					
Entities under common ownership	Advances for working capital	**₱–**	₱–	**₱2,050,940**	₱2,050,940
Advances from stockholders					
Stockholders	Advances for working capital	**₱11,760,090**	₱6,360,560	**₱87,396,031**	₱75,635,941

Terms and Conditions

Advances to related parties and advances from stockholders are unsecured, noninterest-bearing, generally settled in cash, due on demand, and are not covered by any guarantees or collateral as at December 31, 2025 and 2024. The Group assesses ECL on advances to related parties at each reporting date. No provision for ECL on advances to related parties was recognized in 2025, 2024 and 2023.

Office Space Arrangement

The Group uses office space owned by an entity under common stockholder at no cost.

Key Management Personnel Compensation

The compensation of key management personnel of the Group are as follows:

	2025	2024	2023
Short-term employee benefits	**₱1,983,600**	₱1,983,600	₱1,786,164
Post-employment benefits	**62,365**	46,029	49,792
	₱2,045,965	₱2,029,629	₱1,835,956

Reconciliation of Liability Arising from a Financing Activity

The table below details the changes in the Group's liability arising from a financing activity as at December 31, 2025 and 2024, including both cash and non-cash changes:

	2025	2024
Advances from stockholders		
Balance at beginning of year	**₱75,635,941**	₱69,275,381
Additions	**11,760,090**	6,360,560
Balance at end of year	**₱87,396,031**	₱75,635,941

14. **Income Taxes**

TMEC is entitled to the following incentives under the COC:

- Exempt from all national taxes except for income tax; and

- Exempt from payment of tariff duties, compensating tax and VAT on importations of machinery and equipment, spare parts and materials required for the coal operations subject to terms and conditions in the COC.

The Group's provision for current income tax represents MCIT in 2023.

The components of provision for (benefit from) income tax are as follows:

	2025	2024	2023
Current	**₱–**	₱–	₱11,250
Deferred	**(15,591)**	(11,507)	(12,448)
	(₱15,591)	(₱11,507)	(₱1,198)

The Group's net deferred tax liability consists of:

	2025	2024
Deferred tax liability -		
Retirement benefits cost capitalized to exploration and evaluation asset	**₱1,314,902**	₱1,314,902
Deferred tax asset -		
Retirement benefits liability	**(150,697)**	(135,106)
Net deferred tax liability	**₱1,164,205**	₱1,179,796

The Group's unrecognized deferred tax assets are as follows:

	2025	2024
Allowance for impairment loss on coal reserves and exploration and evaluation asset	**₱717,340,213**	₱370,597,696
NOLCO	**33,614,521**	37,124,398
Excess MCIT over RCIT	**11,250**	11,250
	₱750,965,984	₱407,733,344

These deferred tax assets were not recognized because management has assessed that it is not probable that sufficient future taxable income may be available against which these deferred tax assets can be utilized within the period allowed by the tax regulation.

As at December 31, 2025, details of the related NOLCO from the Parent Company are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2025	₱–	₱4,982,747	₱–	₱4,982,747	2028
2024	1,929,639	–	–	1,929,639	2027
2023	2,380,550	–	–	2,380,550	2026
2022	2,346,111	–	(2,346,111)	–	2025
2021	4,185,088	–	–	4,185,088	2026
2020	2,527,910	–	(2,527,910)	–	2025
	₱13,369,298	₱4,982,747	(₱4,874,021)	₱13,478,024	

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

As at December 31, 2025, details of NOLCO from TMEC are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2025	₱–	₱19,399,074	₱–	₱19,399,074	2030
2024	20,076,977	–	–	20,076,977	2029
2023	18,938,341	–	–	18,938,341	2028
2022	28,712,636	–	–	28,712,636	2027
2021	33,853,030	–	–	33,853,030	2026
2020	33,547,309	–	(33,547,309)	–	2025
	₱135,128,293	₱19,399,074	(₱33,547,309)	₱120,980,058	

Section 34 (D)(3) of the Tax Code grants mining companies other than oil and gas wells to carry over net operating loss incurred in any of the first ten years of operation as a deduction from taxable income for the next five consecutive years immediately following the year of loss.

TMEC incurred excess MCIT over RCIT amounting to ₱11,250 for the year ended December 31, 2023, which can be claimed as tax credit against RCIT due until 2026.

A reconciliation between the benefit from income tax at statutory income tax rate and the effective income tax rates is as follows:

	2025	2024	2023
Benefit from income tax at statutory tax rate	**(₱353,126,608)**	(₱239,577,590)	(₱58,334,995)
Change in unrecognized deferred tax assets	**343,232,640**	238,569,763	56,892,358
Income tax effects of:			
Expired NOLCO	**9,605,333**	943,347	1,429,345
Nondeductible expenses	**273,390**	55,063	12,387
Interest income already subjected to final tax	**(346)**	(2,090)	(293)
Benefit from income tax at effective tax rates	**(₱15,591)**	(₱11,507)	(₱1,198)

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the years ended December 31, 2025, 2024 and 2023 are 25% for RCIT, and 2%, 2% and 1.5% for MCIT, respectively.

15. **Financial Risk Management Objectives and Policies**

The Group's financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash, advances to related parties, restricted cash, trade and other payables (excluding statutory payables), and advances from stockholders.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees on policies for managing each of these risks.

Credit risk

Credit risk is a risk due to an uncertainty in a counterparty's ability to meet its obligations. When a counterparty defaults, the maximum exposure is equal to the carrying amount of the related financial asset. The Group's credit risk arises principally from cash in banks, advances to related parties, and restricted cash.

The Group transacts mainly with recognized and creditworthy third parties as well as with related parties. In addition, the Group only deals with financial institutions duly evaluated and approved by the BOD.

The following tables summarize the credit quality of the Group's financial assets at amortized cost as at December 31, 2025 and 2024:

	2025					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Credit impaired**	**Total**
Financial assets at amortized cost:						
Cash in banks	**₱1,267,156**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,267,156**
Advances to related parties	**–**	**2,050,940**	**–**	**–**	**–**	**2,050,940**
Restricted cash	**1,089,465**	**–**	**–**	**–**	**–**	**1,089,465**
	₱2,356,621	**₱2,050,940**	**₱–**	**₱–**	**₱–**	**₱4,407,561**

	2024					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Credit impaired	Total
Financial assets at amortized cost:						
Cash in banks	₱775,316	₱–	₱–	₱–	₱–	₱775,316
Advances to related parties	–	2,050,940	–	–	–	2,050,940
Restricted cash	1,089,465	–	–	–	–	1,089,465
	₱1,864,781	₱2,050,940	₱–	₱–	₱–	₱3,915,721

The credit quality of the financial assets is managed by the Group using internal credit quality ratings. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered as standard grade accounts. Financial assets that are still collectible but require persistent effort from the Group to collect are considered substandard grade accounts. Past due but not impaired are those with history of frequent default nevertheless the amount due are still collectible. Credit impaired are those that are long outstanding or those that have been provided with an allowance for impairment.

Cash in banks and restricted cash are considered high grade as these pertain to deposits and placements in reputable banks with prime ratings. The Group considers that these financial assets have low credit risk based on the external ratings of the counterparties.

Advances to related parties are considered as standard grade because the related parties are operating entities with sufficient liquid assets to repay but the receivables have been outstanding for a certain period of time.

The impairment of financial assets at amortized cost has been measured on 12-month ECL basis and reflects the short maturities of the exposures. The resulting ECL is not significant because the financial assets are considered high grade with minimal risk of default.

Liquidity Risk

Liquidity risk arises from the Group's inability to raise sufficient funds at the least possible cost to meet its financial commitments. The Group's objectives in liquidity management are: (a) to ensure that adequate funds are available to meet expiring obligations; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access additional funding when needed at the least possible cost.

The table below summarizes the maturity profile of the financial liabilities at amortized cost of the Group based on the remaining contractual undiscounted cash flows as at December 31, 2025 and 2024:

	2025			
	On Demand	**Within 1 Year**	**Over 1 Year**	**Total**
Trade and other payables*	**₱10,074,495**	**₱2,790,147**	**₱–**	**₱12,864,642**
Advances from stockholders	**87,396,031**	**–**	**–**	**87,396,031**
	₱97,470,526	**₱2,790,147**	**₱–**	**₱100,260,673**

**Excluding statutory payables (see Note 8).*

	2024			
	On Demand	Within 1 Year	Over 1 Year	Total
Trade and other payables*	₱10,074,495	₱3,252,795	₱–	₱13,327,290
Advances from stockholders	75,635,941	–	–	75,635,941
	₱85,710,436	₱3,252,795	₱–	₱88,963,231

**Excluding statutory payables (see Note 8).*

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations. The Group's overall strategy remains unchanged from the previous year.

The Group manages the capital structure and makes adjustments when there are changes in the economic conditions, its business activities, expansion programs and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust its borrowings or raise capital.

In determining reasonable leverage, the Group evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Group considers its equity, excluding cumulative remeasurement gain on retirement benefits liability, net of deferred tax, as capital employed.

TMEC is subject to externally-imposed capital requirements applicable to applicants for exploration permits. The minimum paid-up capital is ₱6.3 million. TMEC has complied with the capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous years.

16. Fair Value Measurement of Financial Instruments

As at December 31, 2025 and 2024, the Group has no financial instruments measured at fair value.

Due to the short-term nature of the Group's cash, advances to related parties, trade and other payables (excluding statutory payables), and advances from stockholders, their carrying amounts approximate fair values as at December 31, 2025 and 2024.

Restricted Cash. The carrying amount of this financial instrument approximates its fair value.

Since the Group has no financial instruments measured at fair value, there were no transfers between levels of the fair value hierarchy in 2025, 2024 and 2023.

17. Stock Split and Basic and Diluted Loss Per Share

On February 18, 2025, the Parent Company effected a 10-for-1 stock split of its shares by reducing the par value from ₱1.00 to ₱0.10 per share (see Note 12). As a result of the stock split, each issued share was converted into ten shares, thereby increasing the total number of issued and outstanding shares without a corresponding change in the Parent Company's share capital.

The weighted average number of shares outstanding and the basic and diluted loss per share have been retrospectively adjusted to reflect the stock split at the beginning of the earliest period presented.

Basic and diluted loss per share are computed as follows:

	2025	2024	2023
Net loss	**(₱1,412,490,839)**	(₱958,298,851)	(₱233,338,783)
Divided by weighted average number of common shares outstanding	**40,000,000,040**	40,000,000,040	40,000,000,040
Basic and diluted loss per share	**(₱0.035)**	(₱0.024)	(₱0.006)

Diluted loss per share is equal to the basic loss per share as the Group does not have any dilutive potential common shares at the end of each year.

The stock split has no effect on the Parent Company's total retained earnings, net income, or stockholders' equity.

18. Commitments and Contingencies

The Group has the following contractual commitments:

COCs with the DOE

The Philippine Government, through the DOE, awarded COCs to TMEC. The exploration phase under the COCs is for two (2) years and can be extended for another two (2) years upon the approval of the DOE. The development and production phase commences when the DOE and TMEC agrees on the existence of Coal Reserves in Commercial Quantity subject to the terms and conditions in the COC. As at December 31, 2025 and 2024, TMEC has two COCs (COC No. 159 and COC No. 166).

COC No. 159 covers 7,000 hectares in Davao Oriental while COC No. 166 which is located in Zamboanga Sibugay covers 4,000 hectares. Completed activities include surface geological investigation which involves surface field geologic mapping, geodetic surveying and trenching and subsurface geologic investigation through cored diamond drilling. As at December 31, 2025 and 2024, TMEC has incurred ₱637.2 million, respectively, for the direct implementation of the work program for the exploration phase of these COCs (see Note 4).

COC No. 159

In 2013, the Group applied for the start-up of the development and production stage in COC No. 159. The Group has submitted to the DOE the Final Exploration Report, 10-Year Work Program and Feasibility Study and Environmental Compliance Certificate (ECC) as issued by the Department of Environment and Natural Resources (DENR).

On August 30, 2018, the DOE re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. On December 21, 2018, the Group agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves.

On September 11, 2018, the Group submitted the required documents to the NCIP for the issuance of the CP. The CP is the final requirement for the conversion of COC No. 159.

On December 14, 2018, TMEC received the original copy of the CP and the certified true copy approving the CP from the NCIP.

On December 11, 2019, TMEC received the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the CP (for Development and Production Phase) or CNO from the NCIP. The COC No. 159 for Development and Production Phase shall be effective from date thereof for a period of 10 years, and should there be remaining mineable reserves, extendible for another 10 years and thereafter renewable for a series of three (3) year periods not exceeding 12 years under such terms and condition as may be agreed upon by the DOE and TMEC.

Under Presidential Decree 972, *The Coal Development Act of 1976*, as government share, the DOE will be paid the balance of the gross income after deducting all operating expenses and operator's fee and special allowance. The operating expenses shall not exceed 90% of the gross income. Excess operating expenses can be recovered from the gross income in succeeding years. TMEC will be entitled to a fee and a special allowance, the net amount of which shall not exceed 40% and 30%, respectively, of the net operating income.

On November 2, 2022, TMEC received notice from the NCIP that its Provincial Team had submitted their Field Based Investigation Report and has recommended for the conduct of mandatory Free, Prior Informed Consent (FPIC) process pursuant to NCIP Administrative Order No. 3, series of 2012. Consequently, the NCIP invited TMEC for a Pre-FPIC Conference.

On March 28, 2023, TMEC received notice from the NCIP to provide the necessary documents in relation to the issuance of CP or CNO following its special session where the project and FPIC report were presented.

On November 18, 2024, TMEC submitted a request to the NCIP for the immediate commencement of the FPIC process.

On January 16, 2025, TMEC re-submitted the revised Five-Year Work Program to DOE for evaluation and approval.

On March 3, 2026, TMEC received a certification from the DOE affirming that the COC remains valid.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, the Group is still in the process of obtaining a CP or CNO from the NCIP.

COC No. 166

On May 16, 2024, a meeting was held between the DOE and TMEC in which the status of COC No. 166 was presented and wherein TMEC expressed its intention to pursue the conversion to Development and Production Phase.

On June 25, 2024, the DOE issued a final notice to TMEC for COC No. 166 to comply on its conversion requirements in settling its outstanding obligations to the DOE (see Note 8) and submitting a new Five-Year Work Program and Budget and Feasibility Study.

On January 22, 2025, the DOE issued a notice of term expiration of COC No. 166 stating that TMEC failed to submit the complete requirements for conversion of COC No. 166 from Exploration Phase to Development and Production Phase. Accordingly, in accordance with the expressed provision of Presidential Decree No. 972, the term of COC No. 166 has lapsed, and TMEC was directed to immediately vacate the contract area and restore all sites that may have been affected by any coal operations.

On February 18, 2025, TMEC submitted an appeal for reconsideration to DOE, requesting a one-year grace period to facilitate the conversion of COC No. 166 from Exploration to Development and Production Phase.

As at report date, the Group is still awaiting approval from the DOE on its appeal for reconsideration on the term expiration.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated and a Subsidiary
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Coal Asia Holdings Incorporated (the Parent Company) and a Subsidiary (collectively referred to as the Group) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and have issued our report dated May 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission (SEC) are the responsibility of the Group's management.

These supplementary schedules include the following:

- Reconciliation of Parent Company's Unappropriated Retained Earnings Available for Dividend Declaration as at December 31, 2025

- Schedules Required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2025

- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024

- Conglomerate Map as at December 31, 2025

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and no material exceptions were noted.

The supplementary schedules are presented for purposes of complying with the Revised SRC Rule 68 issued by the SEC and are not part of the consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782/P-008; Valid until June 6, 2026
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022;
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2025;
Valid until November 14, 2028
PTR No. 10764012;
Issued January 2, 2026, Makati City

May 13, 2026
Makati City, Metro Manila

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

COAL ASIA HOLDINGS INCORPORATED

3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

	Amount
Deficit, beginning of reporting period and as adjusted	**(₱1,496,037,353)**
Add: Net loss for the current year	(1,686,619,535)
Total deficit, end of the reporting period available for dividend	**(₱3,182,656,888)**

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

SEC Supplementary Schedule as Required by Part II of the Revised SRC Rule 68

DECEMBER 31, 2025

Table of Contents

Notes:
A – The Group has no financial assets measured at fair value through profit or loss.
B – All receivables arises from ordinary course of business.
D – The Group has no long-term debt.
E – The amount of the Group's indebtedness to related parties is less than five per cent of its total assets.
F – The Group has no guarantee of securities of other issuers.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements

DECEMBER 31, 2025

			Deductions		*Ending Balance*		
Name and designation of debtor	***Balance at beginnning of period***	***Additions***	***Amounts collected***	***Amounts written off***	***Current***	***Not current***	***Balance at end of period***
Advances to TMEC	₱565,309,431	₱–	₱–	₱–	₱565,309,431	₱–	₱565,309,431

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

G. Capital Stock

DECEMBER 31, 2025

				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 - ₱0.10 par value	50,000,000,000	40,000,000,040	–	28,671,399,999	4,120,041	11,324,480,000

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2025 and 2024

	2025	2024
Total Audit Fees	**₱570,000**	₱570,000
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Non-audit Fees	**–**	–
Total Audit and Non-audit Fees	**₱570,000**	₱570,000

The Group has no related parties covered by Section 2.1c of SEC Memorandum Circular No. 18-2024.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

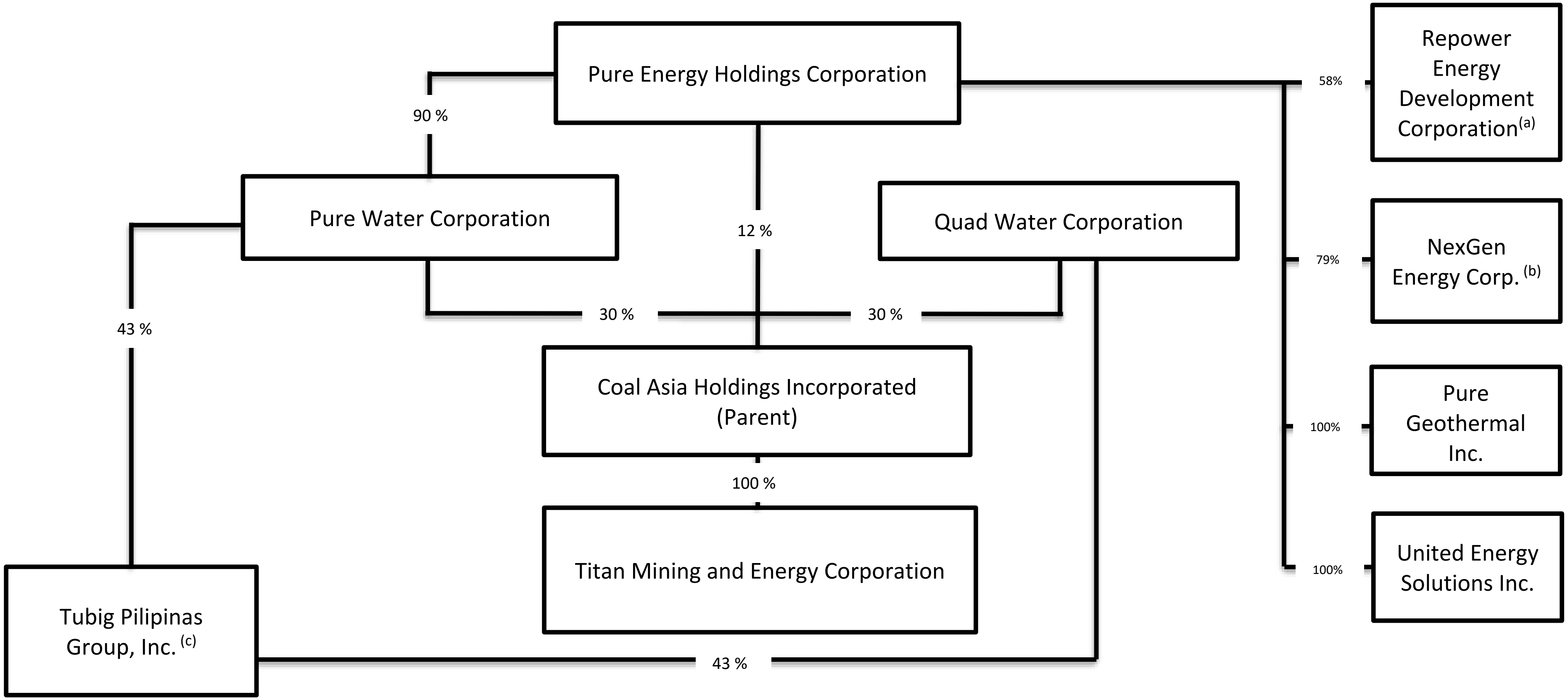
DECEMBER 31, 2025 AND 2024

Ratio	**Formula**	**2025**	2024
Current ratio			
	Total Current Assets	**₱3,333,096**	₱2,841,256
	Divided by: Total Current Liabilities	**100,286,320**	88,984,508
	Current ratio	**0.03:1**	0.03:1
Acid test ratio			
	Total Current Assets	**₱3,333,096**	₱2,841,256
	Less: Other current assets	**–**	–
	Quick assets	**3,333,096**	2,841,256
	Divide by: Total Current Liabilities	**100,286,320**	88,984,508
	Acid test ratio	**0.03:1**	0.03:1
Solvency ratio			
	Net loss before depreciation	**(₱1,397,826,814)**	(₱940,997,964)
	Divide by: Total Liabilities	**102,053,315**	90,704,729
	Solvency ratio	**(13.70):1**	(10.37):1
Debt-to-equity ratio			
	Total Liabilities	**₱102,053,315**	₱90,704,729
	Divide by: Total Equity	**824,570,152**	2,237,060,991
	Debt-to-equity ratio	**0.12:1**	0.040:1
Asset-to-equity ratio			
	Total Assets	**₱926,623,467**	₱2,327,765,720
	Divide by: Total Equity	**824,570,152**	2,237,060,991
	Asset-to-equity ratio	**1.12:1**	1.04:1
Return on equity			
	Net loss	**(₱1,412,490,839)**	(₱958,298,851)
	Divide by: Average total equity	**1,530,815,572**	2,716,210,417
	Return on equity	**(92.27%)**	(35.28%)
Return on assets			
	Net loss	**(₱1,412,490,839)**	(₱958,298,851)
	Divide by: Average total assets	**1,627,194,594**	2,327,765,720
	Return on assets	**(86.81%)**	(41.17%)

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONGLOMERATE MAP

DECEMBER 31, 2025



(a) Repower Energy Development Corporation's subsidiaries include Tibag Hydropower Corporation, Cabanglasan Hydropower Corporation, Bicol Hydropower Corporation, Baguio Asin Hydropower Corporation, Maramag Hydropower Corporation, Philippine Power and Development Corporation, Majayjay Hydropower Company Inc., Labayat 1 Hydropower Corporation, and Piapi Hydropower Corporation.

(b) NexGen Energy Corp.'s subsidiaries include Airstream Renewables Corp., Solar Power Agri-Rural Communities Corporation, 5Hour Peak Energy Corp.

(c) Tubig Pilipinas Group, Inc.'s subsidiaries include Tubig Trece Martires Corp., Tubig Coron Inc., Tubig Nabua Inc., Tubig Catbalogan Corp., San Jose City (N.E.) Water Company Inc., Bacolod Bulk Water Inc., Tubig Echague Corp., ALV Tubig ng Mandaue Inc., Tubig Pilipinas Global Group Inc., and Tubig Cadiz Inc. The associates are Calbayog Water Company Inc., Princess Urduja Waterworks System Inc., and MTTP Water Corporation.

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: May 18, 2026 10:35:29 AM

Company Information

SEC Registration No.: CS201210314
Company Name: COAL ASIA HOLDINGS INCORPORATED
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST105182026811434291
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	0	3	1	4

C O M P A N Y   N A M E

COAL ASIA HOLDINGS INCORPORATED

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
rolando.domingo@pureenergy.com	(02) 8813-8892	0917 853 5701

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
20	April 30	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Johnson A. Sanhi Jr.	johnson.sanhi.jr@titanmining.com	(02) 8818-6772	–

CONTACT PERSON'S ADDRESS

3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

Coal Asia Holdings
Reliable energy resources through responsible mining

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of **COAL ASIA HOLDINGS INCORPORATED,** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2025 and 2024, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: Harald R. Tomintz
Chairman of the Board

Signature: Johnson A. Sanhi Jr.
President

Signature: Dexter Y. Tiu
Treasurer

Signed this _____ day of MAY 14 2026

SUBSCRIBED AND SWORN TO BEFORE ME, this MAY 14 2026 day of ________ 20_____ at Makati City, affiant exhibited to me his/her competent evidence of identity no. ______________ issued at__________ on __________.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 536461/01-05-2026/Pasig City
PTR NO. MKT 10764120/01-05-2026/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

DOC. NO. 375;
PAGE NO. 76;
BOOK NO. 477;
SERIES OF 2026

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

Opinion

We have audited the separate financial statements of Coal Asia Holdings Incorporated (the Company), which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024 and its financial performance and its cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics)), as applicable to audit of separate financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the separate financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782/P-008; Valid until June 6, 2026
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022;
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2025;
Valid until November 14, 2028
PTR No. 10764012;
Issued January 2, 2026, Makati City

May 13, 2026
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2025**	2024
ASSETS			
Current Asset			
Cash in banks	4	**₱293,271**	₱419,708
Noncurrent Asset			
Investment in a subsidiary	7	**864,740,787**	2,545,468,806
		₱865,034,058	₱2,545,888,514
LIABILITIES AND EQUITY			
Current Liabilities			
Advances from a stockholder	5	**₱45,664,193**	₱38,850,570
Other current liabilities		**2,026,749**	3,075,293
Total Liabilities		**47,690,942**	41,925,863
Equity			
Capital stock		**4,000,000,004**	4,000,000,004
Deficit		**(3,182,656,888)**	(1,496,037,353)
Total Equity		**817,343,116**	2,503,962,651
		₱865,034,058	₱2,545,888,514

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2025**	2024	2023
INTEREST INCOME	4	**₱684**	₱852	₱564
EXPENSES	9	**(1,686,620,219)**	(735,887,215)	(253,059,667)
NET LOSS		**(1,686,619,535)**	(735,886,363)	(253,059,103)
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE LOSS		**(₱1,686,619,535)**	(₱735,886,363)	(₱253,059,103)

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2025**	2024	2023
CAPITAL STOCK	8	**₱4,000,000,004**	₱4,000,000,004	₱4,000,000,004
DEFICIT				
Balance at beginning of year		**(1,496,037,353)**	(760,150,990)	(507,091,887)
Net loss		**(1,686,619,535)**	(735,886,363)	(253,059,103)
Balance at end of year		**(3,182,656,888)**	(1,496,037,353)	(760,150,990)
		₱817,343,116	₱2,503,962,651	₱3,239,849,014

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2025**	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		**(₱1,686,619,535)**	(₱735,886,363)	(₱253,059,103)
Adjustments for:				
Provision for impairment loss on investment in a subsidiary	7	**1,680,728,019**	733,792,757	99,238,437
Provision for probable loss on input value-added tax (VAT)	6	**476,750**	126,540	29,718
Interest income	4	**(684)**	(852)	(564)
Provision for expected credit loss (ECL) on advances to a subsidiary	5	**–**	–	151,398,304
Operating loss before working capital changes		**(5,415,450)**	(1,967,918)	(2,393,208)
Increase (decrease) in:				
Input VAT		**(476,750)**	(126,540)	(29,718)
Other current liabilities		**(1,048,544)**	683,452	875,378
Net cash used for operations		**(6,940,744)**	(1,411,006)	(1,547,548)
Interest received		**684**	852	564
Net cash used in operating activities		**(6,940,060)**	(1,410,154)	(1,546,984)
CASH FLOW FROM A FINANCING ACTIVITY				
Additional advances from a stockholder	5	**6,813,623**	1,630,560	1,609,820
NET INCREASE (DECREASE) IN CASH IN BANKS		**(126,437)**	220,406	62,836
CASH IN BANKS AT BEGINNING OF YEAR		**419,708**	199,302	136,466
CASH IN BANKS AT END OF YEAR		**₱293,271**	₱419,708	₱199,302

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. **Corporate Information**

General Information

Coal Asia Holdings Incorporated (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 11, 2012. The Company was organized primarily as a holding company. In 2012, the Company acquired 100% ownership of Titan Mining and Energy Corporation (TMEC or the Subsidiary).

TMEC is a wholly-owned subsidiary incorporated and registered with the SEC. TMEC is engaged in the operations of coal mining and energy related business.

On October 23, 2012, the Company became a publicly-listed company. As at December 31, 2025 and 2024, 40,000,000,040 and 4,000,000,004 common shares of the Company at ₱0.10 and ₱1.00 par value, respectively, are listed in the Philippine Stock Exchange (PSE). Of those shares, 28.31% and 20.00% are publicly-owned as at December 31, 2025 and 2024, respectively.

Amendments of Articles of Incorporation

On July 1, 2024 and May 23, 2024, the stockholders and Board of Directors (BOD) of the Company, respectively, approved the amendment of its articles of incorporation, for the following:

- Change in primary purpose that the Company is organized primarily as a holding company to engage in different sources of energy and technologies for power or energy generation.

- Increase in the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of shares of stock from ₱1.00 to ₱0.10 per share.

On February 18, 2025, the amended articles of incorporation was approved by the SEC.

On February 11, 2026 and December 22, 2025, the stockholders and BOD of the Company, respectively, approved the amendment of its articles of incorporation respectively, for the following:

- Change in corporate name from Coal Asia Holdings Incorporated to Tubig Pilipinas Holding Inc.

- Change in primary purpose to reflect that its main business is to hold interests or equity in companies engaged in water distribution, bulk water supply, septage, sewage, and related activities.

- Increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value remaining at ₱0.10 per share (see Note 8).

On March 19, 2026, the application for the amended articles of incorporation has been submitted and pending approval by the SEC.

Share Purchase Agreement

On September 26, 2025, the stockholders of the Company who collectively own 28,671,400,000 common shares representing 71.68% of the total outstanding capital stock entered into a Share Purchase Agreement with Pure Energy Holdings Corporation, Pure Water Corporation (Pure), and Quad Water Corporation (Quad) at ₱0.0077 per share. The shares were acquired by the investors in varying proportions, with none of the investors individually obtaining control of the Company.

Plans on Share Issuance through Share Swap Agreement and Divestment of TMEC

The stockholders and the BOD of the Company approved on February 11, 2026 and December 22, 2025, respectively, the plan to issue new shares out of the increase in authorized capital stock to Pure and Quad in exchange for their equity in Tubig Pilipinas Group, Inc. (TPGI). The agreement involves exchange of 100% outstanding capital stock of TPGI.

The share swap agreement was entered into by the parties on March 2, 2026, with the related share issuance to be done upon the approval of the SEC on the amended articles of incorporation, which includes the increase in authorized capital stock.

On the same dates, the stockholders and the BOD of the Company approved the plan to divest in TMEC. The terms and conditions of the divestment will be determined by the BOD once finalized.

Status of TMEC's Operations

As at December 31, 2025 and 2024, TMEC has two Coal Operating Contracts (COCs) located in Davao Oriental (COC No. 159) and Zamboanga Sibugay (COC No. 166).

COC No. 159

In 2013, TMEC applied for the start-up of the development and production stage in COC No. 159. TMEC has submitted to the DOE the Final Exploration Report, 10-Year Work Program and Feasibility Study and Environmental Compliance Certificate (ECC) as issued by the Department of Environment and Natural Resources (DENR).

On August 30, 2018, the Department of Energy (DOE) re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. On December 21, 2018, TMEC agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves.

On September 11, 2018, TMEC submitted the required documents to the National Commission on Indigenous People (NCIP) for the issuance of the Certificate of Precondition (CP). The CP is the final requirement for the conversion of COC No. 159.

On December 14, 2018, TMEC received the original copy of the CP and the certified true copy approving the CP from the NCIP.

On December 11, 2019, TMEC received the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the CP (for Development and Production Phase) or Certificate of Non-Overlap (CNO) from the NCIP. The COC No. 159 for Development and Production Phase shall be effective from date thereof for a period of 10 years, and should there be remaining mineable reserves, extendible for another 10 years and thereafter renewable for a series of three (3) year periods not exceeding 12 years under such terms and condition as may be agreed upon by the DOE and TMEC.

Under Presidential Decree 972, *The Coal Development Act of 1976*, as government share, the DOE will be paid the balance of the gross income after deducting all operating expenses and operator's fee and special allowance. The operating expenses shall not exceed 90% of the gross income. Excess operating expenses can be recovered from the gross income in succeeding years. TMEC will be entitled to a fee and a special allowance, the net amount of which shall not exceed 40% and 30%, respectively, of the net operating income.

On November 2, 2022, TMEC received notice from the NCIP that its Provincial Team had submitted their Field Based Investigation Report and has recommended for the conduct of mandatory Free, Prior Informed Consent (FPIC) process pursuant to NCIP Administrative Order No. 3, series of 2012. Consequently, the NCIP invited TMEC for a Pre-FPIC Conference.

On March 28, 2023, the Company received notice from the NCIP to provide the necessary documents in relation to the issuance of CP or CNO following its special session where the project and FPIC report were presented.

On November 18, 2024, TMEC submitted a request to NCIP for the immediate commencement of the FPIC process.

On January 16, 2025, TMEC re-submitted the revised Five-Year Work Program to DOE for evaluation and approval.

On March 3, 2026, TMEC received a certification from the DOE affirming that the COC remains valid.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, TMEC is still in the process of obtaining a CP or CNO from the NCIP.

COC No. 166

On May 16, 2024, a meeting was held between the DOE and TMEC in which the status of COC No. 166 was presented and wherein TMEC expressed its intention to pursue the conversion to Development and Production Phase.

On June 25, 2024, the DOE issued a final notice to TMEC for COC No. 166 to comply on its conversion requirements in settling its outstanding obligations to the DOE and submitting a new Five-Year Work Program and Budget and Feasibility Study.

On January 22, 2025, the DOE issued a notice of term expiration of COC No. 166 stating that TMEC failed to submit the complete requirements for conversion of COC No. 166 from Exploration Phase to Development and Production Phase. Accordingly, in accordance with the expressed provision of Presidential Decree No. 972, the term of COC No. 166 has lapsed, and TMEC was directed to immediately vacate the contract area and restore all sites that may have been affected by any coal operations.

On February 18, 2025, TMEC submitted an appeal for reconsideration to DOE, requesting a one-year grace period to facilitate the conversion of COC No. 166 from Exploration to Development and Production Phase.

As at report date, TMEC is still awaiting approval from the DOE on its appeal for reconsideration on the term expiration.

Approval of Separate Financial Statements
The separate financial statements of the Company as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023 were reviewed and recommended for approval by the Audit Committee and approved and authorized for issuance by the BOD on May 13, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation
The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The Company also prepares and issues consolidated financial statements for the same year in accordance with PFRS Accounting Standards. In the consolidated financial statements, subsidiary undertakings have been fully consolidated. Users of the separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the consolidated statements of financial position, financial performance and cash flows of the Company and its Subsidiary. The consolidated financial statements are available for public use and may be obtained at the Company's registered office address and at the SEC and PSE.

Measurement Bases
The separate financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency. All values represent absolute amounts, unless otherwise indicated.

The separate financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal on the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best interest.

A fair value measurement of nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is disclosed in Note 12 to the separate financial statements.

Adoption of Amendments to PFRS Accounting Standards

The adoption of the amendments to PFRS Accounting Standards effective for annual reporting periods beginning January 1, 2025 did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the separate financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Volume 11 -
  - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
  - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendment to PFRS Accounting Standards is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. The classification of financial assets largely depends on the Company's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2025 and 2024, the Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired or through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Company's cash in banks and advances to a subsidiary are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2025 and 2024, the Company's advances from a stockholder and other current liabilities (excluding statutory payables) are classified under this category.

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for ECL which is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For cash in banks and advances to a subsidiary, the Company has calculated ECL based on 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired; or,

- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,

- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the separate statement of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. Otherwise, the financial instrument is classified as equity.

Input VAT
Input VAT represents tax imposed on the Company by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Company's output VAT liability.

Investment in a Subsidiary
Investment in a subsidiary is accounted for under the cost method. A subsidiary is an entity that is controlled by the Company. The Company controls an entity if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investment in subsidiary is carried in the separate statements of financial position at cost, less any impairment in value. Cost is the purchase price plus any incidental costs relating to the acquisition of the investment.

Impairment of Nonfinancial Assets
The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less cost of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Capital Stock
Capital stock is measured at par value for all shares issued and paid.

Deficit
Deficit represents the cumulative balance of net losses.

Interest Income
Interest income is recognized as the interest accrues taking into account the effective yield on the asset, net of final tax.

Expense Recognition
Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Expenses. Expenses constitute cost of administering the business. These are expensed as incurred.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Any such reductions are reassessed at each reporting date and are reversed to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on the tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related Party Relationship and Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Related party transactions are transfers of resources, services, or obligations between the Company and its related parties.

Provisions and Contingencies
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the separate financial statements but disclosed in the notes to separate financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to separate financial statements when material.

3. **Material Judgement, Accounting Estimates and Assumptions**

The preparation of the Company's separate financial statements in compliance with PFRS Accounting Standards requires management to exercise judgment, make accounting estimates and assumptions that affect amounts reported in the separate financial statements and related notes. Judgment and accounting estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these accounting estimates.

While the Company has assessed that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgment, accounting estimates and assumptions made by the Company:

Assessing ECL on Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on probability-weighted estimate of the present value of all cash shortfalls over the expected life of the financial assets at amortized cost. ECL are provided for credit losses that result to possible default events within 12-months unless there has been a significant increase in credit risk since initial recognition, in which case ECL are provided based on lifetime expected credit loss.

While cash in banks is subject to the impairment requirements of PFRS 9, the resulting impairment loss is not significant primarily because these are with reputable counterparty banks that possess good credit rating.

No provision was recognized for cash in banks.

The Company did not recognize provision for ECL on advances to a subsidiary.

The carrying amounts of financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 4 and 5 to the separate financial statements.

Establishing Control over its Investment. The Company determined that it has control over its subsidiary by considering, among others, its power over its investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following factors are:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual agreements; and,
- The Company's voting rights and potential voting rights.

As at December 31, 2025 and 2024, management has assessed that the Company has control over its subsidiary (see Note 7).

Assessing the Impairment of Investment in a Subsidiary. The Company assesses impairment on its investment in a subsidiary whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and,
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Recoverable amount of an asset is higher of its fair value less cost to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Company's expected mining operations. The estimated cash flows are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Provision for impairment loss on investment in a subsidiary amounting to ₱1,680.7 million, ₱733.8 million, and ₱99.2 million were recognized in 2025, 2024, and 2023, respectively (see Note 7). The carrying amount of investment in a subsidiary as at December 31, 2025 and 2024 is disclosed in Note 7 to the separate financial statements.

Recognizing Deferred Tax Asset. The Company reviews the carrying amount of deferred tax asset at each reporting date and reduces deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

As at December 31, 2025 and 2024, the Company did not recognize deferred tax asset as management has assessed that it is not probable that sufficient future taxable income may be available against which the deferred tax asset can be utilized within the period allowed by the tax regulation (see Note 10).

4. Cash in Banks

Cash in banks amounting to ₱293,271 and ₱419,708 as at December 31, 2025 and 2024, respectively, earn interest at the respective bank deposit rates and are immediately available for use in the current operations.

Interest income amounting to ₱684, ₱852 and ₱564 were earned from cash in banks for the years ended December 31, 2025, 2024 and 2023, respectively.

5. Related Party Transactions

The significant transactions of the Company, in the normal course of business, with its related parties, and the outstanding balances from related parties arising from such transactions are as follows:

	Nature of Transaction	Amount of Transactions		Outstanding Balances	
		2025	2024	**2025**	2024
Advances to a subsidiary					
TMEC	Advances for working capital	**₱–**	₱–	**₱565,309,431**	₱565,309,431
Less allowance for ECL		**–**	–	**(565,309,431)**	(565,309,431)
				₱–	₱–
Advances from a stockholder					
Stockholder	Advances for working capital	**₱6,813,623**	₱1,630,560	**₱45,664,193**	₱38,850,570

The Company did not recognize provision for ECL on advances to a subsidiary in 2025 and 2024. In 2023, the Company recognized a provision for ECL on such advances. (see Note 9).

Advances from stockholder are unsecured, noninterest-bearing, generally settled in cash and due on demand, and are not covered by any guarantees or collateral as at December 31, 2025 and 2024. The Company assesses ECL on advances from a stockholder at each reporting date. No provision for ECL on advances from a stockholder was recognized in 2025 and 2024.

Office Space Arrangement
The Company uses office space owned by an entity under common stockholder at no cost.

Key Management Personnel
The short-term employee benefits given by the Company to its key management personnel amounted to ₱0.7 million in 2025, 2024 and 2023. This is included in "Personnel costs" account under "Expenses" in the separate statements of comprehensive income.

Reconciliation of Liabilities Arising from a Financing Activity

The table below details changes in the Company's liabilities arising from a financing activity.

	2025	2024
Advances from a stockholder		
Balance at beginning of year	**₱38,850,570**	₱37,220,010
Additions	**6,813,623**	1,630,560
Balance at end of year	**₱45,664,193**	₱38,850,570

6. **Input VAT**

This account consists of:

	2025	2024
Input VAT	**₱3,010,625**	₱2,533,875
Less allowance for probable loss	**(3,010,625)**	(2,533,875)
	₱–	₱–

The input VAT is fully provided with allowance for probable loss as management has assessed that the Company may not be able to utilize its input VAT.

Movements in the allowance for probable loss are as follows:

	Note	**2025**	2024
Balance at beginning of year		**₱2,533,875**	₱2,407,335
Provision	9	**476,750**	126,540
Balance at end of year		**₱3,010,625**	₱2,533,875

7. **Investment in a Subsidiary**

This account consists of:

	2025	2024
Cost	**₱3,378,500,000**	₱3,378,500,000
Less allowance for impairment loss	**(2,513,759,213)**	(833,031,194)
	₱864,740,787	₱2,545,468,806

In 2012, TMEC obtained an independent valuation report to estimate the value of its coal reserves in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports. The valuation was determined using the discounted cash flow approach based on assumptions and information secured from the Competent Persons Reports on the Davao Oriental and Zamboanga Sibugay Projects and available market information.

TMEC carried out a review of the recoverable amount of its nonfinancial assets due to the delays in obtaining the necessary approval of its COCs from the government which has significantly reduced its operating funds and resulted to continuing net losses. The recoverable amount was determined as the higher of fair value less costs to sell and value in use, with value in use resulting in a higher amount.

Accordingly, the impairment test is based on value in use calculations using discounted cash flow approach. The key assumptions used to determine the value in use of the nonfinancial assets include the projected coal price, foreign exchange rate, discount rate and estimated volume of coal reserves. The discount rates used are 17% (which includes company-specific risk premium of 5% to account risks relating to delays in production, among others), 11.48% and 10.35% in 2025, 2024 and 2023, respectively.

The cash flow projections, which have a period of five years, are based on the most recent feasibility study approved by the senior management. The values assigned to each key assumption are estimated with reference to recent external market information and take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In 2025, management assessed that the recoverable amount of the investment in a subsidiary is lower than its aggregate carrying amount and recognized an additional impairment loss of ₱1,680.7 million on its investment in a subsidiary. The recognition of the impairment loss is driven by the reduction in coal price, increase in foreign exchange rate and discount rate, and unplanned expenditures caused by the delays in the conversion of COCs and start of commercial operations (see Note 1).

In 2024, management assessed that the recoverable amount of the investment in a subsidiary is lower than its aggregate carrying amount and recognized an additional impairment loss of ₱733.8 million on its investment in a subsidiary. The recognition of the impairment loss is driven by the notice from the DOE informing TMEC of the term expiration of COC No. 166.

Movements in the allowance for impairment loss are as follows:

	Note	**2025**	2024
Balance at beginning of year		**₱833,031,194**	₱99,238,437
Provision	9	**1,680,728,019**	733,792,757
Balance at end of year		**₱2,513,759,213**	₱833,031,194

The value in use is most sensitive to changes in the coal price, discount rate and projected revenue growth. A reasonably possible change in these assumptions, such as a decrease in coal price or an increase in the discount rate, would result in a further decrease in the recoverable amount of the cash-generating unit and may lead to additional impairment.

8. Equity

Capital Stock

Details of the Parent Company's capital stock are as follows:

	Number of Shares		Amount	
	2025	2024	**2025**	2024
Authorized	**50,000,000,000**	5,000,000,000	**₱5,000,000,000**	₱5,000,000,000
Issued and outstanding	**40,000,000,040**	4,000,000,004	**₱4,000,000,004**	₱4,000,000,004

On February 18, 2025, the SEC approved the application to amend the articles of incorporation, increasing the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of shares of stock from ₱1.00 to ₱0.10 per share.

On February 11, 2026 and December 22, 2025, the stockholders and the BOD of the of the Company, respectively, approved the increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value at ₱0.10 per share. As at report date, the increase in authorized capital stock is pending approval by the SEC.

9. Expenses

This account consists of:

	Note	**2025**	2024	2023
Provision for impairment loss on investment in a subsidiary	7	**₱1,680,728,019**	₱733,792,757	₱99,238,437
Filing fees and other charges		**4,014,600**	–	–
Personnel costs	5	**650,000**	650,000	650,000
Provision for probable loss on input VAT	6	**476,750**	126,540	29,718
Listing maintenance fee		**250,000**	250,000	250,000
Professional fees		**210,000**	810,000	1,122,000
Seminar and membership fees		**147,000**	120,000	160,000
Taxes and licenses		**21,409**	18,292	20,317
Representation and entertainment		**18,102**	38,279	12,658
Provision for ECL on advances to a subsidiary	5	**–**	–	151,398,304
Repairs and maintenance		**–**	–	56,324
Others		**104,339**	81,347	121,909
		₱1,686,620,219	₱735,887,215	₱253,059,667

10. Income Taxes

There is no provision for current income tax in 2025, 2024 and 2023 due to the Company's gross loss and taxable loss position.

Deferred tax asset on NOLCO amounting to ₱3.4 million and ₱3.3 million as at December 31, 2025 and 2024, respectively, was not recognized in the separate statements of financial position since the management has assessed that the Company may not be able to utilize this deductible temporary difference against future taxable income.

Details of NOLCO are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2025	₱–	₱4,982,748	₱–	₱4,982,748	2028
2024	1,929,639	–	–	1,929,639	2027
2023	2,380,550	–	–	2,380,550	2026
2022	2,346,111	–	(2,346,111)	–	2025
2021	4,185,088	–	–	4,185,088	2026
2020	2,527,910	–	(2,527,910)	–	2025
	₱13,369,298	₱4,982,748	(₱4,874,021)	₱13,478,025	

As mandated by Section 4 of Republic Act No. 11494 or the “Bayanihan to Recover as One Act” and implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

Reconciliation between the benefit from income tax based on statutory tax rate and the effective tax rates is as follows:

	2025	2024	2023
Benefit from income tax at statutory tax rate	**(₱421,654,884)**	(₱183,971,591)	(₱63,264,776)
Change in unrecognized deferred tax asset	**27,182**	482,410	595,138
Add (deduct) tax effects of:			
Nondeductible expenses	**420,409,368**	183,489,394	62,669,779
Interest income subjected to final tax	**(171)**	(213)	(141)
Expired NOLCO	**1,218,505**	–	–
Benefit from income tax at effective tax rates	**₱–**	₱–	₱–

Accordingly, the income tax rate used in preparing the separate financial statements as at and for the years ended December 31, 2025, 2024 and 2023 are 25% for RCIT, and 2%, 2% and 1.5% for MCIT, respectively.

11. Financial Risk Management Objectives and Policies

The Company’s financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash in banks, advances to a subsidiary, advances from a stockholder and other current liabilities (excluding statutory payables).

The main risks arising from the Company’s financial instruments are credit risk and liquidity risk. The BOD reviews and agrees policies for managing each of these risks.

Credit Risk

Credit risk is a risk due to an uncertainty in a counterparty’s ability to meet its obligations. When counterparty defaults, the maximum exposure is equal to the carrying amount of the related financial asset. The Company’s credit risk arises principally from cash in banks and advances to a subsidiary.

The Company transacts mainly with recognized and creditworthy third parties as well as with related parties. In addition, the Company only deals with financial institutions duly evaluated and approved by the BOD.

The following tables summarize the credit quality of the Company’s financial assets at amortized cost as at December 31, 2025 and 2024:

	2025				
	Neither Past Due nor Impaired		**Past Due but**		
	High Grade	**Standard Grade**	**not Impaired**	**Credit-impaired**	**Total**
Lifetime ECL:					
Cash in banks	**₱293,271**	**₱–**	**₱–**	**₱–**	**₱293,271**
Advances to a subsidiary	**–**	**–**	**–**	**565,309,431**	**565,309,431**
	₱293,271	**₱–**	**₱–**	**₱565,309,431**	**₱565,602,702**

	2024				
	Neither Past Due nor Impaired		Past Due but		
	High Grade	Standard Grade	not Impaired	Credit-impaired	Total
Lifetime ECL:					
Cash in banks	₱419,708	₱–	₱–	₱–	₱419,708
Advances to a subsidiary	–	–	–	565,309,431	565,309,431
	₱419,708	₱–	₱–	₱565,309,431	₱565,729,139

The Company's financial assets are categorized by credit risk rating grades based on the Company's collection experience with the counterparties as follows:

- High Grade - settlements are obtained from counterparty following the terms of the contracts without much collection effort.
- Standard Grade - other financial assets not belonging to high grade financial assets and are not past due are included in this category.
- Past due but not impaired - those with history of frequent default, nevertheless the amount due are still collectible.
- Credit impaired - those that are long outstanding or those that have been provided with an allowance for impairment.

Liquidity Risk
Liquidity risk arises from the Company's inability to raise sufficient funds at the least possible cost to meet its financial commitments. The Company's objectives in liquidity management are: (a) to ensure that adequate funds are available to meet expiring obligations; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access additional funding when needed at the least possible cost.

The table below summarizes the maturity profile of the financial liabilities at amortized cost of the Company based on remaining contractual undiscounted cash flows as at December 31, 2025 and 2024:

	2025			
	On Demand	**Within 1 Year**	**Over 1 Year**	**Total**
Advances from a stockholder	**₱45,664,193**	**₱–**	**₱–**	**₱45,664,193**
Other current liabilities*	**2,021,161**	**–**	**–**	**2,021,161**
	₱47,685,354	**₱–**	**₱–**	**₱47,685,354**

**Excluding statutory payables amounting to ₱5,588.*

	2024			
	On Demand	Within 1 Year	Over 1 Year	Total
Advances from a stockholder	₱38,850,570	₱–	₱–	₱38,850,570
Other current liabilities*	3,069,885	–	–	3,069,885
	₱41,920,455	₱–	₱–	₱41,920,455

**Excluding statutory payables amounting to ₱5,408.*

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations. The Company's overall strategy remains unchanged from the previous year.

The Company manages the capital structure and makes adjustments when there are changes in the economic conditions, its business activities, expansion programs and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital.

In determining reasonable leverage, the Company evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Company considers its equity, excluding cumulative remeasurement gain on retirement benefits liability, net of deferred tax, as capital employed.

The Company is not subject to externally-imposed capital requirements.

12. Fair Value Measurement of Financial Instruments

As at December 31, 2025 and 2024, the Company has no financial instruments measured at fair value.

Due to the short-term nature of the Company's cash in banks, advances from a stockholder, and other liabilities (excluding statutory payables), their carrying amounts approximate fair values as at December 31, 2025, and 2024.

Since the Company has no financial instruments measured at fair value, there were no transfers between levels of the fair value hierarchy in 2025, and 2024.

Gmail **Coal Asia <cahi008297271@gmail.com>**

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eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, May 18, 2026 at 10:18 AM
To: CAHI008297271@gmail.com
Cc: PALISOC.JAZZ@gmail.com

Hi COAL ASIA HOLDINGS INCORPORATED,

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Transaction Code: **AFS-0-4T3RS1N07ABF9K8FNRNMRMMS08EC7E65G**
Submission Date/Time: **May 18, 2026 10:18 AM**
Company TIN: **008-297-271**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
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- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Company Information

SEC Registration No.: CS201210314
Company Name: COAL ASIA HOLDINGS INCORPORATED
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST105182026811434304
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Consolidated
Remarks: None

Acceptance of this document is subject to review of forms and contents

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 Don Chino Roces Avenue, 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
rolando.domingo@pureenergy.com	(02) 8813-8892	0917 853 5701

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
20	April 30	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Johnson A. Sanhi Jr.	johnson.sanhi.jr@titanmining.com	(02) 8818-6772	–

CONTACT PERSON'S ADDRESS

3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

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 A SUBSIDIARY** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2025 and 2024, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: Harald R. Tomintz
Chairman of the Board

Signature: Johnson A. Sanhi Jr.
President

Signature: Dexter Y. Tiu
Treasurer

Signed this _____ day of ______ MAY 14 2026

SUBSCRIBED AND SWORN TO BEFORE ME, this MAY 14 2026 day of ________ 20____ at Makati City, affiant exhibited to me his/her competent evidence of identity no.____________ issued at__________ on __________.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 536461/01-05-2026/Pasig City
PTR NO. MKT 10764120/01-05-2026/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

DOC. NO. 374;
PAGE NO. 76;
BOOK NO. 415;
SERIES OF 2026

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated and a Subsidiary
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

Opinion

We have audited the consolidated financial statements of Coal Asia Holdings Incorporated (the Parent Company) and a Subsidiary (collectively referred to as the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Recoverability of Coal Reserves and Exploration and Evaluation Asset

The Group has coal reserves and exploration and evaluation asset amounting to ₱899.5 million as at December 31, 2025. The recoverability of these nonfinancial assets depends on the Group's ability to proceed with the development and production phase in areas covered by its Coal Operating Contracts, which remain subject to obtaining the necessary government approvals. This matter is considered significant to our audit due to the materiality of these assets to the consolidated financial statements and the significant management judgment involved in assessing whether there are indicators of impairment. In 2025, the Group recognized an impairment loss amounting to ₱1,387.0 million related to coal reserves and exploration and evaluation asset.

We reviewed management's determination of impairment indicators and assessment on the recoverability of these nonfinancial assets. We evaluated the key assumptions used by the management in its impairment testing, which include the projected coal prices, foreign exchange rate, discount rate and estimated volume of coal reserves, by comparing against available relevant market and management information and external sources. We also evaluated the methodology applied by the Group in determining the recoverable amount particularly the value in use calculations which was assessed to be higher than fair value less costs to sell, and the amount of impairment recognized after comparison with the carrying amount of the nonfinancial assets as at December 31, 2025. We also reviewed the adequacy of the Group's disclosures in Notes 2, 3, 4 and 18 to the consolidated financial statements, including those relating to key assumptions used and sensitivities that have the most significant effect on the determination of the recoverable amount of these nonfinancial assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Cedric M. Caterio.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782/P-008; Valid until June 6, 2026
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022;
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2025;
Valid until November 14, 2028
PTR No. 10764012;
Issued January 2, 2026, Makati City

May 13, 2026
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2025	2024
ASSETS			
Current Assets			
Cash	5	**₱1,282,156**	₱790,316
Advances to related parties	13	**2,050,940**	2,050,940
Total Current Assets		**3,333,096**	2,841,256
Noncurrent Assets			
Coal reserves and exploration and evaluation asset	4	**899,461,326**	2,286,431,394
Property and equipment	7	**22,739,580**	37,403,605
Restricted cash	6	**1,089,465**	1,089,465
Total Noncurrent Assets		**923,290,371**	2,324,924,464
		₱926,623,467	₱2,327,765,720
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	**₱12,890,289**	₱13,348,567
Advances from stockholders	13	**87,396,031**	75,635,941
Total Current Liabilities		**100,286,320**	88,984,508
Noncurrent Liabilities			
Retirement benefits liability	11	**602,790**	540,425
Net deferred tax liability	14	**1,164,205**	1,179,796
Total Noncurrent Liabilities		**1,766,995**	1,720,221
Total Liabilities		**102,053,315**	90,704,729
Equity			
Capital stock	12	**4,000,000,004**	4,000,000,004
Deficit		**(3,178,758,774)**	(1,766,267,935)
Cumulative remeasurement gain on retirement benefits liability, net of deferred tax	11	**3,328,922**	3,328,922
Total Equity		**824,570,152**	2,237,060,991
		₱926,623,467	₱2,327,765,720

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2025**	2024	2023
GENERAL AND ADMINISTRATIVE EXPENSES	9	**(₱25,537,745)**	(₱22,272,894)	(₱22,168,229)
PROVISION FOR IMPAIRMENT LOSS ON COAL RESERVES AND EXPLORATION AND EVALUATION ASSET	4	**(1,386,970,068)**	(936,045,824)	(211,922,923)
INTEREST INCOME	5	**1,383**	8,360	1,171
GAIN ON SALE OF TRANSPORTATION EQUIPMENT	7	**–**	–	750,000
LOSS BEFORE INCOME TAX		**(1,412,506,430)**	(958,310,358)	(233,339,981)
PROVISION FOR (BENEFIT FROM) INCOME TAX	14			
Current		**–**	–	11,250
Deferred		**(15,591)**	(11,507)	(12,448)
		(15,591)	(11,507)	(1,198)
NET LOSS		**(1,412,490,839)**	(958,298,851)	(233,338,783)
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE LOSS		**(₱1,412,490,839)**	(₱958,298,851)	(₱233,338,783)
BASIC AND DILUTED LOSS PER SHARE	17	**(₱0.035)**	(₱0.024)	(₱0.006)

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2025**	2024	2023
CAPITAL STOCK	12	**₱4,000,000,004**	₱4,000,000,004	₱4,000,000,004
DEFICIT				
Balance at beginning of year		**(1,766,267,935)**	(807,969,084)	(574,630,301)
Net loss		**(1,412,490,839)**	(958,298,851)	(233,338,783)
Balance at end of year		**(3,178,758,774)**	(1,766,267,935)	(807,969,084)
CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS LIABILITY, NET OF DEFERRED TAX	11	**3,328,922**	3,328,922	3,328,922
		₱824,570,152	₱2,237,060,991	₱3,195,359,842

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2025**	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱1,412,506,430)**	(₱958,310,358)	(₱233,339,981)
Adjustments for:				
Provision for impairment loss on coal reserves and exploration and evaluation asset	4	**1,386,970,068**	936,045,824	211,922,923
Depreciation and amortization	7	**14,664,025**	17,300,887	17,300,887
Provision for probable loss on input value-added tax (VAT)	6	**476,750**	126,540	29,718
Retirement benefits cost	11	**62,365**	46,029	49,792
Interest income	5	**(1,383)**	(8,360)	(1,171)
Gain on sale of transportation equipment	7	**–**	–	(750,000)
Operating loss before working capital changes		**(10,334,605)**	(4,799,438)	(4,787,832)
Decrease (increase) in other current assets		**(476,750)**	322,753	(29,718)
Increase (decrease) in trade and other payables		**(458,278)**	3,343,603	858,268
Net cash used for operations		**(11,269,633)**	(1,133,082)	(3,959,282)
Interest received		**1,383**	1,820	1,171
Income tax paid		**–**	(11,250)	–
Net cash used in operating activities		**(11,268,250)**	(1,142,512)	(3,958,111)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	7	**–**	(4,954,527)	–
Decrease (increase) in advances to related parties		**–**	19,977	(7,055)
Proceeds from sale of transportation equipment	7	**–**	–	750,000
Net cash provided by (used in) investing activities		**–**	(4,934,550)	742,945
CASH FLOW FROM A FINANCING ACTIVITY				
Additional advances from stockholders	13	**11,760,090**	6,360,560	3,259,820
NET INCREASE IN CASH		**491,840**	283,498	44,654
CASH AT BEGINNING OF YEAR		**790,316**	506,818	462,164
CASH AT END OF YEAR		**₱1,282,156**	₱790,316	₱506,818
COMPONENTS OF CASH	5			
Cash on hand		**₱15,000**	₱15,000	₱15,000
Cash in banks		**1,267,156**	775,316	491,818
		₱1,282,156	₱790,316	₱506,818

See accompanying Notes to Consolidated Financial Statements.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMEBER 31, 2025 AND 2024

AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. **Corporate Information**

General Information

Coal Asia Holdings Incorporated (the Parent Company or CAHI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 11, 2012. The Parent Company was organized primarily as a holding company.

Titan Mining and Energy Corporation (the Subsidiary or TMEC), is a wholly-owned subsidiary incorporated and registered with the SEC on November 11, 2008. TMEC is engaged in the operations of coal mining and energy related business.

The Parent Company and TMEC are collectively referred to as “the Group”.

On October 23, 2012, the Parent Company became a publicly-listed company. As at December 31, 2025 and 2024, 40,000,000,040 and 4,000,000,004 common shares of the Parent Company at ₱0.10 and ₱1.00 par value, respectively, are listed in the Philippine Stock Exchange (PSE). Of those shares, 28.31% and 20.00% are publicly-owned as at December 31, 2025 and 2024, respectively.

The registered office address of the Group is at 3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City.

Amendments of Articles of Incorporation

On July 1, 2024 and May 23, 2024, the stockholders and Board of Directors (BOD) of the Parent Company, respectively, approved the amendment of its articles of incorporation for the following:

- Change in primary purpose that the Parent Company is organized primarily as a holding company to engage in different sources of energy and technologies for power or energy generation.

- Increase in the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of shares of stock from ₱1.00 to ₱0.10 per share.

On February 18, 2025, the amended articles of incorporation was approved by the SEC.

On February 11, 2026 and December 22, 2025, the stockholders and BOD of the Parent Company, respectively, approved the amendment of its articles of incorporation, for the following:

- Change in corporate name from Coal Asia Holdings Incorporated to Tubig Pilipinas Holdings Inc.

- Change in primary purpose to reflect that its main business is to hold interests or equity in companies engaged in water distribution, bulk water supply, septage, sewage, and related activities.

- Increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value remaining at ₱0.10 per share (see Note 12).

On March 19, 2026, the application for the amended articles of incorporation has been submitted to the SEC and is pending approval as at report date.

Share Purchase Agreement

On September 26, 2025, the stockholders of the Parent Company who collectively own 28,671,400,000 common shares representing 71.68% of the total outstanding capital stock entered into a Share Purchase Agreement with Pure Energy Holdings Corporation, Pure Water Corporation (Pure), and Quad Water Corporation (Quad) at ₱0.0077 per share. The shares were acquired by the investors in varying proportions, with none of the investors individually obtaining control of the Parent Company.

Plans on Share Issuance through Share Swap Agreement and Divestment of TMEC

The stockholders and the BOD of the Parent Company approved on February 11, 2026 and December 22, 2025, respectively, the plan to issue new shares out of the increase in authorized capital stock to Pure and Quad in exchange for their equity in Tubig Pilipinas Group, Inc. (TPGI). The agreement involves exchange of 100% outstanding capital stock of TPGI.

The share swap agreement was entered into by the parties on March 2, 2026, with the related share issuance to be done upon the approval of the SEC on the amended articles of incorporation, which includes the increase in authorized capital stock.

On the same dates, the stockholders and the BOD of the Parent Company approved the plan to divest in TMEC. The terms and conditions of the divestment will be determined by the BOD once finalized.

Status of Operations

As at December 31, 2025 and 2024, the Group has two Coal Operating Contracts (COCs) located in Davao Oriental (COC No. 159) and Zamboanga Sibugay (COC No. 166).

As discussed in Note 18 to the consolidated financial statements, on January 22, 2025, the Department of Energy (DOE) issued a notice of term expiration of COC No. 166 stating that TMEC failed to submit the complete requirements for conversion of COC No. 166 from Exploration Phase to Development and Production Phase. Accordingly, in accordance with the expressed provision of Presidential Decree No. 972, the term of COC No. 166 has lapsed, and TMEC was directed to immediately vacate the contract area and restore all sites that may have been affected by any coal operations. The Group appealed on February 18, 2025, for reconsideration with the DOE and, as at report date, is awaiting the DOE’s response.

As also discussed in Note 18 to the consolidated financial statements, the Group has already received from the DOE the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the Certificate of Precondition (CP) (for Development and Production Phase) or Certificate of Non-Overlap (CNO) from the National Commission on Indigenous People (NCIP). The Group has been compliant with the requirements of the DOE and is confident that it will obtain the necessary approval from the NCIP.

On March 3, 2026, TMEC received a certification from the DOE affirming that COC No. 159 remains valid (see Note 18).

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024, and 2023 were reviewed and recommended for approval by the Audit Committee and approved and authorized for issuance by the BOD on May 13, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The material accounting policies used in the preparation of the consolidated financial statements are consistently applied to all periods presented, unless otherwise stated.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, which is the Group's functional currency. All values represent absolute amounts, unless otherwise indicated.

The consolidated financial statements have been prepared on a historical cost basis, except for retirement benefits liability which is measured at the present value of define benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal on the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best interest.

A fair value measurement of nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions used in measuring fair value is disclosed in Note 16 to the consolidated financial statements.

Adoption of Amendments to PFRS Accounting Standards

The adoption of the amendments to PFRS Accounting Standards effective for annual reporting periods beginning January 1, 2025 did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Volume 11:

  - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

  - Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.

- Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendment to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the wholly-owned subsidiary and the Parent Company.

Subsidiary. Subsidiary is an entity controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiary, TMEC. The Parent Company has control when it is exposed, or has right, to variable returns from its involvement with the investee and it has the ability to affect those returns through its powers over the investee.

A subsidiary is consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continues to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Transactions Eliminated on Consolidation. All intra-group balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Accounting Policies of a Subsidiary. The consolidated financial statements of the subsidiary are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. The classification of financial assets largely depends on the Group's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2025 and 2024, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired or through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Group's cash, advances to related parties, and restricted cash are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2025 and 2024, the Group has classified its trade and other payables (excluding statutory payables), and advances from stockholders under this category.

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for impairment losses on its financial assets measured at amortized cost based on expected credit loss (ECL).

ECL is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures ECL at an amount equivalent to the 12-month ECL for financial assets at amortized cost on which credit risk has not increased significantly since initial recognition and for debt instruments that are determined to have low credit risk at the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. ECL for credit-impaired financial assets is based on the difference between the gross carrying amount and present value of estimated future cash flows.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities
Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or,

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. Otherwise, the financial instrument is classified as equity.

Input VAT
Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Group’s output VAT liability.

Coal Reserves and Exploration and Evaluation Asset
Coal reserves are proven and probable coal reserves, which are defined as the estimated quantities of coal which geological data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Coal reserves are carried at historical cost less impairment losses, if any. Coal reserves are amortized upon the commencement of production on a unit of production basis, which is the ratio of coal production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated future development costs. Changes in the estimates of coal reserves or future development costs are accounted for prospectively.

Exploration and evaluation asset is carried at cost less accumulated impairment losses.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of the coal resource.

Exploration and evaluation activity includes:

- Gathering exploration data through geological studies;
- Exploratory drilling and sampling; and,
- Evaluating the technical feasibility and commercial viability of extracting the coal resource.

Exploration and evaluation expenditures are recognized as asset when future economic benefit is more likely than not to be realized. These costs include materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further evaluation costs incurred to exploration and evaluation asset up to the point when a commercial reserve is established. Capitalized exploration and evaluation asset is considered as tangible assets.

Exploration and evaluation asset is transferred to mine development costs account in the consolidated statement of financial position when the technical feasibility and commercial viability of extracting the coal reserve are demonstrable. Exploration and evaluation asset is assessed for impairment before these are reclassified. Any impairment loss is recognized in profit or loss.

No amortization is charged during the exploration and evaluation phase.

Property and Equipment

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment losses. Land is carried at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts such as property and equipment when the asset recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of the property and equipment as shown below:

	Number of Years
Land improvements	10
Drilling equipment	10
Laboratory and camp buildings	10
Survey equipment and machinery	3
Laboratory and testing equipment	5
Transportation equipment	5
Office furniture and equipment	3

The assets' estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized to profit or loss.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

Impairment of Nonfinancial Assets
The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less cost of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Coal Reserves and Exploration and Evaluation Asset. Coal reserves and exploration and evaluation asset is assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. One or more of the following facts and circumstances indicate that the assets require impairment test.

a. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;

b. substantive expenditure on further exploration for and evaluation of coal reserves in the specific area is neither budgeted nor planned;

c. exploration for and evaluation of coal reserves in the specific area have not led to the discovery of commercially viable qualities of coal reserves and the entity has decided to discontinue such activities in the specific area;

d. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Capital Stock
Capital stock is measured at par value for all shares issued and paid.

Deficit
Deficit represents the cumulative balance of net losses.

Cumulative Remeasurement Gain on Retirement Benefits Liability, Net of Deferred Tax
This pertains to cumulative actuarial gain and losses on the Group's retirement benefits liability arising from experience adjustments and changes in financial assumptions. These are recognized immediately in OCI and are included in equity and these are not reclassified to profit or loss in subsequent periods.

Interest Income
Interest income is recognized as the interest accrues taking into account the effective yield on the asset, net of final tax.

Expense Recognition
Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute cost of administering the business. These are expensed as incurred.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits Cost. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes current service costs and interest cost on the retirement benefits liability in profit or loss. Interest cost is calculated by applying the discount rate to the retirement benefits liability at the beginning of the year, taking into account any changes in the defined liability during the period as a result of benefit payments.

Remeasurement comprising actuarial gains and losses is recognized immediately in OCI in the period in which they arise. Remeasurement is not reclassified to profit or loss in subsequent periods.

The retirement benefits liability is stated at the present value of the retirement liability. The present value of retirement benefits liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused net operating loss carryover (NOLCO) and tax credits from the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Any such reductions are reassessed at each reporting date and are reversed to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on the tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity as other comprehensive income.

Related Party Relationships and Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Related party transactions are transfers of resources, services, or obligations between the Group and its related parties.

Stock Split
The Group accounts for stock splits as a reclassification within equity. In a stock split, the number of issued and outstanding shares is increased proportionately without a corresponding change in the total share capital. Accordingly, the par value per share is reduced, and the total par value of all shares remains unchanged.

For purposes of presenting basic and diluted loss per share, the number of shares outstanding is adjusted retrospectively as if the stock split had occurred at the beginning of the earliest period presented.

Basic and Diluted Loss Per Share
Basic loss per share is computed by dividing the net loss for the period attributable to equity holders of the Group by the weighted average number of issued and outstanding and subscribed common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted loss per share is computed in the same manner, adjusted for the effects of convertible securities.

The Group has no dilutive instruments.

Segment Reporting
Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of segment reporting, the Group's only operating segment is related to coal mining operations (see Note 4).

Provisions and Contingencies
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the end of reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Material Judgment, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements in compliance with PFRS Accounting Standards requires management to exercise judgment, make accounting estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. Judgment and accounting estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these accounting estimates.

While the Group has assessed that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgment, accounting estimates and assumptions made by the Group:

Assessing Going Concern. The Group has not started commercial operations because of delays in getting the necessary approval from the government of its COCs. This has significantly reduced the Group's operating funds.

As discussed in Notes 1 and 18 to the consolidated financial statements, the Group has already received from the DOE the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the CP (for Development and Production Phase) or CNO from the NCIP. The Group has been compliant with the requirements of the DOE and management is confident that TMEC will obtain the necessary approval from the NCIP. Majority of the stockholders remain committed to provide continuous financial support to enable the Group to meet its maturing obligations.

Moreover, as discussed in Note 1 to the consolidated financial statements, the Parent Company's stockholders and BOD approved the amendment of its articles of incorporation, planned share issuance in exchange for 100% ownership in TPGI, and the planned divestment of TMEC. These plans align with the long-term strategic objective to focus its expansion on water utility operations.

In view of these plans, management believes that the Group will be able to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Assessing ECL on Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on probability-weighted estimate of the present value of all cash shortfalls over the expected life of the financial assets at amortized cost. ECL are provided for credit losses that result to possible default events within 12-months unless there has been a significant increase in credit risk since initial recognition, in which case ECL are provided based on lifetime expected credit loss.

No provision for ECL was recognized on financial assets at amortized cost in 2025, 2024 and 2023.

The carrying amounts of financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 5, 6 and 13 to the consolidated financial statements.

Estimating the Coal Reserves. The Group estimates its coal reserves based on information compiled by competent persons on geological and technical data on the size, depth, shape and grade of the mineral body and suitable production techniques and recovery rates. The analysis requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, foreign exchange rates, future capital requirements, discount rate, and production costs along with geological assumptions and judgments made in estimating the size and grade of the mineral body.

Management assumes conservative forecasted sales prices, based on current and long-term historical average price trends. Conservative forecasted sales price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is obtained during the exploration and evaluation of the mine properties, estimates of reserves may change.

The amount of coal reserves as at December 31, 2025, and 2024 and the related provision for impairment on coal reserves for the years ended December 31, 2025, 2024 and 2023 are disclosed in Note 4 to the consolidated financial statements.

Determining the Amount to be Capitalized as Exploration and Evaluation Asset. The capitalization of exploration and evaluation expenditures requires judgment in determining whether there are future economic benefits from future exploitation or sale of coal reserves. Capitalization requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

The amount of exploration and evaluation asset as at December 31, 2025 and 2024 and the related provision for impairment on exploration and evaluation asset for the years ended December 31, 2025, 2024 and 2023 are disclosed in Note 4 to the consolidated financial statements.

Estimating the Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Based on management's assessment, there is no change in the estimated useful lives of property and equipment in 2025, 2024 and 2023.

The carrying amounts of depreciable property and equipment as at December 31, 2025 and 2024 are disclosed in Note 7 to the consolidated financial statements.

Assessing the Impairment of Other Nonfinancial Assets. The Group assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends;
- Significant changes or planned changes in the use of the assets;
- Significant changes in the estimation of coal reserves;
- Expiration of the right to explore the areas;
- Significant unbudgeted or unplanned expenditures for exploration and evaluation; and,
- Management's decision to discontinue activities in specific areas.

Further, for coal reserves and exploration and evaluation asset, one or more of the following facts and circumstances indicate that the asset requires impairment test:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of coal reserves in the specific area is neither budgeted nor planned;
- exploration for and evaluation of coal reserves in the specific area have not led to the discovery of commercially viable qualities of coal reserves and the entity has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Recoverable amount of an asset is higher of is its fair value less costs to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Group's expected mining operations. The estimated cash flows are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Impairment loss recognized on coal reserves and exploration and evaluation asset is disclosed in Note 4 to the financial statements. No impairment loss on property and equipment was recognized in 2025, 2024 and 2023. The corresponding carrying amounts as at December 31, 2025 and 2024 are disclosed in Notes 4 and 7 to the consolidated financial statements.

The other nonfinancial assets of the Group include input VAT and property and equipment. The corresponding carrying amounts as at December 31, 2025 and 2024 are disclosed in Notes 6 and 7 to the consolidated financial statements.

Determining the Retirement Benefits Cost. The determination of the obligation and cost of retirement and other long-term employee benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 11 to the consolidated financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

Retirement benefits costs and carrying amount of retirement benefits liability as at December 31, 2025, 2024 and 2023 are disclosed in Note 11 to the consolidated financial statements.

Recognizing Deferred Tax Assets. The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The amounts of recognized and unrecognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 14 to the consolidated financial statements. The Group did not recognize a portion of the deferred tax assets as management has assessed that the Group may not be able to utilize these deductible temporary differences against future taxable income.

4. **Coal Reserves and Exploration and Evaluation Asset**

The balances and movements of this account are as follows:

	2025		
	COC No. 159	**COC No. 166**	**Total**
Coal Reserves			
Balance at beginning and end of year	**₱1,705,785,888**	**₱1,425,810,213**	**₱3,131,596,101**
Exploration and Evaluation Asset			
Balance at beginning and end of year	**580,645,506**	**56,580,572**	**637,226,078**
	2,286,431,394	**1,482,390,785**	**3,768,822,179**
Allowance for Impairment Loss			
Balance at beginning of year	**–**	**1,482,390,785**	**1,482,390,785**
Provision for impairment loss	**1,386,970,068**	**–**	**1,386,970,068**
Balance at end of year	**1,386,970,068**	**1,482,390,785**	**2,869,360,853**
Carrying Amount	**₱899,461,326**	**₱–**	**₱899,461,326**

	2024		
	COC No. 159	COC No. 166	Total
Coal Reserves			
Balance at beginning and end of year	₱1,705,785,888	₱1,425,810,213	₱3,131,596,101
Exploration and Evaluation Asset			
Balance at beginning and end of year	580,645,506	56,580,572	637,226,078
	2,286,431,394	1,482,390,785	3,768,822,179
Allowance for Impairment Loss			
Balance at beginning of year	–	546,344,961	546,344,961
Provision for impairment loss	–	936,045,824	936,045,824
Balance at end of year	–	1,482,390,785	1,482,390,785
Carrying Amount	₱2,286,431,394	₱–	₱2,286,431,394

The Parent Company acquired TMEC in 2012 (see Note 1) in exchange for the Parent Company's common shares valued at ₱3,200.0 million. Of the total consideration, the Parent Company allocated ₱3,131.6 million as coal reserves.

In 2012, the Group obtained an independent valuation report to estimate the value of TMEC's coal reserves in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports. The valuation was determined using the discounted cash flow approach based on assumptions and information secured from the Competent Persons Reports on the Davao Oriental and Zamboanga Sibugay Projects and available market information.

Exploration and evaluation asset are costs incurred on the mining properties situated in the provinces of Davao Oriental and Zamboanga Sibugay, Philippines.

COC Nos. 159 and 166 provide a minimum work expenditure on obligations covered by the work program at the exploration phase (see Note 18). The recovery of these costs depends on the conversion of the COCs to development and production phase.

Impairment Assessment on Coal Reserves and Exploration and Evaluation Asset

The Group carried out a review of the recoverable amount of its coal reserves and exploration and evaluation asset due to the delays in obtaining the necessary approval of its COCs from the government which has significantly reduced the Group's operating funds and resulted to continuing net losses. The recoverable amount was determined as the higher of fair value less costs to sell and value in use, with value in use resulting in a higher amount. Accordingly, the impairment test is based on value in use calculations using discounted cash flow approach. The key assumptions used to determine the value in use of the nonfinancial assets include the projected coal price, foreign exchange rate, discount rate and estimated volume of coal reserves. The discount rates used are 17% (which includes company-specific risk premium of 5% to account risks relating to delays in production, among others), 11.48% and 10.35% in 2025, 2024 and 2023, respectively.

The cash flow projections, which have a period of five years, are based on the most recent feasibility study approved by the senior management. The values assigned to each key assumption are estimated with reference to recent external market information and take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In 2025, management assessed that the carrying amount of the coal reserves and exploration and evaluation asset related to COC No. 159 is impaired and recognized an impairment loss of ₱1,387.0 million. The recognition of the impairment loss is driven by the reduction in coal price, increase in foreign exchange rate and discount rate, and unplanned expenditures caused by the delays in the conversion of COCs and start of commercial operations (see Notes 1 and 18).

In 2024, management assessed that the carrying amount of the coal reserves and exploration and evaluation asset related to COC No. 166 is fully impaired and recognized an additional impairment loss of ₱936.0 million. The recognition of the additional impairment loss is driven by the notice from the DOE informing TMEC of the term expiration of COC No. 166.

Movement in the allowance for impairment loss is as follows:

	2025	2024
Balance at beginning of year	**₱1,482,390,785**	₱546,344,961
Provision	**1,386,970,068**	936,045,824
Balance at end of year	**₱2,869,360,853**	₱1,482,390,785

The recoverable amount as at December 31, 2025 and 2024 is based on the discounted cash flow approach. The value in use is most sensitive to changes in the coal price, discount rate and projected revenue growth. A reasonably possible change in these assumptions, such as a decrease in coal price or an increase in the discount rate, would result in a further decrease in the recoverable amount of the cash-generating unit and may lead to additional impairment.

The financial information arising from exploration and evaluation activities as at and for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Total assets	**₱305,911,467**	₱626,803,146
Total liabilities	**1,766,995**	619,331,319
Expenses	**328,345,009**	76,759,008
Net cash provided by (used in) operating activities	**(4,328,190)**	267,642
Cash used in investing activities	**(1,853,533)**	(6,604,550)
Cash provided by financing activities	**6,800,000**	6,400,000

Operating Segment

For management reporting purposes, the Group is organized based on its activities and has one operating segment which is the coal mining segment. This segment undertakes the exploration and evaluation activities of the coal reserves of the Group which is within the Group's country of domicile.

5. Cash

This account consists of:

	2025	2024
Cash on hand	**₱15,000**	₱15,000
Cash in banks	**1,267,156**	775,316
	₱1,282,156	₱790,316

Cash in banks earn interest at the respective bank deposit rates and are immediately available for use in the current operations.

Interest income earned from cash in banks and restricted cash (see Note 6) amounted to ₱1,383, ₱8,360 and ₱1,171 in 2025, 2024 and 2023, respectively.

6. Other Assets

This account consists of:

	2025	2024
Current:		
Input VAT	**₱3,010,625**	₱2,533,875
Less allowance for probable loss	**(3,010,625)**	(2,533,875)
	₱–	₱–
Noncurrent -		
Restricted cash	**₱1,089,465**	₱1,089,465

The input VAT is fully provided with allowance for probable loss, as management has assessed that the Group may not be able to utilize its input VAT.

Movements in the allowance for probable loss are as follows:

	Note	**2025**	2024
Balance at beginning of year		**₱2,533,875**	₱2,407,335
Provision	9	**476,750**	126,540
Balance at end of year		**₱3,010,625**	₱2,533,875

Restricted cash includes cash bond required pursuant to the application of the permit to proceed with the development phase for COC No. 159 and cash set aside to settle obligations arising from a court case.

Interest income earned from restricted cash in 2025, 2024, and 2023 is disclosed in Note 5 to the consolidated financial statements.

7. Property and Equipment

The balances and movements of this account are as follows:

	2025								
	Land	**Land Improvements**	**Drilling Equipment**	**Laboratory and Camp Buildings**	**Survey Equipment and Machinery**	**Laboratory and Testing Equipment**	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost									
Balances at beginning and end of year	**₱22,739,580**	**₱155,308,567**	**₱194,212,031**	**₱25,429,304**	**₱3,264,334**	**₱12,606,310**	**₱8,227,574**	**₱1,783,130**	**₱423,570,830**
Accumulated Depreciation and Amortization									
Balances at beginning of year	**–**	**140,856,452**	**194,212,031**	**25,217,394**	**3,264,334**	**12,606,310**	**8,227,574**	**1,783,130**	**386,167,225**
Depreciation and amortization	**–**	**14,452,115**	**–**	**211,910**	**–**	**–**	**–**	**–**	**14,664,025**
Balances at end of year	**–**	**155,308,567**	**194,212,031**	**25,429,304**	**3,264,334**	**12,606,310**	**8,227,574**	**1,783,130**	**400,831,250**
Carrying Amount	**₱22,739,580**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱22,739,580**

	2024								
	Land	Land Improvements	Drilling Equipment	Laboratory and Camp Buildings	Survey Equipment and Machinery	Laboratory and Testing Equipment	Transportation Equipment	Office Furniture and Equipment	Total
Cost									
Balances at beginning of year	₱18,139,580	₱154,954,040	₱194,212,031	₱25,429,304	₱3,264,334	₱12,606,310	₱8,227,574	₱1,783,130	₱418,616,303
Additions	4,600,000	354,527	–	–	–	–	–	–	4,954,527
Balances at end of year	22,739,580	155,308,567	194,212,031	25,429,304	3,264,334	12,606,310	8,227,574	1,783,130	423,570,830
Accumulated Depreciation and Amortization									
Balances at beginning of year	–	126,098,496	194,212,031	22,674,463	3,264,334	12,606,310	8,227,574	1,783,130	368,866,338
Depreciation and amortization	–	14,757,956	–	2,542,931	–	–	–	–	17,300,887
Balances at end of year	–	140,856,452	194,212,031	25,217,394	3,264,334	12,606,310	8,227,574	1,783,130	386,167,225
Carrying Amount	₱22,739,580	₱14,452,115	₱–	₱211,910	₱–	₱–	₱–	₱–	₱37,403,605

In 2023, various fully depreciated transportation equipment were sold for ₱0.8 million, resulting to a gain equivalent to the proceeds.

Depreciation and amortization charged as general and administrative expenses amounted to ₱14.7 million in 2025 and ₱17.3 million in 2024 and 2023 (see Note 9).

8. Trade and Other Payables

This account consists of:

	2025	2024
Trade payables	**₱10,074,495**	₱10,074,495
Accrued expenses	**2,790,147**	3,252,795
Statutory payables	**25,647**	21,277
	₱12,890,289	₱13,348,567

Trade payables, which include amounts payable to the Group's suppliers and financial obligation to the DOE (see Note 18), are noninterest-bearing and are due and demandable.

Accrued expenses pertain to accruals for administrative expenses which are expected to be settled within one year.

Statutory payables are normally settled in the following month.

9. General and Administrative Expenses

This account consists of:

	Note	**2025**	2024	2023
Depreciation and amortization	7	**₱14,664,025**	₱17,300,887	₱17,300,887
Filing fees and other charges		**4,014,600**	–	–
Personnel costs	10	**2,412,625**	2,040,714	1,934,021
Taxes and licenses		**1,140,094**	70,954	70,391
Professional fees		**805,400**	1,441,765	1,947,600
Transportation and communication		**714,223**	99,894	86,957
Provision for probable loss on input VAT	6	**476,750**	126,540	29,718
Listing maintenance fee		**250,000**	250,000	250,000
Representation and entertainment		**202,208**	93,709	19,828
Safekeeping fee		**120,000**	120,000	160,000
Repairs and maintenance		**51,489**	21,696	103,944
Insurance		**1,122**	31,782	20,750
Office supplies		**1,465**	470	5,959
Others		**683,744**	674,483	238,174
		₱25,537,745	₱22,272,894	₱22,168,229

10. **Personnel Costs**

This account consists of (see Note 9):

	Note	2025	2024	2023
Salaries and other employees' benefits		**₱2,350,260**	₱1,994,685	₱1,884,229
Retirement benefits cost	11	**62,365**	46,029	49,792
		₱2,412,625	₱2,040,714	₱1,934,021

11. **Retirement Benefits Liability**

The Group has an unfunded, noncontributory defined benefit plan covering all qualified regular employees of TMEC. The benefits are based on years of service and compensation. The plan provides for a lump-sum benefit payment upon retirement which shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641 Retirement Pay Law.

The components of retirement benefits costs are as follows (see Note 10):

	2025	2024	2023
Interest cost	**₱33,215**	₱30,386	₱26,885
Current service cost	**29,150**	15,643	22,907
	₱62,365	₱46,029	₱49,792

The changes in the present value of the retirement benefits liability are as follows:

	2025	2024
Balance at beginning of year	**₱540,425**	₱494,396
Interest cost	**33,215**	30,386
Current service cost	**29,150**	15,643
Balance at end of year	**₱602,790**	₱540,425

The cumulative remeasurement gain recognized as OCI as at December 31, 2025, and 2024 amounted to ₱3,328,922, net of deferred tax of ₱1,109,641.

The principal actuarial assumptions used to determine the retirement benefits cost as at December 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate	**6.15%**	6.15%
Salary increase rate	**2.00%**	2.00%

Sensitivity analysis on retirement benefits liability as at December 31, 2025 is as follows:

	Change in Assumption	Effect on retirement benefits liability
Discount rate	(1.00%)	₱108,891
	1.00%	(91,435)
Salary increase rate	1.00%	112,528
	(1.00%)	(95,682)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefits liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged.

The weighted average duration of the retirement benefits liability is 17.54 years and 13.43 years as at December 31, 2025 and 2024.

12. Equity

Capital Stock

Details of the Parent Company's capital stock are as follows:

	Number of Shares		Amount	
	2025	2024	**2025**	2024
Authorized	**50,000,000,000**	5,000,000,000	**₱5,000,000,000**	₱5,000,000,000
Issued and outstanding	**40,000,000,040**	4,000,000,004	**₱4,000,000,004**	₱4,000,000,004

On February 18, 2025, the SEC approved the Parent Company's application to amend its articles of incorporation, increasing the authorized capital stock from 5,000.0 million to 50,000.0 million shares with corresponding decrease in the par value of the shares of stock from ₱1.00 to ₱0.10 per share.

On February 11, 2026 and December 22, 2025, the stockholders and the BOD of the Parent Company, respectively, approved the increase in the authorized capital stock from 50,000.0 million to 130,000.0 million shares with par value at ₱0.10 per share. As at report date, the increase in authorized capital stock is pending approval by the SEC.

13. Related Party Transactions

The transactions of the Group, in the normal course of business, with its related parties, and the outstanding balances from related parties arising from such transactions are as follows:

	Nature of Transactions	Amount of Transactions 2025	Amount of Transactions 2024	Outstanding Balances 2025	Outstanding Balances 2024
Advances to related parties					
Entities under common ownership	Advances for working capital	**₱–**	₱–	**₱2,050,940**	₱2,050,940
Advances from stockholders					
Stockholders	Advances for working capital	**₱11,760,090**	₱6,360,560	**₱87,396,031**	₱75,635,941

Terms and Conditions

Advances to related parties and advances from stockholders are unsecured, noninterest-bearing, generally settled in cash, due on demand, and are not covered by any guarantees or collateral as at December 31, 2025 and 2024. The Group assesses ECL on advances to related parties at each reporting date. No provision for ECL on advances to related parties was recognized in 2025, 2024 and 2023.

Office Space Arrangement

The Group uses office space owned by an entity under common stockholder at no cost.

Key Management Personnel Compensation

The compensation of key management personnel of the Group are as follows:

	2025	2024	2023
Short-term employee benefits	**₱1,983,600**	₱1,983,600	₱1,786,164
Post-employment benefits	**62,365**	46,029	49,792
	₱2,045,965	₱2,029,629	₱1,835,956

Reconciliation of Liability Arising from a Financing Activity

The table below details the changes in the Group's liability arising from a financing activity as at December 31, 2025 and 2024, including both cash and non-cash changes:

	2025	2024
Advances from stockholders		
Balance at beginning of year	**₱75,635,941**	₱69,275,381
Additions	**11,760,090**	6,360,560
Balance at end of year	**₱87,396,031**	₱75,635,941

14. **Income Taxes**

TMEC is entitled to the following incentives under the COC:

- Exempt from all national taxes except for income tax; and
- Exempt from payment of tariff duties, compensating tax and VAT on importations of machinery and equipment, spare parts and materials required for the coal operations subject to terms and conditions in the COC.

The Group's provision for current income tax represents MCIT in 2023.

The components of provision for (benefit from) income tax are as follows:

	2025	2024	2023
Current	**₱–**	₱–	₱11,250
Deferred	**(15,591)**	(11,507)	(12,448)
	(₱15,591)	(₱11,507)	(₱1,198)

The Group's net deferred tax liability consists of:

	2025	2024
Deferred tax liability -		
Retirement benefits cost capitalized to exploration and evaluation asset	**₱1,314,902**	₱1,314,902
Deferred tax asset -		
Retirement benefits liability	**(150,697)**	(135,106)
Net deferred tax liability	**₱1,164,205**	₱1,179,796

The Group's unrecognized deferred tax assets are as follows:

	2025	2024
Allowance for impairment loss on coal reserves and exploration and evaluation asset	**₱717,340,213**	₱370,597,696
NOLCO	**33,614,521**	37,124,398
Excess MCIT over RCIT	**11,250**	11,250
	₱750,965,984	₱407,733,344

These deferred tax assets were not recognized because management has assessed that it is not probable that sufficient future taxable income may be available against which these deferred tax assets can be utilized within the period allowed by the tax regulation.

As at December 31, 2025, details of the related NOLCO from the Parent Company are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2025	₱–	₱4,982,747	₱–	₱4,982,747	2028
2024	1,929,639	–	–	1,929,639	2027
2023	2,380,550	–	–	2,380,550	2026
2022	2,346,111	–	(2,346,111)	–	2025
2021	4,185,088	–	–	4,185,088	2026
2020	2,527,910	–	(2,527,910)	–	2025
	₱13,369,298	₱4,982,747	(₱4,874,021)	₱13,478,024	

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

As at December 31, 2025, details of NOLCO from TMEC are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiry Date
2025	₱–	₱19,399,074	₱–	₱19,399,074	2030
2024	20,076,977	–	–	20,076,977	2029
2023	18,938,341	–	–	18,938,341	2028
2022	28,712,636	–	–	28,712,636	2027
2021	33,853,030	–	–	33,853,030	2026
2020	33,547,309	–	(33,547,309)	–	2025
	₱135,128,293	₱19,399,074	(₱33,547,309)	₱120,980,058	

Section 34 (D)(3) of the Tax Code grants mining companies other than oil and gas wells to carry over net operating loss incurred in any of the first ten years of operation as a deduction from taxable income for the next five consecutive years immediately following the year of loss.

TMEC incurred excess MCIT over RCIT amounting to ₱11,250 for the year ended December 31, 2023, which can be claimed as tax credit against RCIT due until 2026.

A reconciliation between the benefit from income tax at statutory income tax rate and the effective income tax rates is as follows:

	2025	2024	2023
Benefit from income tax at statutory tax rate	**(₱353,126,608)**	(₱239,577,590)	(₱58,334,995)
Change in unrecognized deferred tax assets	**343,232,640**	238,569,763	56,892,358
Income tax effects of:			
Expired NOLCO	**9,605,333**	943,347	1,429,345
Nondeductible expenses	**273,390**	55,063	12,387
Interest income already subjected to final tax	**(346)**	(2,090)	(293)
Benefit from income tax at effective tax rates	**(₱15,591)**	(₱11,507)	(₱1,198)

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the years ended December 31, 2025, 2024 and 2023 are 25% for RCIT, and 2%, 2% and 1.5% for MCIT, respectively.

15. **Financial Risk Management Objectives and Policies**

The Group's financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash, advances to related parties, restricted cash, trade and other payables (excluding statutory payables), and advances from stockholders.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees on policies for managing each of these risks.

Credit risk

Credit risk is a risk due to an uncertainty in a counterparty's ability to meet its obligations. When a counterparty defaults, the maximum exposure is equal to the carrying amount of the related financial asset. The Group's credit risk arises principally from cash in banks, advances to related parties, and restricted cash.

The Group transacts mainly with recognized and creditworthy third parties as well as with related parties. In addition, the Group only deals with financial institutions duly evaluated and approved by the BOD.

The following tables summarize the credit quality of the Group's financial assets at amortized cost as at December 31, 2025 and 2024:

	2025					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Credit impaired**	**Total**
Financial assets at amortized cost:						
Cash in banks	**₱1,267,156**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,267,156**
Advances to related parties	**–**	**2,050,940**	**–**	**–**	**–**	**2,050,940**
Restricted cash	**1,089,465**	**–**	**–**	**–**	**–**	**1,089,465**
	₱2,356,621	**₱2,050,940**	**₱–**	**₱–**	**₱–**	**₱4,407,561**

	2024					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Credit impaired	Total
Financial assets at amortized cost:						
Cash in banks	₱775,316	₱–	₱–	₱–	₱–	₱775,316
Advances to related parties	–	2,050,940	–	–	–	2,050,940
Restricted cash	1,089,465	–	–	–	–	1,089,465
	₱1,864,781	₱2,050,940	₱–	₱–	₱–	₱3,915,721

The credit quality of the financial assets is managed by the Group using internal credit quality ratings. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered as standard grade accounts. Financial assets that are still collectible but require persistent effort from the Group to collect are considered substandard grade accounts. Past due but not impaired are those with history of frequent default nevertheless the amount due are still collectible. Credit impaired are those that are long outstanding or those that have been provided with an allowance for impairment.

Cash in banks and restricted cash are considered high grade as these pertain to deposits and placements in reputable banks with prime ratings. The Group considers that these financial assets have low credit risk based on the external ratings of the counterparties.

Advances to related parties are considered as standard grade because the related parties are operating entities with sufficient liquid assets to repay but the receivables have been outstanding for a certain period of time.

The impairment of financial assets at amortized cost has been measured on 12-month ECL basis and reflects the short maturities of the exposures. The resulting ECL is not significant because the financial assets are considered high grade with minimal risk of default.

Liquidity Risk

Liquidity risk arises from the Group's inability to raise sufficient funds at the least possible cost to meet its financial commitments. The Group's objectives in liquidity management are: (a) to ensure that adequate funds are available to meet expiring obligations; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access additional funding when needed at the least possible cost.

The table below summarizes the maturity profile of the financial liabilities at amortized cost of the Group based on the remaining contractual undiscounted cash flows as at December 31, 2025 and 2024:

	2025			
	On Demand	**Within 1 Year**	**Over 1 Year**	**Total**
Trade and other payables*	**₱10,074,495**	**₱2,790,147**	**₱–**	**₱12,864,642**
Advances from stockholders	**87,396,031**	**–**	**–**	**87,396,031**
	₱97,470,526	**₱2,790,147**	**₱–**	**₱100,260,673**

**Excluding statutory payables (see Note 8).*

	2024			
	On Demand	Within 1 Year	Over 1 Year	Total
Trade and other payables*	₱10,074,495	₱3,252,795	₱–	₱13,327,290
Advances from stockholders	75,635,941	–	–	75,635,941
	₱85,710,436	₱3,252,795	₱–	₱88,963,231

**Excluding statutory payables (see Note 8).*

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations. The Group's overall strategy remains unchanged from the previous year.

The Group manages the capital structure and makes adjustments when there are changes in the economic conditions, its business activities, expansion programs and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust its borrowings or raise capital.

In determining reasonable leverage, the Group evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Group considers its equity, excluding cumulative remeasurement gain on retirement benefits liability, net of deferred tax, as capital employed.

TMEC is subject to externally-imposed capital requirements applicable to applicants for exploration permits. The minimum paid-up capital is ₱6.3 million. TMEC has complied with the capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous years.

16. Fair Value Measurement of Financial Instruments

As at December 31, 2025 and 2024, the Group has no financial instruments measured at fair value.

Due to the short-term nature of the Group's cash, advances to related parties, trade and other payables (excluding statutory payables), and advances from stockholders, their carrying amounts approximate fair values as at December 31, 2025 and 2024.

Restricted Cash. The carrying amount of this financial instrument approximates its fair value.

Since the Group has no financial instruments measured at fair value, there were no transfers between levels of the fair value hierarchy in 2025, 2024 and 2023.

17. Stock Split and Basic and Diluted Loss Per Share

On February 18, 2025, the Parent Company effected a 10-for-1 stock split of its shares by reducing the par value from ₱1.00 to ₱0.10 per share (see Note 12). As a result of the stock split, each issued share was converted into ten shares, thereby increasing the total number of issued and outstanding shares without a corresponding change in the Parent Company's share capital.

The weighted average number of shares outstanding and the basic and diluted loss per share have been retrospectively adjusted to reflect the stock split at the beginning of the earliest period presented.

Basic and diluted loss per share are computed as follows:

	2025	2024	2023
Net loss	**(₱1,412,490,839)**	(₱958,298,851)	(₱233,338,783)
Divided by weighted average number of common shares outstanding	**40,000,000,040**	40,000,000,040	40,000,000,040
Basic and diluted loss per share	**(₱0.035)**	(₱0.024)	(₱0.006)

Diluted loss per share is equal to the basic loss per share as the Group does not have any dilutive potential common shares at the end of each year.

The stock split has no effect on the Parent Company's total retained earnings, net income, or stockholders' equity.

18. Commitments and Contingencies

The Group has the following contractual commitments:

COCs with the DOE

The Philippine Government, through the DOE, awarded COCs to TMEC. The exploration phase under the COCs is for two (2) years and can be extended for another two (2) years upon the approval of the DOE. The development and production phase commences when the DOE and TMEC agrees on the existence of Coal Reserves in Commercial Quantity subject to the terms and conditions in the COC. As at December 31, 2025 and 2024, TMEC has two COCs (COC No. 159 and COC No. 166).

COC No. 159 covers 7,000 hectares in Davao Oriental while COC No. 166 which is located in Zamboanga Sibugay covers 4,000 hectares. Completed activities include surface geological investigation which involves surface field geologic mapping, geodetic surveying and trenching and subsurface geologic investigation through cored diamond drilling. As at December 31, 2025 and 2024, TMEC has incurred ₱637.2 million, respectively, for the direct implementation of the work program for the exploration phase of these COCs (see Note 4).

COC No. 159

In 2013, the Group applied for the start-up of the development and production stage in COC No. 159. The Group has submitted to the DOE the Final Exploration Report, 10-Year Work Program and Feasibility Study and Environmental Compliance Certificate (ECC) as issued by the Department of Environment and Natural Resources (DENR).

On August 30, 2018, the DOE re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. On December 21, 2018, the Group agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves.

On September 11, 2018, the Group submitted the required documents to the NCIP for the issuance of the CP. The CP is the final requirement for the conversion of COC No. 159.

On December 14, 2018, TMEC received the original copy of the CP and the certified true copy approving the CP from the NCIP.

On December 11, 2019, TMEC received the approval of the conversion of COC No. 159 to Development and Production Phase, subject to obtaining the CP (for Development and Production Phase) or CNO from the NCIP. The COC No. 159 for Development and Production Phase shall be effective from date thereof for a period of 10 years, and should there be remaining mineable reserves, extendible for another 10 years and thereafter renewable for a series of three (3) year periods not exceeding 12 years under such terms and condition as may be agreed upon by the DOE and TMEC.

Under Presidential Decree 972, *The Coal Development Act of 1976*, as government share, the DOE will be paid the balance of the gross income after deducting all operating expenses and operator's fee and special allowance. The operating expenses shall not exceed 90% of the gross income. Excess operating expenses can be recovered from the gross income in succeeding years. TMEC will be entitled to a fee and a special allowance, the net amount of which shall not exceed 40% and 30%, respectively, of the net operating income.

On November 2, 2022, TMEC received notice from the NCIP that its Provincial Team had submitted their Field Based Investigation Report and has recommended for the conduct of mandatory Free, Prior Informed Consent (FPIC) process pursuant to NCIP Administrative Order No. 3, series of 2012. Consequently, the NCIP invited TMEC for a Pre-FPIC Conference.

On March 28, 2023, TMEC received notice from the NCIP to provide the necessary documents in relation to the issuance of CP or CNO following its special session where the project and FPIC report were presented.

On November 18, 2024, TMEC submitted a request to the NCIP for the immediate commencement of the FPIC process.

On January 16, 2025, TMEC re-submitted the revised Five-Year Work Program to DOE for evaluation and approval.

On March 3, 2026, TMEC received a certification from the DOE affirming that the COC remains valid.

TMEC has been submitting quarterly financial reports to the DOE. As at report date, the Group is still in the process of obtaining a CP or CNO from the NCIP.

COC No. 166

On May 16, 2024, a meeting was held between the DOE and TMEC in which the status of COC No. 166 was presented and wherein TMEC expressed its intention to pursue the conversion to Development and Production Phase.

On June 25, 2024, the DOE issued a final notice to TMEC for COC No. 166 to comply on its conversion requirements in settling its outstanding obligations to the DOE (see Note 8) and submitting a new Five-Year Work Program and Budget and Feasibility Study.

On January 22, 2025, the DOE issued a notice of term expiration of COC No. 166 stating that TMEC failed to submit the complete requirements for conversion of COC No. 166 from Exploration Phase to Development and Production Phase. Accordingly, in accordance with the expressed provision of Presidential Decree No. 972, the term of COC No. 166 has lapsed, and TMEC was directed to immediately vacate the contract area and restore all sites that may have been affected by any coal operations.

On February 18, 2025, TMEC submitted an appeal for reconsideration to DOE, requesting a one-year grace period to facilitate the conversion of COC No. 166 from Exploration to Development and Production Phase.

As at report date, the Group is still awaiting approval from the DOE on its appeal for reconsideration on the term expiration.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated and a Subsidiary
3rd Floor, JTKC Center
2155 Don Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Coal Asia Holdings Incorporated (the Parent Company) and a Subsidiary (collectively referred to as the Group) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and have issued our report dated May 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission (SEC) are the responsibility of the Group's management.

These supplementary schedules include the following:

- Reconciliation of Parent Company's Unappropriated Retained Earnings Available for Dividend Declaration as at December 31, 2025

- Schedules Required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2025

- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024

- Conglomerate Map as at December 31, 2025

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and no material exceptions were noted.

The supplementary schedules are presented for purposes of complying with the Revised SRC Rule 68 issued by the SEC and are not part of the consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782/P-008; Valid until June 6, 2026
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022;
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2025;
Valid until November 14, 2028
PTR No. 10764012;
Issued January 2, 2026, Makati City

May 13, 2026
Makati City, Metro Manila

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

COAL ASIA HOLDINGS INCORPORATED

3rd Floor, JTKC Center, 2155 Don Chino Roces Avenue, Makati City

	Amount
Deficit, beginning of reporting period and as adjusted	**(₱1,496,037,353)**
Add: Net loss for the current year	(1,686,619,535)
Total deficit, end of the reporting period available for dividend	**(₱3,182,656,888)**

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

SEC Supplementary Schedule as Required by Part II of the Revised SRC Rule 68

DECEMBER 31, 2025

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Notes:
A – The Group has no financial assets measured at fair value through profit or loss.
B – All receivables arises from ordinary course of business.
D – The Group has no long-term debt.
E – The amount of the Group’s indebtedness to related parties is less than five per cent of its total assets.
F – The Group has no guarantee of securities of other issuers.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements

DECEMBER 31, 2025

			Deductions		*Ending Balance*		
Name and designation of debtor	***Balance at beginnning of period***	***Additions***	***Amounts collected***	***Amounts written off***	***Current***	***Not current***	***Balance at end of period***
Advances to TMEC	₱565,309,431	₱–	₱–	₱–	₱565,309,431	₱–	₱565,309,431

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

G. Capital Stock

DECEMBER 31, 2025

				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 - ₱0.10 par value	50,000,000,000	40,000,000,040	–	28,671,399,999	4,120,041	11,324,480,000

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2025 and 2024

	2025	2024
Total Audit Fees	**₱570,000**	₱570,000
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Non-audit Fees	**–**	–
Total Audit and Non-audit Fees	**₱570,000**	₱570,000

The Group has no related parties covered by Section 2.1c of SEC Memorandum Circular No. 18-2024.

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

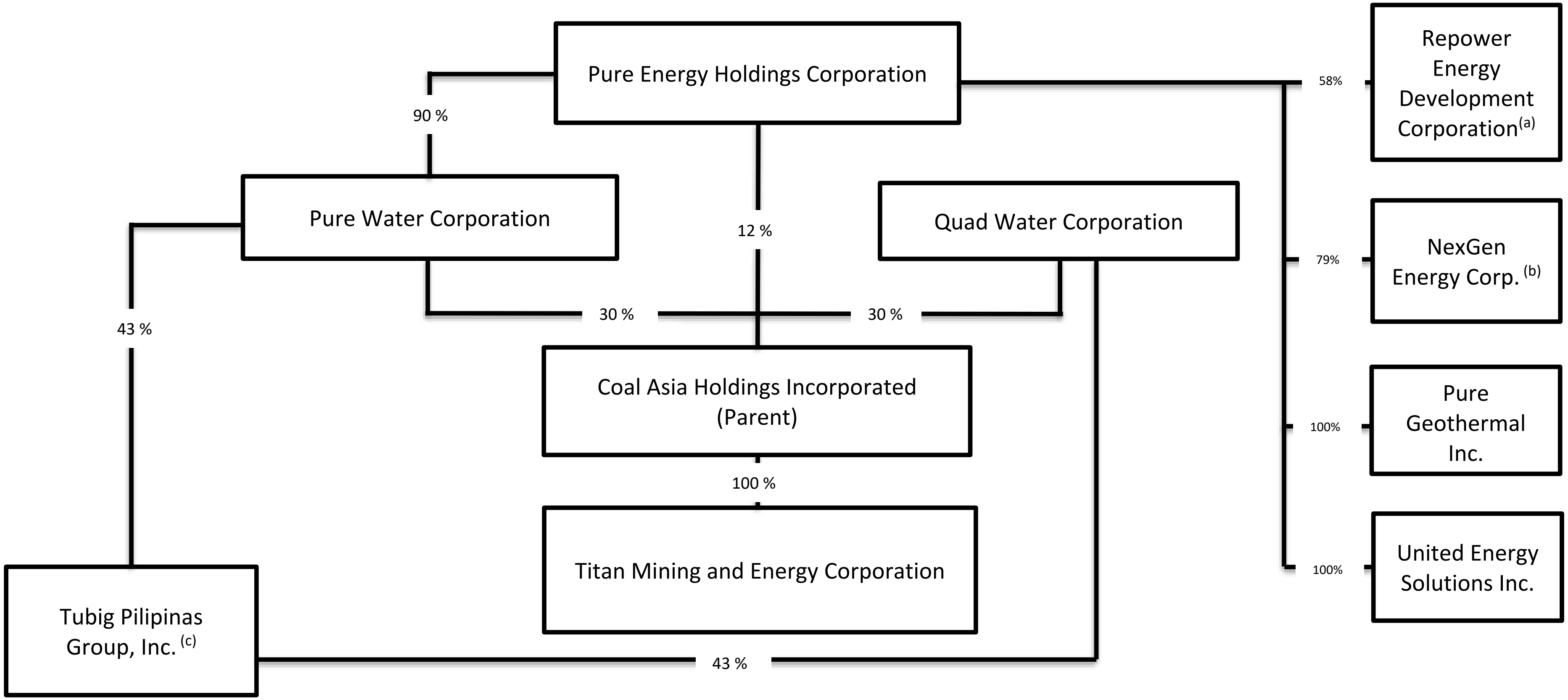
DECEMBER 31, 2025 AND 2024

Ratio	Formula	2025	2024
Current ratio			
	Total Current Assets	**₱3,333,096**	₱2,841,256
	Divided by: Total Current Liabilities	**100,286,320**	88,984,508
	Current ratio	**0.03:1**	0.03:1
Acid test ratio			
	Total Current Assets	**₱3,333,096**	₱2,841,256
	Less: Other current assets	–	–
	Quick assets	**3,333,096**	2,841,256
	Divide by: Total Current Liabilities	**100,286,320**	88,984,508
	Acid test ratio	**0.03:1**	0.03:1
Solvency ratio			
	Net loss before depreciation	**(₱1,397,826,814)**	(₱940,997,964)
	Divide by: Total Liabilities	**102,053,315**	90,704,729
	Solvency ratio	**(13.70):1**	(10.37):1
Debt-to-equity ratio			
	Total Liabilities	**₱102,053,315**	₱90,704,729
	Divide by: Total Equity	**824,570,152**	2,237,060,991
	Debt-to-equity ratio	**0.12:1**	0.040:1
Asset-to-equity ratio			
	Total Assets	**₱926,623,467**	₱2,327,765,720
	Divide by: Total Equity	**824,570,152**	2,237,060,991
	Asset-to-equity ratio	**1.12:1**	1.04:1
Return on equity			
	Net loss	**(₱1,412,490,839)**	(₱958,298,851)
	Divide by: Average total equity	**1,530,815,572**	2,716,210,417
	Return on equity	**(92.27%)**	(35.28%)
Return on assets			
	Net loss	**(₱1,412,490,839)**	(₱958,298,851)
	Divide by: Average total assets	**1,627,194,594**	2,327,765,720
	Return on assets	**(86.81%)**	(41.17%)

COAL ASIA HOLDINGS INCORPORATED AND A SUBSIDIARY

CONGLOMERATE MAP

DECEMBER 31, 2025



(a) Repower Energy Development Corporation's subsidiaries include Tibag Hydropower Corporation, Cabanglasan Hydropower Corporation, Bicol Hydropower Corporation, Baguio Asin Hydropower Corporation, Maramag Hydropower Corporation, Philippine Power and Development Corporation, Majayjay Hydropower Company Inc., Labayat 1 Hydropower Corporation, and Piapi Hydropower Corporation.

(b) NexGen Energy Corp.'s subsidiaries include Airstream Renewables Corp., Solar Power Agri-Rural Communities Corporation, 5Hour Peak Energy Corp.

(c) Tubig Pilipinas Group, Inc.'s subsidiaries include Tubig Trece Martires Corp., Tubig Coron Inc., Tubig Nabua Inc., Tubig Catbalogan Corp., San Jose City (N.E.) Water Company Inc., Bacolod Bulk Water Inc., Tubig Echague Corp., ALV Tubig ng Mandaue Inc., Tubig Pilipinas Global Group Inc., and Tubig Cadiz Inc. The associates are Calbayog Water Company Inc., Princess Urduja Waterworks System Inc., and MTTP Water Corporation.

OMNIBUS SECRETARY'S CERTIFICATE

ERIC PETER Y. ROXAS, of legal age, Filipino, with office address at 3F JTKC Centre 2155 Chino Roces Avenue Brgy. Pio del Pilar, Makati City, Metro Manila, being the duly elected and qualified Corporate Secretary of **COAL ASIA HOLDINGS INCORPORATED** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, with principal office at 3rd Floor JTKC Center, 2155 Don Chino Roces Ave., Makati City under oath, does hereby certify that:

A. Board of Directors

1. The following Directors of the Corporation were elected in the Annual Stockholders' Meeting held on 4 December 2025 to serve for one (1) year or until their successors have been elected.

NAME	VOTES RECEIVED	TYPE OF DIRECTORSHIP
1. Harald R. Tomintz	3,200,412,005	Non-Executive Director
2. Johnson A. Sanhi Jr.	3,200,412,005	Executive Director
3. Dexter Y. Tiu	3,200,412,005	Executive Director
4. Eric Y. Roxas	3,200,412,005	Non-Executive Director
5. Juan Kevin G. Belmonte	3,200,412,005	Independent Director
6. Aristides S. Armas	3,200,412,005	Independent Director
7. Arsenio M. Bartolome III	3,200,412,005	Independent Director

2. The Board of the Directors is composed of two (2) Executive Directors and five (5) Non-Executive Directors, three (3) of whom are Independent Directors.

3. In 2025, the Board of Directors met three (3) times and the attendance in said meetings were as follows:

DIRECTOR	DEC 22	DEC 04	DEC 04	%
1. Harald R. Tomintz	✓	✓	✓	100
2. Johnson A. Sanhi Jr.	✓	✓	✓	100
3. Dexter Y. Tiu	✓	✓	✓	100
4. Eric Y. Roxas	✓	✓	✓	100
5. Juan Kevin G. Belmonte	✓	✓	✓	100
6. Aristides S. Armas	✓	✓	✓	100
7. Arsenio M. Bartolome III	✓	✓	✓	100

4. In the Board and Committee meetings, the directors are participative and ask the necessary questions or seek clarifications and explanations on the matters discussed therein.

5. The Board conducts itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities to ensure a high standard of best practices for the Company, its stockholders and other stakeholders.

6. In 2025, there were no transactions discussed in Board meetings involving any of the disclosed material interests of the directors which would give rise to a conflict of interest. As such, no abstentions were made in the deliberations and approval of transactions discussed in the said Board meetings.

7. The Board reviews the Corporation's business objectives and strategies, company policies and processes on a regular basis.

B. *Appointment of Corporate Officers:*

8. The following officers were appointed in the organizational meeting of the Board of Directors that followed the Annual Stockholders' Meeting held on 4 December 2025:

NAME	POSITION
Harald R. Tomintz	Chairman
Johnson A. Sanhi Jr.	President and Chief Operating Officer
Dexter Y. Tiu	Treasurer
Rolando P. Domingo	Chief Financial Officer
Ann Margaret K. Lorenzo	Corporate Secretary
Gianna Chris Gaile E. Bitancor	Assistant Corporate Secretary
Rosanna T. Desiderio	Accounting Manager/Investor Relations Officer/ Compliance Officer

C. *Audit and Risk Committee*

9. In the organizational meeting of the Board of Directors following the Annual Stockholders' Meeting held on 4 December 2025, the following directors were appointed to form the Risk and Audit Committee:

NAME	POSITION	TYPE OF DIRECTORSHIP
1. Aristides S. Armas	Chairman	Independent Director
2. Arsenio M. Bartolome III	Member	Independent Director
3. Eric Y. Roxas	Member	Non-Executive Director

D. *Corporate Governance Committee*

10. In the organizational meeting of the Board of Directors following the Annual Stockholders' Meeting held on 4 December 2025, the following directors were appointed to form the Corporate Governance Committee:

NAME	POSITION	TYPE OF DIRECTORSHIP
1. Arsenio M. Bartolome III	Chairman	Independent Director
2. Juan Kevin G. Belmonte	Member	Independent Director
3. Aristides S. Armas	Member	Independent Director

E. Other Matters

11. The By-Laws of the Corporation do not contain any provision that may constrain the director's ability to vote independently.

12. There are no shareholders' agreements, voting trust agreements, confidentiality agreements, and other such agreements that may impact on the control, ownership, and strategic direction of the Corporation registered by any shareholder with the Corporate Secretary.

13. In 2025, the Board did not receive a request from the stockholders of the Corporation to call a Special Stockholders' Meeting.

IN ATTESTATION OF THE ABOVE, this Certificate was signed this _____ day of May 2026 in Makati City, Metro Manila.

ERIC PETER Y. ROXAS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of May 2026 in Makati City, Metro Manila, affiant exhibiting to me her TIN: 106-207-301 as competent evidences of his identity.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2026.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARISTIDES S. ARMAS,** Filipino, of legal age after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **COAL ASIA HOLDINGS, INCORPORATED** and have been its independent director since 2012.

2. Except as independent director of Pure Energy Holdings Corporation and of NexGen Renewable Energy Corporation, I am currently not employed by or affiliated with any company or organization, including government-owned and controlled corporations.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **COAL ASIA HOLDINGS, INCORPORATED**, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of **COAL ASIA HOLDINGS, INCORPORATED** and its subsidiaries and affiliates, as provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **COAL ASIA HOLDINGS, INCORPORATED** of any changes in the abovementioned information within five days from its occurrence.

Done, this ___ day of May 2026 at Makati City.

ARISTIDES S. ARMAS
Affiant

SUBSCRIBED AND SWORN to before me this ___ day of May 2026 at Makati City, affiant exhibited to me his TIN 105-802-254 as his competent evidence of identity.

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2026.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARSENIO M. BARTOLOME III,** Filipino, of legal age after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **COAL ASIA HOLDINGS, INCORPORATED**.

2. I am currently affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Amber Properties, Inc.	Chairman and President	April 2001-Present (25 years)
CIBI Foundation, Inc.	Director	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the **COAL ASIA HOLDINGS, INCORPORATED**, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of **COAL ASIA HOLDINGS, INCORPORATED** and its subsidiaries and affiliates, as provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **COAL ASIA HOLDINGS, INCORPORATED** of any changes in the abovementioned information within five days from its occurrence.

Done, this ___ day of May 2026 at Makati City.

ARSENIO M. BARTOLOME III
Affiant

SUBSCRIBED AND SWORN to before me this ___ day of May 2026 at Makati City, affiant exhibited to me his TIN 110-179-356 as his competent evidence of identity.

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2026.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JUAN KEVIN G. BELMONTE,** Filipino, of legal age after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **COAL ASIA HOLDINGS, INCORPORATED**.

2. I am currently affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	**Position/Relationship**	**Period of Service**
Philstar.Com	President and CEO	2000 - Present (26 years)
People Asia	Director	2007 - Present (19 years)
Nuvoland Philippines	Director and Chairman	2010 - Present (16 years)
Philstar Daily, Inc.	Director	1994 - Present (32 years)
IP Ventures Corp.	Director	2011 - Present (15 years)
IP E-Games	Director	2010 - Present (16 years)
PhilPlans Inc.	Director	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the **COAL ASIA HOLDINGS, INCORPORATED**, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of **COAL ASIA HOLDINGS, INCORPORATED** and its subsidiaries and affiliates, as provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **COAL ASIA HOLDINGS, INCORPORATED** of any changes in the abovementioned information within five days from its occurrence.

Done, this ___ day of May 2026 at Makati City.

JUAN KEVIN G. BELMONTE
Affiant

SUBSCRIBED AND SWORN to before me this ___ day of May 2026 at Makati City, affiant exhibited to me his TIN 102-081-718 as his competent evidence of identity.

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2026.

OMNIBUS SECRETARY'S CERTIFICATE

ERIC PETER Y. ROXAS, of legal age, Filipino, with office address at 3F JTKC Centre 2155 Chino Roces Avenue Brgy. Pio del Pilar, Makati City, Metro Manila, being the duly elected and qualified Corporate Secretary of **COAL ASIA HOLDINGS INCORPORATED** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, with principal office at 3rd Floor JTKC Center, 2155 Don Chino Roces Ave., Makati City under oath, does hereby certify that:

A. *Board of Directors*

1. The following Directors of the Corporation were elected in the Annual Stockholders' Meeting held on 4 December 2025 to serve for one (1) year or until their successors have been elected.

NAME	VOTES RECEIVED	TYPE OF DIRECTORSHIP
1. Harald R. Tomintz	3,200,412,005	Non-Executive Director
2. Johnson A. Sanhi Jr.	3,200,412,005	Executive Director
3. Dexter Y. Tiu	3,200,412,005	Executive Director
4. Eric Y. Roxas	3,200,412,005	Non-Executive Director
5. Juan Kevin G. Belmonte	3,200,412,005	Independent Director
6. Aristides S. Armas	3,200,412,005	Independent Director
7. Arsenio M. Bartolome III	3,200,412,005	Independent Director

2. The Board of the Directors is composed of two (2) Executive Directors and five (5) Non-Executive Directors, three (3) of whom are Independent Directors.

3. In 2025, the Board of Directors met three (3) times and the attendance in said meetings were as follows:

DIRECTOR	DEC 22	DEC 04	DEC 04	%
1. Harald R. Tomintz	✓	✓	✓	100
2. Johnson A. Sanhi Jr.	✓	✓	✓	100
3. Dexter Y. Tiu	✓	✓	✓	100
4. Eric Y. Roxas	✓	✓	✓	100
5. Juan Kevin G. Belmonte	✓	✓	✓	100
6. Aristides S. Armas	✓	✓	✓	100
7. Arsenio M. Bartolome III	✓	✓	✓	100

4. In the Board and Committee meetings, the directors are participative and ask the necessary questions or seek clarifications and explanations on the matters discussed therein.

5. The Board conducts itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities to ensure a high standard of best practices for the Company, its stockholders and other stakeholders.

6. In 2025, there were no transactions discussed in Board meetings involving any of the disclosed material interests of the directors which would give rise to a conflict of interest. As such, no abstentions were made in the deliberations and approval of transactions discussed in the said Board meetings.

7. The Board reviews the Corporation's business objectives and strategies, company policies and processes on a regular basis.

B. *Appointment of Corporate Officers:*

8. The following officers were appointed in the organizational meeting of the Board of Directors that followed the Annual Stockholders' Meeting held on 4 December 2025:

NAME	POSITION
Harald R. Tomintz	Chairman
Johnson A. Sanhi Jr.	President and Chief Operating Officer
Dexter Y. Tiu	Treasurer
Rolando P. Domingo	Chief Financial Officer
Eric Peter Y. Roxas	Corporate Secretary
Rosanna T. Desiderio	Accounting Manager/Investor Relations Officer/ Compliance Officer

C. *Audit and Risk Committee*

9. In the organizational meeting of the Board of Directors following the Annual Stockholders' Meeting held on 4 December 2025, the following directors were appointed to form the Risk and Audit Committee:

NAME	POSITION	TYPE OF DIRECTORSHIP
1. Aristides S. Armas	Chairman	Independent Director
2. Arsenio M. Bartolome III	Member	Independent Director
3. Eric Y. Roxas	Member	Non-Executive Director

D. *Corporate Governance Committee*

10. In the organizational meeting of the Board of Directors following the Annual Stockholders' Meeting held on 4 December 2025, the following directors were appointed to form the Corporate Governance Committee:

NAME	POSITION	TYPE OF DIRECTORSHIP
1. Arsenio M. Bartolome III	Chairman	Independent Director
2. Juan Kevin G. Belmonte	Member	Independent Director
3. Aristides S. Armas	Member	Independent Director

E. Other Matters

11. The By-Laws of the Corporation do not contain any provision that may constrain the director's ability to vote independently.

12. There are no shareholders' agreements, voting trust agreements, confidentiality agreements, and other such agreements that may impact on the control, ownership, and strategic direction of the Corporation registered by any shareholder with the Corporate Secretary.

13. In 2025, the Board did not receive a request from the stockholders of the Corporation to call a Special Stockholders' Meeting.

26 MAY 2026

IN ATTESTATION OF THE ABOVE, this Certificate was signed this _____ day of May 2026 in Makati City, Metro Manila.

ERIC PETER Y. ROXAS
Corporate Secretary

26 MAY 2026

SUBSCRIBED AND SWORN to before me this _____ day of May 2026 in Makati City, Metro Manila, affiant exhibiting to me her TIN: 106-207-301 as competent evidences of his identity.

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2027
Appointment No. M-029 (2026-2027)
PTR No. 10765527 January 3, 2026
IBP No. 557367 issued on November 3, 2025
MCLE Compliance No. VIII-0040638 Roll No. 27932
Amorsolo Street, Legaspi Village
Makati City

Doc. No. 354;
Page No. 72;
Book No. 26;
Series of 2026.

COVER SHEET

CS201210314
SEC Registration Number

COAL ASIA HOLDINGS, INC.

(Company's Full Name)

2ND FLOOR JTKC CENTER, 2155
DON CHINO ROCES AVE,.
MAKATI CITY

ANN MARGARET K. LORENZO

632-0905
Company Telephone Number

12 31
Month Day
Fiscal Year

Month Day
Annual Meeting

MANUAL ON CORPORATE GOVERNANCE
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 INCORPORATED

REVISED MANUAL ON CORPORATE GOVERNANCE

Adopted 31 May 2017

MANUAL ON CORPORATE GOVERNANCE

The Board of Directors and Management of Coal Asia Holdings Incorporated (the "Company") hereby commit themselves to the principles and best practices contained in this Manual to guide the attainment of the corporate goals.

PART I

OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees, and shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

PART II

COMPLIANCE SYSTEM

The Compliance System shall ensure that the corporate principles and best practices shall at all times be maintained for the attainment of the corporate goals and objectives. To this end, the corporate governance principles and guidelines contained in this Manual must be adhered to by all concerned, starting with the Board of Directors, the Board Committees, the Corporate Officers and the Auditors, to be monitored by the Compliance Officer.

A. Compliance Officer

1. The Board shall designate a Compliance Officer who shall report directly to the Chairman of the Board. The Compliance Officer should not be a member of the Board and should have adequate stature and authority in the Company to ensure that the Company complies with good corporate governance practices. The Compliance Officer shall be required to annually attend training on corporate governance.

2. The Compliance Officer shall be primarily responsible for monitoring and ensuring adherence to the provisions of this Manual.

3. The Compliance Officer shall perform the following duties:

   a. Identify, monitor and control compliance by the Company with the Code and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent repetition of the violation;

b. Establish an evaluation system to determine, monitor and measure compliance with the provisions and requirements of this Manual, report the same to the Board for adoption and approval;

c. Ensure that the Evaluation System and the features thereof are properly disclosed in the company's annual report to the SEC;

d. Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concern;

e. Appear before or make representations with the Securities and Exchange Commission (SEC) upon summons on similar matters that need to be clarified by the same; and

f. Issue a certification every January 30th of the year on the extent of the Company's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same.

4. The Compliance Officer shall have direct reporting responsibilities to the Chairman of the Board.

5. The appointment of the Compliance Officer shall be immediately disclosed to the SEC.

6. All correspondence relative to his functions as such shall be addressed to said Compliance Officer.

B. Board of Directors

1. The Board is responsible for fostering the long-term success of the Company and securing its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities to ensure a high standard of best practice for the Company, its stockholders and other stakeholders.

2. The members of the Board shall be elected at each annual meeting of the stockholders in accordance with the By-Laws, and shall hold office until the next annual meeting or until their successors shall have been duly elected and qualified. The number of directors shall be seven (7), or such other number as shall be provided in the Articles of Incorporation.

3. The Board shall have a policy on board diversity (i.e. gender, age, ethnicity, culture, skills, competence, knowledge, etc.). The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and

responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

4. The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. The non-executive directors of the Board may concurrently serve as directors of a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company. A director should notify the Board before accepting a directorship in another publicly-listed company.

5. At least three (3) or such number as to constitute one-third (1/3) of the Board, whichever is higher, must be independent. The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent or if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.

6. In the proper discharge of its functions, the Board shall hold regular meetings to review the operations and financial performance of the Company and to consider matters brought before it for approval. Where required by the SEC or by existing laws and regulations, at least one independent director shall be present in all Board meetings. However, the holding of meetings shall be valid even without the attendance of any one of the independent directors if their failure to attend is for any justifiable cause.

   During the meetings, the Board shall assess the Company's performance, position and prospects based on Management's account thereof, which shall be presented in a balanced and understandable manner. Special meetings of the Board may also be called in accordance with the provisions of the By-Laws. Independent views during Board meetings shall be given due consideration. Minutes of such meetings shall be properly taken and filed.

7. The Board's non-executive directors (NEDs) shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Company. The meetings shall be chaired by the lead independent director.

8. The Board is primarily accountable to the stockholders. It shall provide them with a balanced and comprehensive assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

9. The Board shall have the following duties, functions and responsibilities, in addition to those specified in the prevailing laws and regulations and the Company's By-Laws:

a. Determine and establish the Company's purpose, mission and vision, objectives, policies and procedures, and the strategies and means to carry out its objectives and attain its goals;

b. Establish minimum internal control mechanisms for monitoring and overseeing management performance;

c. Implement a process of selection to ensure a mix of competent directors and specify minimum qualifications and disqualifications for these positions who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;

d. Establish a system of periodic training of directors and key officers, including an orientation program for first-time directors and officers and relevant annual continuing training for all such directors and key officers. All newly-elected members of the Board of Directors and newly-appointed officers shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute, provided that they have not previously attended such seminar. Such seminar for newly-elected directors and newly-appointed officers should last for at least eight (8) hours, with the following topics sufficiently covered therein: Revised Code of Corporate Governance, ASEAN Corporate Governance Scorecard and SEC Annual Corporate Governance Report, board responsibilities, illegal activities of corporations/directors/officers, insider trading, protection of minority shareholders, short swing transactions, liabilities of directors, confidentiality, conflict of interest, related party transactions, case studies, and financial reporting and audit. Newly-elected directors and key officers who have previously attended such seminar, re-elected directors, and re-appointed officers shall be required to annually attend a corporate governance training seminar lasting for at least four (4) hours.

e. Appoint competent, professional, honest and highly-motivated management officers;

f. Align the remuneration of key officers and board members with the long-term interest of the Company. In determining compensation, the Board shall ensure that remuneration is commensurate to the responsibilities of the relevant officer and that the pay-out schedule is sensitive to risk outcomes over a multi-year horizon.

g. Ensure and adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value, which shall include adopting a policy on the retirement age for them as part of management succession and to promote dynamism in the Company;

h. Provide sound strategic policies and guidelines to the Company on major capital expenditures and establish programs that can sustain the Company's long-term viability and strength;

i. Periodically evaluate and monitor the implementation of its strategic policies and programs, business plans, operating budgets, including the Management's overall performance;

j. Ensure that the Company complies with all relevant laws, regulations and codes of best business practices;

k. Identify the Company's stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;

l. Promote cooperation between the stakeholders and the Company in creating wealth, growth and sustainability by establishing clear policies and programs to provide a mechanism on their fair treatment and protection;

m. Identify the sectors in the community in which the Company operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;

n. Adopt a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights;

o. Adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times and perform a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness;

p. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability;

q. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and other unusual or infrequently occurring transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;

r. Constitute the Committees in this manual when necessary or when required by law, and appoint the members thereof in keeping with the principles of good corporate governance and in accordance with the provisions of this Manual;

s. Provide the stockholder with a balanced and understandable assessment of the Company's performance, position and prospects;

t. Disclose significant related party and other unusual transactions reviewed and approved during the year in the Annual Corporate Governance Report;

u. Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities

v. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration;

w. Keep the activities and decisions of the Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation;

x. Explain its responsibility for preparing the accounts, for which there should be a statement by the auditors about its reporting responsibilities;

y. Require the chief audit executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee;

z. Define the Company's policy on disclosing non-financial information, with emphasis on the management of economic, environmental, social and governance issues of the Company's business. The Board shall consider the adoption of globally recognized standards/frameworks in reporting non-financial and sustainability issues.

aa. Set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program, which shall be disseminated to employees across the organization through trainings to embed them in the company's culture; and

bb. Establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation, and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

cc. Set in place clear rules for standards of ethical and professional behavior. The Board shall adopt therefor a Code of Business Conduct and Ethics which would set such standards, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the Company. The Company Code of Business Conduct and Ethics, and any amendments thereto, should be properly disseminated to the Board, Management and employees and posted in the company website. The Board shall ensure proper implementation and monitor compliance with the Company Code of Business Conduct and Ethics. The Code should include, among others, the anti-corruption policies of the Company.

dd. Conduct an annual self-assessment of its own performance, including that of the Chairman, individual members, and committees, which should be supported by an external facilitator every three years.

10. The members of the Board occupy a position of trust and confidence, and as such, shall possess the character, skills and competence suited for the office.

a. A director shall have the following duties and responsibilities:

i. Conduct fair business transactions with the Company and ensure that personal interests do not prejudice Board decisions;

ii. Act in a manner characterized by transparency, accountability and fairness;

ii. Devote time and attention necessary to properly discharge his duties and responsibilities;

iii. Act judiciously and exercise independent judgment;

iv. Abstain from taking part in the deliberations for any transaction affecting the Company shall in which he has a material interest;

v. Inhibit himself from discussions or deliberations involving his own remuneration;

v.. Have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies;

vi. Observe confidentiality;

vii. Ensure the continuing soundness, effectiveness and adequacy of the Company's control environment; and

viii.Attend regular and special meetings of the Board in person or by teleconferencing, subject to existing regulations.

b. A director shall possess the following qualifications:

i. Holder of at least one (1) share of stock of the Company;

ii. At least a college graduate, or in lieu of a formal education, he must have gained sufficient experience in managing the business;

iii. At least twenty one (21) years old;

iv. Of proven integrity, probity and assiduousness; and

v. Possessing such other qualifications as shall be prescribed by the Board.

c. The Board may, by a resolution, adopt grounds for permanent disqualification of a director, which shall include but not be limited to the following:

i. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

ii. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;

iii. Any person currently the subject of an order of the SEC, the Bangko Sentral ng Pilipinas (BSP), or any court or administrative body denying, revoking, or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP.

iv. Any person who has been restrained to engage in activity involving securities and banking.

v. Any person who is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participation of the organization.

vi. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

vii. Any person adjudged by final judgment of the SEC, BSP, a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;

viii. Any person judicially declared to be insolvent;

ix. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the previous paragraphs;

x. Any person Convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and

xi. An independent director who becomes an officer or employee of the same company shall be automatically disqualified from being an independent director.

d. The Board may, by a resolution, prescribe grounds for the temporary disqualification of a director, which may include, but not be limited, to any of the following:

i. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.

ii. Absence or non-participation in more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the family, serious accident, or other fortuitous event. This disqualification applies for purposes of the succeeding election;

iii. Dismissal or termination for cause from directorship in another publicly-listed company, public company, registered issuer of securities and holder of secondary license from the SEC. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.

iv. Being under preventive suspension by the Company; and

v. If any of the judgments or orders cited in the grounds for permanent disqualification of directors has not yet become final.

e. An independent director shall have a maximum cumulative term of nine (9) years, after which he is perpetually barred from re-election as such unless the Board provides meritorious justification, and the shareholders approve it during their annual meeting. At the end of the term of the independent director, he may qualify for nomination as a non-independent director.

In addition to the foregoing qualifications disqualifications, a director nominated and elected as independent shall likewise meet the following requirements:

i. He is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;

ii. He is not, and has not been in the three (3) years immediately preceding the election, a director of the Company, or a director or officer of its related companies or any of the Company's substantial shareholders and its related companies except when the same shall be as an independent director of any of the foregoing.

iii. He has not been appointed in the Company, its subsidiaries, associates, affiliates, or related companies as "Chairman Emeritus", "Ex-Officio Director/Officer" or member of any advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election.

iv. He does not own more than two percent (2%) of the outstanding shares of the Company or of its related companies.

v. He is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholder. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister.

vi. He is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement.

vii. He has not been employed in any executive capacity by the Company, any of its related companies, and/or by any of its substantial shareholder within the last five (5) years.

viii. He is not a securities broker-dealer of listed companies and registered issuer of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer.

ix. He is not retained, either in his personal capacity or through his firm, as a professional adviser, auditor, consultant, agent or counsel by the Company, any of its related companies or any of its substantial shareholders, within the last three (3) years immediately preceding his election. He is independent of Management and free from any business or other relationship with the Company within the same period.

x. He has not engaged and does not engage in any transaction with the Company, any of its related companies, or any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.

xi. He is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders.

xii. He is not employed as an executive officer of another company where any of the Company's executives serve as directors.

For purposes of the foregoing, a "related company" of the Company shall be any of the following: (i) its parent company, (ii) its subsidiaries, or (iii) subsidiaries of its parent company. Also, a "substantial shareholder" shall mean any person who, directly or indirectly, beneficially owns more than ten percent (10%) of any class of security issued by the Company.

10. The Board shall be headed by a competent and qualified Chairman who shall have the following responsibilities:

a. Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

b. Guarantee that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;

c. Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;

d. Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

e. Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and

f. Make sure that the performance of the Board is evaluated at least once a year and such evaluation is discussed by the Board.

C. Board Committees

1. Executive Committee

a. The Executive Committee shall be composed of at least three (3) members to be appointed by the Board. The Board shall have the power to change the members of the Committee at any time, to fill vacancies therein and to discharge or dissolve such committee either with or without cause.

b. Except as provided in Section 35 of the Corporation Code, the Executive Committee shall have and exercise all such powers as may be delegated to it by the Board.

c. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board whenever required.

2. Audit Committee

a. The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, shall be independent. All its members must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. Its Chairman should not be the chairman of the Board or of any other committees.

b. The Audit Committee shall carry out the following tasks:

i. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.

ii. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities.

iii. Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

iv. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it;

v. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

vi. review the disposition of the recommendations in the external auditor's management letter;

vii. Organize an internal audit department and consider whether it will be more beneficial for the Company to appoint an Internal Auditor or outsource internal audit services. The Audit Committee shall submit its recommendations to the Board for approval, including the terms and conditions of his engagement and removal;

viii. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security, and ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all stockholders and other stakeholders.

ix. Review the reports submitted by the internal and external auditors.

x. Review the quarterly, half-year, and annual financial statements before their submission to the Board, with particular focus on the following matters:

xi. Any change/s in accounting policies and practices;

(a) Areas where a significant amount of judgment has been exercised;

(b) Significant adjustments resulting from the audit;

(c) Going concern assumptions;

(d) Compliance with accounting standards; and

(e) Compliance with tax, legal, and regulatory requirements.

xii. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

xiii. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;

xiv. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

xv. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations.

xvi. Recommend the approval of an Internal Audit Charter which shall formally define the role of Internal Audit and the audit plan, as well as oversee the implementation of the Internal Audit Charter.

c. The Audit Committee shall recommend the appointment, reappointment, removal, and fees of the external auditor for the approval of the Board and ratification of the shareholders. When there is a change or removal of the external auditor, the reason therefor shall be disclosed to the proper regulatory authorities and the public through the proper disclosures and the company website. It shall also be the responsibility of the Audit Committee to assess the integrity and independence of the external auditor, taking into consideration the relevant Philippine professional and regulatory requirements. The Audit Committee shall also annually review and monitor the external auditor's suitability and effectiveness.

d. The Audit Committee shall meet with the Board without the presence of the CEO or other management team members, if warranted, and periodically meet with the head of the internal audit.

3. Nomination Committee

a. The Nomination Committee shall be composed of three (3) directors, one of whom must be an independent director.

b. The Committee shall have the following duties and responsibilities:

i. It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications set in this Manual and by the Board. The identification of the quality of directors must be aligned with the strategic direction of the company.

ii. The Nomination Committee shall evaluate each candidate for nomination to ensure that they possess the knowledge, skills, experience and in the case of election as non-executive directors, independence of mind. The Committee shall ensure that candidates for election (1) have a record of integrity and good repute, (2) have sufficient time to carry out their responsibilities as members of the Board, and (3) have the ability to promote smooth interaction between board members. The Committee may engage the services of a professional search firm or external sources when searching for candidates for election to the Board.

iii. In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance.

iv. The Nomination Committee shall recommend to the Board the maximum number of directorships allowed for non-executive directors. In doing so, the Committee shall consider the following:

- The nature of the business of the corporations of which the director is also a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other Corporations or organizations; and
- Possible conflict of interest.

The optimum number shall be related to the capacity of a director to perform his duties diligently.

v. It shall write a report to assess the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director.

c. All nominations shall be submitted to the Nomination Committee by any stockholder of record on or before January 30 of each year to allow the Nomination Committee sufficient time to assess and evaluate the qualifications of the nominees. All recommendations for the nomination of independent directors shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees.

After the nomination process, the Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy

Statement, or in such other reports as the Company will be required to submit to the SEC. The name of the stockholder who recommended the nomination of the independent directors shall be disclosed in such report, including any relationship with the nominee. Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained (1) after the List of Candidates shall have been prepared and finalized, and (2) on the floor during the annual stockholders' meeting.

4. Compensation and Remuneration Committee

a. The Compensation and Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director.

b. The Committee shall have the following duties and responsibilities:

   i. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel to ensure that the compensation levels are consistent with the Company's culture, strategy and control environment.

   ii. Determine and align the amount of remuneration for the Company's directors and officers with the long-term interests of the company by formulating and adopting a policy specifying the relationship between remuneration and performance, which shall be in a sufficient level to attract and retain personnel who are needed to run the company successfully.

   iii. Ensure that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their intended duties and responsibilities, under the penalty of perjury.

   iv. Disallow any director to decide his or her own remuneration.

   v. Provide management with a clear, concise and understandable disclosure of the compensation of the Company's executive officers for the previous fiscal year and the current year, which shall be incorporated in the Company's annual reports, information and proxy statements.

   vi. Review the existing Human Resources Development or Personnel Handbook or its equivalent, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements. In the absence of such Personnel Handbook or its equivalent, the Committee, in coordination with the Human Resources Department, shall develop such a handbook which shall cover the same parameters of governance stated above.

5. Corporate Governance Committee

a. The Corporate Governance (CG) Committee shall be composed of at least three members, all of whom are independent directors. It is tasked to assist the Board in the performance of its corporate governance responsibilities.

b. The CG Committee shall have the following duties and responsibilities:

   i. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;

   ii. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

   iii. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

   iv. Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

   v. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

   vi. Propose and plan relevant trainings for the members of the Board;

   vii. Determine the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

   viii. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

c. It shall be the responsibility of the Committee to set in place a system for the assessment of the performance of the Board. Pursuant to this duty, the Committee shall provide the criteria and process to determine the performance of the Board, the individual directors, committees and Management. Such system should allow for a feedback mechanism from the shareholders.

d. Unless the Board specifically provides for the creation of a separate unit to handle whistleblowing concerns within the Company, it shall be the duty of the Corporate Governance Committee to set up a suitable whistleblowing framework and a mechanism for employees to report their concerns or allegations of illegal or unethical practices within the Company. The framework shall include the manner of reporting and provision for ensuring confidentiality and protection to the informer.

6. Board Risk Oversight Committee

a. The Board Risk Oversight Committee (BROC) shall be composed of at least three members, the majority of whom must be independent directors, including its Chairman who must not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management. The BROC is responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.

b. The BROC has the following duties and responsibilities:

i. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

ii. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;

iii. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;

iv. Advise the Board on its risk appetite levels and risk tolerance limits;

v. Review at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;

vi. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;

vii. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

viii. Report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

c. The company shall have a Chief Risk Officer (CRO), in charge of the Company's risk management, with adequate authority, stature, resources and support to fulfill his/her responsibilities.

d. The CRO shall have the following duties and responsibilities:

i. Supervise the entire Risk Management process and spearheads the development, implementation, maintenance and continuous improvement of risk management processes and documentation;

ii. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;

iii. Collaborate with the CEO in updating and making recommendations to the Board Risk Oversight Committee;

iv. Suggest ERM policies and related guidance, as may be needed; and

v. Provide insights on the following:

(a) Performance of risk management processes as intended;

(b) Continuously review of reported Risk measures by risk owners for effectiveness; and

(c) Compliance with established risk policies and procedures.

7. Related Party Transaction Committee

The Board may also create, by resolution or resolutions passed by majority of its members, a Related Party Transaction Committee, which shall consist of at least three (3) non-executive members of the Board, at least two (2) of whom, including the Chairman, shall be independent directors. The Related Party Transaction Committee shall be responsible for reviewing all material related party transactions of the Company.

The Related Party Transaction Committee shall carry out the following tasks:

a. Recommend to the Board for adoption a group-wide policy and system governing Related Party Transactions (RPTs), which policy shall include the definition of related parties, coverage of the RPT policy, guidelines in evaluating and approving RPTs, management of potential conflicts of interest, adoption of materiality thresholds, whistle-blowing mechanism and restitution of losses and other remedies for abusive RPTs.

b. Evaluate the existing relations between and among businesses and counterparties to ensure that related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.

c. Ensure that related parties, RPTs and changes in relationships are reflected in the relevant reports to the Board and regulators/supervisors. For this purpose, the Committee shall define the duty of directors and officers, including the mechanism therefor, to disclose relationships with related parties.

d. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated and misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following: (1) the related party's relationship to the Company and interest in the transaction, (2) the material facts of the proposed RPT, including the proposed aggregate value of such transaction, (3) the benefit to the Company of the proposed RPT, (4) the availability of other sources of comparable products or services, and (5) an assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

e. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties.

f. Report to the Board regularly on the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties. The Committee shall submit material or significant RPTs for approval of the Board and ratification of shareholders.

g. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.

h. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

8. Management

The Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

i. The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly explained;

ii. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained for the benefit of all stockholders and other stakeholders;

iii. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;

iv. The Company should consistently comply with the financial reporting requirements of the Commission;

v. The External Auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, should be changed with the same frequency;

vi. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management;

vii. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

9. Chief Executive Officer

a. The Chief Executive Officer (CEO) shall be appointed by the Board to serve as such until his successor shall have been elected and qualified. At the option of the Board, a person other than the President may be designated CEO, at which instance the President may be designated Chief Operating Officer (COO). The President and CEO positions should both be held by Filipino citizens. Being the principal officers of the Company, the President and CEO shall be a person or persons of outstanding knowledge and integrity. The President and CEO shall work and deal fairly and objectively with all the constituencies of the Company, namely, the Board, management, and stockholders.

b. Subject to the control of the Board of Directors, the CEO shall:

i. Supervise and control all the business and affairs of the Company;
ii. Determine the Company's strategic direction and formulate and implement its strategic plan on the direction of the business.
iii. Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same.
iv. Manage the human and financial resources in accordance with the strategic plan.
v. Have a good working knowledge of the Company's industry and market and keep up-to-date with its core business purpose.
vi. Direct, evaluate and guide the work of the key officers of the Company.
vii. Manage the Company's resources prudently and ensure a proper balance of the same.
viii. Provide the Board with timely information and interface between the Board and the employees of the Company. Whenever proper, it shall also be the duty of the President to consult the Company employees, solicit their viewpoint and communicate the same to the Board so the Board can be guided before making key decisions.
ix. Build the corporate culture and motivate the employees of the Company.
x. Serve as the link between internal operations and external stakeholders.
xi. In the absence of the Chairman or the Vice Chairman of the Board, preside at all meetings of the Board of Directors and stockholders. If the President and CEO positions are not held by one individual, then the CEO shall preside unless absent, in which case the President shall preside;
xii. Together with other officers designated by the Board, sign all checks, drafts, or other orders with respect to any funds of the Company maintained in any

bank, certificates of stock of the Company, any deed, mortgage, bond, contract, or other instrument which the Board of Directors has authorized to be executed;

xiii. Perform all duties incident to the office(s) of the President and CEO, and such other duties as may be prescribed by the Board of Directors from time to time.

c. The positions of Chairman of the Board and Chief Executive Officer, when practicable, may be held by separate individuals and each should have clearly defined responsibilities. In case the President or CEO is also the Chairman of the Board, he shall strictly follow the checks and balances provided by the Board in accordance with this Manual to insure that independent, outside views, perspectives and judgments are given proper hearing in the Board.

10. Corporate Secretary

a. The Corporate Secretary shall be elected by the Board, to serve as such until his successor shall have been duly elected and qualified.

b. The Corporate Secretary shall possess the following qualifications:

i. The Corporate Secretary should be a Filipino citizen and a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors.

ii. The Corporate Secretary shall demonstrate perfection in performance and maintain loyalty to the mission, vision and specific business objectives of the Company.

iii. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.

c. The Corporate Secretary shall have the following duties and functions:

i. Assist the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;

ii. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its committees, as well as other official records of the Company;

iii. Advise on the establishment of additional board committees and their terms of reference;

iv. Work fairly and objectively with the Board, Management, stockholders, and other stakeholders;

v. Have appropriate administrative and interpersonal skills;

vi. If he is not at the same time the Company's legal counsel, to be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities, including relevant laws and rules affecting the industry and operations of the Company, to be able to effectively advise the Board on all relevant issues as they arise;

vii. Have a working knowledge of the operations of the Company;

viii. Inform that members of the Board, or of the committees of the Board, as the case may be, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days in advance, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

ix. Attend all Board meetings except when justifiable causes, such as illness, death in the immediate family, and serious accidents prevent him from doing so;

x. Ensure that all Board and committee procedures, rules, and regulations are strictly followed by members;

xi. Oversee the drafting and amendments of the by-laws and ensure that they conform with regulatory standards;

xii. Perform required administrative functions pertaining to his office, as defined in the Company's by-laws and pertinent government regulations.

11. External Auditor

a. The external auditor shall be selected, appointed and removed, and his fees shall be set by the Board and ratified by the stockholders during the annual stockholders' meetings, upon recommendation of the Audit Committee.

b. The reason/s for the resignation, dismissal or cessation from service, and the date thereof, of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement between him and the Company on accounting principles and practices, financial disclosures or audit procedures which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of said report shall be given by the Company to the external auditor before his submission.

If the external auditor believes that any statement made in the annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said report.

c. The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The Board shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

e. The Company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company should be changed with the same frequency.

12. Internal Auditor

a. The Company shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of internal audit personnel headed by an Internal Auditor, through which the Board, senior management, and stockholders shall be provided with reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate, and complied with. The Board shall approve and set in place an Internal Audit Charter to guide the Internal Auditor or group's performance of their functions. The Company's internal audit function may, at the discretion of the Board, be outsourced to qualified independent third party service providers.

b. The internal audit function shall include, among others, the following functions:

   i. Providing an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors and Management;

   ii. Performing regular and special audit as contained in the annual audit plan and/or based on the Company's risk assessment;

   iii. Performing consulting and advisory services related to governance and control as appropriate for the organization;

   iv. Performing compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;

v. Reviewing, auditing and assessing the efficiency and effectiveness of the internal control system of all areas of the Company;

vi. Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

vii. evaluating specific operations at the request of the Board or Management, as appropriate; and

viii. monitoring and evaluating governance processes.

b. The Internal Auditor, who shall act as the Chief Audit Executive of the Company, shall report directly to the Audit Committee and the CEO. The Internal Auditor shall have the following functions:

i. oversee and be responsible for the internal audit activities of the organization, including the portion outsourced to a third party service provider, if applicable. Where the internal audit is a fully outsourced activity, a qualified independent executive or senior management personnel shall be assigned the responsibility of managing the internal audit activity;

ii. periodically review the internal audit charter and present it to senior management and the Audit Committee for approval;

iii. establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;

iv. communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;

v. spearhead the performance of the internal audit activity to ensure it adds value to the organization;

vi. report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and

vii. present findings and recommendations to the Audit Committee and give advice to senior management and the Board on how to improve internal processes.

d. The minimum internal control mechanisms for management's operational responsibility shall center on the President, being ultimately accountable for the Company's organizational and procedural control.

e. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

f. The system of internal control shall be designed to manage, rather than eliminate, the risk of failure to achieve business targets and objectives and shall provide reasonable, although not absolute assurance against material misstatement or loss.

g. The Internal Auditor shall report to the Audit Committee. However, direction may be provided by the President and/or Head of the Finance Division, with respect to internal coordination with other Divisions of the Company.

PART III

REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATE GOVERNANCE POLICIES

1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Company's Compliance Officer;

2. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders through the proper procedures adopted by the Philippine Stock Exchange and by the SEC for the interest of its stockholders and other stakeholders.

3. All material information about the Company which could adversely affect its viability or the interests of its stockholders and other stakeholders shall be publicly and timely disclosed to the Philippine Stock Exchange and the Commission. Such material information shall include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and the management.

4. All directors and officers shall disclose/report to the Company any dealings in its shares within three (3) business days.

5. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

5. The Company shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. The disclosure should include termination and retirement provisions.

6. The Company's corporate governance policies, programs and procedures shall be contained in its Manual on Corporate Governance, which shall be submitted to the regulators and posted on the Company's website.

7. Committee Charters of all established committees stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information, as well as standards for evaluating the performance of the Committee shall be fully disclosed on the company's website.

8. The Company should include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

PART IV

SHAREHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

The Board shall be committed to respect the following rights of the stockholders:

A. Right to Active Participation

1. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty-eight (28) days before the meeting.

2. The Board shall make the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the Company's website within five (5) business days from the end of the meeting.

3. The Board shall designate an Investor Relations Officer (IRO) who must be present at every shareholders' meeting to ensure constant engagement with its shareholders.

B. Voting Right

1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Minority shareholders shall have the right to nominate their candidates in writing in the form and period prescribed by the Company, and sent to the Corporate Secretary.

2. Cumulative voting shall be used in the election of directors. The use of poll voting shall, as much as practicable, be adopted during stockholders' meetings.

3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

C. Power of Inspection

All shareholders shall be allowed to inspect during office hours the corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

D. Right to Information

1. The shareholders shall be provided, upon written request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

2. All shareholders, including minority shareholders, shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

3. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

E. Right to Dividends

1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.

2. The company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

F. Appraisal Right

1. The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders 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;

b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

c. In case of merger or consolidation.

2. It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

PART V

ADEQUATE AND TIMELY INFORMATION

1. Management should provide members of the Board of Directors with complete, adequate and timely information about the matters to be taken in their meeting.

2. In order for each of the members of the Board to properly perform their function and responsibilities further inquiries will be made and not merely rely on the information volunteered by the Management. Members are given independent access to Management and Corporate Secretary information and documents.

3. Members, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Company's expense.

PART VI

MONITORING AND ASSESSMENT

1. Each Committee shall report regularly to the Board of Directors.

2. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.

3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the company's annual report or in such form of report that is applicable to the Company. The adoption of such performance evaluation system must be covered by a Board approval.

4. This Manual shall be subject to quarterly review unless this frequency is amended by the Board.

5. All business processes and practices being performed within any department or business unit of the Company that are not consistent with any portion of this manual shall be revoked unless upgraded to the compliant extent.

PART VII

COMMUNICATION PROCESS

1. This manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days.

2. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

3. An adequate number of printed copies of this Manual must be reproduced and distributed to all departments/subsidiaries with a minimum of at least one (1) hard copy of the Manual each.

PART VIII

TRAINING PROCESS

1. If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

2. A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

PART IX

COMMITMENT TO GOOD CORPORATE GOVERNANCE

This Manual shall be made available for inspection by any stockholder at reasonable hours on business days.

PART X

PENALTIES FOR NON-COMPLIANCE

1. To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:

    a. In case of **first violation**, the subject person shall be reprimanded.

    b. In case of **second violation,** suspension from office shall be imposed The duration of the suspension shall depend on the gravity of the violation.

    c. **For third violation**, the maximum penalty of removal from office shall be imposed.

2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

3. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

Harald R. Tomintz
Chairman of the Board

Rosanna T. Desiderio
Compliance Officer

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