SECURITIES AND EXCHANGE COMMISSION
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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

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

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. 376;
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

		December 31	
	Note	**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**	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.

<u>Liquidity Risk</u>
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).*

<u>Capital Management</u>
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:

<u>COCs with the DOE</u>

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

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 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.

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

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

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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

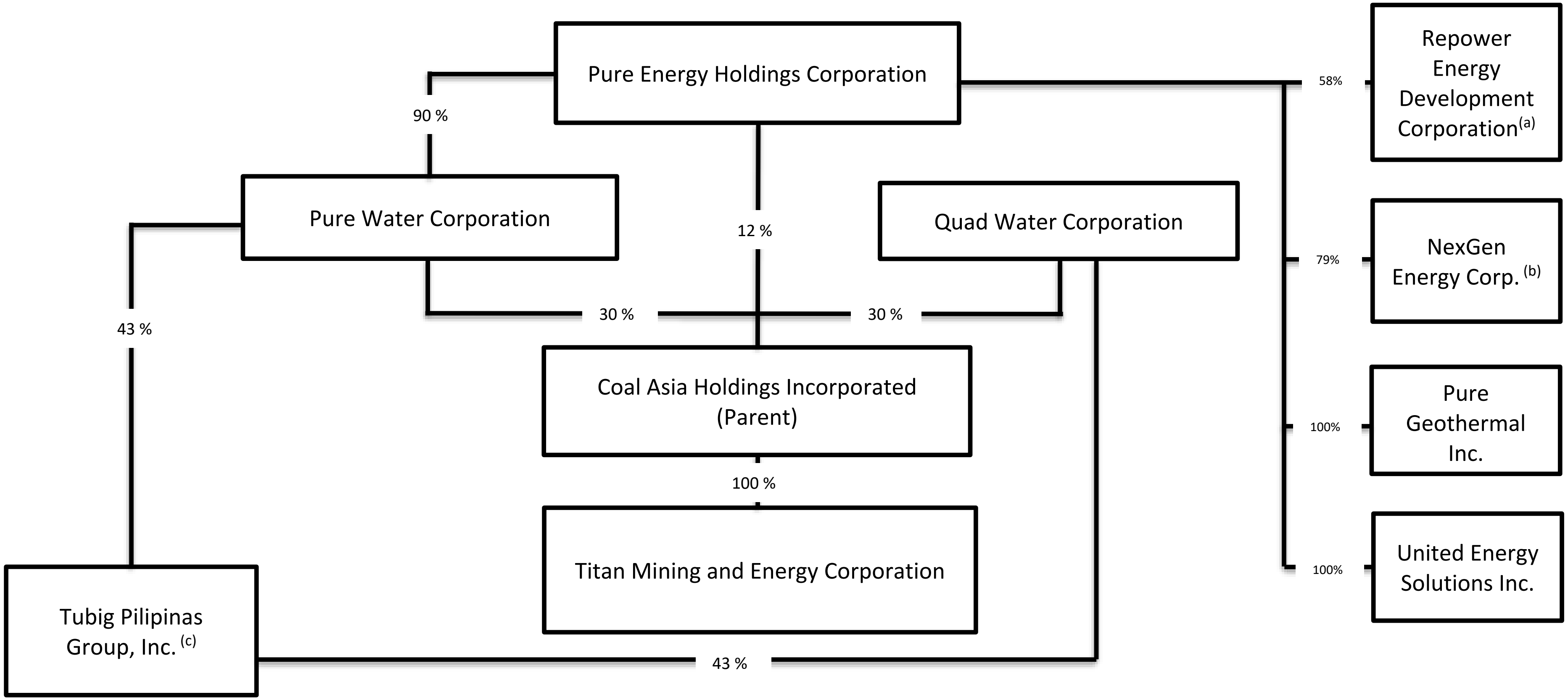
DECEMBER 31, 2025 AND 2024

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.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	0	3	1	4

COMPANY NAME

COAL ASIA HOLDINGS INCORPORATED

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

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
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

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.

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

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;
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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.