COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 0 3 1 4

COMPANY NAME

COAL ASIA HOLDINGS INCORPORATED

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

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

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Johnson A. Sanhi Jr.	johnson.sanhi.jr@titanmining.com	(02) 8818-6772	–

CONTACT PERSON'S ADDRESS

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

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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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, 2024 and 2023, 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, 2024, 2023 and 2022, 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, 2024 and 2023 and its financial performance and its cash flows for the years ended December 31, 2024, 2023 and 2022 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) together with the ethical requirements that are relevant to the audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10467124;
Issued January 2, 2025, Makati City

April 28, 2025
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Current Asset			
Cash in banks	4	**₱419,708**	₱199,302
Noncurrent Asset			
Investment in a subsidiary	7	**2,545,468,806**	3,279,261,563
		₱2,545,888,514	₱3,279,460,865
LIABILITIES AND EQUITY			
Current Liabilities			
Advances from a stockholder	5	**₱38,850,570**	₱37,220,010
Other current liabilities		**3,075,293**	2,391,841
Total Liabilities		**41,925,863**	39,611,851
Equity			
Capital stock		**4,000,000,004**	4,000,000,004
Deficit		**(1,496,037,353)**	(760,150,990)
Total Equity		**2,503,962,651**	3,239,849,014
		₱2,545,888,514	₱3,279,460,865

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2024**	2023	2022
INTEREST INCOME	4	**₱852**	₱564	₱359
EXPENSES	8	**(735,887,215)**	(253,059,667)	(2,429,283)
NET LOSS		**(735,886,363)**	(253,059,103)	(2,428,924)
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE LOSS		**(₱735,886,363)**	(₱253,059,103)	(₱2,428,924)

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2024	2023	2022
CAPITAL STOCK - at ₱1 par value			
Authorized - 5,000,000,000 shares			
Issued and outstanding - 4,000,000,004 shares	**₱4,000,000,004**	₱4,000,000,004	₱4,000,000,004
DEFICIT			
Balance at beginning of year	**(760,150,990)**	(507,091,887)	(504,662,963)
Net loss	**(735,886,363)**	(253,059,103)	(2,428,924)
Balance at end of year	**(1,496,037,353)**	(760,150,990)	(507,091,887)
	₱2,503,962,651	₱3,239,849,014	₱3,492,908,117

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		**(₱735,886,363)**	(₱253,059,103)	(₱2,428,924)
Adjustments for:				
Provision for impairment loss on investment in a subsidiary	7	**733,792,757**	99,238,437	–
Provision for probable loss on input value-added tax (VAT)	6	**126,540**	29,718	83,172
Interest income	4	**(852)**	(564)	(359)
Provision for expected credit loss (ECL) on advances to a subsidiary	5	**–**	151,398,304	–
Operating loss before working capital changes		**(1,967,918)**	(2,393,208)	(2,346,111)
Increase in:				
Input VAT		**(126,540)**	(29,718)	(83,172)
Other current liabilities		**683,452**	875,378	371,145
Net cash used for operations		**(1,411,006)**	(1,547,548)	(2,058,138)
Interest received		**852**	564	359
Net cash used in operating activities		**(1,410,154)**	(1,546,984)	(2,057,779)
CASH FLOWS FROM A FINANCING ACTIVITY				
Additional advances from a stockholder		**1,630,560**	1,609,820	2,003,427
NET INCREASE (DECREASE) IN CASH IN BANKS		**220,406**	62,836	(54,352)
CASH IN BANKS AT BEGINNING OF YEAR		**199,302**	136,466	190,818
CASH IN BANKS AT END OF YEAR		**₱419,708**	₱199,302	₱136,466

See accompanying Notes to Separate Financial Statements.

COAL ASIA HOLDINGS INCORPORATED

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024 AND 2023
AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

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, 2024 and 2023, 4,000,000,004 common shares of the Company at ₱1 par value were listed in the Philippine Stock Exchange (PSE). Of those shares, 20% are publicly-owned as at December 31, 2024 and 2023.

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

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

- Increase in the authorized capital stock from 5,000.0 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.

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

Status of TMEC's Operations

As at December 31, 2024 and 2023, 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.

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

TMEC is working on the extension of the COC. As required, TMEC has submitted to the DOE the Result of Exploration covering the exploration activities conducted and estimates of the resultant coal resource and reserve of the property, which have been verified by the DOE. In 2016, the DOE evaluated the documents submitted and requested additional information to further process the application for conversion.

On September 18, 2018, TMEC has re-submitted the Five-Year Work Program in support for the processing of the Company's application for the conversion of its COC.

On September 4, 2019, TMEC cited difficulties in complying with the other necessary requirements because of the peace and order disturbances in the area, security threats to its employees by lawless elements, and dwindling competitiveness of coal.

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

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

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

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, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issuance by the BOD on April 28, 2025.

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, 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 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 11 to the separate financial statements.

Adoption of Amendments to PFRS Accounting Standards

The adoption of the amendments to PFRS Accounting Standards 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, 2024 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.

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, 2024 and 2023, 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, 2024 and 2023, the Company's cash in banks and advances to a subsidiary are classified under this category (see Notes 4 and 5).

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

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

As at December 31, 2024 and 2023, the Company's advances from a stockholder (see Note 5) 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.

<u>Input VAT</u>
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. **Significant 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 Going Concern. The Company has not started commercial operations because of delays in getting the necessary approval from the Government of its COCs. This has significantly reduced the Company's operating funds.

As discussed in Note 1 to the separate financial statements, TMEC 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. TMEC has been compliant with the requirements of the DOE. The Company's management is confident that TMEC will obtain the necessary approval from the NCIP.

Moreover, majority of the stockholders committed to provide continuous financial support not only for TMEC's pre-operating activities but also for its working capital requirements when the Company starts commercial operations. Thus, the Company continues to prepare the separate financial statements on the going concern basis.

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 Accounting Standards 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 recognized provision for ECL on advances to a subsidiary in 2023 as presented in Note 5 to the separate financial statements.

The carrying amounts of financial assets at amortized cost as at December 31, 2024 and 2023 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, 2024 and 2023, 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.

Impairment loss on investment in a subsidiary amounting to ₱733.8 million and ₱99.2 million were recognized in 2024 and 2023, respectively (see Note 8). No impairment loss on investment in a subsidiary was recognized by the Company in 2022. The carrying amount of investment in a subsidiary as at December 31, 2024 and 2023 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, 2024 and 2023, 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 9).

4. Cash in Banks

Cash in banks amounting to ₱419,708 and ₱199,302 as at December 31, 2024 and 2023, respectively, earn interest at the respective bank deposit rates and are immediately available for use in the current operations.

Interest income amounting to ₱852, ₱564 and ₱359 were earned from cash in banks for the years ended December 31, 2024, 2023 and 2022, 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	
		2024	2023	**2024**	2023
Advances to a subsidiary -					
TMEC	Advances for working capital	**₱–**	₱–	**₱565,309,431**	₱565,309,431
Less allowance for ECL		**–**	151,398,304	**(565,309,431)**	(565,309,431)
				₱–	₱–
Advances from a stockholder -					
Stockholder	Advances for working capital	**₱1,630,560**	₱1,609,820	**₱38,850,570**	₱37,220,010

In 2023, provision for ECL amounting to ₱151.4 million was recognized on advances to a subsidiary (see Note 8).

Advances to/from related parties are unsecured, noninterest-bearing, generally settled in cash and due on demand.

Key Management Personnel
The short-term employee benefits given by the Company to its key management personnel amounted to ₱0.7 million in 2024, 2023 and 2022. 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.

	2024	2023
Advances from a stockholder		
Balance at beginning of year	**₱37,220,010**	₱35,610,190
Financing cash flows	**1,630,560**	1,609,820
Balance at end of year	**₱38,850,570**	₱37,220,010

6. Input VAT

This account consists of:

	2024	2023
Input VAT	**₱2,533,875**	₱2,407,335
Less allowance for probable loss	**(2,533,875)**	(2,407,335)
	₱–	₱–

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

Movements in the allowance for probable loss are as follows:

	Note	**2024**	2023
Balance at beginning of year		**₱2,407,335**	₱2,377,617
Provision	8	**126,540**	29,718
Balance at end of year		**₱2,533,875**	₱2,407,335

7. Investment in a Subsidiary

This account consists of:

	2024	2023
Cost	**₱3,378,500,000**	₱3,378,500,000
Less allowance for impairment loss	**(833,031,194)**	(99,238,437)
	₱2,545,468,806	₱3,279,261,563

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. The fair value measurement used is categorized as Level 2 using Income Approach. The inputs used to determine the market value of its coal reserves include location, characteristics, size, time element, quality and marketability.

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 impairment test is based on value in use calculations using discounted cash flow approach from its operations. The key assumptions used to determine the value in use of the nonfinancial assets include the projected coal price, foreign exchange rate, discount rate and estimated volume of coal reserves. The discount rates used are 11.48%, 10.35% and 10.58% in 2024, 2023 and 2022, 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 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 (see Note 1).

In 2023, management assessed that the recoverable amount of the investment in a subsidiary is lower than its aggregate carrying amount and recognized an impairment loss of ₱99.2 million on its investment in a subsidiary. The recognition of the impairment loss is driven by the reduction in coal price and unplanned expenditures caused by the delays in the conversion of COCs and start of commercial operations.

Movements in the allowance for impairment loss are as follows:

	Note	**2024**	2023
Balance at beginning of year		**₱99,238,437**	₱–
Provision	8	**733,792,757**	99,238,437
Balance at end of year		**₱833,031,194**	₱99,238,437

The recoverable amount as at December 31, 2024 and 2023, based on the discounted cash flow approach, is classified as Level 3 of the fair value hierarchy. Management also believes that no reasonably possible change in any of the key assumptions would cause in a significantly higher or lower fair value measurement.

8. **Expenses**

This account consists of:

	Note	**2024**	2023	2022
Provision for impairment loss on investment in a subsidiary	7	**₱733,792,757**	₱99,238,437	₱–
Professional fees		**810,000**	1,122,000	1,040,000
Personnel costs	5	**650,000**	650,000	650,000
Listing maintenance fee		**250,000**	250,000	250,000
Provision for probable loss on input VAT	6	**126,540**	29,718	83,172
Seminar and membership fees		**120,000**	160,000	258,400
Representation and entertainment		**38,279**	12,658	–
Taxes and licenses		**18,292**	20,317	37,468
Provision for ECL on advances to a subsidiary	5	**–**	151,398,304	–
Repairs and maintenance		**–**	56,324	49,338
Others		**81,347**	121,909	60,905
		₱735,887,215	₱253,059,667	₱2,429,283

9. **Income Taxes**

There is no provision for current income tax in 2024, 2023 and 2022 due to the Company's gross loss and taxable loss position.

Deferred tax asset on NOLCO amounting to ₱3.3 million and ₱2.9 million as at December 31, 2024 and 2023, 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
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
	₱11,439,659	₱1,929,639	₱–	₱13,369,298	

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

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

	2024	2023	2022
Benefit from income tax at statutory tax rate	**(₱183,971,591)**	(₱63,264,776)	(₱607,231)
Change in unrecognized deferred tax asset	**482,410**	595,138	(25,449)
Add (deduct) tax effects of:			
Nondeductible expenses	**183,489,394**	62,669,779	20,793
Interest income subjected to final tax	**(213)**	(141)	(90)
Expired NOLCO	**–**	–	611,977
Benefit from income tax at effective tax rate	**₱–**	₱–	₱–

<u>The Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act</u>

Under the CREATE Act which took effect on July 1, 2020, domestic corporations are subject to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT is computed at 1% of gross income for a period of three (3) years up to June 1, 2023 and reverted to 2% of gross income effective July 1, 2023 under Revenue Memorandum Circular No. 69-2023.

Accordingly, the income tax rate used in preparing the separate financial statements as at and for the years ended December 31, 2024, 2023 and 2022 is 25% for RCIT.

10. 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.

<u>Credit Risk</u>

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, 2024 and 2023:

	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**

	2023				
	Neither Past Due nor Impaired		Past Due but		
	High Grade	Standard Grade	not Impaired	Credit-impaired	Total
Lifetime ECL:					
Cash in banks	₱199,302	₱–	₱–	₱–	₱199,302
Advances to a subsidiary	–	–	–	565,309,431	565,309,431
	₱199,302	₱–	₱–	₱565,309,431	₱565,508,733

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, 2024 and 2023:

	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.*

	2023			
	On Demand	Within 1 Year	Over 1 Year	Total
Advances from a stockholder	₱37,220,010	₱–	₱–	₱37,220,010
Other current liabilities*	2,384,705	–	–	2,384,705
	₱39,604,715	₱–	₱–	₱39,604,715

**Excluding statutory payables amounting to ₱7,136.*

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

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

In determining reasonable leverage, the Company evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Company considers its equity amounting to ₱2,504.0 million and ₱3,239.8 million as at December 31, 2024 and 2023, respectively, as capital employed.

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

11. Fair Value Measurement of Financial Instruments

Presented below is a comparison of carrying amounts and fair values of financial assets and liabilities as at December 31, 2024 and 2023.

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets at amortized cost:				
Cash in banks	**₱419,708**	**₱419,708**	₱199,302	₱199,302
Financial liabilities at amortized cost:				
Advances from a stockholder	**₱38,850,570**	**₱38,850,570**	₱37,220,010	₱37,220,010
Other current liabilities*	**3,069,885**	**3,069,885**	2,384,705	2,384,705
	₱41,920,455	**₱41,920,455**	₱39,604,715	₱39,604,715

**Excluding statutory payables amounting to ₱5,408 and ₱7,136, as at December 31, 2024 and 2023, respectively.*

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

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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

The Stockholders and the Board of Directors
Titan Mining and Energy Corporation
3F JTKC Centre
2155 Don Chino Roces Avenue
Makati City

We have audited the accompanying separate financial statements of Coal Asia Holdings Incorporated (the Company) as at December 31, 2024, and 2023, and for the years ended December 31, 2024, 2023 and 2022, on which we have rendered our report dated April 28, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has twenty-two (22) stockholders owning one hundred (100) or more shares as at December 31, 2024 and 2023.

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
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10467124;
Issued January 2, 2025, Makati City

April 28, 2025
Makati City, Metro Manila

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.

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, 2024 and 2023, 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, 2024 and 2023, 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 ______

SUBSCRIBED AND SWORN TO BEFORE ME
THIS DAY OF 28 APR 2025 MAKATI CITY
AFFIANT EXHIBITED TO ME HER ______
NO. ______

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No M-110
(Ren) (2025 2026)
Until December 31, 2026
PTR No.10467471, 01-03-2025; Makati City
IBP Lifetime No 013595, 12-27 2013; I.C
Roll No 37226
MCLE Compliance No VIII-0012754, 08-27-2024
Ground Floor, Makati Terraces Condominium
3650 Davila St., Tejeros, Makati City

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