

# COVER SHEET

C S 2 0 1 2 1 0 3 1 4  
SEC Registration Number

COAL ASIA HOLDINGS  
INCORPORATED

(Company's Full Name)

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

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

RIA CARMELA R. CRUZ

632-0905  
Company Telephone Number

1 2      3 1  
Month      Day  
Fiscal Year

0 4      3 0  
Month      Day  
Annual Meeting

PRELIMINARY 20 - IS

Form Type

Secondary License Type, if applicable

Department Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings  
Domestic      Foreign

To be Accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

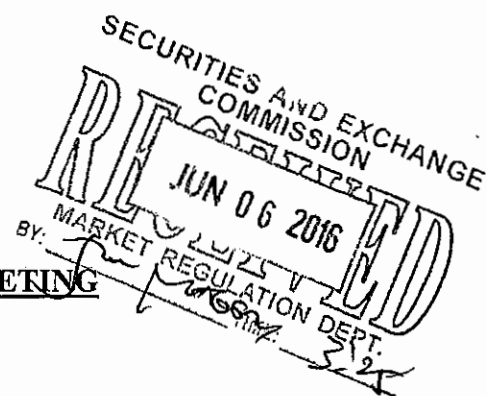
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Remarks = pls. use black ink for scanning purposes



**Coal Asia Holdings**

Reliable energy resources through responsible mining



**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

**TO: ALL STOCKHOLDERS**

NOTICE is hereby given that there will be an annual meeting of the stockholders of **COAL ASIA HOLDINGS, INCORPORATED** on Tuesday, 19 July 2016, at 9:00 in the morning, at the Columbus Function Room, 42<sup>nd</sup> Floor, Discovery Suites, 25 ADB Avenue, Ortigas Center, Pasig City, to consider the following:

**AGENDA**

- 1) Call to Order
- 2) Proof of Notice of Meeting
- 3) Certification of Quorum
- 4) Approval of the Minutes of the previous Annual Stockholders' Meeting
- 5) Approval of 2015 Operations and Results
- 6) Ratification of all acts of the Board of Directors and Officers
- 7) Election of Directors
- 8) Appointment of External Auditor
- 9) Other Matters
- 10) Adjournment

Attached are the rationale for the above agenda items for reference.

In accordance with the rules of the Philippine Stock Exchange, the close of business on **15 June 2016** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

Registration for those who are personally attending the meeting will start at 8:00 in the morning and end promptly at 9:00 a.m. All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to fill out, date, sign and send a proxy to the Corporation's principal office. All proxies should be received by the Corporation on or before Friday **15 July 2015**. Proxies submitted shall be validated by a Committee of Inspectors on **18 July 2015** at 10:00 in the morning at the Corporation's principal office. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

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

City of Pasig, Metro Manila,

**RIA CARMELA R. CRUZ**  
Assistant Corporate Secretary

## **RATIONALE FOR AGENDA ITEMS:**

**Agenda Item No. 4.      Approval of the Minutes of the Previous Meeting of Stockholders held on 14 July 2015**

Copies of the Minutes of the 14 July 2015 Annual Stockholders' Meeting will be made available during the ASM. Stockholders will be asked to approve the Minutes of the 2015 Annual Stockholders' Meeting as recommended by the Board of Directors.

**Agenda Item No. 5.      Approval of 2015 Operations and Results**

A report on the highlights of the performance of the Corporation for the year ended 2015 will be presented to Stockholders. The same was reviewed by the Audit Committee and the Board of Directors, and have been audited by the external auditors who declared an unqualified opinion on the Audited Financial Statements (AFS). A summary of the 2015 AFS shall be also be presented to the Stockholders. Stockholders, after identifying themselves, will be given an opportunity to raise questions regarding the operations and report of the Corporation.

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

All actions, proceedings and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management from the date of the Stockholders Meeting held on 14 July 2015 to the date of this meeting shall be presented for confirmation, approval, and ratification.

**Agenda Item No. 7.      Election of Directors for 2016 to 2017**

The incumbent members of the Board of Directors, as reviewed, qualified and recommended by the Nomination Committee, have been nominated for re-election. Their proven expertise and qualifications based on current regulatory standards and the Corporation's own norms, will help sustain the Company's solid performance that will result to its stockholders' benefit. The profiles of the Directors are further detailed in the Corporation's Information Statement. If elected, they shall serve as such from 19 July 2016 until their successors shall have been duly elected and qualified.

**Agenda Item No. 8.      Appointment of External Auditors**

The Audit Committee has pre-screened and recommended, and the Board has endorsed for consideration of the stockholders to re-appoint Reyes Tacandong & Co. as the Corporation's External Auditor for 2016-2017. Reyes Tacandong & Co. is one of the leading auditing firms in the country and is duly accredited by the Securities and Exchange Commission. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2016.

**PROXY FORM**

The undersigned stockholder of Coal Asia Holdings Incorporated (the "Company") hereby appoints \_\_\_\_\_ or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 19 July 2016 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors.

\_\_\_ 1.1. Vote for all nominees listed below:

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

\_\_\_ 1.2. Withhold authority for all nominees listed above

\_\_\_ 1.3 Withhold authority to vote for the nominees listed below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

3. Approval of 2015 Annual Report.

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

4. Ratification of all acts and resolutions of the Board of Directors and Management from date of last Stockholders' Meeting to 19 July 2016.

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

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

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

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

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

\_\_\_\_\_  
Printed Name of Stockholder

\_\_\_\_\_  
Signature of Stockholder /  
Authorized Signatory

\_\_\_\_\_  
Date

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

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS

Information Statement Pursuant to Section 20  
of the Securities Regulation Code

SECURITIES AND EXCHANGE  
COMMISSION  
RECEIVED  
JUN 06 2016  
BY: [Signature]  
MARKET REGULATION DEPT.  
TIME: [Signature]

1. Check the appropriate box  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter:  
**COAL ASIA HOLDINGS, INCORPORATED**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: **CS201210314**
5. BIR Tax Identification Number: **008-297-271-000**
6. Address of principal office: **3<sup>rd</sup> Floor JTKC Center, 2155 Don Chino Roces Avenue  
Makati City**
7. Registrant's telephone number, including area code: **(632) 818-6772**
8. Date, time, and place of the meeting of security holders:  

Date : 19 July 2016 (Tuesday)  
Time : 9:00 in the morning  
Venue : Columbus Function Room, 42<sup>nd</sup> Floor, Discovery Suites,  
ADB Avenue, Ortigas Center, Pasig City
9. Approximate date on which the Information Statement is to be sent or given to security holders:  
**21 June 2016.**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA  
(information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b><u>Common Stock, ₱1.00 par value</u></b>	<b><u>4,000,000,004 (as of 31 May 2016)</u></b>

11. Are any or all of Registrant's securities listed on a Stock Exchange?  
Yes  No   
If so disclose name of the Exchange : **The Philippine Stock Exchange, Inc.**  
Class of securities listed : **Common Shares**

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

## INFORMATION REQUIRED IN INFORMATION STATEMENT

### A. GENERAL INFORMATION

#### **Item 1. Date, time and place of meeting of security holders.**

(a) Date, time and place of meeting:

Date	19 July 2016 (Tuesday)
Time	9:00 in the morning
Place	Columbus Room, 42 <sup>nd</sup> Floor, Discovery Suites 25 ADB Avenue, Ortigas Center, Pasig City

The approximate date on which the Information Statement will be sent or given to security holders is on 21 June 2016.

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

#### **Item 2. Dissenters' Right of Appraisal**

Sections 42 and 81 of the Corporation Code provide for a shareholder’s exercise of the right of appraisal (defined as the right of any stockholder to dissent and demand payment of the fair value of his shares). The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company’s property and assets;
3. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and
4. In case of merger or consolidation.

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

Section 82 of the Corporation Code provides for the appropriate procedure for the exercise of the right of appraisal, *viz*:

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

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

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

- (a) No person who has been a director or officer or any nominee for election as director of the Company or associate of such persons, have substantial interest, direct or indirect, in any matter to be acted upon.
- (b) The Company is not aware of any director or security holder who intends to oppose any action to be taken by the Company during the stockholders' meeting.

**B. CONTROL AND COMPENSATION INFORMATION**

**Item 4. Voting Securities and Principal Holders Thereof**

- (a) As of 31 May 2016, the Company has 4,000,000,004 common shares outstanding and each share is entitled to one vote. 10,324,000 (or 0.26%) of the outstanding common shares of the Company were held by non-Filipinos as of 31 May 2016.
- (b) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is 15 June 2016.
- (c) Security ownership of certain record and beneficial owners and management.
  - (1) Security Ownership of Certain Record and Beneficial Owners

The following persons or group are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of 31 May 2016.

Title of Class	Name and Address of Record Owner and Relationship with issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation <sup>(1)</sup> G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	(see footnote)	Filipino	789,676,004	19.74%
Common	Sterling Bank of Asia – Trust Group Sterling Bank Corporate Center 1500 San Juan City  (Parent Company)	Dexter Y. Tiu JTKC Equities Inc Eric Y. Roxas Gertim Chuahiong Alexander Y. Tiu	Filipino	3,200,000,000	80%

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

*\*Sterling Bank of Asia, Inc. – Trust Group is the escrow bank for the shares under lock-up of the beneficial owners, Messrs. Dexter Y. Tiu, J, Eric Y. Roxas, Gertim Chuahiong, and Alexander Y. Tiu and JTKC Equities, Inc. The beneficial owners are stockholders of COAL. The beneficial owners have the power to decide how their respective shares under lock-up are to be voted.*

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

## (2) Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of 31 May 2015.

Title of Class	Name and Citizenship	Amount and nature of beneficial ownership		Percent of Class
Common	Harald R. Tomintz (Austrian)	1,000	Direct	0.00
Common	Dexter Y. Tiu (Filipino)	640,000,000	Direct	16.00
Common	Johnson Sanhi, Jr. (Filipino)	1,000	Direct	0.00
Common	Eric Y. Roxas (Filipino)	640,200,000	Direct	16.005
Common	A. Bayani K. Tan (Filipino)	200,001	Direct	0.05
Common	Juan Kevin G. Belmonte (Filipino)	1	Direct	0.00
Common	Aristides Armas (Filipino)	10,001	Direct	0.00
Common	Victor J. Lee (American)	0	N/A	0.00
Common	Enrique C. Payawal (Filipino)	0	N/A	0.00
Common	Gizella Greta D.J. Gonzales (Filipino)	0	N/A	0.00
Common	Arnold S. Manat (Filipino)	0	N/A	0.00
Common	Ria Carmela R. Cruz (Filipino)	0	N/A	0.00
Common	Rosanna Desiderio (Filipino)	1	Direct	0.00
Common	<i>All directors and executive officers as a group</i>	<i>1,280,412,004</i>		<i>32.01</i>

## (3) Voting Trust Holders of 5% or More

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

### Changes in Control

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

## Item 5. Directors and Executive Officers

### Directors and Executive Officers

Following are the Directors and Executive Officers of the Company:



Name	Position with the Company	Date of First Election/Last Election
Harald R. Tomintz	Director and Chairman	July 2012/14 July 2015
Johnson A. Sanhi, Jr.	Director, President and Chief Operating Officer	21 July 2014/14 July 2015
Dexter Y. Tiu	Director and Treasurer	June 2012/14 July 2015
Eric Y. Roxas	Director and Corporate Secretary	June 2012/14 July 2015
Juan Kevin G. Belmonte	Independent Director	July 2012/14 July 2015
Aristides Armas	Independent Director	July 2012/14 July 2015
A. Bayani K. Tan	Director	July 2012/14 July 2015
Victor. J. Lee	Chief Financial Officer	March 2015/14 July 2015
Enrique C. Payawal	Vice President-Exploration	July 2012/14 July 2015
Gizella Greta D. J. Gonzales	Senior Geologist	July 2012/14 July 2015
Arnold S. Manat	Mining Engineer	July 2012/14 July 2015
Ria Carmela R. Cruz	Assistant Corporate Secretary	May 2014/14 July 2015
Rosanna T. Desiderio	Accounting Manager and Corporate Information Officer/Compliance Officer	July 2012/14 July 2015

### **Board of Directors**

The present members of the Board of Directors (“BOD”) were elected during the stockholders’ meeting held on 14 July 2015. The term of the current members of the BOD shall be until the next stockholders’ meeting, or on 19 July 2016.

The Nomination Committee is composed of its Chairman, Mr. Harald Tomintz, and two members, Messrs. Dexter Tiu and Juan Kevin Belmonte. In accordance with the Securities Regulation Code and its Implementing Rules and Regulations, the Nomination Committee met on 29 April 2016 and nominated all of the incumbent members of the Board for re-election.

The business experience for at least the last five (5) years of the Company’s incumbent Directors, all of whom have been nominated for re-election by the Nomination Committee, as well as the Executive Officers, are as follows:

#### ***Harald R. Tomintz, 62, Austrian, Chairman of the Board***

Harald R. Tomintz, 62, is the Chairman of the Company. Mr. Tomintz is also the President of Rekom Manila Corporation and the Board Supervisor of Zhangzhou Stronghold Steelworks Corp. His past positions include being a President of VATECH Phils., Inc. (2002-2004), member of the Executive Committee and Director of Semirara Coal Corporation (1992-1997), and Director of Ferrochrome Philippines (1992-1995). He holds a degree in Mechanical Engineering from SZA Vienna.

***Johnson A. Sanhi, Jr., 51, Filipino, President & Chief Operating Officer***

Johnson A. Sanhi, Jr., 51, has been with TMEC from 2010 to present. He was previously VP-Operations of Stronghold Steel Corporation. He was former Vice President and Plant Manager at Cathay Pacific Steel Corporation where he worked for 23 years. He has earned Masteral units in Chemical Engineering from the University of the Philippines Diliman. He obtained his Bachelor of Science degree in Chemical Engineering from the De La Salle University.

***Dexter Y. Tiu, 44, Filipino, Director and Treasurer***

Dexter Y. Tiu, Filipino, 44, is Treasurer and Director of the Company. He is also a director of both JTKC Equities, Inc. and Star Equities, Inc. He is also the Treasurer and a director of TKC Steel Corp. and Vice Chairman of Zhangzhou Stronghold Steelworks Corp. He holds the Bachelor of Science degree in Mechanical Engineering from the De La Salle University.

***Eric Y. Roxas, 52 Filipino, Director, Corporate Secretary***

Eric Y. Roxas is an incorporator of the Company and Corporate Secretary. Concurrently, he is the President of Husky Trading Corp., Supra Finishing Corp., Phil. Welding Technology Skills & Services Center, Inc., and Husky Calibration Specialists, Inc. He is also the Treasurer of Eagle Equities, Inc. He holds a Bachelor of Science degree in Industrial Engineering from De La Salle University.

***Bayani K. Tan. 58 Filipino, Director***

Mr. A. Bayani K. Tan, 60, Filipino, is a Director of the Corporation (since July 2012). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation (since February 2014 as Corporate Secretary<sup>1</sup>, since June 2014 as Director<sup>2</sup>, Publicly-Listed), Belle Corporation (since 1994, Publicly-Listed), Destiny Financial Plans, Inc. (since 2003), Discovery World Corporation (since March 2013 as Director, since July 2003 as Corporate Secretary, Publicly-Listed), First Abacus Financial Holdings Corp.(since May 1994, Publicly-Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Balanced Fund, Inc. (since March 2010), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Foreign Currency Fixed Income Fund, Inc. (since March 2010), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Philequity Resources Fund, Inc. (since March 2010), Philequity Strategic Growth Fund, Inc. (since April 2008), Premium Leisure Corp. (since December 1993, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995), The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999), TKC Steel Corporation (since February 2007, Publicly-Listed), Vantage Equities, Inc. (since January 1993, Publicly-Listed) and Yehey! Corporation (since June 2004, Publicly-Listed). Mr. Tan is also the Corporate Secretary of Sterling Bank of Asia Inc. (since December 2006). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005)

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<sup>1</sup> As approved by the Bangko Sentral ng Pilipinas on December 29, 2014 and 6 April 2016

<sup>2</sup>*id.*

and Pascual Laboratories, Inc. (since March 2014), President of Catarman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

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

### **Independent Directors**

Pursuant to the requirements of Section 38 of the SRC, the Company's Board of Directors and stockholders approved the amendment of the Company's By-Laws adopting the requirement on the nomination and election of independent directors.

During its meeting on 29 April 2016, the Nomination Committee endorsed the nominations in favor of Mr. Juan Kevin Belmonte and Mr. Aristides Armas made by Mr. Dexter Tiu. Except as fellow stockholders of the Corporation, the nominees for independent director are not related to the person nominating them.

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

#### ***Juan Kevin G. Belmonte, 52, Filipino, Independent Director***

Juan Kevin G. Belmonte is the President & CEO of Philstar.com, President of People Asia, and Vice President of NuvoLand Philippines. He is also a director of Philstar Daily, Inc., IPVG Corporation, IP E-Games Corporation, EEI Corporation, and the Development Bank of the Philippines. He is also current Chairman and immediate past President of the Cactus and Succulent Society of the Philippines. He was a former manager and partner of Arthur Andersen & Co. – SGV & Co., and senior consultant and manager of Andersen Consulting in Chicago, USA, and past director of BantayKalikasan and ABS-CBN Foundation Initiative. He holds a Master of Management degree from the J.L. Kellogg Graduate School of Management, Northwestern University and has a Bachelor of Arts degree in Economics from Ateneo de Manila University.

#### ***Aristides S. Armas, 70, Filipino, Independent Director***

Aristides S. Armas is the President of Asia United Leasing & Finance Corporation and Asia United Fleet Management Services, Inc. He was previously the President of UCPB Leasing and Financing Corporation. He has 40 years of experience in banking and financing. He previously held executive positions in BA Finance Corporation and UCPB Savings Bank. He earned his Bachelor of Arts degree and Bachelor of Science degree in Commerce from the De La Salle University.

## Principal Officers

*Harald R. Tomintz, 62, Austrian, Chairman of the Board*

*Johnson A. Sanhi, Jr., 51, Filipino, President & Chief Operating Officer*

*Dexter Y. Tiu, 44, Filipino, Director and Treasurer*

*Eric Y. Roxas, 52, Filipino, Director, Corporate Secretary*

Please refer the discussion on the Board of Directors above for the profiles of Messrs. Tomintz, Sanhi, Tiu and Roxas.

*Victor J. Lee, 47, American, Chief Financial Officer*

Victor J. Lee is the Chief Financial Officer of the Company. He is an experienced financial professional hailing from Wall Street where was Vice President at Bankers Trust and Investment Banking Analyst at Smith Barney. He was also a Senior Consultant at Deloitte & Touche Consulting. He has raised and managed several venture capital funds, including Alcatel Ventures, SK Telecom Qualcomm fund, BT Ventures and Semper Ventures. Over the past decade he has taken principal investment and management roles in natural resources and alternative energy projects. He has a Masters Degree from Harvard University and a Bachelors Degree from Yale University.

*Enrique C. Payawal, 72, Filipino, Vice President-Exploration*

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

*Gizella Greta D.J. Gonzales, 40, Filipino, Senior Geologist*

Gizella Greta D.J. Gonzales is an Exploration Geographic Information System (GIS)/ Database Geologist with over five (5) years' work experience in gold, copper, coal, and nickel and iron deposits. She is a licensed practicing geologist since 2000. She holds a Bachelor of Science degree in Geology from the University of the Philippines.

*Arnold S. Manat, 56 Filipino, Mining Engineer*

Arnold S. Manat is a Mining Engineer with twenty five (25) years' work experience in the exploration, mine engineering and operations management of an open pit coalmine and related fields though stints with Semirara Mining Corporation and others. He is a licensed Mining Engineer since 1981.

*Ria Carmela R. Cruz, 31, Filipino, Assistant Corporate Secretary*

Ria Carmela R. Cruz concurrently serves as Assistant Corporate Secretary of listed firms Asia United Bank, TKC Metals Corporation, Crown Asia Compounders Corporation and various private companies such as, Goodyear Steel Pipe Corporation, Philequity Management, Inc. and Winstone Industrial Manufacturing Corporation.

Atty. Cruz is an associate at Tan Venturanza Valdez Law Offices. She holds a Juris Doctor degree and a Bachelor of Arts Degree in Public Administration, cum laude, both from the University of the Philippines. She was admitted to the Philippine Bar in 2011.

***Rosanna T. Desiderio, 50, Filipino, Chief Information Officer and Acting Chief Compliance Officer***

Rosanna T. Desiderio has been with the Company since its incorporation. She is concurrently the Accounting Manager of TMEC, COAL's wholly owned subsidiary. She is a Certified Public Accountant since 1985. She holds a Bachelor of Science degree in Accountancy from the Polytechnic University of the Philippines.

**Family Relationships**

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

**Significant Employees**

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

**Involvement in Certain Legal Proceedings**

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

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

- any bankruptcy petition filed by or against any business of which the incumbent directors or senior management of the Company was a general partner or executive officer, either at the time of the bankruptcy or within five years prior to that time;
- any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent directors or senior management of the Company;
- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the incumbent directors or senior management of the Company in any type of business, securities, commodities or banking activities; and

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

**Certain Relationships and Related Transactions**

**Transactions with and/or Dependence on Related Parties**

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

- TMEC has transactions with related parties, Pacifico Sul Mineracao Corporation and Colossal Petroleum Corporation, pertaining to working capital purposes. These advances are unsecured, non-interest bearing and generally settled in cash and payable in demand.
- TMEC also leases office space from JTKC Equities, Inc. The lease agreement shall be effective until July, 2015. Dexter Y. Tiu, a director of both TMEC and COAL and a major stockholder of COAL, and Alexander Y. Tiu, a major stockholder of COAL, are also stockholders of JTKC Equities, Inc.

**Disagreement with Director**

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

**Item 6. Compensation of Directors and Executive Officers**

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

The following table shows the aggregate compensation received by the directors and officers of the Company for calendar years 2013, 2014 and 2015, as well as the estimated aggregate compensation for calendar year 2016.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other Annual Compensation</b>
Harald R. Tomintz <i>Chairman</i>				
Johnson A. Sanhi, Jr. <i>President &amp; COO</i>				

Victor J. Lee <i>CFO</i>				
Enrique C. Payawal <i>Vice President – Exploration and Mining</i>				
Gizella Greta DJ Gonzales <i>Senior Geologist</i>				
Arnold Manat <i>Mining Engineer</i>				
Total for the Executive Officers as a group	2016 *estimate only	₱6,990,517		
	2015	₱6,990,517		
	2014	₱5,731,350		
	2013	₱7,650,517		
Total for the Executive Officers & Directors as a group	2016 *estimate only	7,665,517		
	2015	₱8,220,522		
	2014	₱7,665,517		
	2013	₱7,650,517		

For 2015, the estimated aggregate compensation paid to all officers and directions as a group amount to ₱8,220,522

### **Compensation of Directors**

Under the By-Laws, by resolution of the Board, each director shall receive a reasonable per diem allowance of ₱5,000.00 for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than 10% of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and appropriated among the directors in such manner, as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

### **Standard Arrangements and other Arrangements**

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

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

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

### **Warrants and Options Outstanding**

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

### **Item 7. Independent Public Accountants**

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

Reyes Tacandong & Co. audited the Company's statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year ended 31 December 2015 and a summary of significant accounting policies and other explanatory notes. Their responsibility is to express an opinion on these financial statements based on their audit. The audits were conducted in accordance with Philippine Standards on Auditing. The partner who handled the Company's external audit was Ms. Carolina P. Angeles.

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

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

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



	2015	2014
Audit Fee	₱525,000	₱500,000
other fees	-	-
TOTAL	₱525,000	₱500,000

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

Pursuant to the requirement on Rotation of External Auditors under SEC Memorandum Circular No. 8 Series of 2003, the registrant will recommend the accounting firm of Reyes Tacandong & Co. for reappointment at the scheduled annual meeting.

#### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

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

#### **D. OTHER MATTERS**

##### **Item 15. Action with Respect to Reports**

The Company will seek the approval by the stockholders of the Minutes of the Annual Stockholders Meeting held on 14 July 2015, during which the following were taken up: (1) Call to Order, (2) Certification of Notice and Quorum (3) Approval of the Minutes of the previous stockholders' meeting, (4) President's Report and Presentation of Audited Financial Statements, (5) Ratification of All Acts of the Board of Directors and Officers, (6) Election of Directors, (7) Appointment of Reyes Tacandong & Co. as External Auditors, (7) Other Matters, and (9) Adjournment.

The Company will also seek approval by the stockholders of the 2015 Operations and Results contained and discussed in the annual report attached and made part of this Information Statement. Approval of the reports will constitute approval and ratification of the acts of management and of the Board of Directors for the past year.

##### **Item 16. Matters Not Required to be Submitted**

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

##### **Item 18. Other Proposed Action**

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

1. 2015 Operations and Results;
2. Ratification of all Acts of the Board of Directors and Officers;
3. Election of Directors for 2016-2017;
4. Appointment of Reyes Tacandong & Co. as External Auditors; and
5. Other Matters.

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

Management reports which summarize the acts of management for the year 2015 are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

#### **Item 19. Voting Procedures**

- (a) For purposes of the Annual Stockholders' Meeting on 19 July 2016, the Corporate Secretary and/or his representative together with the Audit Partner of the External Auditor and/or his representative have been designated as inspectors tasked to oversee the counting of votes.
- (b) Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation.
- (c) The Chairman shall announce each proposal on the floor, which shall be voted on separately.
  - In the absence of any objection from the floor, the Chairman shall instruct the Corporate Secretary to record a unanimous vote of approval.
  - If there is an objection, the Chairman will call for a division of the house and the votes of the shareholders present in person or by proxy shall be counted by hand.
- (d) Matters to be taken up in the Annual Stockholders' Meeting shall need the approval of stockholders of the corporation representing majority of the outstanding capital stock of the corporation. The Chairman shall announce the result of the voting.

#### **Omitted Items**

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

**SIGNATURES**

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

This report is signed in the City of Pasig, Metro Manila on \_\_\_\_ June 2016.

ISSUER: COAL ASIA HOLDINGS, INCORPORATED

**HARALD R. TOMINTZ**  
Chairman

## PART I – BUSINESS

### (A) Description of Business.

#### (1) BUSINESS DEVELOPMENT

##### *Business Development*

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

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

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

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

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

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

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

##### **Business Consolidation**

##### **Subsidiary**

##### ***Titan Mining and Energy Corporation***

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

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

This year, preliminary mine development activities have commenced at the Davao Oriental Project. Bulk sampling was also conducted for test firing coal analysis.

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

In support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014. In addition, TMEC submitted a 10-year work program to the DOE on October 21, 2014.

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

A Permit to Sell 2,500 MT of incidental coal production was issued to TMEC by the DOE on December 10, 2014 which was subsequently amended from 2,500 MT to 3,200 MT on March 26, 2015.

TMEC has submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. The company will conduct a Feasibility Study to determine the economic viability of developing the Zamboanga Sibugay Project.

#### ***Coal Operating Contracts***

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

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

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

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

In support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014. TMEC also submitted a 10-year work program to the DOE on October 21, 2014.

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

A Permit to Sell 2,500 MT of incidental coal production was issued to TMEC by the DOE on December 10, 2014 which was subsequently amended from 2,500 MT to 3,200 MT on March 26, 2015.

The Zamboanga Project encompasses six (6) adjoining 1,000-hectare Coal Blocks for a total area of 6,000-hectares and is covered by COC#166 and COC#167, which were awarded by the DOE to TMEC, then called TEDC, on November 18, 2009. These contracts cover an Exploration Phase of two (2) years, which may be extended for another period of two (2) years, and a Development/Production Phase of 32 years. The Exploration Phase of COC#166 was renewed by the DOE for another period of two (2) years, commencing from November 18, 2011 and expiring on November 17, 2013. Subsequently, the Zamboanga Sibugay Project has completed its subsurface exploration activities and has a Measured & Indicative Resource (M&I) of 0.5 MMT. On May 13, 2014, TMEC has submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. The company will conduct a Feasibility Study to determine the economic viability of developing the Zamboanga Sibugay Project.

***Competitive Strengths***  
**Coal Resources & Reserves**

**Davao Oriental Project**

Ms. Gizella G. D.J. Gonzales, under the supervision of Mr. Enrique C. Payawal, TMEC's in-house CP-Geologist and Vice President for Exploration, determined TMEC to have 3 MMT of M & I Resource based on her Geologic Report dated November 2013. An additional M&I Resource of 1.4 MMT was also determined for Sagasa area east of Macopa.

<b>Coal Resource</b>	
<b>Area</b>	<b>M&amp;I (MMT)</b>
Macopa&Bactinan	3 MMT
Sagasa	1.4 MMT
<b>Total M&amp;I</b>	<b>4.4 MMT</b>

TMEC has an In-situ reserve of 3 MMT for Macopa/Bactinan and 1.1 MMT for Sagasa. Of the In-situ reserve of 3.0 MMT for Macopa and Bactinan, a five (5) year Surface Mining Plan involving 1 MMT was initially prepared by Engr. Raul Fellizar in January 2014. Engr. Fellizar further modeled an eight (8) year mine life considering 2.1 MMT of the reserves which has a net present value of P 911 billion and found the project to be feasible at a discount rate of 10% per annum. On October, 2014, a ten (10) year Surface Mining Plan considering 1.8 MMT of the reserves was prepared by Engr. Raul A. Fellizar as required by the DOE. Engr. Raul A. Fellizar is an independent consulting mining engineer with PRC Registration No. 1668.

**Coal Reserve (In Situ)**

Area	In Situ (MMT)
Macopa&Bactinan	3 MMT
Sagasa	1.1 MMT
Total (In Situ)	4.1 MMT

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

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

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

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

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

<b>Macopa</b>	<b>Coal Thickness</b>
A	0.50-4.57 m
B	0.50-3.40 m
C	0.10 m

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

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

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

#### **Zamboanga Sibugay Project**

After drilling sixteen (16) holes with a total length of 3,367.8 meters, with trench and exploration adit length of 222.64 meters, TMEC estimated the M&I Resources for the Zamboanga Sibugay Project to be 0.5 MMT. On May 13, 2014, TMEC has submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. The company will conduct a Feasibility Study to determine the economic viability of developing the Zamboanga Sibugay Project. The development and production phase conversion of the COC shall follow thereafter.

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

<b>Zamboanga Sibugay Project Coal Quality</b>	
<b>COC # 166</b>	
<b>Stage</b>	<b>Resource Development</b>
Heating Value	10,456 BTU/lb
Ash Content	26.26%
Sulfur Content	0.49%



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

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

#### Ideal Location for Mining

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

TMEC has cordial relations with the local government units ("LGUs") in its operating areas. Furthermore, small-scale mining operators are present and prevalent in other municipalities of Zamboanga-Sibugay, which allowed TMEC to secure the Governor-, Mayor-, and Barangay-level permits in addition to the approvals from the DENR-Mine and Geosciences Bureau for the Certificate of Non-Coverage and the National Commission on Indigenous Person ("NCIP") for the Certificate of Non-Overlap. The same holds true for the Municipality of Manay, Davao Oriental which signed a Memorandum of Agreement ("MOA") with the NCIP last July 19, 2012.

The peace and order situation in the TMEC's area of operation is relatively quiet and conducive to business. There have been no recorded attacks on TMEC's mine sites in Davao Oriental and Zamboanga Sibugay. The Davao Oriental Project site is, in fact, less than one (1) kilometer away from a military detachment.

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

#### Experienced Technical Management and Staff

TMEC's technical management and staff have a combined 156-years' worth of work experience in the exploration and mining industry. The team consists of a CP-Geologist accredited by the Geological Society of the Philippines-Philippine Mineral Reporting Code (GSP—PMRC), a Senior Geologist, a Mining Engineer, 2 Chemists, all duly licensed by the Professional Regulatory Commission, three (3) Junior Geologists, and two (2) Mining and Geology Consultants.

#### Experienced Executive Management

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

***Business Plan***  
**Exploration Work**  
**Davao Oriental Project**

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

The next phase of subsurface exploration that covered the extent of the three (3) paralic basins in Barangay Bactinan Old Macopa and Sagasa located east of Macopa, was completed in 2013. For Macopa and Bactinan, a total of ninety-three (93) diamond drill holes were cored resulting to an M&I Resource of 3 MMT with an average calorific value of 8,258 Btu/lb. For Sagasa, 22 cored holes were drilled resulting to an M&I Resource of 1.4 MMT.

Based on the DOE's conversion standard of resource to reserve, the project has a reserve of 3 MMT with a possible additional 1.1 MMT from Sagasa, east of Macopa. These coal basins represent three (3) of the ten (10) coal basins in the area which has a Potential Deposit of 69 MMT.

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

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

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

In support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014. TMEC also submitted a 10-year work program to the DOE on October 21, 2014.

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

A Permit to Sell 2,500 MT of incidental coal production was issued to TMEC by the DOE on December 10, 2014 which was subsequently amended from 2,500 MT to 3,200 MT on March 26, 2015.

**Zamboanga Sibugay Project**

On May 13, 2014, TMEC has submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. The company will conduct a Feasibility Study to determine the economic viability

of developing the Zamboanga Sibugay Project. The development and production phase conversion of the COC shall follow thereafter.

### **Development Plan**

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

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

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

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

### **Mining Plan and Layout**

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

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

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

On March 2014, a bulk sampling pit was dug exposing the coal at Macopa to find out the bulk coal quality in the area. The stockpiled incidental coal formed part of the 3,200 MT of coal Permit to Sell/Transport incidental coal requested from the DOE.

### Production and Operational Parameters

The following initial operating parameters are planned for the area covered by the Feasibility Study for the Davao Oriental Project.

<b>Production and Operational Parameters</b>	
Total Coal Reserves	3 MMT
Mine Life	10 years
Annual Production	240,000 MT (average)
Monthly Production	20,000 average

### **Marketing Plan**

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

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

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

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

### **Key affiliates in the Mining and Energy Industry**

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

### ***Pacifico Sul Mineracao Corporation***

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

### ***Colossal Petroleum Corporation***

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

### ***Risks Related to the Company and its Subsidiary***

#### ***Risks Inherent in the Mining Business***

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

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

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

#### **Risks Related to Exploration and Future Coal Reserves**

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

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

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

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

The company bases the estimation of the coal resources in COC #159 on the PMRC-compliant technical report generated on June 2013 by Mr. Enrique C. Payawal incorporating the recently concluded exploration drilling campaign at the Davao Oriental Project. Said report was revised three months after to include a section on reserve estimate in conformance with the Department of Energy's standard of Coal Reserves Classification. The final report authored by Ms. Gizella Gonzales, under the supervision of Mr. Enrique C. Payawal was submitted to the DOE on December 2013. The report stated that the project has an M&I of 3 MMT with an average calorific value of 8,258 Btu/lb for Bactinan and Macopa with a remaining Potential Deposit of 69 MMT considering the undrilled carbonaceous mudstone areas of the 7,000 hectare COC. Further drilling at Sagasa further determined an additional M&I resource of 1.4 MMT.

Reserves in the area following the DOE's Reserve Classification resulted to 3 MMT for Macopa and Bactinan and 1.1 MMT for Sagasa.

The Department of Energy has completed its validation of TMEC's coal resource estimate for the Davao Project (Macopa and Bactinan) on March 16, 2014.

The Department of Energy has likewise completed its validation of TMEC's coal resource estimate for the Zamboanga Sibugay Project on August 7, 2015. The company will conduct a Feasibility Study to determine the economic viability of developing the Zamboanga Sibugay Project.

### ***Risks Related to Drilling and Mining Equipment***

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

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

### ***Risks Related to Customer Demand***

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

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

### ***Risks Related to Coal Price***

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

### ***Risks Related to Foreign Exchange***

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

### ***Risks Related to Domestic and International Competition***

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

The Company will also face competition from other domestic's coal producers including new coal producers who have or are in the process of acquiring rights to or operating other coal deposits in the country. As indicated in the section "The Philippine Coal Market", the DOE estimates that the country has a total of approximately 435.0 MMT of in situ coal reserves dispersed over various provinces in the country as of December 31, 2010. Coal mining operations in these previously

untapped sites will increase coal availability and may have an effect on domestic coal prices. In addition, the proximity of some of these new coal-mining sites to the Company's target customers may create delivery and logistics cost advantages to these new entrants to the detriment of the Company.

Relative to imported foreign coal, and considering the cost of shipping and other logistics costs and duties and taxes imposed on coal imports, the Company believes that it has cost advantages for coal of equivalent quality. Furthermore, Indonesia, the leading exporter of thermal coal in the world, is mulling legislation that will: (a) ban the export of thermal coal with a heating value of 10,250 BTU/lb. and below by 2014; (b) levy additional taxes on the export of thermal coal; and (c) impose a domestic market quota for coal producers. Such developments in Indonesia would potentially benefit the Company, as Indonesia is one of the primary sources of thermal coal for the country given its proximity. Lastly, countries such as India have banned the export of coal to preserve their huge coal reserves for their own domestic use.

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

#### ***Risks Related to Limited Operating History and Track Record***

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

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

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



engineer, Engr. Rafael R. Baladad on a combined 214-hectare block from Bactinan and Old Macopa identifying total Probable and Proved Reserves of 7 MMT.

A PMRC-compliant technical report was generated on June 2013 by Mr. Enrique C. Payawal incorporating the recently concluded exploration drilling campaign at the Davao Oriental Project. Said report was revised three months after to include a section on reserve estimate in conformance with the Department of Energy's standard of Coal Reserves Classification. The final report authored by Ms. Gizella Gonzales under the supervision of Mr. Enrique C. Payawal was submitted to the DOE on December 2013. The report stated that the project has an M&I of 3 MMT with an average calorific value of 8,258 Btu/lb for Bactinan and Macopa with a Potential Deposit of 69 MMT. It also mentioned the on-going diamond drilling activity conducted at Sagasa, located southeast of Macopa. The M&I resource for Sagasa was determined to be 1.4 MMT.

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

Both reports were submitted to the DOE in support of TMEC's request to convert COC # 159 from exploration phase to development and production phase. This year, preliminary mine development activities have commenced at the Davao Oriental Project. Activities include property acquisition, road widening (mine and mine camp road) infrastructure construction, camp electrification and coal laboratory commissioning. Bulk sampling was also conducted for test firing coal analysis.

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

In support of the company's request for COC conversion, an Environmental Compliance Certificate (ECC) for the Davao Project was granted to TMEC by the DENR-EMB on May 16, 2014. TMEC also submitted a 10-year work program to the DOE on October 21, 2014.

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

As of December 2015, TMEC is in the process of obtaining said conversion from the DOE.

In April 2012, Ms. Gizella Greta D.J. Gonzales, TMEC's Senior Geologist, conducted a field geological investigation to determine the resources in COC #166 and COC #167. The results of the investigation were collated and reported through an Internal Geologic Report. This report was reviewed and verified by Mr. Enrique C. Payawal. The report provides that out of the 51.1 MMT Potential Deposit identified during the surface exploration (mapping), the results of the diamond drilling (subsurface exploration) provide TMEC to have estimated M&I Resources of 1.2 MMT and Inferred Resources of 2.3 MMT. The remaining Potential Deposit for the Zamboanga-Sibugay Project is 47.6 MMT.

In April 2014, A final technical report was generated for COC # 166 wherein it was determined that the M&I for COC # 166 is 0.5 MMT.

On May 13, 2014, TMEC submitted to the DOE its report on the results of exploration for the Zamboanga Sibugay Project, the results of which have been confirmed and validated by the DOE on August 7, 2015. The company will conduct a Feasibility Study to determine the economic viability of developing the Zamboanga Sibugay Project. The development and production phase conversion of the COC shall follow thereafter. Notwithstanding the limited operating history and track record, the management of the Company and TMEC believe that its organization, business systems and process, have been built up substantially to the level adequate for full-scale coal mining operations.

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

#### ***Risks Related to Reliance on Key Personnel***

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

#### ***Risks Related to Labor Matters***

TMEC is naturally exposed to the risk of industrial or labor disputes. At present, 22 of the rank and file employees are regular and 32 are probationary. Furthermore, once TMEC starts production, it will need to employ more workers.

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

#### ***Risks Related Philippine Laws and Regulations***

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

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

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

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

On October 15, 2015, Engr. Rufino B. Bomasang, the lone CP-Mining Engineer for coal in the Philippines, submitted to the PSE a PMRC-compliant Technical Report entitled "Final Report on the Economic Assessment of the COC#159 Davao Coal Project."

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

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

#### ***Risks Related to Taxation***

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

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

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

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

**Risks Related to Company's COCs**

**Risks Related to Expiration of COCs**

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

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

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

<b>Table 1: Summary of Coal Operating Contracts of TMEC</b>						
<b>COC</b>	<b>Coal Block Nos.</b>	<b>Applicant</b>	<b>Date Awarded</b>	<b>Original Expiration Date</b>	<b>Max. Extension</b>	<b>Remarks</b>
<b>Davao Oriental Coal Operating Contract</b>						
159	CB-136 CB-137					Submitted Geologic Report, 5 and 10 yrs. mining plan,ECC; Permit to Sell Incidental Coal Production from DOE; awaiting CNO
	CB-176 CB-177	TMEC	16-Sep-09	15-Sep-11 (2 years Exploration)	September 15, 2013 (2 years Extension)	
	CB-188					
	CB-217					
	CB-218					
<b>Zamboanga-Sibugay Coal Operating Contracts</b>						
166	CB-280 CB-320					Submitted Geologic Report, DOE review and validation completed; Feasibility Study in progress.
	CB-241	TMEC	18-Nov-09	November 17, 2011 (2years Exploration)	November 17, 2013 (2 years Extension)	
	CB-281					
	CB-359					

Any inability or failure on the part of TMEC or the Company to meet their respective obligations, or comply with the terms and conditions under any of the COCs may constitute a material breach thereof and could lead to the cancellation or termination of such COC. A cancellation or termination of any COC pertaining to the Davao Oriental and Zamboanga-Sibugay Projects will adversely affect the business, financial condition and results of operations of the Company.

TMEC is in the process of fulfilling its obligations with regard to the COCs and satisfying the terms and conditions of the COCs, including the requirements of the DOE in connection therewith. For the Davao Oriental Project, as a pre-requisite to enter the development and productivity phase, TMEC has completed the Feasibility Study. In addition, its coal resources have also been validated by the DOE. For the Zamboanga-Sibugay Project, TMEC will conduct the Feasibility Study since the DOE has completed its review of TMEC's exploration results last August 7, 2015 to be able to enter the development and production phase.

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

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

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

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

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

### ***Risk Related to the Philippines***

#### ***Risks Related to Political or Social Instability in the Philippines***

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

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

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

The Company, through TMEC, has maintained excellent relationships with the host communities of its two coal projects through an active Corporate Social Responsibility program, which have included the replanting of trees that may have been uprooted in the building of access road and the construction of church in Zamboanga-Sibugay. As of the date of this Prospectus, there have been no attacks or threats of attacks received by the Company in either Davao Oriental or Zamboanga-Sibugay.

#### ***Risk Related to Anti-Mining Groups***

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

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

TMEC has good relationships with the respective LGUs in Davao Oriental and Zamboanga-Sibugay. Furthermore, TMEC has maintained excellent relationships with the host communities of its two coal projects through an active Corporate Social Responsibility program, which have included the replanting of trees that may have been uprooted in the building of the access road, donation of an ambulance in Davao Oriental and the construction of a church in Zamboanga-Sibugay. As of the date of this Prospectus, there have been no attacks or threats attack received by the Company in either Davao Oriental or Zamboanga-Sibugay. In Davao Oriental, TMEC also had good rapport with the local indigenous people, having entered into a MOA with the NCIP on July 19, 2012.

#### ***Risk Related to Occurrence of Natural Catastrophes or Blackouts***

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

#### ***Risk Related to Foreign Exchange Controls***

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

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

#### ***Risks Related to the Shares***

##### ***Risks Related to Market Volatility***

The market price of securities fluctuates, and it is impossible to predict whether the price of such securities will rise or fall. An individual security may experience upward and downward movements, and may even lose its entire value. There is an inherent risk that losses may be incurred

rather than profits made as a result of buying and selling securities. There may also be a substantial difference between the buying price and selling price of each security.

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

(B) Description of Property.

The Company does not own any significant property. All real estate, plant or equipment used by the Company are leased.

(C) Legal Proceedings.

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

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

- any bankruptcy petition filed by or against any business of which the incumbent directors or senior management of the Company was a general partner or executive officer, either at the time of the bankruptcy or within five years prior to that time;
- any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent directors or senior management of the Company;
- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the incumbent directors or senior management of the Company in any type of business, securities, commodities or banking activities; and
- any finding by domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or said regulatory organization, that any of the incumbent Directors or senior management of the Company has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.



## PART II SECURITIES OF THE REGISTRANT

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

The Company's common equity was listed and traded on the Philippines Stock Exchange on October 23, 2012..

The trading prices at the PSE for the year 2015

Quarter	High	Low	Close
1Q 2015	0.90	.89	0.89
2Q 2015	.79	.78	.78
3Q 2015	.65	.62	.65
4Q 2015	.58	.58	.58

The trading prices at the PSE for the year 2014.

Quarter	High	Low	Close
1Q 2014	0.80	0.79	0.79
2Q 2014	1.59	1.57	1.58
3Q 2014	1.18	1.17	1.17
4Q 2014	0.98	0.96	0.96

The trading prices at the PSE for the 4<sup>th</sup> quarter of 2015 are as follows:

	High	Low
Year Ended 31 December, 2015		
4 <sup>th</sup> Quarter	.58	.58

The trading prices at the PSE for the 1<sup>st</sup> quarter of 2016 are as follows:

	High	Low
Quarter Ended 31 March 2016*		
1 <sup>st</sup> Quarter	.48	.47

As of the latest practicable trading date (as of May 31, 2016), the price of the company's securities was at P0.51

(2) Holders

As of March 31, 2016 the Company had twenty-five (25) stockholders per its stock and transfer agent, RCBC-Stock and Transfer Agent. The list of shareholders reported by the Stock and Transfer Agent were as follows:

	Name of Stockholder	No. of Shares	Percentage
1	PCD Nominee Corp (Fil)	783,404,893	19.60%
2	Sterling Bank – Trust (JTKC Equities, Inc)	640,000,000	16.00%
3	Sterling Bank – Trust (Dexter Y. Tiu)	640,000,000	16.00%
4	Sterling Bank – Trust (Gertim G. Chuahiong)	640,000,000	16.00%
5	Sterling Bank – Trust (Alexander Y. Tiu)	640,000,000	16.00%
6	Sterling Bank – Trust (Eric Y. Roxas)	640,000,000	16.00%
7	PCD Nominee Corp (Non-Fil)	9,865,000	0.25%
8	Yan, Lucio &/or Yan, Clara	4,000,000	0.10%
9	Enrile, William Ragos II	1,200,000	0.03%
10	Quibin, Alexander	570,000	0.01%
11	Tacub, Pacifico B.	400,000	0.01%
12	Enrile William &/ or EnrileNely	100,000	0.00%
13	Sucaldito, Enrique L.	100,000	0.00%
14	Marana, Miguel D. or Cenon Bienvenido	95,000	0.00%
15	Mendoza, Roseller A.	65,000	0.00%
16	Comia Jr., Juan D.	50,000	0.00%
17	Marana, Miguel &/or Cenon Bienvenido	40,000	0.00%
18	Puno, Christopher	30,000	0.00%
19	Bes, Ronald S.	24,000	0.00%
20	Puno, Orpha C.	22,000	0.00%
21	Asuncion, Alexander G.	15,000	0.00%
22	Molano, Romeo B	15,000	0.00%
23	Mariano, Maria Ana B.	2,000	0.00%
24	Limgenco, Dondi Ron R.	1,111	0.00%
22	Gili Jr., Guillermo F.	1,000	0.00%
	<b>TOTAL</b>	<b>4,000,000,004</b>	<b>100.00%</b>

(3) Dividends

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

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

For the year ended 31 December 2015, we have not issued any securities constituting an exempt transaction.

## PART III FINANCIAL INFORMATION

### (A) Management's Discussion and Analysis

#### Plan of Operation

- (a) COAL has sufficient cash reserves to fund its operations for the next 12 months and will not need to raise additional funds.
- (b) COAL has implemented its pre-development program and intends to proceed to development and production of the coal operating contracts in Davao Oriental as soon as the DOE processes their conversion to Development and Production status.
- (c) Once the Davao Oriental COC's are converted to Development and Production, COAL intends to purchase additional heavy equipment to support the production and extraction of coal.
- (d) In order to support the development and production activities, employees in the mine site will be increased as needed to meet production demands.

The following tables present the summary financial Statements and Independent Auditor's Report for the ended December 31, 2015 and for the period ended January 1, 2013 to December 31, 2014.

#### MANAGEMENT'S DISCUSSION ON COAL'S FINANCIAL

##### Summary of Financial Information

The following table presents the financial information for COAL from January 1- December 31, 2015

<b>COAL's Summary Audited Consolidated Financial Information</b>		
as at		
	2015	2014
	(One year)	(One year)
Amounts are in Php		
<b>Consolidated Statement of Comprehensive Income</b>		
Sales	-	-
Cost of Sales	-	-
Gross Profit	-	-
General and Administrative Expenses	(20,071,989)	(13,549,163)
Other Income	519,357	
Operating Income	(19,552,632)	(13,549,163)
Interest Income	1,473,194	1,494,419
Finance Cost	(1,379,696)	-
Income (loss) before income tax	(19,459,134)	(12,028,390)
Net Income (loss)	(15,965,832)	(9,362,484)
<b>Consolidated Statement of Financial Position</b>		
<b>Assets</b>		
Cash	9,795,965	105,907,771
Funds held in escrow	87,133,562	32,401,115
Advances to Affiliates	1,265,628	-
Prepayments and other current assets	2,028,993	3,280,886
<b>Total Current Assets</b>	<b>100,224,148</b>	<b>141,589,772</b>
Exploration and evaluation assets	413,845,460	324,862,804
Property, plant and equipment –net	305,609,793	345,508,953
Intangible asset	193,018	781,054
Coal Reserves	3,131,596,101	3,131,596,101
Deferred Tax Asset	8,538,906	5,284,424

<b>Total Non-Current Assets</b>	<b>3,859,783,278</b>	<b>3,808,033,336</b>
<b>TOTAL ASSETS</b>	<b>3,960,007,426</b>	<b>3,949,623,108</b>
<b>Liabilities and Equity</b>		
Trade and other payables	10,691,381	10,423,682
Advances from related parties	25,820	25,820
Current portion of loans payable	9,081,038	-
Income tax payable	10,387	527
<b>Total Current Liabilities</b>	<b>19,808,626</b>	<b>10,450,029</b>
Retirement benefit liability	4,621,200	3,969,091
Loan Payable-net of current portion	15,757,962	-
<b>Total Non-Current Liability</b>	<b>19,780,146</b>	<b>3,969,091</b>
Capital Stock	4,000,000,004	4,000,000,004
Deficit	(80,563,764)	(64,597,932)
Other Comprehensive loss	383,398	(198,084)
<b>Stockholders' Equity</b>	<b>3,919,819,638</b>	<b>3,935,203,988</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,960,007,426</b>	<b>3,949,623,108</b>
<b>Key Indicators</b>		
Gross Profit Margin (%)	0.00%	0.00%
Net Income (loss) Margin (%)	0.00%	0.00%
Return on Asset (%)	-0.40%	-0.24%
Return on Equity(%)	-0.41%	-0.24%
Current Ratio(x)	5.06	13.55
Total Liabilities to Equity (x)	0.010	0.009
Earnings Per Share (Basic) (Php 0.0000)	(0.00399)	(0.00234)
Book Value Per Share (Php 0.0000)	0.9800	0.9838

**Comprehensive Income for the year ended December 31, 2015 vs. Comprehensive Income for the year ended December 31, 2014**

***Sales***

**A. Comprehensive Income for the year ended December 31, 2015 vs. Comprehensive Income for the year ended December 31, 2014**

***Sales***

There were no sales for 2014 and 2015. TMEC focused on exploration of its COC areas and is awaiting conversion to development and production from the Department of Energy.

***General and Administrative Expenses***

General and Administrative expenses increased by P 6.5M which came generally from increase in Personnel cost.

***Operating Income and Operating Loss Margin***

The Company incurred an Operating Loss of P 15.8M for 2015.

***Interest Expense***

In 2015, the Group entered into a credit facility agreement with UCPB Leasing and Finance Corporation granting the Company with a credit line amounting to P 30.3 million to refinance the acquisition of various trucks and heavy equipment purchased in 2014 amounting to P 30.3 million. It bears an annual interest rate of 9%. As at December 31, 2015, the total interest expense amounted to P 1.4 million.

### ***Interest Income***

Interest income which came from interest earned from bank deposits and funds held in escrow was P 1.5M.

### ***Other Income***

Other Income which came from sale of incidental production amounting to P .52M net of any related expenses.

The company is still awaiting the conversion of the COC from exploration to development and production, a Permit to Sell 2,500 MT of incidental coal production was issued to TMEC by the DOE on December 10, 2014 which was subsequently amended from 2,500 MT to 3,200 MT on March 26, 2015.

### ***Net Income and Net Income Margin***

The Net Loss of the Company for the year ended 2015 was increased due to increase general and administrative expenses by P 6.5M and interest incurred related to loan payable of P 1.4M.

## **B. Consolidated Statement of Financial Position as of December 31, 2015 vs. Consolidated Statement of Financial Position as of December 31, 2014**

### ***Cash***

Cash was decreased as of December 31, 2015 due to transfer made to funds held in escrow.

### ***Advances to Affiliates***

Advances to Affiliates. These were advances to Pacifico Sul Mineração Corporation (PSMC) for working capital purposes. These are unsecured, non-interest bearing, and generally settled in cash and payable upon demand. The balance as of December 2015 was 1.27M.

### ***Funds held in escrow***

Funds held in escrow are the proceeds of IPO that are in custody of a Custodian bank. The funds were increased from P 32.4M to P 87.1M due to reclassification of Cash Equivalent. During the year, P 47 M was disbursed from the fund for pre-development expenditures.

### ***Prepayments and Other Current Assets***

Prepayments and Other Current Assets were decreased because the advances made to landowners for the purchase of land were completed and ownership was transferred.

### ***Exploration and Evaluation Assets***

Exploration and Evaluation Assets were increased by P 88.98M as of December 31, 2015. The increase was brought by the capitalization of the costs incurred in the exploration and pre-development of the mining properties in Davao Oriental such as personnel costs, community relations costs, fuel, communication and transportation costs, depreciation and others.

### ***Property, Plant and Equipment***

Property, Plant and Equipment were decreased by P 40M due to depreciation incurred during the year.

### ***Intangible Assets***

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

### ***Coal Reserves***

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

### ***Deferred Tax Assets***

Deferred tax assets amounted to P 8.5M as of December 31, 2015, which were increased due to net operating loss carry over (NOLCO) for 2015.

### ***Trade and Other Payables***

Trade and Other Payables was P 10.5M .

### ***Advances from Related Parties***

These advances are unsecured, non-interest bearing, and generally settled in cash and payable upon demand.

### ***Loan Payable***

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

The loan is payable in five years, in 60 monthly instalments starting May 30, 2015, the month after the first drawdown. It bears an annual interest rate of 9%. As at December 31, 2015, the loan payable amounted to P 24.8M of which P 9.1M will be due within 12 months after the year-end.

### ***Retirement Benefit Liability***

Retirement Benefit Liability amounted to P 4.6M of December 31, 2015. This is the latest actuarial valuation prepared by an independent actuary using the projected credit unit method.

### ***Deficit***

Deficit amounted to P 80.6M as of end December 2015. Deficit increased because of increased expenses and minimal sale of incidental production during the year.

### **Notes on the COAL's Financial Information**

### ***Coal Reserves***

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

Coal reserves are amortized from 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***

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

Exploration and evaluation activity includes:

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

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

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

The assets, liabilities, income and expense and operating and investing cash flows as at and for the year ended December 31,2015 from the exploration for and evaluation of coal resources are as follows:

	31-Dec-15
Total Assets	3,960,007,426
Total Liabilities	40,187,788
Revenue	-
Expenses	21,451,685
Net cash provided by operating activities	(72,715,268)
Net cash provided by investing activities	(48,235,538)
Net cash provided by financing activities	24,839,000

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

COC #159, COC #166, and COC #167 provide a certain minimum work expenditure obligations covered by the work program of exploration phase.

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

Movements of this account are as follows:

	<b>31-Dec-2015</b>
Balance at beginning of year	324,862,804
Additions for the year	88,982,656
Cost at the end of year	413,845,460

No impairment loss was recognized in 2015.

The Group obtained an independent valuation report using the discounted cash flow approach to estimate the value of the coal reserves. The expected net present value of the coal reserve is estimated at P12.5 billion.

The Group obtained an enterprise report dated March 15, 2013 to estimate the enterprise value of COC 159, Coal Blocks Nos. 217 (Macopa) and 136 (Bactinan). Discounted cash flow approach was used in the valuation of the coal reserve of COC 159, Coal blocks Nos. 217 (Macopa) and 136 (Bactinan) is estimated at P4.1 billion.

#### **Impairment of Nonfinancial Assets**

The carrying amounts of COAL's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's net recoverable value is estimated.

Any impairment loss is recognized if the carrying value of an asset or its cash-generating unit exceeds its net recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of COAL. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable value of a nonfinancial asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while the fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine net recoverable value. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized.



## Revenue Recognition of Sale of Coal

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

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

## Other Financial Information

As of and for period ended December 31, 2015:

- No material changes on COAL's financial position (changes of 5.00% or more) can be computed as the Company has only been incorporated on June 11, 2013.
- COAL is not aware of any known trends, or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in COAL's liquidity increasing or decreasing in any material way.
- It is not aware of any event that would trigger direct or contingent financial obligation that is material to COAL, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations and other relationships of COAL with unconsolidated entities or other persons created during the period were considered.
- There were no known trends, events, or uncertainties on net revenues or income from continuing operations.  
Coal Asia Holdings Incorporated.
- COAL is not aware of any significant elements of income and loss that did not arise from COAL's continuing operations.
- COAL is not aware of any seasonal aspects that had a material effect on the financial condition or results of operations.
- COAL is not aware of any seasonal aspects that had a material effect on the financial condition or results of operations.

## Financial Statements

Please refer to the attached audited consolidated financial statements of the Company as at and for the year Ended December 31, 2015 and 2014, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes Tacandong & Co.

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

The aggregate fees for each of last two (2) fiscal years for professional services rendered by the external auditors are as follows:

	2015	2014
Audit Fee	₱525,000	₱500,000
other fees	-	-
TOTAL	₱525,000	₱500,000

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

#### **Key Performance Indicators**

COAL uses the same measures that TMEC uses to assess following measures to assess its performance from period to period.

<b>Key Indicators</b>	
Gross Profit Margin (%)	0.00%
Net Income (loss) Margin (%)	0.00%
Return on Asset (%)	-0.40%
Return on Equity(%)	-0.41%
Current Ratio(x)	5.06

#### **RESULTS OF OPERATIONS**

##### **UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2016**

##### *Sales/Cost of Sales/Gross Profit*

TMEC is working on the conversion of COCs from exploration to development

##### *General and Administrative Expenses*

General and Administrative expenses amounted to P5.4 million for the three months ended March 31, 2016. These expenses were comprised primarily of PSE Listing Fee, office rental, consultancy fee, depreciation expense, salaries and wages and representation.

##### *Operating Income and Operating Loss Margin*

The Company incurred an operating loss of P4.53 million.

##### *Interest Income*

Interest income amounted to P0.24 million, which came from interest earned from bank deposits, cash equivalents and funds held in escrow.

##### *Interest Expense*

Interest Expense on Loan Payable for three months ended March 31, 2016 amounting to P.43 million.

##### *Other Income*

Other Income for three months ended March 31, 2016 amounting to P1.05 million.

### *Net Income and Net Income Margin*

The net loss of the Group for the period amounted to 13.26 million.

### **ADDITIONAL REQUIREMENT (SRC Rule 68)**

A schedule showing financial soundness indicators in two comparative period

	March 31, 2016	December 31, 2015
Current assets	84,212,529	P100,224,148
Current liabilities	18,644,545	19,808,626
Liquidity ratio	4.52:1	5.06:1
Net loss before depreciation	(4,167,829.00)	(P14,933,568)
Total liabilities	36,879,745	40,187,788
Solvency ratio	(0.11):1	(0.37):1
Total liabilities	36,879,745	40,187,788
Total equity	3,915,285,653	3,919,819,638
Debt-to-equity ratio	0.010:1	0.010:1
Total assets	3,952,165,398	3,960,007,426
Total equity	3,915,285,653	3,919,819,638
Asset-to-equity ratio	1.01:1	1.01:1
Net loss	(4,533,985)	-15,965,832
Total assets	3,952,165,398	3,960,007,426
Return on asset	-0.12%	-0.40%
Net loss	(4,533,985)	-15,965,832
Total equity	3,919,819,638	3,919,819,638
Return on equity	-0.12%	-0.41%

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

Reyes Tacandong & Co. was appointed as external auditors for the year ended December 31, 2014.

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

### **PART IV MANAGEMENT AND CERTAIN SECURITY HOLDERS**

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

## **PART V CORPORATE GOVERNANCE**

In compliance with the initiative of the Securities and Exchange Commission (“SEC”) under Memorandum Circular No. 6, Series of 2009, the Company’s Corporate Governance Manual (the “Manual”) was approved by the Board of Directors on July 10, 2012. The Manual is a supplement to the Company’s Amended By-Laws.

The Company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders. Even prior to the adoption of the Manual, the Board of Directors organized themselves into Board level committees, such as: Nomination Committee, for selection and evaluation of qualifications of directors and officers, a Compensation and Remuneration Committee, to look into an appropriate remuneration system; and an Audit and Risk Management Committee to review financial and accounting matters as well as oversee the Company’s management of risk.

The Company evaluates the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance, as well as the leading corporate governance practices of the industry, by using the evaluation standards set by the Philippine Stock Exchange and Institute of Corporate Directors. Through its participation in the annual Corporate Governance Disclosure Survey of the PSE and the ICD’s yearly corporate governance initiatives, the Company is able to assess its corporate governance performance as against best practices benchmarks.

### **Compliance with Rules on Corporate Governance**

The Company is not aware of any non-compliance with or deviation from its Manual. The Company will continue to monitor compliance with the Rules on Corporate Governance issued by the SEC and will remain committed in ensuring the adoption of other systems and practices of good corporate governance to enhance its value for its stockholders.

## **PART V - EXHIBITS AND SCHEDULES**

### **Exhibits**

Please refer to the attached audited consolidated financial statements and required supplementary schedules of the Company as of and for the year ended December 31, 2015, which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes, Tacandong & Co. Likewise attached is the Company’s interim unaudited financial statements as of 31 March 2016.

**UNDERTAKING TO PROVIDE COPIES OF REPORTS**

**THE COMPANY SHALL FURNISH SHAREHOLDERS OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING A COPY OF THE COMPANY'S QUARTERLY REPORT AS OF MARCH 31, 2016 (SEC FORM 17Q) WITHOUT CHARGE.**

**UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S ANNUAL REPORT (SEC FORM 17-A) WITHOUT CHARGE AS OF YEAR ENDED 31 DECEMBER 2015 AND QUARTERLY REPORT AS OF 31 MARCH 2016 ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:**

**THE CORPORATE SECRETARY  
COAL ASIA HOLDINGS, INCORPORATED  
3RD FLOOR JTKC CENTER  
2155 DON CHINO ROCES AVENUE  
MAKATI CITY**